

Glossary, Acronyms and Abbreviations



Amortised cost (AC) security

Security purchased with the intent of holding it until maturity. Changes in its market price do not result in any unrealised gains or losses

Annualised credit cost ratio

Annualised year-to-date loan loss impairment charged to the income statement as a share of total outstanding loans

Asset tokenisation

Process of digitally representing an asset on a distributed ledger. Tokens issued exist on the ledger and carry the rights of the assets they represent

Bai' al-Sarf

Refers to a contract of exchange of money for money of the same or different type

Bid-to-cover ratio (BTC)

A measure of the strength of demand for securities during an auction. It is the ratio of amount of bids received in an auction over the amount sold

Blockchain

Distributed ledger that is updated in groups of transactions called blocks

Business continuity plan (BCP)

A comprehensive documented action plan that outlines the procedures, processes and systems necessary to resume or restore the business operation of an institution in the event of a disruption

Buy-now-pay-later (BNPL)

A facility that allows a customer to defer the payment of goods or services over an agreed period of time whereby the payment is already advanced by a financial service provider (FSP) (or jointly with its partner) to the providers of such goods or services. This excludes credit sales transaction as defined in the Consumer Protection Act 1999 and moneylending as defined in the Moneylenders Act 1951

Cash-to-short-term debt ratio (CASTD)

Ratio of a corporation's cash to short-term debt, which measures liquidity

Common Equity Tier 1 (CET1) capital

A component of a bank's regulatory capital comprising ordinary shares issued by a banking institution, retained earnings and other reserves

Consumption credit

Financing taken for consumption purposes such as personal financing, motor vehicle financing, credit cards and others

Contractual service margin

A component of the carrying amount of the asset or liability for a group of insurance contracts that represents the unearned profit the entity will recognise as it provides insurance contract services in the future under MFRS 17

Debt service ratio (DSR)

Ratio of total monthly bank and non-bank debt obligations to monthly disposable income (net of statutory deductions)

Debt-to-income (DTI)

Ratio of all outstanding debt held by a borrower to their gross annual income

Delinquent loan

Loan accounts with two months-in-arrears

Digital assets/Cryptoassets

Digital assets are digital representations of value that can be digitally traded or transferred and can be used for payment or investment purposes. Digital assets primarily leverage cryptography and distributed ledger technology (DLT), which enables them to be transacted without the need for intermediaries. Generally, digital assets can be classified into two main categories - unbacked digital assets (e.g., Bitcoin, Ether) and stablecoins (e.g., Tether, USD Coin), which aim to maintain a stable value relative to a specified asset, or a pool of assets. Of note, digital assets do not include digital representations of fiat currencies issued by a sovereign body

Disaster recovery plan (DRP)

A comprehensive written plan of action that sets out the procedures and establishes the processes for IT systems and requirements that are necessary to support and restore the business operation of an institution in the event of a disruption

Dividend reinvestment programme

A programme offered by banks that allows shareholders to reinvest cash dividends into additional shares of the banks

Domestic banking group (DBG)

Domestically-owned financial group comprising a licensed commercial bank, licensed investment bank and licensed Islamic bank

External debt-at-risk of banks

Proportion of banks' external debt that is more susceptible to sudden withdrawal shocks

Fair value through other comprehensive income (FVOCI) security

Security purchased with the intent of selling before it reaches maturity, with gains and losses from changes in its fair value being reflected in other comprehensive income until it is sold

Financial Action Task Force (FATF)

The global money laundering and terrorist financing watchdog. This inter-governmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society. As a policy-making body, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas

Financial Market Stress Index (FMSI)

A risk monitoring tool to gauge the stress level in the domestic financial markets and drivers of market stress

Financial Sector Cyber Threat Intelligence Platform (FinTIP)

A technology platform for local financial institutions to rapidly share cyber security threat intelligence and best practices

Firms-at-risk

Listed non-financial corporates with interest coverage ratio below the prudent threshold of two times

Greenwashing

Practices where companies make false or misleading claims about their climate change mitigation and adaptation efforts or overstate extent of their impact

Hibah

Refers to a transfer of ownership of an asset from a donor (*wahib*) to a recipient (*mawhub lahu*) without any consideration

High-quality liquid assets (HQLA)

Assets that can be easily and immediately converted into cash at little or no loss of value

Household financial assets

Assets that are held by households including deposits, investments in unit trust funds and equities, insurance/takaful policies and Employees Provident Fund (EPF) savings

Household liquid financial assets

Household financial assets excluding EPF savings

Ijarah

Refers to:

(a) a lease contract that transfers the ownership of a usufruct (right to use) of an asset to another person for a specified period in exchange for a specified consideration; or

(b) a contract for hiring of services of a person for a specified period in exchange for a specified consideration

Interest coverage ratio (ICR)

Ratio of a corporation's earnings before interest, taxes, depreciation and amortisation to interest expense, which measures debt-servicing capacity

Istisna'

Refers to a contract in which a seller sells to a purchaser an asset which is yet to be constructed, built or manufactured according to agreed specifications and delivered on an agreed specified future date at an agreed pre-determined price

Kafalah

Refers to a contract where the guarantor conjoins the guaranteed party in assuming the latter's specified liability

Liquidity Coverage Ratio (LCR)

The ratio of a bank's high-quality liquid assets (HQLA) to the expected net cash outflows over the next 30 calendar days

Loan loss coverage ratio (including regulatory reserves)

The ratio of total provisions and regulatory reserves to total impaired loans

Loan-to-value ratio (LTV)

Ratio of a loan to the value of an asset purchased

Locally-incorporated foreign bank (LIFB)

Foreign-owned licensed bank or licensed Islamic bank that is incorporated in Malaysia

Management overlays

Additional provisions set aside on top of provisions derived from expected credit loss (ECL) models. Management overlays provide model risk adjustments due to data deficiencies or uncertainties not adequately captured by the ECL models

Mudarabah

Refers to a contract between a capital provider (*rabbul mal*) and an entrepreneur (*mudarib*) under which the rabbul mal provides capital to be managed by the mudarib and any profit generated from the capital is shared between the rabbul mal and the mudarib according to a mutually agreed profit sharing ratio (PSR) whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudarib's misconduct (*ta'addi*), negligence (*taqsir*) or breach of specified terms (*mukhalafah al-shurut*)

Murabahah

Refers to a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser

Musarakah

Refers to a partnership between two or more parties, whereby all parties will share the profit and bear the loss from the partnership

Negative equity (property)

Property price that is below the outstanding balance on the loan used to purchase that property

Net impaired loans

The ratio of impaired loans net of specific provisions to total loans net of specific provisions

Net interest margin

The difference between banks' interest income and interest expense as a percentage of interest-earning assets

Net Stable Funding Ratio (NSFR)

The ratio of a bank's available stable funding (ASF) to the required stable funding (RSF), where ASF refers to funding sources weighted according to their stability, and RSF refers to assets and other off-balance sheet exposures weighted according to their liquidity

Net underwriting income

Insurance premium/takaful contribution income after deducting benefit payouts, agency remuneration, and other expenses, for all direct life insurers/family takaful operators and life reinsurers

New business premium/contribution

Premium/contribution acquired from new policies/certificates for a particular year, for all direct life insurers/family takaful operators and life reinsurers

Nominal GDP

Gross domestic product at current prices

Operating profit/loss

Sum of underwriting profit/loss, net investment and other income for all direct general insurers/takaful operators and general reinsurers

Physical risk

Economic costs and financial losses resulting from the increasing severity and frequency of

- (i) extreme climate change-related weather events (or extreme weather events) such as heatwaves, landslides, floods, wildfires and storms (i.e., acute physical risks);
- (ii) longer-term gradual shifts of the climate such as changes in precipitation, extreme weather variability, ocean acidification and rising sea levels and average temperatures (i.e., chronic physical risks or chronic risks); and
- (iii) indirect effects of climate change such as loss of ecosystem services (e.g., desertification, water shortage, degradation of soil quality or marine ecology)

Price-to-book ratio (P/B)

The ratio of stock price to book value of the share

Price-to-earnings ratio (P/E)

The ratio of stock price to bank's earnings per share for the last 12 months

Qard

Refers to a contract of lending money by a lender to a borrower where the latter is bound to return an equivalent replacement amount to the lender

Rahn

Refers to a contract where a party, as pledgor (*rahin*) pledges an asset as collateral (*marhun*) to another party, a pledgee (*murtahin*) to fulfil an obligor's liability or obligation (*marhun bih*) owing to the pledgee in the event of default of such obligor

Real-time Electronic Transfer of Funds and Securities System (RENTAS)

A real-time gross settlement system for interbank fund transfers, debt securities settlement and depository services for scripless debt securities

Retail payment system (RPS)

A funds transfer system that typically handles a large volume of relatively low-value payments in such forms as cheques, credit transfers, direct debits and card payment transactions

Stage 2 Loans

Loans that have exhibited deterioration in credit risk, for which banks are required to set aside provisions based on lifetime expected credit losses, based on the Malaysian Financial Reporting Standard 9

Tawarruq

Refers to a contract that consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred payment basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis

Third-party service provider (TPSP)

Entities, including affiliate companies, that provide ancillary services to a financial institution under an outsourcing arrangement

Total capital

A bank's total regulatory capital comprising the sum of CET1, Additional Tier 1 and Tier 2 capital

Underwriting profit/loss

Earned insurance premium/takaful contribution income less net claims incurred, net commissions and management expenses, for all direct general insurers/takaful operators and general reinsurers

Unsold houses

Comprises residential units, service apartments and small office, home office (SOHO) that remained unsold for more than nine months from the date of launch or after 1 January 1997. These units comprise (i) units completed with Certificate of Completion and Compliance/Temporary Certificate of Fitness for Occupation in the review period; or (ii) units with building plan approval that are under construction

Wa'd

Refers to a unilateral promise which refers to an expression of commitment given by one party to another to perform certain action(s) in the future

Wadi'ah

Refers to a contract where an asset is placed with another party for safekeeping

Wakalah

Refers to a contract where a party, as principal (*muwakkil*) authorizes another party as his agent (*wakil*) to perform a particular task on matters that may be delegated, with or without imposition of a fee

4PSP

fourth-party service provider

AI/ML

artificial intelligence and machine learning

AKPK

Credit Counselling and Debt Management Agency

API

Application Programming Interface

AS1

Adverse scenario 1

AS2

Adverse scenario 2

BCBS

Basel Committee on Banking Supervision

BCM

business continuity management

BCP

business continuity plan

BNPL

buy-now-pay-later

BTC

bid-to-cover

CAGR

compounded annual growth rate

CAR

capital adequacy ratio

CASTD

cash-to-short-term debt ratio

CBE

commodity brokers and exchange

CCA

Consumer Credit Act

CCOB

Consumer Credit Oversight Board

CCPT

Climate Change and Principle-based Taxonomy

CPMI

Committee on Payments and Market Infrastructures

CPO

crude palm oil

CSE

crisis simulation exercise

CSP

critical service provider

DAR

debt-at-risk

DBG

domestic banking group

DFI

development financial institution

DPS

Designated Payment System

DRP

disaster recovery plan

DSR

debt service ratio

DTI

debt-to-income

ECF

equity crowdfunding

e-KYC

electronic Know-Your-Customer

E-MI

electronic money issuer

EPF

Employees Provident Fund

ESG

environmental, social and governance

FATF

Financial Action Task Force

FCY

foreign currency

Fed

US Federal Reserve

FFR

Federal Funds Rate

FinTIP

Financial Sector Cyber Threat Intelligence Platform

FMSI

Financial Market Stress Index

FSP

financial service providers

FVOCI

fair value through other comprehensive income

FX

foreign exchange

GDP

Gross Domestic Product

Glossary, Acronyms and Abbreviations

HQLA high-quality liquid assets	NAPIC National Property Information Centre
ICR interest coverage ratio	NBFI non-bank financial institutions
IDS intrusion detection system	NEC not elsewhere classified
i-MILIKI Keluarga Malaysia Home Ownership Initiative	NOP net open position
IPS intrusion implementation system	NSFR Net Stable Funding Ratio
IT information technology	NSRC National Scam Response Centre
ITO insurers and takaful operators	OPR Overnight Policy Rate
JC3 Joint Committee on Climate Change	OTP one time password
JPJ Road Transport Department	P/B price-to-book
KYC Know-Your-Customer	P/E price-to-earnings
LCR Liquidity Coverage Ratio	P2P peer-to-peer
LIBFC Labuan International Business and Financial Centre	PayNet Payments Network Malaysia Sdn Bhd
LIFB locally-incorporated foreign bank	PDPF Policy Document on Personal Financing
LME London Metal Exchange	PDRF Policy Document on Responsible Financing
LTV loan-to-value	PIDM Perbadanan Insurans Deposit Malaysia
MCMC Malaysian Communications and Multimedia Commission	R&R rescheduling and restructuring
MFRS Malaysian Financial Reporting Standard	RBCF Risk-Based Capital Framework
MGII Malaysian Government Investment Issues	RCLF Restricted Committed Liquidity Facility
MGS Malaysian Government Securities	RENTAS Real-time Electronic Transfer of Funds and Securities System
MIS management information system	RMiT Risk Management in Technology
MSPO Malaysian Sustainable Palm Oil	RPP Real-time Retail Payments Platform
MST macro solvency stress test	RPS Retail payment system

RSPO

Roundtable on Sustainable Palm Oil

RWA

risk-weighted assets

SJKP

Syarikat Jaminan Kredit Perumahan Berhad

SLA

service level agreement

SME

small and medium enterprise

SMS

short messaging service

SOHO

small office, home office

SRR

Statutory Reserve Requirement

TPSP

third-party service provider

VBIAF

Value-based Intermediation Financing and Investment
Impact Assessment Framework

YTD

year-to-date