

Tie-up to ensure PIDM operational readiness

ALTERNATIVE ARRANGEMENT: Cagamas to provide agency funds if the need arises

KUALA LUMPUR

PERBADANAN Insurans Deposit Malaysia (PIDM) signed an agreement with Cagamas Bhd recently as part of the corporation's contingency plans to ensure its operational readiness.

The collaboration is one of several alternative funding arrangements to ensure that PIDM has access to readily available funds should the need arise.

The funds will be sourced from Cagamas' debt securities to the capital market.

"The 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 that are critical to the achievement of PIDM's mandate in strengthening financial consumer protection," said its chief executive officer (CEO) Jean Pierre Sabourin in a statement yesterday.

Under the Malaysia Deposit Insurance Corporation Act (PIDM Act) 2011, PIDM is the resolution authority in Malaysia for member banks



(From left) Cagamas senior vice-president of core business **Badrulnizam Bahaman**, Cagamas president and chief executive officer **Chung Chee Leong**, PIDM chief executive officer **Jean Pierre Sabourin** and PIDM general manager of intervention and failure resolution, **Lim Kong Kuan**, at the signing of the PIDM-Cagamas cooperation in Kuala Lumpur yesterday.

and insurer members and has a range of legislative powers at its disposal, including early intervention in distressed member institutions to mitigate the possibility of a failure.

Meanwhile, Cagamas president

and CEO Chung Chee Leong said the collaboration was mutually beneficial and would 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 initiatives, such as our collaboration with PIDM," he added.