Press Release

Hong Kong Deposit Protection Board

Welcomes the Consultation on Enhancements to the Deposit Protection Scheme

The Hong Kong Deposit Protection Board (the "Board") welcomes the proposals set out in the Consultation Paper on Enhancements to the Deposit Protection Scheme (DPS) jointly issued by the Financial Services and the Treasury Bureau ("FSTB") and the Hong Kong Monetary Authority ("HKMA") today (Friday). The Consultation Paper sets out proposals for accelerating the speed of payouts, primarily through the adoption of gross payout approach, to allow depositors quicker access to their deposit compensation payments when the DPS is triggered during a bank failure or crisis.

The Board considers that a speedier deposit compensation payout mechanism will help boost the public's confidence in the DPS and, consequently, the overall stability of the banking system as a whole. The proposals for consultation are also in line with the latest international developments in the area of deposit insurance. The Board regards the proposed policy initiatives

are conducive to the efficient and effective functioning of the DPS as part of the financial safety net in Hong Kong.

Hong Kong Deposit Protection Board

12 September 2014