

Foundation (2005 - 2009)

Laying the Pillars of Public Trust

In the aftermath of the 1997/1998 Asian Financial Crisis, Malaysia recognised the pressing need for a sound financial protection framework, one that would reinforce public confidence and uphold financial system stability. Our establishment in 2005 under the Akta Perbadanan Insurans Deposit Malaysia, marked a pivotal step toward this objective.



From the outset, our mandate was clear: to administer the Deposit Insurance System (DIS), safeguarding depositors from the loss of their insured savings in the event of a member institution's failure. This protection extended to both conventional and Islamic deposits, making PIDM a truly inclusive safety net for all eligible depositors in Malaysia.

We put in place a solid governance framework from the very beginning. A non-executive Board of Directors which was supported by dedicated audit, governance, and remuneration committees, ensured strong oversight and accountability. We also entered into a Strategic Alliance Agreement with Bank Negara Malaysia (BNM), formalising collaboration in areas such as risk surveillance and information exchange.

Operationally, we built the infrastructure needed to ensure readiness across all fronts. Core systems and processes were established to support timely intervention and resolution during crises, including payout systems that enable accurate and efficient reimbursements in the event of a member institution's failure. These were complemented by comprehensive business continuity and crisis management plans to ensure that even in times of uncertainty, we could respond swiftly and maintain public confidence.

In 2008, we introduced a major enhancement to our funding framework by transitioning from a flat-rate premium model to the Differential Premium System (DPS). Under this risk-based approach, member institutions were assessed premiums according to their risk profiles - the lower the risk, the lower the premium and vice versa. This shift not only reinforced fairness in premium assessment but also incentivised prudent financial practices across the industry.



However, we knew that technical safeguards alone weren't enough. Trust is built through understanding. Recognising this, we launched multiple outreach campaigns to educate Malaysians about deposit protection and our role in financial system stability.

PIDM's early years weren't just about policies and procedures. They were about laying strong, strategic foundations. In building public trust and institutional credibility, we began anchoring lasting confidence in Malaysia's financial system.