



# Malaysia's deposit insurer enhances its operational efficiency with SAS®

**Khairuddin Arshad**  
General Manager, Insurance, Risk  
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## Industry

Financial Services, Banking

## Business Issue

Assess, monitor and manage risk in the Malaysian banking community.

## Solution

SAS® Financial Management and SAS® Strategic Performance Management allows the PIDM to gather and report on data from banks across the country.

## Benefits

It takes days, rather than weeks, to gather and report on data; SAS® helps to reduce gathering and processing time.

The Malaysia Deposit Insurance Corporation is tasked with protecting bank customer deposits, in the event of a member bank failure, in line with its mandate to promote and contribute to the stability of the country's financial system. The corporation needed timely and efficient tools to assess and monitor its risks in providing deposit insurance. With SAS, it was able to improve its risk-management monitoring through efficient data gathering and enhanced analysis capability using business intelligence tools.

The Malaysia Deposit Insurance Corporation (locally known as Perbadanan Insurans Deposit Malaysia – PIDM) not only protects depositors, it also promotes sound risk management for its member banks and contributes to the stability of Malaysia's financial system. The regulatory body is also empowered to intervene and undertake bank resolutions in the event the Central Bank of Malaysia deems a member bank non-viable. Member banks in the Malaysian deposit insurance system are all commercial banks and Islamic banks in the country.

A key part of PIDM's responsibility is to assess and monitor risks within its member banks and promote sound risk management practices. One of the incentives includes introducing the Differential Premium Systems, under which each bank pays annual premiums based on their risk profile.

"A member bank can lower the cost of its annual premium by adopting best risk-management practices," says Khairuddin Arshad, the General

"The SAS solution contributed to enhancing our risk assessment and monitoring function."


**Khairuddin Arshad**  
General Manager, Insurance, Risk  
Assessment and Monitoring Division  
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Manager of PIDM's Insurance, Risk Assessment and Monitoring Division.

Before implementing SAS, the process of gathering the vast amount of financial data was tedious. It took three weeks just to gather the banks' data and external data and to turn it into Excel spreadsheet reports. There were no automated key financial indicators, and PIDM wanted to enhance its efficiency in data gathering and analysis.

Besides its annual premiums assessment, PIDM assesses and monitors the risks of its member banks on a continuous basis. As part of its risk-assessment system, PIDM wanted a key financial and risk indicator dashboard, dynamic and flexible reporting templates for various levels of management, and a system for timely monitoring of member bank status, supported by strong security measures.

"SAS understood our requirements and the issues that impact the banking community like security protection, Basel II and strategic financial planning," Khairuddin says. "The reporting interfaced well with products like



Microsoft Office.” The organization is also comfortable with the fact that SAS had a long standing presence in Malaysia with a track record of providing solutions to other Malaysian companies and institutions.

The technology used for this was derived from SAS Financial Management and SAS Strategic Performance Management and the impact was immediate. Data that took three weeks to gather and report on now takes just two days. The organization estimates the accuracy of risk ratio calculations improved by 30 percent resulting in improved efficiency in risk assessments.

“The SAS solution supported our operational readiness, further enhancing our ability to meet our mandate of promoting financial stability,” Khairuddin says.



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