

# 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

**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

**Blockchain**

Distributed ledger that is updated in groups of transactions called blocks

**Bridge institution (BI)**

A body corporate established or acquired by the Bank or a subsidiary of PIDM, designated as a bridge institution, to assume the business, assets, affairs and liabilities, including critical functions, of a non-viable bank

**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 (or jointly with its partner) to the providers of such goods or services. The deferment of payment does not attract any interest or profit

**Capital adequacy ratio (CAR)**

A measure of the solvency position of an insurer or takaful operator, 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

**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

**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 ratio (DTI)**

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

**Decentralised finance (DeFi)**

Financial services that are delivered without intermediaries, using automated protocols (smart contracts) on blockchains

**Delinquent loan**

Loan accounts with 2 months-in-arrears

**Digital asset**

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 on cryptography and distributed ledger technology, 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

**Digital bank**

A bank that is licensed under Financial Services Act 2013 or Islamic Financial Services Act 2013 to carry on banking business or Islamic banking business, wholly or mainly, through digital or electronic means

**Digital Payment Token (DPT)**

Digital representations of value that can be transferred, stored or traded electronically and satisfy the requirements as set out in the Payment Services Act 2019 in Singapore

**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

**External debt-at-risk of banks**

The 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 they are sold

### **Financial Market Stress Index (FMSI)**

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

### **Fintech**

Integration of financial technology into financial services

### **Firms-at-risk**

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

### **Green bonds**

Financial instruments that finance green projects and provide investors with fixed income payments

### **Gross direct premium/contribution**

Premium/contribution receivable before deduction of commissions, brokerage or other expenses, for all direct general insurers and direct general 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-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

### **Internal Capital Adequacy Assessment Process (ICAAP)**

An overall process to ensure that a banking institution maintains adequate capital on an ongoing basis to support its business operations beyond the minimum regulatory capital requirements under Pillar 1

### **Internal Liquidity Adequacy Assessment Process (ILAAP)**

An overall process to ensure that a banking institution maintains robust liquidity risk management to ensure its ability to fulfill payment obligations at all times, including under adverse conditions

### **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

### **Loan-to-value ratio**

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

### **Malaysia Financial Literacy and Capability (MYFLIC) Index**

Index to measure level of financial knowledge, behaviour and attitude of Malaysian consumers

### **Management Information System**

An information system used for decision-making, and for the coordination, control, analysis, and visualization of information in an entity

### **Negative equity**

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

### **Net zero greenhouse gases (GHG) emissions**

Net zero GHG emissions are achieved when anthropogenic (released by human activities like usage of fossil fuels) emissions of GHG to the atmosphere are balanced by anthropogenic removals (such as greater forestry and carbon capture and storage) over a specified period. Where multiple GHG are involved, the quantification of net zero emissions depends on the climate metric chosen to compare emissions of different gases (such as global warming potential, global temperature change potential and others, as well as the chosen time horizon)

### **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 Effective Exchange Rate**

The weighted average of home country's currency against the currencies of major trading partners

**Nominal gross domestic product (GDP)**

GDP at current prices

**Non-fungible tokens**

Unique cryptographic tokens that exist on a blockchain and cannot be replicated, used to represent ownership of artwork, real estate or other assets

**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)

**Preferred resolution strategy (PRS)**

Resolution strategy(s) that has been assessed as appropriate in relation to a specific PIDM member bank to achieve a prompt and orderly resolution that ensures continuity of critical functions, if any, and promotes and contributes to the stability of the financial system

**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

**Purchase and Assumption**

A resolution strategy where a third-party acquirer purchases assets and assumes liabilities from a non-viable bank

**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

**Recovery and Resolution Planning**

Planning by the financial institution and authorities which sets out an effective and efficient process to enhance supervisability, recoverability and resolvability of financial institution during crisis and avoid having to rely on government bailouts

**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

**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

**Total Value Locked (TVL)**

The overall value of user funds deposited in a decentralised finance (DeFi) protocol. These funds may be vested in the protocol for several functions, such as staking, contributing to liquidity pools, or lending

**Transition risk**

The risks related to the process of adjustment towards a low-carbon economy. These drivers represent climate-related changes that could generate, increase or reduce transition risks. They include changes in public sector (generally government) policies, legislation and regulation, changes in technology and changes in market and customer sentiment, each of which has the potential to generate, accelerate, slow or disrupt the transition towards a low-carbon economy

**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 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

**AC**

amortised cost

**AKPK**

Credit Counselling and Debt Management Agency

**BCP**

business continuity plan

**BI**

bridge institution

**BNPL**

buy-now-pay-later

**CAGR**

compounded annual growth rate

**CAR**

capital adequacy ratio

**CASA**

current and savings accounts

**CASTD**

cash-to-short-term debt ratio

**CCPT**

Climate Change and Principle-based Taxonomy

**CDRC**

Corporate Debt Restructuring Committee

**CGC**

Credit Guarantee Corporation Malaysia Berhad

**CIS**

Collective Investment Scheme

**CRMA**

Cyber Resilience Maturity Assessment

**CRST**

Climate Risk Stress Testing

**CSM**

Cyber Security Malaysia

**DAR**

debt-at-risk

**DAX**

Digital Asset Exchanges

**DBG**

domestic banking group

**DeFi**

decentralised finance

**DFI**

development financial institution

**DPT**

Digital Payment Token

**DRP**

disaster recovery plan

**DRSK**

Bloomberg Default Risk

**D-SIB**

domestic systemically important bank

**DSR**

debt service ratio

**DTI**

debt-to-income

**EPF**

Employees Provident Fund

**FCI**

Financial Capability and Inclusion Demand Side

**FCY**

foreign currency

**FEN**

Financial Education Network

**FinTIP**

Financial Sector Cyber Threat Intelligence Platform

**FMSI**

Financial Market Stress Index

**FVOCI**

fair value through other comprehensive income

**FX**

foreign exchange

**GDP**

Gross Domestic Product

**GFC**

Global Financial Crisis

**GHG**

greenhouse gases

**GII**

Government Investment Issues

**HLA**

higher loss absorbency

**HQLA**

high-quality liquid assets

**ICAAP**

Internal Capital Adequacy Assessment Process


**ICR**

interest coverage ratio

**ILAAP**

Internal Liquidity Adequacy Assessment Process

<b>IT</b> information technology	<b>PayNet</b> Payments Network Malaysia Sdn Bhd
<b>ITO</b> insurers and takaful operators	<b>PEMULIH</b> National People's Well-Being and Economic Recovery Package
<b>LCR</b> Liquidity Coverage Ratio	<b>PIDM</b> Perbadanan Insurans Deposit Malaysia
<b>LIBFC</b> Labuan International Business and Financial Centre	<b>PRS</b> preferred resolution strategy
<b>LIBOR</b> London Interbank Offered Rate	<b>R&amp;R</b> rescheduling and restructuring
<b>LIFB</b> locally-incorporated foreign bank	<b>RE4CT 2022</b> Real-time Exercise Against Cyber Threats 2022
<b>LTV</b> Loan-to-value	<b>RENTAS</b> Real-time Electronic Transfer of Funds and Securities System
<b>MAS</b> Monetary Authority of Singapore	<b>RFR</b> risk-free rates
<b>MCMC</b> Malaysian Communications and Multimedia Commission	<b>RMP</b> Royal Malaysia Police
<b>MFRS 9</b> Malaysian Financial Reporting Standard 9	<b>ROE</b> return on equity
<b>MGS</b> Malaysian Government Security	<b>RORWA</b> return on risk-weighted assets
<b>MI</b> member institution	<b>RPP</b> Real-time Retail Payments Platform
<b>MYFLIC Index</b> Malaysia Financial Literacy and Capability Index	<b>RPS</b> Retail payment system
<b>MYR</b> Malaysian Ringgit	<b>RRP</b> Recovery and Resolution Planning
<b>NACSA</b> National Cyber Security Agency	<b>RWA</b> risk-weighted asset
<b>NBFI</b> non-bank financial institution	<b>SC</b> Securities Commission Malaysia
<b>NFT</b> non-fungible tokens	<b>SDRS</b> Small Debt Resolution Scheme
<b>NOP</b> net open position	<b>SJPP</b> Syarikat Jaminan Pembiayaan Perniagaan Berhad
<b>NSFR</b> Net Stable Funding Ratio	<b>SME</b> small and medium enterprise
<b>OPR</b> Overnight Policy Rate	<b>SOFR</b> Secured Overnight Financing Rate
<b>P/B</b> price-to-book	<b>SRR</b> Statutory Reserve Requirement
<b>P/E</b> price-to-earnings	



## Glossary, Acronyms and Abbreviations

**TPSP**

third party service provider

**TVL**

Total Value Locked

**URUS**

Financial Management and Resilience Programme

**UST**

United States Treasury

**VBIAF**

Value-based Intermediation Financing and Investment  
Impact Assessment Framework

**YTD**

year-to-date