



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

**Contribution to the Staff Training Fund
arising from Staff Pinching**

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PART A: OVERVIEW

1. Introduction

Policy Objective

- 1.1. This policy document aims to encourage financial institutions to train their own staff and not to resort to 'pinching' of staff from other financial institutions. This is to ensure that there is no excessive bidding up of salaries by financial institutions that is far in excess of the actual level of productivity in order to meet their human capital requirements.

Scope of Policy

- 1.2. This policy document sets out guidance on contribution by financial institutions to the Staff Training Fund (STF) managed by Asian Institute of Chartered Bankers (AICB) [formerly known as Institut Bank-Bank Malaysia (IBBM)] or Islamic Banking and Finance Institute Malaysia (IBFIM) when they pinch staff from other financial institutions.

2. Applicability

- 2.1. This policy document is applicable to financial institutions as defined in paragraph 5.2.

3. Legal provisions

- 3.1. This policy document is issued pursuant to section 266(c) of the Financial Services Act 2013 (FSA), section 277(c) of the Islamic Financial Services Act 2013 (IFSA) and section 126 of the Development Financial Institutions Act 2002 (DFIA).
- 3.2. This policy document supersedes Guidelines on Staff Training Fund (BNM/RH/GL/008-2) issued on 29 June 2007.

4. Effective date

- 4.1. This policy document is effective from 18 August 2014.

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PART B: POLICY ON STAFF PINCHING

5. Interpretation

5.1. The terms and expressions used in this policy document shall have the same meanings assigned to them in the FSA, IFSA and DFIA, as the case may be, unless otherwise defined in this document.

5.2. For purposes of this policy document:

“Financial institutions” mean:

- (i) licensed banks and licensed investment banks under the FSA;
- (ii) licensed Islamic banks under the IFSA;
- (iii) development financial institutions prescribed under the DFIA.

“Staff pinching” means the recruitment of any new staff that meets the description set out under paragraph 6.

“Gross salary” means basic salary and fixed allowances.

6. Scope of Staff Pinching

6.1. Subject to paragraph 6.2, staff pinching occurs:

- (a) whenever an offer of employment from a financial institution is accepted by someone:
 - (i) employed by another financial institution; or
 - (ii) who, less than six months earlier, had left another financial institution; and
- (b) to all grades of employees earning a gross monthly salary of RM5,000 and above (excluding bonus) in their present (pending their resignation) or previous employment.

6.2. A financial institution will be exempted from contributing to the STF if both of the following conditions are met:

- (a) the employee being pinched has resigned from his/her previous employment within 90 days from the date of joining the previous employer; and
- (b) the employee was not employed by any financial institution prior to joining the previous employer.

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7. Contribution to Staff Training Fund

- 7.1. The new employer should contribute a sum equivalent to six months of the employee's new monthly gross salary (excluding bonus) or such sum as may be determined by Bank Negara Malaysia unless exempted as per paragraph 6.2.
- 7.2. The contribution should be paid to the STF and will be managed by AICB or IBFIM for the purpose of training, education and research on the banking and financial sector to be identified by AICB and IBFIM.
- 7.3. If the employee pinched is from a conventional banking institution or development financial institution under the purview of Bank Negara Malaysia, the new employer should contribute to the STF, managed by AICB.
- 7.4. If the employee pinched is from an Islamic banking institution, including Bank Kerjasama Rakyat Malaysia Berhad, the new employer should contribute to the STF, managed by IBFIM.

8. Procedures

- 8.1. The Staff Training Fund Form (STF1) should be completed by the new employer when the offer of employment is accepted by the employee and a copy should be submitted to both the releasing employer and AICB/IBFIM not later than seven days after the commencement date of employment with the new employer. (Please refer to **Appendix 1** for the format).
- 8.2. The releasing employer should verify that the released employee fits the description of paragraph 6 above by completing Part B of the form and forward the copy to AICB or IBFIM (whichever is relevant), not later than seven days after receipt. (Please refer to **Appendix 2** for the flowchart of the process).
- 8.3. AICB/IBFIM will inform the new employer of the appropriate amount of contribution to be paid to the STF.
- 8.4. AICB/IBFIM will be responsible for the collection of the contribution from the new employer and will acknowledge receipt of the contribution.

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9. Management of Staff Training Fund

- 9.1. The conventional STF will be managed and administered by the Board of Trustees of AICB as determined by the Council members while the Islamic STF will be managed and administered by the Board of Trustees as determined by the Board of Directors of IBFIM. Contributions to the conventional and Islamic STF will be deposited separately by financial institutions and will be separated from any other funds of AICB or IBFIM, where applicable.

- 9.2. Proper records of the STF will be kept by AICB/IBFIM and a duly audited report of Income and Expenditure of the STF will be tabled annually at the Annual General Meeting of AICB/IBFIM and circulated to Bank Negara Malaysia and the relevant industry associations [e.g. Association of Banks In Malaysia (ABM), Association of Islamic Banking Institutions Malaysia (AIBIM) and Association of Development Finance Institutions of Malaysia (ADFIM)].

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Appendix 1

Notification of New Employment – Staff Training Fund (STF1)

Part A (To be completed by New Employer)	
Name of employee:	I/C No:
Qualification:	Date of birth:
(i) Present or Previous Employment (if not a banking institution / development financial institution, then the details of the last banking institution / development financial institution employed in)	
Name of employer:	
Position:	Gross salary of last 6 months excluding bonus:
Date of commencement:	Years of service:
Reason(s) for resignation:	Effective date of resignation:
(ii) New Employment	
Name of employer:	
Position offered:	New salary (gross 6 months' salary excluding bonus):
Date of commencement:	
Signature: Chief Executive Officer (Name: _____)	Date: _____ Company stamp

Appendix 1 (cont'd)

Notification of New Employment – Staff Training Fund (STF1)

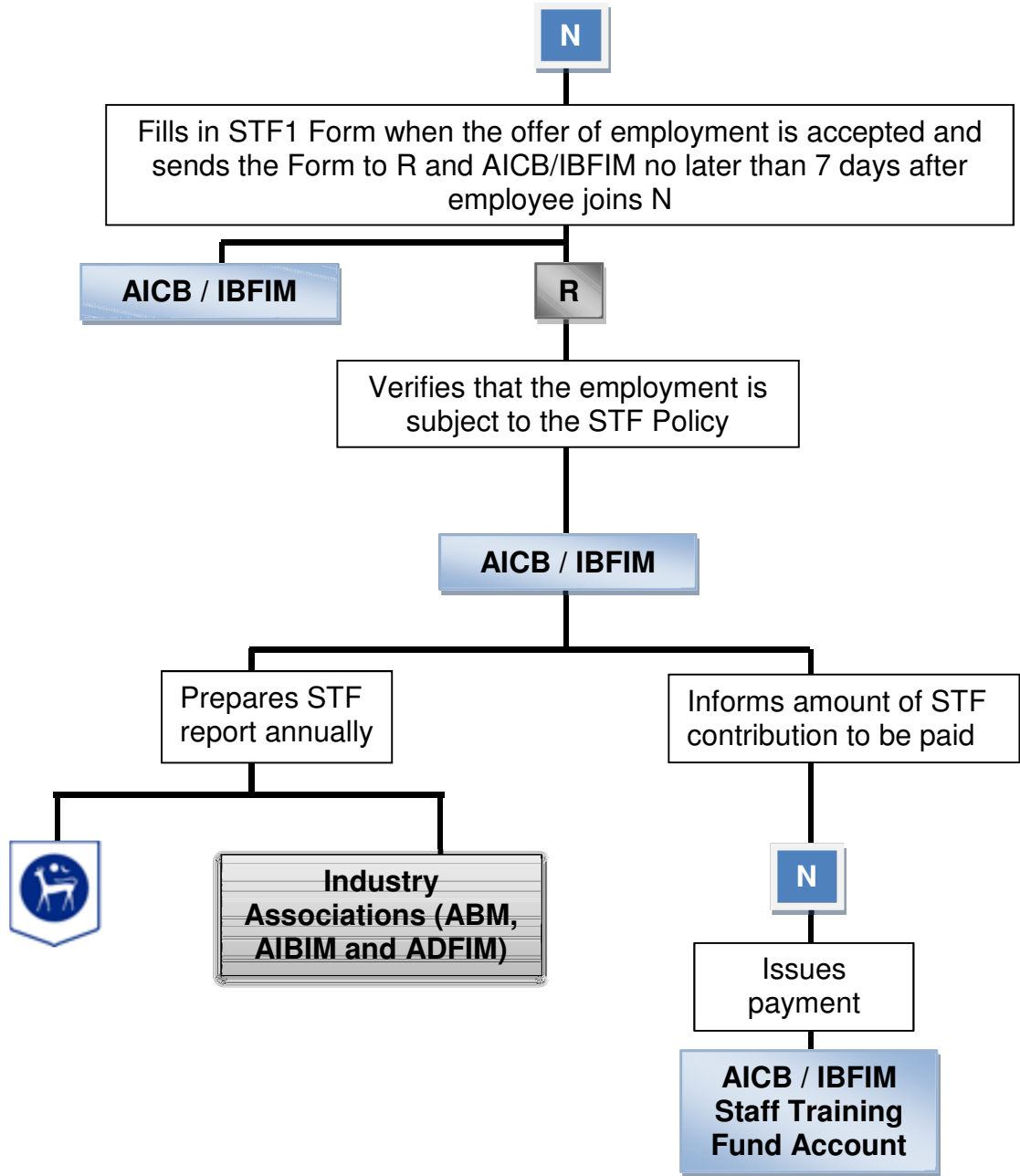
Part B (To be completed by Releasing Employer)	
As Releasing Employer, we _____ (Name of financial institution)	
hereby confirm that the information provided in Part A(i) is true and accurate	

(Signature)	
Name:	_____
Designation:	_____
Date:	_____
Company stamp:	_____
Part C (To be completed by Asian Institute of Chartered Bankers or Islamic Banking and Finance Institute Malaysia)	
To: New Employer _____	
In line with the Guidance on Contribution to the Staff Training Fund arising from Staff Pinching, please pay the following sum to the Staff Training Fund Account of Asian Institute of Chartered Bankers or Islamic Banking and Finance Institute Malaysia	
RM _____	
	For Official Use Only
	Penalty Payment RM: _____
	Date Received: _____
	Receipt No: _____
	Received by: _____

Asian Institute of Chartered Bankers / Islamic Banking and Finance Institute Malaysia	
Date: _____	

Appendix 2

Flowchart:	Collection of Contribution Arising from Staff Pinching
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Legend	
N	New Employer
R	Releasing Employer
AICB	Asian Institute of Chartered Bankers [formerly known as Institut Bank-Bank Malaysia (IBBM)]
IBFIM	Islamic Banking and Finance Institute Malaysia
ABM	Association of Banks In Malaysia
AIBIM	Association of Islamic Banking Institutions Malaysia
ADFIM	Association of Development Finance Institutions of Malaysia