香港存款保障委員會
HONG KONG DEPOSIT PROTECTION BOARD

First Anniversary of the Launch of the Deposit Protection Scheme

24 September 2007

Raymond Li
Chief Executive Officer
Hong Kong Deposit Protection Board

Outline of presentation

- Recap on the purposes of the Deposit Protection Scheme (DPS) and the mission of the Deposit Protection Board (DPB)
- First year accomplishments
- Opinion surveys on the DPS
- Upcoming initiatives

Purposes of the DPS

- Effective on 25 September 2006, the DPS provides protection to depositors and helps maintain stability of the banking system in Hong Kong.
- The compensation limit of the DPS is set at HK$100,000 per depositor per Scheme member.

Mission of the DPB

- To maintain an effective and efficient deposit protection scheme in accordance with the Deposit Protection Scheme Ordinance and in line with international practices.

香港存款保障委員會
HONG KONG DEPOSIT
PROTECTION BOARD

First year accomplishments (1)
Launch and Administration of the DPS

- Successful launch of the DPS on 25 September 2006
- Collection of contributions from the Scheme members for 2006 and 2007 on schedule
- The Deposit Protection Scheme Fund amounted to HK$374 million as at end March 2007

香港存款保障委員會
HONG KONG DEPOSIT PROTECTION BOARD

First year accomplishments (2)
Readiness to Payout

- Completed the engagement of payout agents. A network of service providers including an accounting firm, a law firm, an IT firm, a call center operator and a security printing company can be mobilised within 24 hours
- Completed the development of a set of payout policies and procedures
- Completed three simulation tests on the Payout System
- Planning work for the first payout rehearsal (to be conducted in Q4 2007) in progress

香港存款保障委員會
HONG KONG DEPOSIT PROTECTION BOARD

First year accomplishments (3)
Compliance with Rules and Guidelines

- Conducted trial reviews of Scheme members' compliance with various statutory rules and guidelines. Compliance status found to be satisfactory
- Completed the development of mechanisms for regularly monitoring Scheme members' compliance with the rules and guidelines

香港存款保障委員會
HONG KONG DEPOSIT PROTECTION BOARD

First year accomplishments (4)
Public Awareness and Understanding

- Public awareness and understanding of the DPS is critical to the effectiveness of the DPS in promoting banking system stability.

- A publicity campaign was launched to promote the DPS through the mass media:
  - > TV and radio commercials
  - > Bus, print and online advertisements
  - > Launch of a website (www.dps.org.hk) & an enquiry hotline: 1831 831

First year accomplishments (4)
Public Awareness and Understanding

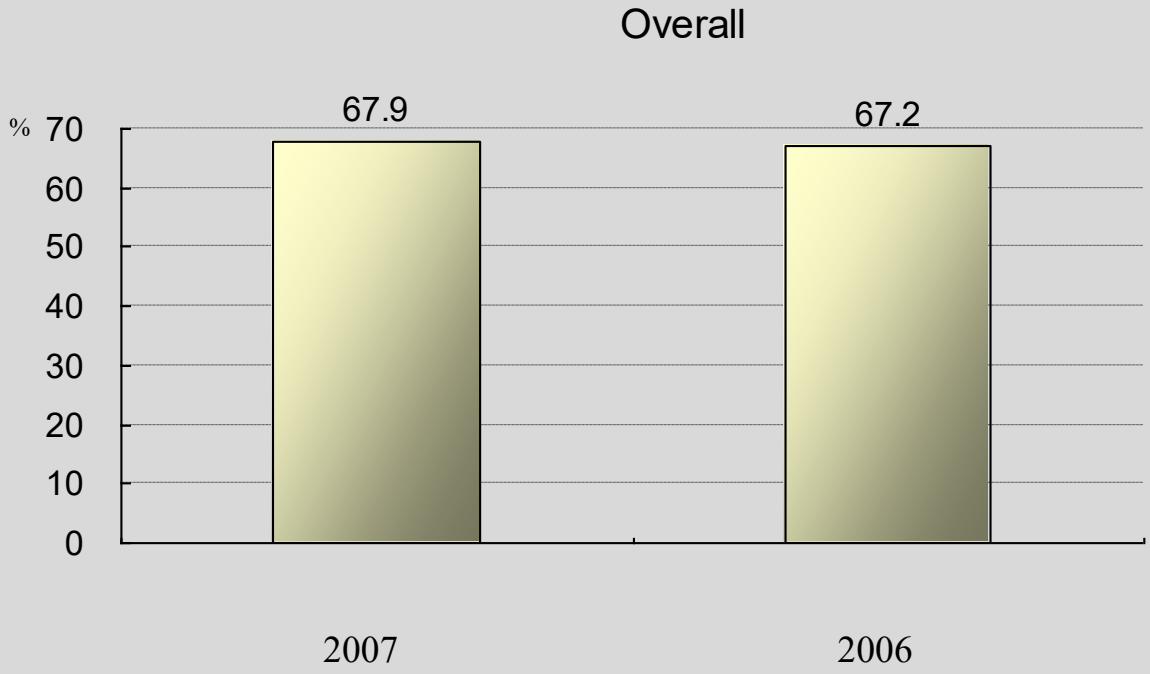
- Various educational activities were organised to reach the public:
  - > 41 exhibitions: partnered with LINK, MTRC, KCRC & Housing Authority
  - > Sponsored RTHK2【智慧公民】to produce a short radio drama series -- 【信心家庭】
  - > Development of a series of educational comics【存保漫畫】to enhance public understanding
  - > Distribution of leaflets and posters
  - > Collaboration with NGOs on souvenir distribution

Effectiveness of the publicity campaign
Opinion surveys

- Engaged the Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong to conduct two rounds of opinion survey, in December 2006 and June 2007, to assess:
  - > Level of public awareness
  - > Knowledge and understanding
  - > Perception and behavioral changes
  - > Tracking the changes in the above aspects

Opinion surveys: public awareness of the DPS

Figure 1: DPS achieved 67% awareness level



香港存款保障委員會
HONG KONG DEPOSIT PROTECTION BOARD

Opinion surveys: understanding of the DPS (1)

Figure 2: Satisfactory results on understanding of key features

	2007	2006
"Only licensed banks are protected"	80.7	59.8
"A depositor is unable to obtain the highest compensation limit if he/she has less than HK$100,000 in net deposits at the bank"	77.6	75.3
"The maximum amount of compensation is HK$100,000"	76.8	71.9
"Only deposits in banks are protected"	76.3	76.3

Note: Only the percentage of those who gave the correct answers is listed in the table.

Opinion surveys: understanding of the DPS (2)

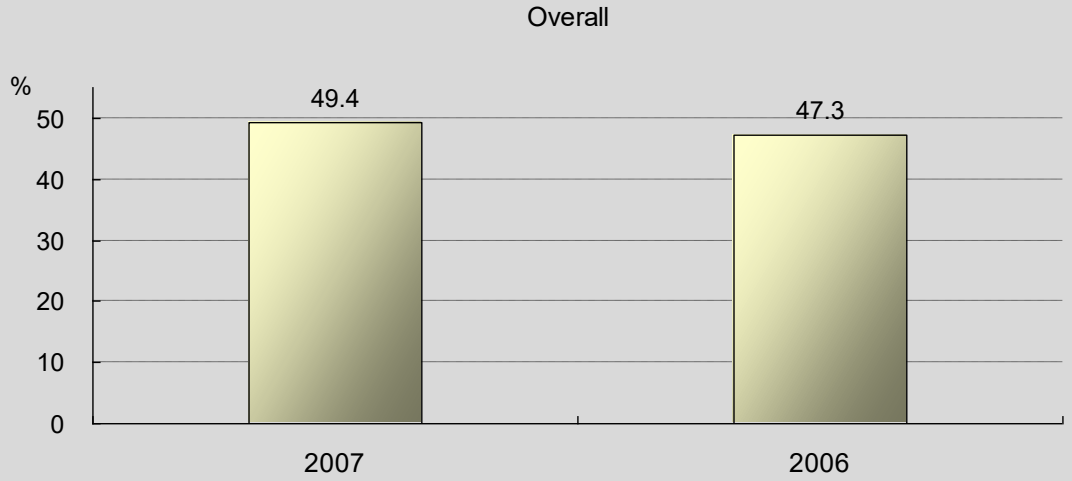
Figure 3: Areas where further educational effort is needed

	2007	2006
"Depositors can make a claim for a deposit balance in excess of HK$100,000 during the liquidation process"	54.8	47.0
"Compensation is calculated based on a depositor's net balance"	50.6	49.5
"Foreign currencies are eligible for protection"	30.0	30.6

Note: Only the percentage of those who gave the correct answers is listed in the table.

Opinion surveys: perception and behavioral changes

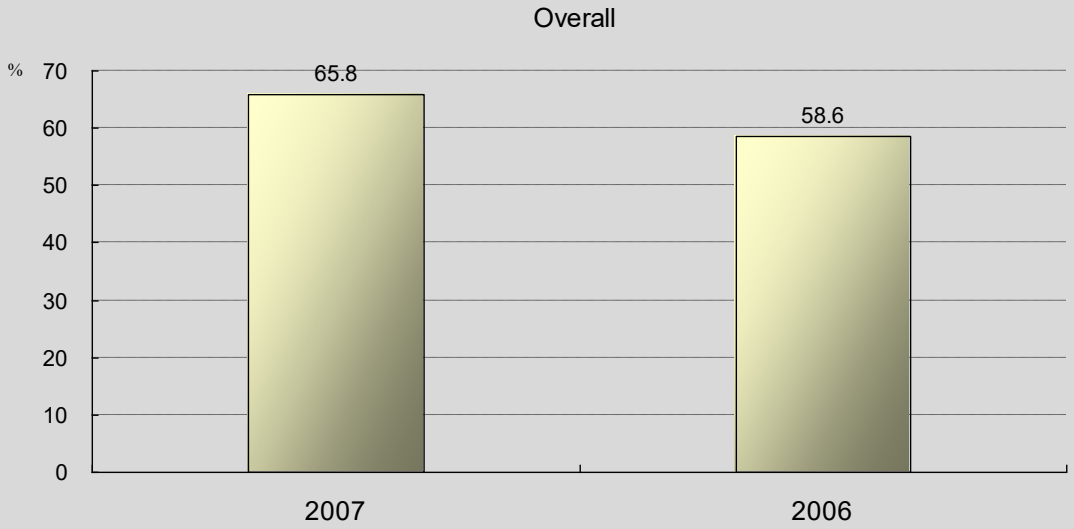
Figure 4: 49% believe bank deposits are more secure following the introduction of the DPS



-- Confidence in the Hong Kong banking system in general has been enhanced

Opinion survey: perception and behavioral changes

Figure 5: 65% are more confident to place deposits in small to medium-sized banks following the introduction of the DPS



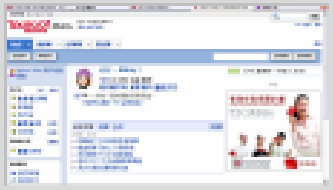
-- Confidence in the Hong Kong banking system in general has been enhanced

Upcoming initiatives: publicity campaign (1)

- Maintain public awareness at a high level
- Step up effort in promoting understanding in areas of general interests where there is room for further improvement:
  - > Coverage of protection
  - > Identification of member banks and protected products
  - > Methods for calculating compensation
  - > Payout procedures
- Enhance the effectiveness of the campaign through diversifying the channels for disseminating the Board's messages

Upcoming initiatives: publicity campaign (2)

- Publicity activities in the pipeline:
  - > TV commercials, radio sponsorships and bus campaign
  - > 24 exhibitions at Housing Authority's sites
  - > Community and segmental outreach with NGOs
  - > Other means such as educational comics



Upcoming initiatives: Operational

- The Board will continue to:
  - > Maintain an efficient operation of the DPS
  - > Enhance readiness to payout through enhancing the payout system and procedures, conducting simulation tests with member banks and rehearsing with payout agents
  - > Monitor compliance of member banks with the rules and guidelines governing the operation of the DPS
  - > Monitor the coverage of the DPS, in particular on the impacts of key market developments on the coverage, e.g. popularity of structured deposits

Thank you