

Glossary, Acronyms and Abbreviations



Annualised credit cost ratio

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

Artefacts

A piece of evidence associated with the footprints of the attackers found on the network, systems or devices such as text, malicious codes and files

Bid-to-cover ratio

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

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

Capital adequacy ratio (CAR)

A measure of a financial institution's solvency position, expressed as the ratio of total capital available to total capital required

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

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

Collective Investment Schemes (CIS)

Investment schemes where investors pool their funds to be managed by a fund manager according to the investment mandate agreed with the investors

Combined ratio

Sum of incurred claims and expenses as a percentage of premium/takaful contribution

Commercial feeds

Threat data collected from commercial entities and security vendors, who sell the information to various organisations in a structured manner

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

Cost-sharing

A feature in medical reimbursement insurance/takaful products where policy owners/takaful participants pay part of the cost of covered healthcare services out of pocket

Cross-border payment

A payment in which the payer and the payee are located in different jurisdictions

Cyber resilience

The ability of an organisation to continue to carry out its mission by anticipating and adapting to cyber threats and other relevant changes in the environment, as well as by withstanding, containing and rapidly recovering from cyber incidents

Cyber threat intelligence

Threat information that has been aggregated, transformed, analysed, interpreted or enriched to provide the necessary context for decision-making processes

Debt service ratio

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

Deferred net settlement (DNS)

A net settlement mechanism which settles on a net basis at the end of a predefined settlement cycle

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

Domestic systemically important bank (D-SIB)

Bank whose failure has the potential to cause considerable disruption to the domestic financial system and the wider economy

Excess income over outgo

Sum of net underwriting income, net investment income and other income, for all direct life insurers/family takaful operators and life reinsurers

Expected credit loss (ECL)

The weighted average of credit losses with the respective risks of a default occurring as the weights

Financial Market Stress Index (FMSI)

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

Gross direct premiums/contributions

Premiums/contributions receivable before deduction of commissions, brokerage or other expenses, for all direct general insurers/takaful operators

Higher loss absorbency (HLA)

Capital buffer requirement imposed on a D-SIB above the minimum regulatory requirement to increase its going-concern capital buffers, which aims to reduce its probability of failure

High-income borrowers

Borrowers earning more than RM10,000 per month

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

Interest coverage ratio (ICR)

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

Investment-linked products

Life insurance or family takaful where the policy/certificate value at any time is partly determined by the value of the investment assets at the time

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

Locally-incorporated foreign bank (LIFB)

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

Macroeconomic variables (MEV)

Indicators that signal the current trends in the economy such as GDP growth and unemployment forecasts

Management overlays

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

Medical re-pricing

Revision to rates of premium/takaful contribution or cost of insurance/tabarru' for medical reimbursement insurance/takaful cover

Middle-income borrowers

Borrowers earning RM5,000-RM10,000 per month

Net impaired loans

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

Net interest margin (NIM)

The difference between interest rates at which banks extend financing and interest rates banks pay for funding, including deposits

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

New business premiums/contributions

Premiums/contributions 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

Non-financial corporate (NFC)

A corporation whose principal activity is the production of goods and/or the provision of non-financial services

Open source feeds

Threat data collected from publicly available sources

Operating profit/loss

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

Premium/contribution deferral

The option for COVID-19-affected consumers to defer premiums or contributions due under life insurance policies and family takaful certificates for three months without affecting the coverage

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

Private feeds

Threat data collected from private entities which could not be found elsewhere

Probability of default

Likelihood of a counterparty defaulting on its contractual obligations to a financial institution over a given time horizon

Real-time gross settlement

The real-time settlement of payments, transfer instructions or other obligations individually on a transaction-by-transaction basis (i.e. gross basis)

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

Sandboxing

A restricted and controlled environment that enables potentially malicious software to be executed securely without affecting the real production resources, programs or environment

Settlement risk

The risk that settlement of funds for fund or securities transfer will not take place as expected. This may comprise both credit and liquidity risks

Shellcode

A piece of code that includes malicious content used to exploit a software vulnerability

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

Stage 3 loans

Loans that have objective evidence of impairment (i.e. credit impaired) based on the Malaysian Financial Reporting Standard 9

Tabarru'

A donation, gift or contribution. From takaful perspective, tabarru' refers to contribution from certificate holders for the purpose of takaful

Third party service provider (TPSP)

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

Threat actor

An individual, a group or an organisation believed to be operating with malicious intent

Threat hunting

Practice of proactively searching through networks, devices and datasets to hunt for malicious or suspicious activities that have avoided detection by existing security tools

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

Unsold houses

Comprises residential units (including SOHO and serviced apartments) 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 or Temporary Certificate of Fitness for Occupation in the review period; or (ii) units with building plan approval that are under construction

Glossary, Acronyms and Abbreviations

ASEAN

Association of Southeast Asian Nations

ATM

Automated Teller Machine

BCP

business continuity plan

CAGR

compounded annual growth rate

CAR

capital adequacy ratio

CASA

current and savings accounts

CASTD

cash-to-short-term debt ratio

CET1

Common Equity Tier 1

CISS

Cyber Incident Scoring System

CRISP

Cybersecurity Resilience and Information Sharing Platform

CSM

CyberSecurity Malaysia

CWG

Cyber Working Group

DBG

domestic banking group

DNS

deferred net settlement

DRP

disaster recovery plan

D-SIB

domestic systemically important bank

ECL

expected credit loss

EPF

Employees Provident Fund

FCY

foreign currency

FI

financial institution

FinTIP

Financial Sector Cyber Threat Intelligence Platform

FMCO

Full Movement Control Order

FMSI

Financial Market Stress Index

FX

foreign exchange

GDP

Gross Domestic Product

HLA

higher loss absorbency

HQLA

high-quality liquid assets

ICR

interest coverage ratio

IL

investment-linked

IT

information technology

ITCL

Individual target capital level

ITO

insurers and takaful operators

LCR

Liquidity Coverage Ratio

LIBFC

Labuan International Business and Financial Centre

LIFB

locally-incorporated foreign bank

LTV

loan-to-value

MCMC

Malaysia Communication & Multimedia Commission

MEV

macroeconomic variables

MFRS

Malaysian Financial Reporting Standard

MGS

Malaysian Government Securities

MHPI

Malaysian House Price Index

MYR

Malaysian Ringgit

NACSA

National Cyber Security Agency

NBFI

non-bank financial institution

NFC

non-financial corporate

NIM

net interest margin

NOP

net open position

NSFR

Net Stable Funding Ratio

P/B

price-to-book

P/E

price-to-earnings

PayNet

Payments Network Malaysia Sdn Bhd

PEMERKASA+

Additional Strategic Programme to Empower the People and Economy

PEMULIH

National People's Well-Being and Economic Recovery Package

PTF

PENJANA Tourism Financing

QR

Quick Response

R&R

rescheduling and restructuring

RENTAS

Real-time Electronic Transfer of Funds and Securities System

ROA

return on assets

ROE

return on equity

RPP

Real-time Retail Payments Platform

RPS

retail payment system

SME

small and medium enterprise

SOP

standard operating procedure

SRR

Statutory Reserve Requirement

TPSP

third party service provider

TRRF

Targeted Relief and Recovery Facility

UST

United States Treasury

WGBI

FTSE Russell's World Government Bond Index