

# PERFORMANCE

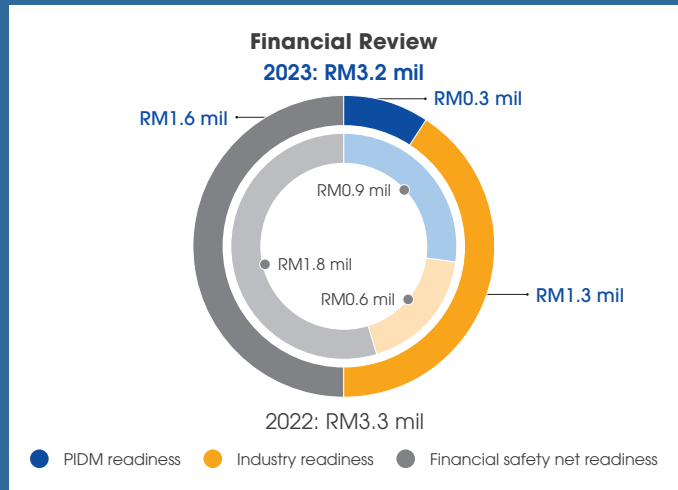
The Corporate Plan 2023 – 2025, themed “Realising Readiness”, reflects our strategic intent to intensify our focus on resolution readiness through enhancements to PIDM’s internal preparedness, as well as via collaborative and complementary readiness with our stakeholders to effectively resolve troubled member institutions. The three-year Corporate Plan is anchored upon three strategic pillars aimed to sharpen PIDM’s focus on resolution readiness, ensure our financial consumer protection systems remain effective and implement digital transformation effectively. The following highlights our key achievements in 2023 against the strategic pillars.

## STRATEGIC PILLAR 1: REALISING READINESS FOR RESOLUTION AND CRISIS MANAGEMENT

*Intensify and deepen PIDM’s capabilities to intervene and execute resolution of member institutions by further enhancing PIDM’s internal resolution readiness, as well as preparing key external stakeholders to be ready for action and effectively support the practical implementation of PIDM’s resolution strategies in situation of crisis.*

### Key Result Areas

- Enabling robust and effective intervention and resolution actions by PIDM
- Strengthening the resolvability of member institutions and enhancing the readiness of service providers
- Effective crisis management arrangements with and among FSN players



### Key Cost Drivers

- Development of an interagency crisis preparedness binder
- Crisis simulation exercises and knowledge sharing session
- Readiness framework with key service providers
- National Resolution Symposium
- Resolution planning initiatives

### Enhancements to capitals

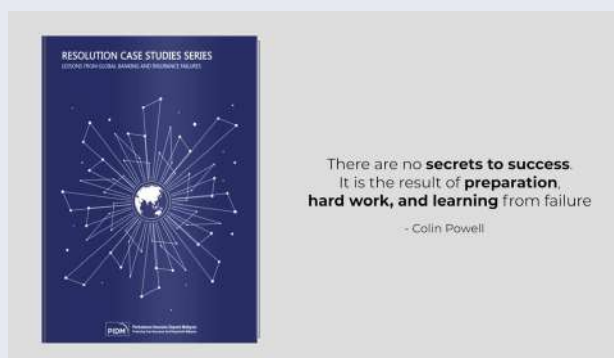
- Human capital
- Intellectual capital
- Manufactured capital
- Social and relationship capital

## Advanced resolution planning and resolution readiness agenda

**Resolution planning guidelines.** We issued the Guidelines on Resolution Planning for Deposit-Taking Members in September 2023. The Guidelines set out PIDM’s approach to resolution planning and the requirements applicable to member banks. As part of resolution planning, member banks are expected to develop the necessary capabilities to support the implementation of an orderly resolution in the event it becomes non-viable. The implementation of resolution planning in phases commencing in 2024, is in line with the implementation of the recovery planning exercise led by BNM. In 2023, we also continued to hold engagement and briefing sessions on resolution planning matters.

**Inaugural National Resolution Symposium.** In October 2023, we successfully organised the inaugural National Resolution Symposium (NRS) themed, “Empowering Resilience Through Resolution Planning”. The symposium, which consisted of panel and masterclass sessions, was attended by 300 regulatory experts, practitioners (including our service providers) and industry players from various jurisdictions, who shared their insights and exchanged views on managing resolution and resolution planning for financial institutions. The NRS achieved its objectives to facilitate intellectual discourse and thought-provoking discussions about resolution and foster greater collaboration among stakeholders towards enhancing Malaysia’s financial system resilience through resolution planning. Moving forward, the NRS will be an annual event organised by PIDM. Refer to the NRS 2023 article in this Part for further details.





**Resolution Case Studies booklet.** In conjunction with the NRS, we also launched the Resolution Case Studies booklet which dives into 25 global financial institution failures and the experiences gathered from their resolution. These case studies emphasise the vital importance of learning from the past to better prepare for future challenges. The case studies on the resolution of troubled banks and insurance companies enable us to draw new insights from global experiences, which may be adapted for domestic situations or needs.

### Continued to enhance crisis preparedness and interagency coordination

**Simulation exercises and knowledge sharing session.** We completed a simulation exercise with PIDM's Board of Directors which was based on a scenario involving a cross-border failure. The exercise was focused on crisis management arrangements between the Board and Management on information flow, interaction points and key areas for direction or decision. We have also completed a tabletop simulation exercise with BNM, covering events leading to early intervention actions, grounds for non-viability decision and resolution options, with a focus on interagency coordination between BNM and PIDM. In addition, we also organised an interagency knowledge sharing session attended by approximately 120 attendees from the Ministry of Finance, BNM and PIDM. The session brought together international experts in the management of banking crises, including in policy design and with practical experience, who shared their knowledge and experience on effective domestic and cross-border cooperation. We also continued with the development and updating of the interagency crisis preparedness binder via workshops and learnings from the simulation exercises.

### Gazetted the Differential Premium Systems Regulations

**Revised Differential Premium Systems Regulations.** The revised Differential Premium Systems (DPS) Regulations was gazetted in July 2023. Following that, a transition reporting arrangement was put in place to facilitate member banks in the implementation of the requirements under the enhanced DPS framework prior to it coming into effect in assessment year 2025. A Guidance Note on Transition Reporting under the revised DPS framework was issued to provide member banks with guidance on information gathering for the new resolution centric indicators in respect of assessment years 2023 and 2024.

### Strengthened cross-border cooperation

**Memoranda of Understanding.** We executed two Memoranda of Understanding (MOU) with the Single Resolution Board (SRB), the European Banking Union's resolution authority, and with the Indonesian Deposit Insurance Corporation (IDIC) which will further enhance cross-border operations and collaboration, as well as promoting the exchange of best practices and expertise in resolution.



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## STRATEGIC PILLAR 2: ENHANCING CONFIDENCE IN PIDM'S PROTECTION SYSTEM

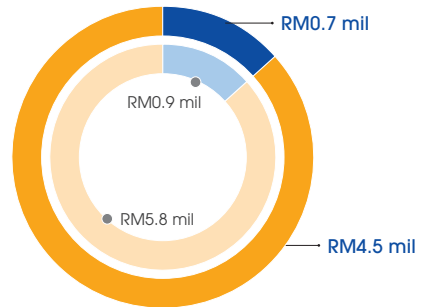
*Amplify PIDM's public awareness approach by leveraging on the theme of financial literacy and optimising the usage of PIDM's digital communication channels to promote PIDM's roles as both the financial consumer protection authority as well as the national resolution authority for PIDM's member institutions.*

### Key Result Areas

- Maintaining strong awareness, understanding and advocacy among the public and media
- Enhancing the effectiveness and relevance of PIDM's coverage and role as a financial consumer protection authority

### Financial Review

2023: RM5.2 mil



2022: RM6.7 mil

- Enhancing PIDM's protection coverage and role
- Public and media readiness

### Key Cost Drivers

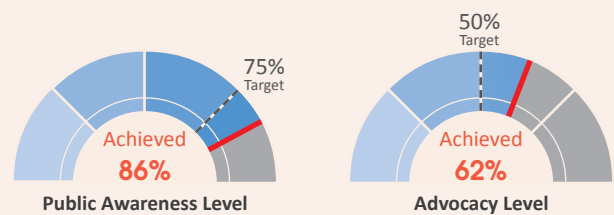
- Advertising activities with a continued focus on social media and the digital space albeit with lower spending
- Financial resilience campaign – #SediaPayungKewangan (SPK), collaboration with Financial Education Network (FEN) and Sabah engagement outreach
- Behavioural research study
- Hosting and attendance in bilateral and multilateral fora

### Enhancements to capitals

- Human capital
- Intellectual capital
- Social and relationship capital

### Heightened awareness and advocacy of PIDM

**Higher results of public awareness and advocacy levels.** We carried out an annual nationwide public awareness survey through an independent research agency to measure the effectiveness and success of our public awareness initiatives. The survey measures, among others, the levels of awareness and advocacy among the public about PIDM and our financial consumer protection systems. In 2023, we achieved a public awareness level of 86% (2022: 80%) and an advocacy level of 62% (2022: 59%), surpassing the targets of 75% and 50% for public awareness and advocacy levels respectively.



**#SediaPayungKewangan campaign and collaboration with FEN.** We continued to anchor on our SPK campaign and delivered the content fully on digital and social media platforms in 2023. We continued to leverage on existing SPK content with several adaptations made to the videos and articles. We also collaborated with online publishers and financial influencers to produce new financial literacy content. The response for the campaign continued to be encouraging year-on-year. In 2023, we managed to obtain a cumulative reach of 18.9 million for our SPK content, significantly exceeding our target of 10 million. We also organised the Financial Fitness (FinFit) Challenge 2023 as part of the core online programme for FEN's Financial Literacy Month campaign in October 2023.



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**Sabah engagement outreach.** In 2023, we expanded our outreach programme to Sabah in collaboration with several FEN partners. In collaboration with BNM, we conducted engagement sessions with member institutions in Sabah. We also participated in the Sabah Ministry of Finance’s Mobile Community Service on-ground outreach programme in Tenom and Kunak. In partnership with BNM, Agensi Kaunseling dan Pengurusan Kredit and the Employees Provident Fund Sabah, we carried out a mini financial literacy open day and talks for the students and staff of the Faculty of Business, Accounting and Finance of Universiti Malaysia Sabah.



#### Continued to review PIDM’s protection systems

**Behavioural study.** We conducted a behavioural research study on the behaviours and risk of bank runs of Malaysian depositors as well as the impact of social media on financial consumer behaviours during times of crises. The findings of the behavioural study will be applied to improve our communication and stakeholder engagement practices, as well as relevant public policies going forward for more effective results.

#### Leveraged on international relations to improve PIDM’s outcomes

**International engagements and participation.** On the international front, we continued to play an active role in bilateral and multilateral fora such as the International Association of Deposit Insurers (IADI), International Forum of Insurance Guarantee Schemes (IFIGS) and the Executives’ Meeting of East Asia-Pacific Central Banks (EMEAP), with a particular focus on the area of resolution. In addition, we hosted a bilateral meeting with IDIC in July 2023 which included renewing the PIDM-IDIC Memoranda of Understanding. We also played an active role in contributing to the global and regional policy discourse on the topics of deposit insurance, insurance guarantee scheme, resolution and crisis management through various speaking engagements. At the regional level, we played a leadership role in chairing the Research Technical Committee of the Asia Pacific Regional Committee (APRC) of IADI.



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## STRATEGIC PILLAR 3: ENABLING PIDM'S READINESS THROUGH ORGANISATIONAL EFFECTIVENESS, DIGITAL TRANSFORMATION AND STRONG GOVERNANCE

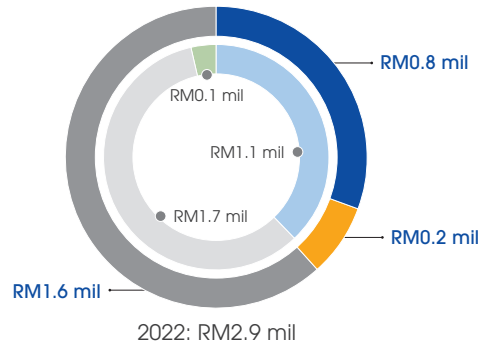
*Build a solid foundation for change by inculcating the fundamentals of a digital and sustainability culture among employees and to equip them with future-ready skills, using data analytics for better decision-making, re-engineering core operational processes and technological infrastructure, and modernising our system applications with strengthened security while maintaining strong governance and effective operations.*

### Key Result Areas

- Ensuring strong talent and capabilities, and strengthening PIDM's culture
- Modernising PIDM's IT infrastructure, processes and security to augment future readiness to deliver our mandate
- Leveraging system applications and data analytics to improve PIDM's resolution readiness and enhance operational effectiveness
- Applying ESG as the North Star in PIDM's operations

### Financial Review

2023: RM2.6 mil



- Modernising IT infrastructure, process and security
- Digitalisation and data analytics
- Applying ESG as the North Star in PIDM's operations
- Others

Refer to Summary of Financial Performance in this section for our human capital management expenses

### Key Cost Drivers

- Cybersecurity initiatives
- Adoption of Microsoft 365 (M365)
- Development of data governance and management policy
- Education scholarship and sustainability initiatives

### Enhancements to capitals

- Human capital
- Intellectual capital
- Manufactured capital
- Social and relationship capital

### Building a future-ready workforce

**Upskilling and reskilling.** In 2023, we continued with the implementation of the learning and development framework including modules on future-ready skills. The corporate-wide focus for 2023 was on design thinking to inculcate innovative problem-solving. At the same time, we carried out programmes to enhance our employees' digital literacy, and cloud technical skills for our relevant technology employees. Technical programmes on resolution topics were enhanced and rolled out across the Corporation, enabling a resolution-ready workforce. A refreshed onboarding programme was developed for new joiners to enable them to quickly become productive members of the team. In addition, we continued to carry out leadership, behavioural and functional skills programmes for identified group of employees through structured platforms and on-the-job learning.



### Developed resolution talent pipeline

**Graduation of the pilot batch of Resolution Trainees.** The pilot batch of Resolution Trainees who commenced their training in 2021, graduated in 2023, and took up full time positions within the Corporation. We have also commenced the second batch of the Resolution Trainee Programme for five new resolution trainees in 2023.

### Continued to undertake the digital transformation journey

**Governance of digital technology.** We developed a cloud adoption and governance framework and policy which guides the implementation of various cloud-based modernisation initiatives. To complete our governance foundation, we have also commenced development of a comprehensive data governance and management policy to enhance the standards and practices for data management, usage and protection across the organisation.

**Modernisation of infrastructure.** In developing future-ready infrastructure, we developed the roadmap, blueprints and migration strategies for infrastructure and systems. This includes the setting up of prerequisites for implementation of M365, Software-as-a-Service (SaaS) and Platform-as-a-Service (PaaS) for certain corporate and business applications. The commencement of the modernisation of our systems such as the human capital management system, paved the way for us to strengthen our back room operations, provide better analytics capability for management, and give employees an enhanced integrated experience at PIDM.

### Fortifying our cybersecurity posture

**Cybersecurity posture.** We continued to ensure that our cybersecurity posture is resilient by implementing adequate cybersecurity controls and validating the effectiveness of these controls. We maintained our ISO/IEC 27001:2013 Certification for the third year since 2021. We carried out comprehensive exercises such as “Red Teaming”, vulnerability assessment, penetration tests, email phishing and cyber drill to test the effectiveness of our information security incident response playbooks during the year. Our existing policies and procedures are now aligned with Zero Trust Architecture principles, as we embark on our cloud journey. These exercises were carried out with heightened complexity and difficulty to enhance our cybersecurity awareness and the capabilities of our employees. We have formulated action plans to address gaps identified arising from these exercises.

### Continued to strengthen PIDM’s culture and corporate values

**Employee engagement.** We continued to reinforce our corporate values via employee engagement programmes including monthly gatherings, quarterly town hall sessions, PIDM’s Family Day, Merdeka discovery LRT treasure hunt, health and wellness carnival, various events organised by Kelab Sukan, Rekreasi dan Kebajikan PIDM, as well as motivational talks and corporate-wide awareness trainings. These engagements have been thoughtfully integrated with PIDM’s core values, along with digital and sustainability elements.



**Sustainability and Corporate Social Responsibility.** In 2023, we focused on the recycling theme which gained traction among our employees through their participation in the recycling activities organised internally. Among others, we incorporated environmental sustainability elements during PIDM’s Family Day, such as a briefing session on zero-waste living, physical demonstration on plastic recycling and collection of recyclable items from employees and their families. We conducted an internal campaign for employees to donate unwanted clothes for reuse or recycling purposes and managed to collect more than 1,200kg of unwanted clothes. We also held an internal campaign for employees to submit e-waste to create awareness and to facilitate proper disposal of such waste.

### Corporate Plan 2023 – 2025: Moving Forward

The year 2024 is the halfway point of PIDM’s three-year Corporate Plan 2023 – 2025 in ensuring the aspiration of realising readiness in 2025 is achieved. Refer to Part III for an overview of our plans in 2024.