



MESSAGE FROM THE CHAIRMAN



Like the rest of the world, Hong Kong has been severely hit by the COVID-19 pandemic over the past year. In response, the Government funnelled over HK\$300 billion into relief measures for the community, while the Hong Kong Monetary Authority and the banking sector also introduced various initiatives to support companies and individuals in such difficult times. These efforts helped maintain widespread confidence in Hong Kong's crisis management capabilities and financial stability.

The Hong Kong Deposit Protection Board (the Board) has played its own part in these efforts. As the official Guardian of bank deposits in Hong Kong, the Board has been diligently overseeing the Deposit Protection Scheme (DPS), which plays an indispensable role in safeguarding bank deposits and hence supporting the overall banking stability of Hong Kong. To further enhance public confidence in the Scheme, we have been very active in reinforcing public understanding of the DPS throughout the year despite the disruptions caused

by the pandemic, while further enhancing our payout readiness and overall operational efficiency.

During the pandemic, television and the internet proved our most effective communication channels. In the year, we launched a new TV commercial under the theme "Bank Deposits Always Come With Protection". The light-hearted commercial featured the life adventures of Ah Chuen (Deposits) and Ah Po (Protection), two animated characters who work hand in hand to give lifetime protection to people's bank deposits. With many of the Board's face-to-face promotional activities cancelled due to the pandemic, we reached out to the public via social media campaigns such as "DPS Kung Fu Duo" and "DPS Saving Duo Comics". A number of our DPS talks for the elderly and students were also shifted online. At the same time, close collaborations with NGOs enabled us to distribute DPS information packs for the elderly alongside special anti-pandemic packs, and DPS board games for students to support their home-learning activities.



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In 2020 we carried out the third annual “Hongkongers’ Sense of Security on Savings” survey, which was widely covered in the media. It showed that over 67% of Hong Kong people had a regular saving habit, with bank deposits being the most popular savings option. Given this finding, it is clear that the Board’s role as Guardian of bank deposits remains an extremely important one. A separate survey conducted in 2020 on public opinions about the DPS showed that public awareness remained steady at 79%, and that in general, the public’s understanding of the features and function of the DPS had improved. This is an encouraging finding.

The Board must be ready to pay out to depositors promptly in the event of any bank failure, and we have developed and tested our payout system to ensure this is the case. We are now in the final stage of our project to introduce electronic payment channels, including the Faster Payment System, for payout events. In this connection, our communications consultant conducted a focus group study during the year, and found a general receptiveness to electronic payment as a payout method for DPS compensation. We have also requested banks to enhance the quality of data they provide to facilitate payment by electronic channels, and improved our business contingency plan to ensure there is no delay in our payout readiness even in the face of an epidemic outbreak.

As we enter a new year, the Board has lined up plans to make sure that it remains alert and vigilant, able to respond quickly to any developments that may affect public confidence in Hong Kong’s banking system. In particular, we intend to conduct

a payout rehearsal in the year with a special focus on the new electronic payment channels, which are expected to be functional around mid-2021.

We are also embarking on a new three-year communications strategy in 2021 to further enhance trust in the DPS and the Board. In September, the DPS will be 15 years old, and we hope to leverage this occasion to draw attention to the benefits of the Scheme. Moreover, we believe it is time to conduct a review of the DPS in the light of the latest international best practice. Our aim will be to ensure that the Scheme in Hong Kong remains effective.

Finally, I would like to thank each member of the Board and the Advisory Panel for their efforts over the past difficult year. Special thanks are due to the former ex officio member representing the Secretary for Financial Services and the Treasury, Ms Michelle Li, who retired during the year. I also welcome Ms Salina Yan, who became our new ex officio member in August 2020. I am grateful too for the support of all our major stakeholders, as well as the efforts of our staff in extraordinary circumstances. All have worked together to create the atmosphere of confidence and trust which is essential for the Board in fulfilling its mission.

Professor HUI King-man, Michael, MH
Chairman
Hong Kong Deposit Protection Board