What is the Deposit Insurance System (DIS)?

Malaysia: Perbadanan Insurans Deposit Malaysia (PIDM)

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WHAT IS THE DEPOSIT INSURANCE SYSTEM (DIS)?

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The Deposit Insurance System (DIS) is a system established by the Government to protect depositors against the loss of their insured deposits placed with member institutions in the event of a member institution failure. Commercial and Islamic banks that are member institutions of PIDM are also referred to as ‘member banks’.

As an integral component of an effective financial safety net, a deposit insurance system enhances consumer protection by providing explicit protection to depositors. Depositors will know when, how much and how their deposits are insured in the event that a member bank is bankrupt or is no longer viable.

In Malaysia, the Deposit Insurance System was brought into effect in September 2005 and is administered by PIDM.

Benefits to depositors
Resolution

- PIDM protects your bank deposits and will promptly reimburse you on your insured deposits should a member bank fail
- The protection is provided by PIDM automatically - **no application is required**

**Benefits to the financial system**

- PIDM promotes public confidence in Malaysia's financial system by protecting depositors against the loss of their deposits
- PIDM reinforces and complements the existing regulatory and supervisory framework by providing incentives for sound risk management in the financial system
- PIDM minimises costs to the financial system by finding least cost solutions to resolve failing member institutions
- PIDM contributes to the stability of the financial system by dealing with member institution failures expeditiously and reimbursing depositors as soon as possible