DEPOSIT PROTECTION SCHEME AT A GLANCE

- The Deposit Protection Scheme (DPS) is a statutory scheme established to protect bank depositors. All licensed banks, unless otherwise exempted by the Board, are required to participate in the DPS as a Scheme member. It is a statutory requirement for all Scheme members to prominently display a membership sign at their places of business.

- The deposits of each depositor are protected up to a limit of HK$500,000 per Scheme member.

- Deposits denominated in Hong Kong dollar, renminbi or any other currencies are covered by the Scheme.

- Eligible deposits held with Scheme members are legally protected by the DPS. Therefore, depositors are not required to apply or pay for protection or compensation.

- Ineligible deposits include term deposits with a maturity longer than five years, structured deposits, bearer instruments, offshore deposits and non-deposit products such as bonds, stocks, warrants, mutual funds, unit trusts and insurance policies.

- Compensation payable to depositors is based on their aggregate protected deposits held with a failed bank (up to HK$500,000 per depositor), without the need to deduct the liabilities owed by those depositors to the bank concerned as a result of the adoption of the gross payout approach on 24 March 2016.

- The Scheme aims to make full compensation payments to depositors within seven days in most cases following the implementation of the gross payout approach and other payout process enhancements.

- A Deposit Protection Scheme Fund (DPS Fund) was established for keeping the contributions collected from Scheme members. The target fund size is 0.25% of the total amount of protected deposits held with all Scheme members, or approximately HK$4.5 billion.

- Contributions payable by Scheme members for building up the DPS Fund are assessed on a differential premium basis. Assessment is made annually with reference to the supervisory rating of each Scheme member determined by the Hong Kong Monetary Authority (HKMA).