

ACCOMPLISHMENTS IN 2012-2013

Towards better deposit protection

The Board conducted a self-assessment against the international Core Principles for Effective Deposit Insurance Systems as part of its continuous efforts to ensure that Hong Kong's DPS is in accord with the recommendations in the Core Principles as far as practicable.

Through timely review of the latest international developments and reform experiences of other overseas deposit insurance systems, it helps contribute to a robust functioning of the financial safety net in maintaining banking stability.

In full readiness to payout

The Board conducted a comprehensive review specifically to appraise the effectiveness of its payout framework and benchmarked its payout practices against international standards. Based on the review results, the Board formulated a reform plan outlining the road map for achieving the objective along with faster payouts.

A large-scale payout rehearsal was also undertaken by engaging a complete network of the payout agents simulating the closure of a sizable retail bank. The rehearsal demonstrated that the Board could achieve a payout to depositors within the target payout timeframe.

With additional investment, the Board upgraded its capacity of the technology based payout system, the network of service providers and other infrastructure in building up the resources needed in preparation for different bank failure scenarios.

Heightened public awareness and confidence

The Board adopted a new theme using "bun" (buzz word meaning "coverage") in mass advertising campaigns and community education initiatives to strengthen recall on the scheme's coverage.

A territory-wide independent opinion survey was conducted in December 2012 which revealed that the general awareness level of the DPS has reached a new record high of 78%. The high awareness level is essential and conducive to the maintenance of public confidence and contribution to banking stability.

Sufficiency of funding and investment of the DPS Fund

The Board collected HK\$360 million in contributions from Scheme members, bringing the total assets of the DPS Fund to an aggregate of HK\$2.1 billion at the end of March 2013.

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 in FY2013 despite the highly volatile and uncertain investment environment.