



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

## **Staff Training Expenditure (STE)**

Applicable to:

1. Commercial banks, investment banks, life insurers and general insurers
2. Islamic banks and takaful operators
3. Development financial institutions
4. Insurance brokers, money brokers, financial advisers and loss adjusters
5. Takaful brokers and Islamic financial advisers

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## PART A: OVERVIEW

### 1. Introduction

- 1.1. This policy document aims to ensure that regulated entities accord high priority to training and continuous development of their staff.

### 2. Applicability

- 2.1. This policy document is applicable to all institutions referred to under Paragraph 5.3.

### 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 the following documents:
- Guidelines on Staff Training Expenditure (BNM / RH / GL 001-14);
  - Minimum Standard of Training Expenditure (JPI: 39/1999); and
  - Minimum Standard for Training Expenditure (JPI: 17/1996).

### 4. Effective Date

- 4.1. This policy document comes into effect on 1 January 2016.

### 5. Interpretation

- 5.1. The terms and expressions in this policy document shall have the same meaning assigned to them in the FSA, IFSA and DFIA unless otherwise stated.
- 5.2. Staff training expenditure (STE) is defined as seminar and course fees, scholarships and other incidental costs and expenditures such as transportation costs, allowances for staff on training and accommodation (including meals).
- 5.3. "Regulated entities" refer to the following institutions:

Institution	Regulated under the following legislation:
<ul style="list-style-type: none"> <li>▪ Commercial banks, investment banks, life insurers, general insurers and composite insurers</li> <li>▪ Insurance brokers, money brokers, financial advisers and loss adjusters</li> </ul>	FSA
<ul style="list-style-type: none"> <li>▪ Islamic banks and takaful operators</li> <li>▪ Takaful brokers and Islamic financial advisers</li> </ul>	IFSA
<ul style="list-style-type: none"> <li>▪ Development financial institutions</li> </ul>	DFIA

- 5.4. Gross salary shall include Employees Provident Fund (EPF) and Social Security Organisation (SOCSO) contributions, bonuses, allowances and other taxable incentives for all staff, including executive directors. Remuneration payable to other directors shall not be included.

## PART B: POLICY REQUIREMENTS

### 6. STE Requirement

6.1. Regulated entities are expected to allocate a specified amount of funds for staff training purposes. The training allocation is calculated based on a percentage of the institution's preceding year's gross salary as follows:

Regulated Entity	STE Requirement
Investment banks	3.0%
Commercial banks	2.5%
Islamic banks	
Development financial institutions	
Life, general and composite insurers	3.5%
Takaful operators	
Insurance brokers, money brokers, loss adjusters and financial advisers	2.0%
Takaful brokers and Islamic financial advisers	

- 6.2. The following expenditure shall qualify as STE expense:
- For regulated entities with own hostels and training premises, the equivalent hostel costs.
  - Rental of training rooms and equipment for training purposes as well as the cost of producing in-house course materials.
  - Depreciation cost of assets purchased and used for training. Expenses incurred to purchase the assets are excluded.
  - Salaries, allowances and the employer's EPF contribution for the institution's own lecturers and other training support staff who are directly/indirectly involved in the in-house training.
- 6.3. The accrual basis convention in accounting should be adopted for the computation of STE. This means that only expenditure incurred on courses conducted in a particular year can be included for that year's STE compliance.
- 6.4. The Bank expects regulated entities to ensure the following:
- All levels of staff would have access to training; and
  - Training programmes shall comprise a combination of the necessary critical skills, namely, leadership, technical and soft skills.

## 7. Report Submission

- 7.1. To enable the Bank to better gauge each institution's staff training practices, the reporting on STE performance by institutions has been enhanced to include a further breakdown of STE expenditure. The new Reporting Template for the annual submission is provided in the Appendix.
- 7.2. Kindly submit the required information to Jabatan Perkhidmatan Statistik via the Bank's secured online website (e-Survey) at <https://esurvey.bnm.gov.my> no later than 15 days after the end of December of each year.

## Appendix

## STE Reporting Template

Name of financial institution	1	2	3	STE compliance (% of item 2 over 3)
	STE Requirement (RM)	STE incurred for the year (RM)	Total gross salary of preceding year (RM)	

Level	Amount of training incurred (RM)	No. of staff sent for training	Type of training					
			Soft skills		Technical (structured & non-structured programmes)*		Leadership	
			No. of staff	Amount (RM)	No. of staff	Amount (RM)	No. of staff	Amount (RM)
Senior Management								
Middle Management								
Entry-level								

\* Structured programmes refer to modular training programmes which include the following:

- Asian Institute of Chartered Bankers (AICB)'s programmes such as the Executive Banker, Professional Banker or Chartered Banker; or
- Malaysian Insurance Institute (MII)'s programmes such as the Certificate of MII or Diploma of MII; or
- International Centre for Education in Islamic Finance (INCEIF)'s Certificate in Islamic Finance; or
- Islamic Banking and Finance Institute Malaysia (IBFIM)'s Certified Qualification in Islamic Finance (CQIF).

Non-structured programmes refer to one-off technical programmes that are offered by training providers.