Hong Kong Deposit Protection Board Press Conference

6 February 2024

Chairman's Opening Remarks (abridged version)

As you are probably aware, the Hong Kong Deposit Protection Board (the Board) announced the launch of the public consultation on proposed enhancements to the Deposit Protection Scheme (DPS) last July. The proposed enhancements included raising the protection limit, refining the levy system, enhancing the deposit protection arrangements in the event of a bank merger, expanding the requirement on the display of the DPS membership sign and streamlining the negative disclosure requirements.

The three-month public consultation ended last October, and the Board received a total of 33 written submissions from the general public, a consumer protection organisation, the banking industry and relevant professional bodies.

In order to solicit more views from the public, we also commissioned the Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong to conduct a public opinion survey during the consultation period. Around 1,000 Hong Kong residents aged 18 years or above and holding bank accounts were interviewed.

Based on the feedback received during the consultation, we are pleased to note that around 80% of survey respondents, the consumer protection organisation and relevant professional bodies generally welcomed and supported the proposed enhancements to the DPS, including raising the protection limit from the current HK$500,000 to HK$800,000.

We are also aware of the mixed views on the protection limit within the banking industry.

Having carefully considered all the comments received and the relevant factors, the Board believes that raising the protection limit to HK$800,000 could suitably enhance depositor protection at this stage:

- First of all, the proposed level represents a 60% increase from the current level. It is not only able to keep pace with inflation, but can also enhance the real value of protection by 20%.

- Secondly, at the protection limit of HK$800,000, more than 92% of depositors will be fully protected, exceeding the benchmark of 90% recommended by the international guideline.

- Thirdly, the protection limit of HK$800,000 is already higher than the prevailing levels in many Asian economies and is comparable to those in European economies.

In order to ensure that the DPS keeps pace with international best practice and the latest developments in Hong Kong, the Board will strive to implement the new protection limit within this year, and conduct the next review in 2027 (i.e. three years later), with the target of completing the review in 2028. We will then examine whether there is a need to further enhance deposit protection in light of the latest international and local developments at the time.