

FROM OUR LEADERSHIP



2023 witnessed devastating floods in Libya, deadly wildfires in Maui and debilitating heatwaves that swept across the globe, culminating in the hottest year in recorded history. In fact, in some parts of the world, the heatwave started as early as spring, and it was also in the springtime of 2023 that the financial world felt the heat from the collapse of banks in the United States and Switzerland. From unpredictable weather patterns to unexpected financial failures, it is apparent that we are dealing with volatile, uncertain, complex and ambiguous (VUCA) events that are happening more quickly, frequently, and suddenly, giving us less time to respond. This is the so-called new reality that has been termed as “business unusual”. It begs the question, as a regulator with the mandate of contributing to the financial system stability of our nation, what is PIDM’s response to this business unusual scenario?

RESPONDING TO UNCERTAINTIES

There is a saying that goes, “When the winds of change blow, some people build walls and others build windmills.” This adage aptly guides us on how we should tackle the unpredictable, quick and sudden VUCA world. Instead of being resistant to change, we need to be adaptable and leverage the external forces coming our way to our advantage. In fact, as a financial consumer protection and resolution authority, we are going beyond that; we are building “protective walls” alongside “productive windmills”, and we believe that these structures should be built well in advance.

As a regulator, rather than having a “just-in-time” attitude, we actually need to adopt a “just-in-case” mindset – we cannot start building walls or windmills only when the wind starts blowing – by that time, it would be too little, too late. We need to have the systems and infrastructure in place to prepare for any sudden storm, or a change in its direction for that matter. It is with this approach that we navigated the challenges and uncertainties of 2023.

REALISING READINESS

In response to the ever-evolving financial landscape, we sharpened our focus on resolution readiness and crisis management. The issuance of resolution planning guidelines for our member banks in September 2023 required them to develop the necessary capabilities to support an orderly resolution when the need arises. The inaugural National Resolution Symposium, themed “Empowering Resilience Through Resolution Planning,” facilitated collaboration and knowledge exchange among regulatory experts and industry players. We plan to organise this symposium on an annual basis to continue fostering greater collaboration among stakeholders towards enhancing Malaysia’s financial system resilience. Additionally, the Resolution Case Studies booklet, which was unveiled during the symposium, offers insights and perspective from past global experiences to better prepare us for future challenges.

We continued our practice of conducting simulation exercises and interagency collaboration efforts to enhance our readiness for crisis and revised our Differential Premium Systems Regulations to, among others, provide meaningful incentives towards the orderly resolution of member institutions. We have also executed Memoranda of Understanding (MOU) with regulatory authorities from other jurisdictions to further enhance cross-border collaboration and promote the exchange of best practices and expertise in resolution.

ENHANCING CONFIDENCE

Amidst uncertainties in the global financial landscape, it is increasingly important to enhance the public’s trust and confidence in our protection systems, as well as our ability to carry out our mandate. In 2023, we increased our leverage on digital and social media platforms and intensified our engagements and collaborations with targeted stakeholder groups. We are happy to share that based on the results of our annual nationwide public awareness survey, we managed to achieve a public awareness level of 86%, marking the third consecutive year we have achieved a level of 80% and above. Our communication and engagement efforts have also improved the public’s level of familiarity and understanding of PIDM’s role in the financial system.

PIDM also supports the national financial literacy agenda through our financial literacy programme, which includes our #SediaPayungKewangan campaign, as well as through our association with the Financial Education Network (FEN) and collaborations with other FEN members. We also conducted a behavioural research study which has provided valuable insights into financial consumer behaviours during times of crisis, allowing us to refine our communication strategies, stakeholder engagement practices and relevant public policies, for more effective results in the future.

BUILDING FOR THE FUTURE

Our focus on organisational effectiveness and digital transformation saw substantial progress. We rolled out the learning and development framework in our efforts to build a future-ready and resolution-ready workforce through upskilling and reskilling.

The graduation and absorption into our work force of the pilot batch of Resolution Trainees and the commencement of the second batch, underscore our dedication to developing a strong resolution talent pipeline. At the same time, we continued to reinforce our corporate values via various employee engagement programmes.

We continued to make strides in our digital transformation journey and modernised our infrastructure towards being future-ready. Amidst the complexities of the digital landscape, we fortified our cybersecurity posture to ensure its resilience by testing the effectiveness of our systems and the awareness of our employees in this area. We also maintained our commitment towards sustainability and corporate social responsibility by carrying out recycling-related initiatives and incorporating environmental sustainability elements in our corporate activities.

As we reflect on the achievements and challenges of 2023, let us remain steadfast in our commitment to realising readiness. We have positioned ourselves to transform challenges into opportunities, as we integrate business unusual into our business-as-usual operations. For all our accomplishments, we wish to record our heartfelt gratitude to our supportive Board and dedicated employees. We would also like to thank Tan Sri Dr. Rahamat Bivi Yusoff, our former Chairman, for her astute leadership and guidance, as well as Tan Sri Nor Shamsiah Mohd Yunus and Puan Suhara Husni, our former directors, for their insights and expertise.

We also wish to record our appreciation to our fellow regulators, stakeholders and strategic partners. In the face of growing uncertainty, we will all need to continue working together and support one another. Indeed, greater and collective resilience is a strong defence against any future risks that we may not yet fully appreciate today.

The winds of change may continue to blow and the heat of challenges may be relentless, but so is our determination to protect financial consumers and contribute to the financial system stability of our nation. We have a noble and meaningful mandate, one that is bigger than us, and because of that we should not take anything for granted. Indeed, in this business unusual reality, we simply cannot afford to do so.



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