



## MESSAGE FROM THE CHAIRMAN



Hong Kong has experienced some extraordinary challenges over the past year, challenges that have proved a vital reminder of the importance of the motto of the Hong Kong Deposit Protection Board (the Board), namely “Everyone Can Save with Confidence”. In particular, it has been especially critical for the Board to help maintain public confidence in Hong Kong’s banking system in an environment that has featured social unrest, the arrival of coronavirus and an economic downturn, all of which could foster misinformation and trigger public anxiety about the security of personal savings. In this connection, the Board has continued to work diligently to maintain high awareness of and confidence in the Deposit Protection Scheme (DPS) across the community, while taking practical steps to ensure the Scheme remains payout-ready.

Despite the tough environment, the Board successfully completed a comprehensive programme of publicity and community education activities for 2019-2020, organised around the theme of the “DPS Piggy Bank”. Harnessing the power of social media, we also launched campaigns that reached over 1.5 million social media users. A series of one-minute infotainment episodes were also aired on TVB Jade, driving home the message “Deposits are Protected. Save with Confidence!”. In response to the coronavirus outbreak, the Board reprioritised its scheduled

publicity efforts at the beginning of 2020 and increased the use of digital channels to ensure our public engagement remained strong. This included getting our message to more minority communities in Hong Kong, especially non-Chinese speakers. For instance, we ran DPS-related advertorials in newspapers and published website banners targeting Filipinos and Indonesians. We also broadened our reach through promotional clips delivered via TV networks in residential buildings and private clinics.

Another important milestone was the dissemination of the findings of our second survey on “Hongkongers’ Sense of Security on Savings”, which gained extensive media coverage. Apart from providing important information about the saving habits and expectations of Hong Kong depositors, the survey also proved valuable in reinforcing perceptions of the Board as the “Guardian of Savings”. Meanwhile, the annual opinion survey commissioned by the Board showed that the level of public awareness of the DPS was maintained at around 78%, indicating that the Board’s publicity efforts have been effective. More importantly, those parts of the survey that measure public understanding and confidence in the Scheme have indicated improvements. This is gratifying evidence that the Board’s community education work is having a positive effect on people’s attitudes.

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Alongside these efforts, the Board continued with projects to enhance the Scheme's efficiency and payout readiness in the event of bank failure. These have proceeded smoothly and are making good progress. Specifically, we have begun a project that will add electronic payment channels (including the Faster Payment System) to the traditional paper cheque payment currently available for paying DPS compensation. Once completed, it will offer depositors faster and more convenient payment channels should the need arise. The Board also regularly conducts payout rehearsals to ensure that we can make compensation payments to depositors within seven days in case of the Scheme being triggered. One such rehearsal was conducted in November 2019, during which we also tested the new payout system implemented in 2019, and confirmed that our target payout time frame remains achievable. Meanwhile, following the granting of licences for eight new virtual banks by the Hong Kong Monetary Authority (HKMA), we have been making practical assistance available to help these banks comply with the Board's Rules and Guidelines in their use of digital channels to interact with customers.

The coronavirus pandemic is likely to have a significant impact both on financial markets and the overall economic environment, and hence on individual depositors. In the coming year, constant vigilance and a readiness to respond promptly to new developments will be part of our culture as we move ahead in challenging times. In terms of our publicity and community education, we have a full year's worth of campaigns lined up. All are aimed at giving the public peace of mind about their bank deposits; some will target groups with a relatively lower awareness of the DPS. Work to enhance Scheme payout readiness will also continue. This will involve further system development and testing in preparation for implementing electronic payment channels, as well as tests with the banking industry to ensure that all necessary systems and procedures are in place by 2021.

My sincere thanks go out to Members of the Board and the Advisory Panel for their hard work and expert advice during the year. This year has seen changes to the membership of these bodies. I would like to recognise the diligent service of those Members who retired during the year, namely Professor Chan Ngai-hang, Mr Mat Ng, Ms Barbara Shiu, Professor Tam Kar-yan, and former Permanent Secretary for Financial Services and the Treasury (Financial Services), Mr Andrew Wong. I also warmly welcome our new Members, Mr Lawrence Chan, Professor Chan Koon-hung, Professor Matthew Lee, Mr Peter Lo, and Permanent Secretary for Financial Services and the Treasury (Financial Services), Ms Michelle Li. Furthermore, I would like to take the opportunity to welcome the Board's new external auditor, Deloitte Touche Tohmatsu, which was appointed in accordance with the Board's established selection mechanism after the end of the appointment of PricewaterhouseCoopers, our outgoing auditor, which I would also like to thank for its audit services provided to the Board over the past years.

Among our stakeholders, I offer sincere thanks to the HKMA and the Financial Services and the Treasury Bureau for their constant support, as well as to each of our Scheme members. Finally, my warmest thanks go out to the Board's hard-working management team and staff, who have frequently and willingly gone beyond the call of duty in their service. Their efforts have been crucial in maintaining our positive public profile and helping generate trust in the Board as Hong Kong's "Guardian of Savings" in these challenging times.



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Chairman

Hong Kong Deposit Protection Board