Message from the Chairman

I am proud to report that this year saw the achievement of an important new milestone in the history of the Hong Kong Deposit Protection Board (the Board), a milestone that provides significantly greater protection to bank depositors as well as a clear testament to overall financial stability in Hong Kong. The success of this major enhancement to depositor protection is the culmination of continual efforts by the Board in planning and implementing enhancements to the Deposit Protection Scheme (DPS or the Scheme).

All the necessary legislative amendments for the DPS enhancements were completed in July 2024, paving the way for implementation in two phases, on 1 October 2024 and 1 January 2025. The most important measure was the raising of the deposit protection limit to HK$800,000 per depositor per bank, from HK$500,000 previously. This change translated into an immediate increase of around 20% in the real value of deposit protection – a big step forward for the large numbers of Hong Kong depositors whose savings have been accumulating over the years. I feel very privileged to have helped oversee an enhancement that supports Hong Kong people's sense of financial security and their ability to plan for the future with confidence.

A number of other enhancements were also rolled out smoothly as scheduled. These included improvements to the transparency of Scheme members, for example, by requiring them to display their DPS membership status on electronic banking platforms in addition to their physical branches. Depositors also gained greater protection in the event of a bank merger or acquisition.

Equally important to the implementation of the changes are the Board's efforts to raise awareness of the enhanced DPS and the benefits it brings. We launched a series of publicity campaigns and activities focused on the DPS enhancements and targeted at many different social groups. At the centre of these campaigns was a new version of "Superhero Ah Po", the DPS digital ambassador, who stepped up his video publicity by vigorously

promoting the higher protection limit and delivering other important messages from the Board, reinforcing the Board's image as Hong Kong's "Guardian of Deposits".

The Board also continued to use various publicity channels to raise general awareness of the DPS, especially among target segments who might not be familiar with the Scheme. We expanded the scope of our outreach by launching a new DPS WeChat page, thus adding another social media outlet through which we can communicate effectively with the public. Another communications initiative was our "DPS Art Lab" pop-up booth in the Central Market, which proved very popular as a hands-on way of learning more about the Scheme. Other groups targeted included the elderly and low-income households, to whom we reached out to promote the DPS in collaboration with the Government's Care Teams.

The seventh edition of the Board's important annual survey, "Hongkongers' Sense of Security on Savings", was carried out during the year and once again attracted much media coverage, generating a great deal of public interest. The 2024 survey revealed that the average monthly savings of Hong Kong people had once again grown significantly, reaching a record high of HK$9,800, almost 10% from the previous year.

All these promotional efforts have certainly borne fruit in terms of keeping the Board and the DPS in the public eye. Public awareness of the DPS remained high at 79.1%, and our 2024 annual opinion survey also indicated that confidence in the Scheme hit a record high of 85%.

In the event of a bank failure, the crucial test of the DPS function is in how swiftly and efficiently compensation payments would be made to the affected depositors. To ensure DPS payout readiness, regular rehearsals are conducted to assess the effectiveness of the payout process.

During the year, we collaborated with various stakeholders on a payment drill that had a special focus on the use of electronic means, the Faster Payment System (FPS), to support potentially large DPS payouts. The drill went smoothly, assuring us that all parties were ready and able for immediate action should a bank failure arise.

In the year ahead, the Board is gearing up for a range of activities aimed at reinforcing our payout readiness, and public awareness and understanding of the enhanced DPS protection. In the pipeline is a full-scale payout rehearsal simulating a near-real-world payment scenario in a bank failure. The exercise seeks to test specifically the overall readiness of our payout agents in the actual handling of prompt and efficient compensation payments in an urgent situation. The Board is vigilant about its role in payout readiness, and such a drill is vital to boost the confidence of bank depositors in the statutory guarantee of prompt disbursement of compensation payments if a bank fails.

I am indebted to the diverse parties involved in bringing to fruition the implementation of the DPS enhancements over the past year. Clearly, the changes would not have been possible without the relentless behind-the-scenes efforts in the pursuit of our goals. I would like to extend my deep personal gratitude to all the Board members for their ongoing expert advice and firm support. With their continued unwavering support, I look forward to another fruitful year of the Board in enhancing depositor protection and confidence in the security and stability of our banking sector and financial system.

Ms Connie Lau Yin-hing, SBS, JP
Chairman
Hong Kong Deposit Protection Board