

# **Section II: Deposit Insurance System**

## I. About Perbadanan Insurans Deposit Malaysia (PIDM)

1. *What PIDM does?*
2. *How is PIDM funded?*
3. *How are consumers protected in a failure?*

## II. Deposit Insurance System

1. *Who are member institutions?*
2. *Who are protected?*
3. *What are protected?*

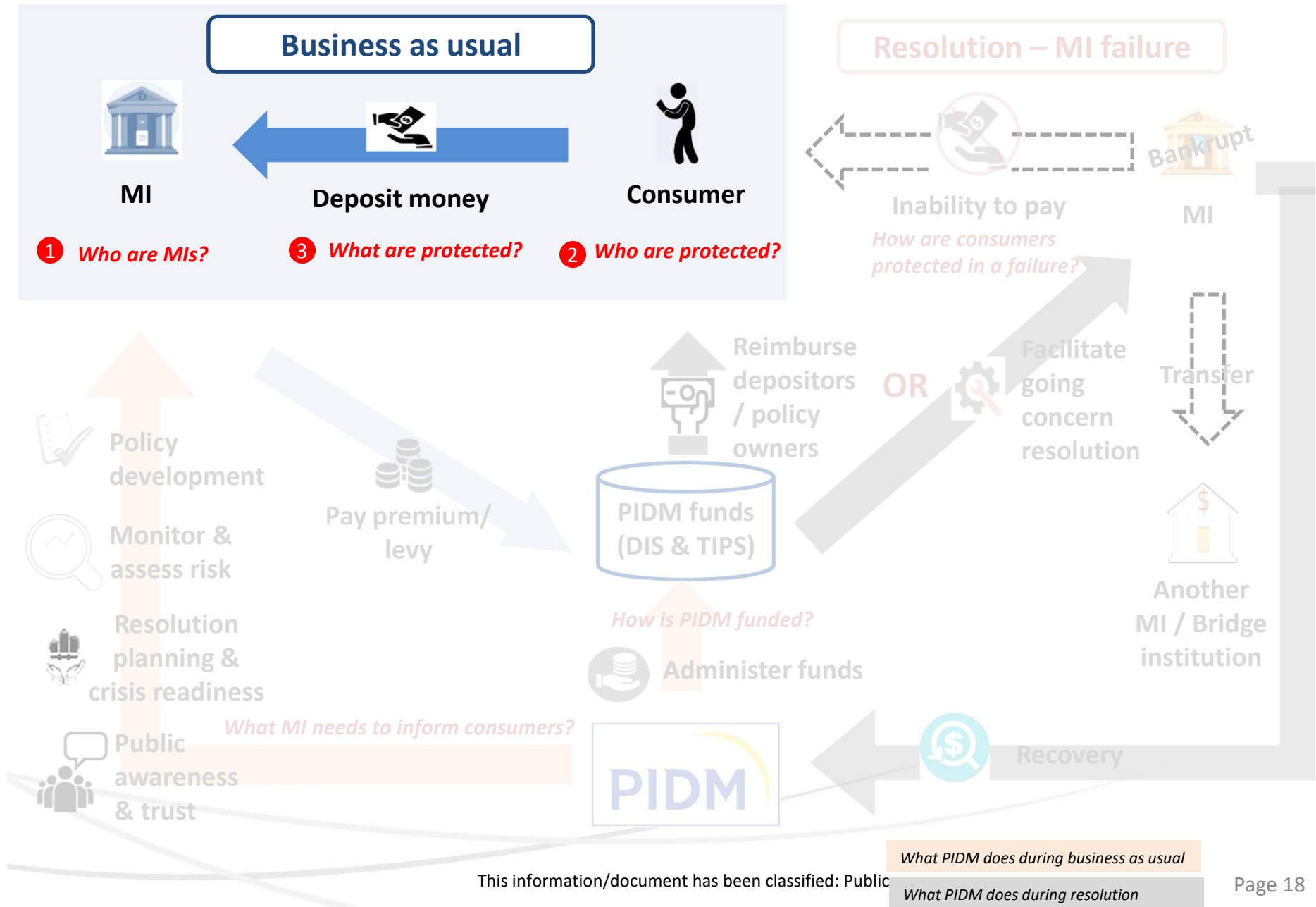
## III. Takaful and Insurance Benefits Protection System

1. *Who are member institutions?*
2. *Who are protected?*
3. *What are protected?*

## IV. Deposit Insurance System disclosure requirements for member banks

1. *What member institution needs to inform consumers?*
2. *What member institution needs to do?*

# PIDM protects depositors and takaful or policy owners in the event of a MI failure: How does it work?



1 Who are member institutions?

PIDM membership is mandatory for financial institutions licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013

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MIs

(As at 31 December 2022)

<p><b>42</b></p> <p><b>MEMBER BANKS*</b></p> <p><b>26</b> Commercial Banks <b>16</b> Islamic Banks</p>	<p><b>50</b></p> <p><b>INSURER MEMBERS</b></p> <p><b>35</b> Insurance Companies <b>15</b> Takaful Operators</p>
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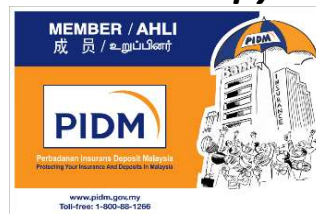
\*Also known as Deposit-Taking Members (DTMs)



How do you know if a financial institution is a member of PIDM?

1 Display of membership representation^

*Printed copy*



Premises

*Electronic copy*



Advertisement, self-service terminal, website & social networking site

^ Mandatory for member banks

2 Refer to the list of MIs on [www.pidm.gov.my](http://www.pidm.gov.my)

① Who are member institutions?

**!** Who are NOT MIs of PIDM?

**X** Banking institutions

- Overseas branches of member banks
- Investment banks<sup>1</sup>
- International Islamic banks<sup>1</sup>
- Financial holding companies<sup>1</sup>
- Development financial institutions (“DFIs”)<sup>1</sup>
  - DFIs prescribed under the DFI Act 2002
  - Other DFIs (non-prescribed institutions)
- Labuan banks (including Labuan investment banks and Labuan Islamic banks)<sup>2</sup>
- Cooperative banks<sup>3</sup>

**X** Non-bank financial institutions

- Approved and registered intermediaries e.g. money brokers, financial advisers and electronic trading platforms<sup>1</sup>
- Non-bank e-money issuers<sup>1</sup>
- Co-operative societies<sup>3</sup>
- Provident and pension funds, and Pertubuhan Keselamatan Sosial
- Leasing companies and housing credit institutions
- Fund managers, e.g. unit trust providers, peer-to-peer financing platform operators, equity crowdfunding platform operators, digital investment managers<sup>4</sup>
- Money changers / remittance<sup>1</sup>, money lenders and pawnbroking companies<sup>5</sup>

<sup>1</sup> Refer to the list on Bank Negara Malaysia’s website.

<sup>2</sup> Refer to Labuan International Business and Financial Centre (Labuan IBFC)’s website.

<sup>3</sup> Refer to Malaysia Co-operative Societies Commission’s website.

<sup>4</sup> Refer to Securities Commission of Malaysia’s website.

<sup>5</sup> Refer to Ministry of Local Government Development’s website.

## 2 Who are protected?

PIDM protects eligible deposits held by Malaysian and foreigners up to RM250,000 per depositor per member bank in the event of a member bank failure

Deposit Insurance System

up to **RM250,000**  
per depositor per member bank

Separate protection for  
**Conventional** and **Islamic**  
deposits held by

Types of depositor

 Individual	 Joint owners	 Trustee - Individual - Non-individual
 Sole proprietorship	 Partnership	 Company

- The protection is automatic
- No application and payment is required
- Separate protection for eligible deposits held by seven (7) types of depositor



**What are the situations where deposit losses are not protected by PIDM?**

- Fire at branch
- Robbery at branch
- Fraud / scam resulting in money stolen from account
- ATM card fraud
- E-money issuer fraud
- Investment losses
- Lost of safety box

3 *What are protected?*

**Eligible conventional and Islamic deposits denominated in Ringgit Malaysia and foreign currencies, held in the same member bank, are protected separately**



### Protected

**Ringgit Malaysia and foreign currencies deposits in:**

- Savings accounts
- Current accounts
- Fixed deposits
- Bank drafts, cheques, other payment instructions or instruments made against a deposit account

**Islamic deposits e.g. Wadiah accounts, are protected separately.**

*Guidelines on Deposit Insurance Coverage for Deposits specify the criteria for determining whether a product offered by a member bank is a deposit protected by PIDM*



**Refer to the list of insured deposits at member bank's website before responding to a customer's query on insurability of deposit products.**



### Not Protected

- Deposits in Labuan banks and deposits not payable in Malaysia e.g. overseas branches
- Interbank money market placements
- Negotiable instruments of deposits (NIDs) and other bearer deposits
- Repurchase agreements
- Investment linked to derivatives\*
- E-money (*except if it is under an eligible trust account with a member bank*)
- Skim Simpanan Pendidikan Nasional
- Peer-to-peer lending, crowdfunding


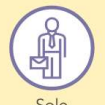




*\* Investment linked to derivatives previously certified as "insured deposit" before 22 February 2022 will continue to be insured by PIDM, until they reach maturity, are fully withdrawn or are otherwise terminated, whichever is earlier.*

#### Other investment products

- Investment accounts
- Unit trusts and private retirement schemes
- Stocks, shares, bonds / sukuk
- Gold and silver related investment products or accounts
- Digital currency and digital token

3 What are protected?

# The limit of RM250,000 per depositor per member bank protects 96% of total depositors in full\*

Type of depositor	Eligible deposits	Max PIDM protection in each DTM	Type of depositor	Eligible deposits	Max PIDM protection in each DTM
 Individual e.g. Ali	Conventional deposits <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000	 Sole proprietorship e.g. Kedai Ali	Conventional deposits <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000
	Islamic deposits <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000		Islamic deposits <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000
 Joint owners e.g. Ali and wife	Conventional <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000	 Partnership e.g. Ali & Co (office account)	Conventional <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000
	Islamic <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000		Islamic <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000
 Trustee Individual e.g. Ali for son Non-individual e.g. Ali & Co (client account)	For each beneficiary Conventional <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000	 Company e.g. Ali Flowers Sdn Bhd	Conventional <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000
	For each beneficiary Islamic <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000		Islamic <ul style="list-style-type: none"> <li>Savings Account</li> <li>Current Account</li> <li>Fixed Deposits</li> </ul>	+ RM250,000

**The RM250,000 limit includes both the principal amount of a deposit and the interest / return. Additional insurance is not available over and above that provided by PIDM.**

\* As at 31 December 2022





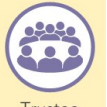




## Extract of criteria for determining insured deposits

### *Guidelines on Deposit Insurance Coverage for Deposits (Issue date: 18 May 2022)*

1. Monies received by the member constitute an Islamic deposit or a Conventional deposit, as defined under subsection 2(1) of the Act;
2. Monies are received by the member in the usual course of its business of deposit-taking;
3. Repayment of the principal amount is made in money and not in money's worth;
4. The liability of the member in respect of monies received by it constitutes a deposit liability or is reported to Bank Negara Malaysia as a "deposit accepted";
5. The person entitled to a repayment by the member is identifiable from the contract between the member and the depositor;
6. In the case of an Islamic deposit accepted under the repealed Islamic Banking Act 1983 [Act 276] which is deemed to be an Islamic deposit under section 288 of the Islamic Financial Services Act 2013 only, the monies deposited shall be used by the member for one or more of the banking business purposes as specified by Bank Negara Malaysia in its Framework of Rate of Return issued on 13 March 2013 namely, provision of finance, investment in securities, interbank placements, or such other business prescribed by Bank Negara Malaysia that complies with Shariah; and
7. A foreign currency deposit is eligible for deposit insurance provided it satisfies the criteria set above.

## Types of depositor

### *Guidelines on Deposit Information Systems and Submission (Issue date: 22 February 2023)*

1.  Individual  
A personal account opened by a natural person for himself or herself.
2.  Joint owners  
An account opened by two (2) or more natural persons jointly for themselves.
3.  Trustee  
- Individual  
An account opened by a natural person (excluding sole proprietorship) for the benefit of any beneficiary where appropriate disclosures are made to the DTMs on opening of the trust account in accordance with the MDIC (Disclosure Requirements For Trust Accounts And Joint Accounts) Regulations 2012 as amended by the MDIC (Disclosure Requirements For Trust Accounts And Joint Accounts) (Amendment) Regulations 2022
4.  Sole proprietorship  
An account opened by a natural person for his or her businesses which is registered as sole proprietorship.
5.  Partnership  
An account opened as a registered business partnership (excluding a limited liability partnership).
6.  Company  
An account opened by a non-natural person (such as registered companies, societies (including clubs), limited liability partnerships, government agencies, statutory bodies, co-operatives, registered trade unions, government departments etc) other than sole proprietorships and partnerships.
7.  Trustee  
- Non-individual  
An account opened which falls under account type (4), (5) or 6 above for the benefit of any beneficiary where appropriate disclosures are made to the DTMs on opening of the trust account in accordance MDIC (Disclosure Requirements For Trust Accounts And Joint Accounts) Regulations 2012 as amended by the MDIC (Disclosure Requirements For Trust Accounts And Joint Accounts) (Amendment) Regulations 2022.

3 What are protected?

## Illustration: Individual

### How is PIDM's protection calculated?

#### Example 1: Depositor holding several conventional deposit accounts in a member bank

Depositor	Type of deposits (Conventional)	Amount (RM)	Total Deposits (RM)	Protected by PIDM (RM)
Ali	Savings account	50,000	300,000	250,000 <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">1</span>
	Foreign currency* savings account	100,000		
	Current account	50,000		
	Fixed deposits	100,000		
<b>Total (RM)</b>			<b>300,000</b>	<b>250,000</b>

\* Foreign currency 30,000 = RM100,000 (converted to Ringgit Malaysia)

Refer to MDIC (Conversion Into Ringgit in Respect of a Foreign Currency Deposit) Rules 2012, as amended by MDIC (Conversion Into Ringgit in Respect of a Foreign Currency Deposit) (Amendment) Rules 2020, for the determination of the date and rate of conversion of foreign current deposits into Ringgit Malaysia.

#### Example 2: Depositor holding Islamic and conventional deposit accounts in a member bank

Depositor	Type of deposits	Amount (RM)	Total Deposits (RM)	Protected by PIDM (RM)
Ali	Conventional savings account	50,000	150,000	150,000
	Conventional fixed deposits	100,000		
	Islamic savings account	300,000	300,000	250,000
<b>Total (RM)</b>			<b>450,000</b>	<b>400,000</b>

- 1 All conventional deposits held by Ali as an individual depositor are aggregated and protected up to RM250,000.
- 2 Conventional and Islamic deposits held by Ali in the same member bank are protected separately up to RM250,000.

3 What are protected?

## Illustration: Joint owners

### How is PIDM's protection calculated?

#### Example 3: Depositor holding several types of deposit accounts in a member bank

Depositor	Type of depositor	Type of deposits	Amount (RM)	Total Deposits (RM)	Protected by PIDM (RM)
Ali	Individual	Savings account	150,000	350,000	250,000 ①
		Current account	200,000		
		Islamic savings account	100,000	270,000	250,000 ②
		Islamic fixed deposits	170,000		
Ali & wife	Joint	Savings account	200,000	300,000	250,000 ③
		Current account	100,000		
Ali, wife & son	Joint	Savings account	200,000	200,000	200,000
Ali, wife & daughter	Joint	Islamic savings account	100,000	100,000	
<b>Total (RM)</b>				<b>1,220,000</b>	<b>1,050,000</b>

- ① All conventional deposits held by Ali as an individual depositor are aggregated and protected up to RM250,000.
- ② All Islamic deposits held by Ali as an individual depositor are aggregated and protected separately up to RM250,000.
- ③ Deposits in joint account are protected separately from other types of deposit accounts. The maximum protection for a joint account is RM250,000 collectively and not RM250,000 per joint account holder.
- ④ Joint accounts held with different joint account holders enjoy separate protection.

3 What are protected?

## Illustration: Sole proprietorship, partnership and company How is PIDM's protection calculated?

Example 4: Depositor holding several types of deposit accounts in a member bank

Depositor	Type of depositor	Type of deposits	Amount (RM)	Total Deposits (RM)	Protected by PIDM (RM)
Ali	Individual	Savings account	150,000	350,000	250,000 ①
		Current account	200,000		
Kedai Ali	Sole proprietorship	Current account	200,000	300,000	250,000
		Fixed deposits	100,000		
Ali Flowers Sdn Bhd	Company	Savings account	200,000	200,000	200,000
Ali & Co (law firm)	Partnership	Islamic savings (office account 1)	100,000	300,000	250,000 ③
		Islamic current (office account 2)	200,000		
<b>Total (RM)</b>				<b>1,150,000</b>	<b>950,000</b>

- ① All conventional deposits held by Ali as an individual depositor are aggregated and protected up to RM250,000.
- ② Deposits held under a sole proprietorship, partnership or company are protected separately. In the case of partnerships or companies, the maximum protection for such entities is RM250,000 collectively and not RM250,000 per partner.
- ③ All Islamic deposits held by Ali & Co (a law firm in its office accounts) as a partnership depositor are aggregated and protected separately up to RM250,000.

3 What are protected?

## Illustration: Trust – Individual

### How is PIDM’s protection calculated?

**Example 5: An individual trustee holds several deposit accounts in trust for different beneficiaries in a member bank**

Account	Trustee	Beneficiary	Amount (RM)	Total Deposits (RM)	Protected by PIDM (RM)
1.	Ali	Son 1	150,000	350,000	250,000 <b>1</b>
2.	Ali	Son 1	200,000		
3.	Ali	Daughter 1	200,000	200,000	200,000
4.	Ali	Daughter 2	300,000	300,000	250,000
<b>Total (RM)</b>				<b>850,000</b>	<b>700,000</b>

*Note: A bracket on the right side of the table groups rows 1-4, with a circled '2' next to it. A circled '1' is next to the 'Protected by PIDM' value for row 1.*

**Example 6: Different trustees hold deposit accounts in trust for the same beneficiary in a member bank**

Account	Trustee	Beneficiary	Amount (RM)	Total Deposits (RM)	Protected by PIDM (RM)
1.	Ali	Daughter 1	200,000	200,000	200,000
2.	Ali’s wife	Daughter 1	400,000	400,000	250,000
<b>Total (RM)</b>				<b>600,000</b>	<b>450,000</b>

*Note: A bracket on the right side of the table groups rows 1-2, with a circled '3' next to it.*

- 1** All deposits held by the same trustee for the same beneficiary are aggregated and protected up to RM250,000.
- 2** Deposits held by the same trustee for different beneficiaries are protected separately up to RM250,000.
- 3** Deposits held by different trustees for the same beneficiary are protected separately up to RM250,000.

3 What are protected?

## Illustration: Trust – Non-Individual

### How is PIDM’s protection calculated?

**Example 7: Several trustees hold deposit accounts in trust for the same / undisclosed beneficiaries in a member bank**

Account	Trustee	Beneficiary	Amount (RM)	Total Deposits (RM)	Protected by PIDM (RM)
1.	Ali & Co	Gopal	150,000	150,000	150,000
2.	Leong & Co	Gopal	200,000	200,000	200,000
3.	Rashid & Co	Not disclosed	500,000	500,000	250,000

**Example 8: An non-individual trustee holds several deposit accounts in a member bank**

Account	Account holder	Type of depositor	Beneficiary	Total Deposits (RM)	Protected by PIDM (RM)
1.	Ali & Co (office account of a law firm)	Partnership	n/a	200,000	200,000
2.	Ali & Co (client account in trust of a law firm)	Trust – non-individual	Gopal	200,000	200,000
			Maria	500,000	250,000
3.	Maria (savings account)	Individual	n/a	150,000	150,000

- 1 Deposits held by different trustees for the same beneficiary is protected separately up to RM250,000.
- 2 Where the trustee fails to provide beneficiary’s details upon trust account opening (other than for the purpose of e-money scheme), the deposit account is protected up to RM250,000.
- 3 Deposits in trust accounts are protected separately from deposits in other types of accounts for the same account holder.
- 4 Deposits held by the same trustee for different beneficiaries are protected separately up to RM250,000.
- 5 Each beneficiary of a trust account is protected separately from deposits held in their names.

## To learn more:

**About Perbadanan Insurans Deposit  
Malaysia**



**Section I**

**Takaful and Insurance Benefits  
Protection System**



**Section III**

**Deposit Insurance System Disclosure  
Requirements for Member Banks**



**Section IV**