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Enhancing Perbadanan Insurans Deposit Malaysia (PIDM) compliance through independent validation

Strengthening PIDM compliance in an evolving regulatory landscape

PIDM reporting is becoming increasingly demanding, with rising data complexity and heightened regulatory expectations. Deposit-Taking Members (DTM) must now go beyond traditional reporting systems to ensure accuracy, consistency, and compliance.

Two-stage validation by PIDM

Standard File Format (SFF) checks at file upload to ensure completeness, followed by post-submission validation to assess accuracy with discrepancies surfaced through error notices, reinforcing the need to strengthen compliance.

Shift in validation responsibility

Greater emphasis is placed on DTM-led validation prior to submission, with increased reliance on internal controls to ensure data accuracy and prevent post-submission error notices and rework.

Complex aggregation rules

Diverse aggregation rules across different account types and other metrices increase the complexity of aggregation logic and insured balance determination, heightening the risk of inconsistencies in reported outcomes.

Independent validation enables DTMs to proactively identify reporting gaps and build confidence in submissions before regulatory review.

1 **Recompute independently**
Recalculate PIDM submissions and reporting attributes using independent validation logic.

2 **Translate regulations into grounded validation logic**
Translates PIDM requirements into executable validation logic, ensuring outputs are assessed against regulatory intent rather than solely system-defined rules.

3 **Operationally scalable**
Manual validation is not operationally viable given the scale and complexity of data, requiring system-driven, repeatable execution.

Building internal validation capabilities

Regulatory validation is no longer a one-off system implementation. As expectations increase, DTMs is required to establish internal, governance-led validation capabilities to ensure consistency and regulatory readiness.

What does it take to build a governance-led validation capability?

Clear regulatory interpretation

- **Translate regulatory requirements** into structured validation logic, data definitions, and control mechanisms.
- **Ensure alignment with regulatory expectations** through consistent rule design.
- **Incorporate industry insights** to address common reporting gaps.

Independent second-line validation

- **Operates independently** from reporting processes to assess and validate system-generated results.
- **Validates outputs beyond system calculations** to ensure accuracy and completeness.
- **Provide confidence** over the accuracy, completeness and regulatory alignment of reported results.

Structured governance and control framework

- **Establish a structured validation** framework with defined execution standards, monitoring, and accountability.
- **Embed validation within the bank's governance structure**, ensuring clear ownership and responsibilities.

A right-sized approach to scalable PIDM compliance

While a full system implementation is often considered to strengthen validation capabilities, a right-sized approach is often more effective for targeted validation requirements

Why a right-sized approach is more effective

Validation is a control layer, not a processing engine

Validation focuses on independently verifying outputs rather than replicating full processing logic.

Reporting systems already provide the data foundation

Introducing a separate system creates redundancy and increases the risk of data divergence.

Full system approaches are not cost-effective for validation

Costs are disproportionate to the targeted scope of validation.

Key benefits:

Targeted validation scope

Focuses strictly on reconciliation and verification of reporting system outputs, without unnecessary expansion into broader system functionality.

Faster time to value

Lightweight implementation enables rapid readiness, ensuring validation outcomes are realised quickly.

Lower operational burden and cost of ownership

Reduce deployment complexity and ongoing maintenance by leveraging existing reporting environment.

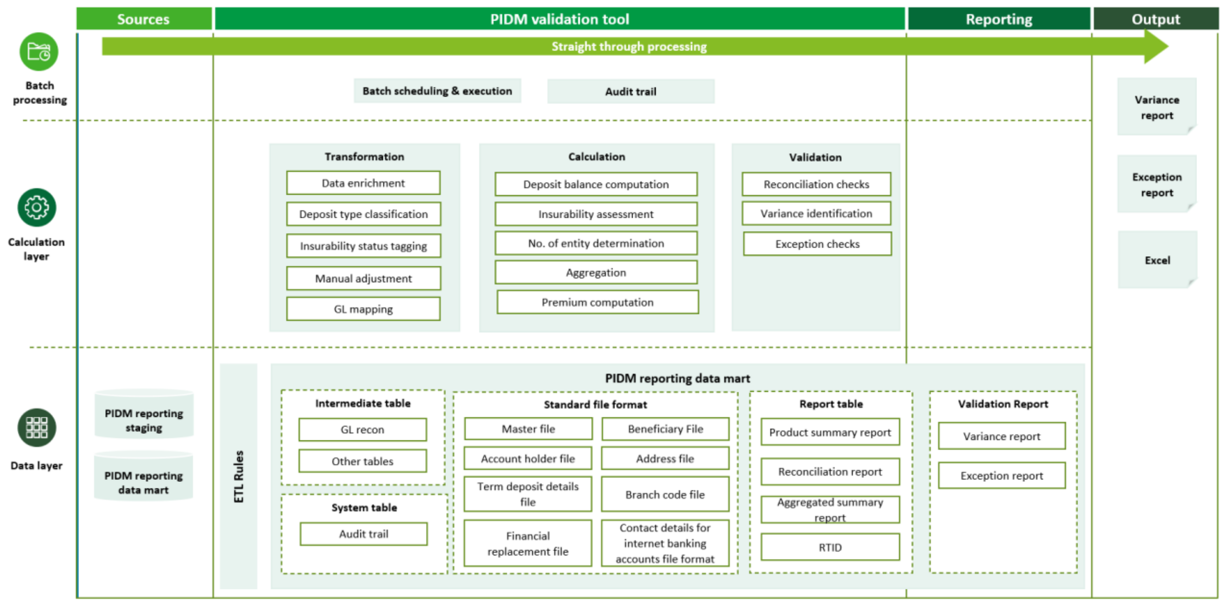
Strengthen PIDM compliance with a proven validation solution

Ready to deploy and tailored to your organisation's data, processes, and controls

PIDM validation tool

We offer a proven SQL-based PIDM validation tool, customisable to your requirements and seamlessly embedded within your reporting systems. It enables end-to-end validation across the PIDM reporting lifecycle, ensuring consistent rule application, clear governance, and full traceability without the need for complex system builds.

Overview of proposed PIDM validation tool – Application architecture



What you gain from our validation tool:

1. **Accelerate value realisation** - Enables rapid deployment through a lean delivery approach without reliance on complex system builds

2. **Fit-for-purpose SQL validation engine** - Focused on PIDM validation and reconciliation outcomes, avoiding unnecessary complexity and cost

3. **Designed to fit your environment** - Developed in alignment with your data, processes, and control framework to meet evolving operational and regulatory requirements

4. **Scalable without a rebuild** - Modular design allows enhancements and expansion without structural reconfiguration

How Deloitte can help

As PIDM reporting requirements continue to evolve, DTMs need a scalable validation capability to ensure consistent, regulator-ready outcomes and sustain long-term compliance. Deloitte addresses this through a governance-led approach that combines structured controls, proven assets, and a fit-for-purpose validation model.

We offer end-to-end implementation of a scalable PIDM validation capability, enabling DTMs to operationalise accurate, consistent reporting while accelerating readiness and sustaining long-term compliance.

Governance-led approach for sustainable outcomes

Establish structured validation controls, clear ownership, and governance processes to ensure consistent and regulator-aligned validation.

Proven validation assets to accelerate delivery

Leverage tested validation assets and methodologies to reduce delivery effort, minimise implementation risk, and accelerate time to value.

Fit-for-purpose validation model at scale

Enable scalable, automated validation aligned to your existing data, processes, and control framework for consistent and repeatable execution.

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