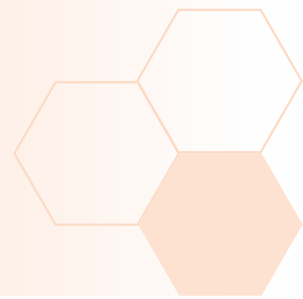


MESSAGE FROM THE CHAIRPERSON



In keeping up with a fast-paced city such as Hong Kong, the Deposit Protection Scheme (DPS) vouches to meet its obligations to safeguard the interests of depositors and maintain financial stability as fully and as quickly as possible in the event of a bank failure. The Board resembles a professional athlete, always striving for the best record in time. In our case, this means the shortest possible compensation payout time we can achieve. We pursue optimum efficiency because of our concern and care for depositors, who, in many instances, face potential hardship and anxiety if their hard-earned money is held in a bank with financial problems.

To provide depositors with a well deserved sense of reassurance and motivation, our highest priority in the past few years has been to explore ways to reduce the payout time to as short as humanly possible. Following a review of the DPS by the Board and taking account of reforms in other jurisdictions, we concluded that adopting the gross payout approach would be a major step towards a much faster, simpler and more efficient system. In addition, the Board conducted in-depth studies to assess the viability of embracing more innovative technology to make payouts faster and more convenient for depositors. During the year, we consolidated these initiatives into fully-fledged proposals.

With the full support of the Government, the policy proposals to enhance the DPS through the adoption of the gross approach and some other technical improvements were released to the public and stakeholders for consultation. We were delighted to note that these proposals gained solid support and we shall assist the Government in the required legislative process to implement the improvements. We are soon to unfold a new era in reimbursing depositors by dramatically reducing the period for making full compensation from the existing six weeks to within seven days in most circumstances. Indeed, a faster payout is beneficial not just to depositors, but to the banking industry as a whole and Hong Kong's position as a prominent international financial centre.

In the meantime, every effort has been made to improve our payout readiness. This includes an early warning system established with the banking regulator, information readiness of Scheme members, and our payout system capability and versatility. These are the principal pillars of an effective DPS, and good progress was made in strengthening them during the year.

MESSAGE FROM THE CHAIRPERSON

Apart from an efficient operation, a scheme has to be known, understood and trusted by the community to make it truly effective. We are delighted that the DPS has maintained a high level of public awareness at 78%. However, we must not be complacent and shall continue to explore and implement further initiatives to deepen the community's understanding of the functions of the DPS. In the coming year, our multi-media publicity campaigns highlighting deposit protection messages will be complemented with more targeted community outreach and education activities to better serve the diverse needs of different groups. We will also explore and embrace new opportunities to broaden coverage of communications in a cost-effective manner, including collaborating with organisations serving different sectors, and using social media platforms to build and sustain rapport with our stakeholders in a timely and interactive way.

The Board's pursuit of a speedy payout process has been akin to running a marathon and we are now just metres from the finish line. I appeal for your continued support and sound advice to bring this refinement exercise to a honey sweet fruition. As ever, I am indebted to the unreserved support and wise counsel I have received from my fellow members of the Board, the Advisory Panel on Communication and Public Education, the Consultative Committee on Deposit Protection Scheme, as well as the Government and the Hong Kong Monetary Authority, in guiding us through another momentous year. My particular gratitude goes to ex officio Board member, Miss Au King-chi, for her sterling contributions over the past six years before her retirement in December 2014. On behalf of the Board, I wish her retirement is as "golden as honey". Finally I would like to express my heartfelt thanks to our Chief Executive Officer, Meena, and her dedicated staff who unfailingly turn our plans into reality for continual improvement and help ensure the Scheme operates smoothly day after day.



CHAN WONG Shui, Pamela, BBS, JP
Chairperson
Hong Kong Deposit Protection Board