

ACCOMPLISHMENTS ^{IN} 2011-2012

Towards a better deposit protection regime

- In view of the changing global financial markets, the Board closely watched the latest developments and reform experiences of other overseas deposit insurance systems to ensure the ongoing effectiveness of the DPS in Hong Kong.
- The Board actively participated in the peer review of deposit insurance systems hosted by the Financial Stability Board in contributing to the development of better international guidance on effective deposit insurance systems.

In full readiness to payout

- The Board progressively consolidated its efforts to ensure operational effectiveness and readiness to manage a payout. The payout policies and procedures were enhanced; and new guidance notes were developed for the effective exercise of the new powers given in the enhanced DPS to streamline payout efficiency.
- During the year, two payout rehearsals and a procedure walkthrough were conducted. These provided the Board members, staff and payout agents of the Board with a clear understanding of their roles and responsibilities, and the key processes on undertaking a payout.
- Determination of compensation payment for a payout is dependent on the depositor records maintained and provided by Scheme members. The Board remained vigilant in monitoring the compliance of Scheme members with the information system requirements by conducting compliance reviews and payment simulations using records submitted by Scheme members.

Increased public awareness and confidence

- The Board launched extensive publicity campaigns to promote public awareness of the DPS. In addition, targeted community outreach activities were held to enhance understanding and knowledge of the specific features of the DPS.
- A territory-wide opinion survey in December 2011 revealed that over 75% of the respondents were aware of the enhanced DPS implemented at the start of 2011. The high awareness level of the DPS is conducive to the maintenance of public confidence and contribution to banking stability.
- The Board continued to closely monitor Scheme members' compliance with the DPS representation requirements to depositors through a self-assessment exercise and on-site examinations.

Sufficiency and investment of the DPS Fund

- The Board collected HK\$330 million in contributions from Scheme members, bringing the total assets of the DPS Fund to an aggregate of HK\$1.8 billion at the end of March 2012.
- The Board secured a HK\$120 billion standby credit facility with the Exchange Fund to meet the liquidity required for payment of compensation in the event of a bank failure.
- The main investment objective of the DPS Fund is to preserve capital and ensure sufficient liquidity to meet the financial obligation of the Board. The DPS Fund achieved a positive investment return despite the highly volatile investment environment.