

PIDM, Cagamas to strengthen financial protection

KUALA LUMPUR — Perbadanan Insurans Deposit Malaysia (PIDM) and Cagamas Bhd (Cagamas) have signed an agreement as part of PIDM's contingency plans to ensure its operational readiness.

The collaboration is one of several alternative funding arrangements to ensure PIDM has access to readily available funds should the need arise, which will be sourced from Cagamas' debt securities issuance to the capital market.

PIDM chief executive officer Jean

Pierre Sabourin said the collaboration complements the various initiatives already undertaken to ensure operational readiness.

"This cooperation with Cagamas complements the various initiatives undertaken by PIDM to ensure that it is ready to intervene or resolve a troubled member institution promptly as part of its mandate to maintain financial system stability.

"Operational readiness and effectiveness are areas which are critical to the achievement

of PIDM's mandate and strengthening financial consumer protection," he said.

Under the Malaysia Deposit Insurance Corporation Act (PIDM Act) 2011, the Corporation is the resolution authority in Malaysia for member banks and insurer members, and has at its disposal a range of legislative powers to intervene early in distressed member institutions to mitigate the possibility of a failure.

Cagamas president and chief executive officer Chung Chee Leong said the

collaboration is expected to strengthen both corporations' contribution to the financial industry.

"The collaboration is mutually beneficial and will serve to strengthen both PIDM and Cagamas' contribution to the financial industry as a whole.

"Cagamas is one of the earliest established secondary mortgage corporations in the region and we are enhancing our role with new initiative such as our collaboration with PIDM," he said.