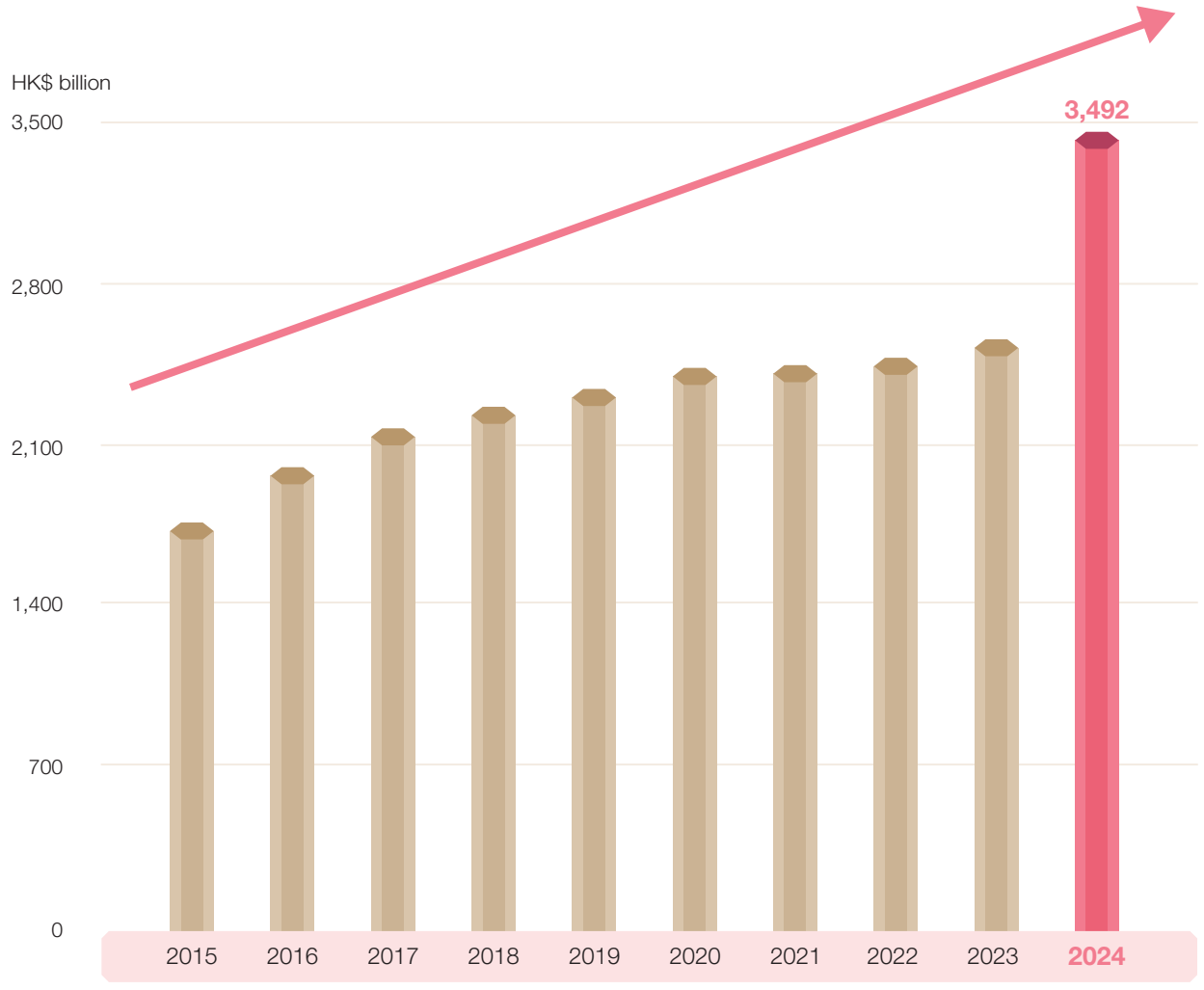
SCHEME MEMBERS' PROFILE AND RELEVANT DEPOSITS

At the end of March 2025, the Scheme had 148 members, with 32 incorporated locally and 116 incorporated outside Hong Kong.

Based on returns submitted by Scheme members, the aggregate amount of their deposits under DPS protection grew significantly to HK$3,492 billion in 2024, compared with HK$2,585 billion in 2023, following the increase in the deposit protection limit from HK$500,000 to HK$800,000.

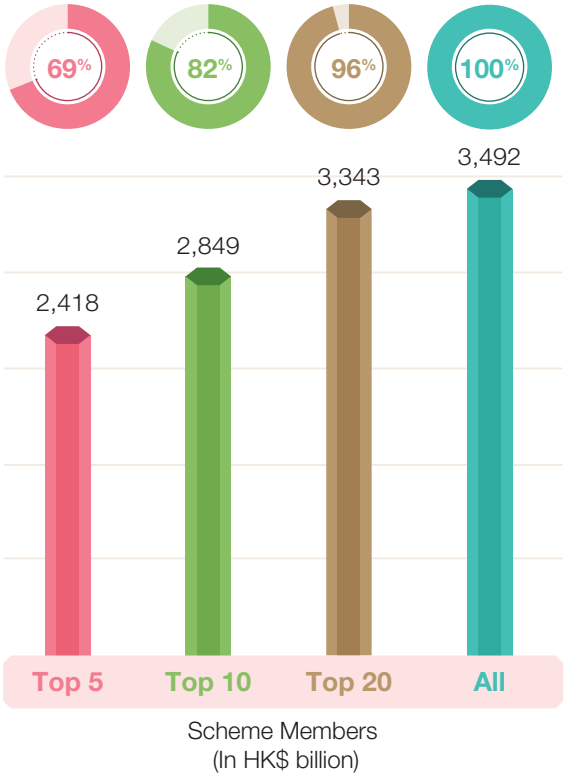
Protected Deposits Held with Scheme Members



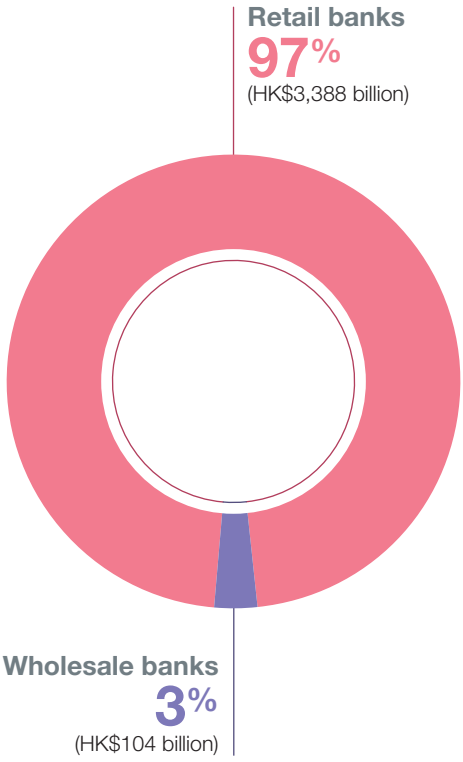
Scheme Operations

The distribution of protected deposits among Scheme members in 2024 was similar to 2023. The top 20 Scheme members, most of which were retail banks, held 96% of the industry's aggregate protected deposits. According to the latest statistics provided by Scheme members, over 92% of depositors were fully protected by the DPS.

Distribution of Protected Deposits in 2024



Protected Deposits Held by Retail Banks and Wholesale Banks in 2024



ENHANCEMENTS TO THE DPS

Overview

During the year, the legislative process for enhancing the DPS was completed, and the enhancement measures took effect smoothly in two phases as planned. The protection limit rose from HK$500,000 to HK$800,000, while affected depositors in the event of a bank merger or acquisition would receive enhanced coverage. Taken together, the enhanced DPS now provides depositors with better protection, which in turn reinforces public confidence in Hong Kong's banking system.

Scheme Operations

Legislative Process and Preparations

Subsequent to the announcement of the consultation conclusions on DPS enhancements in February 2024, the Legislative Council passed the DPS (Amendment) Bill 2024 on 3 July 2024, and the DPS (Amendment) Ordinance was gazetted on 12 July 2024.

First-phase Enhancement Measures

On 1 October 2024, the deposit protection limit was increased from the original HK$500,000 to HK$800,000 per depositor per bank. The enhanced protection limit represents a 20% rise in the real value of protection and thereby more than compensates for cumulative inflation over time. In addition, as a result of the enhanced limit, the percentage of depositors enjoying full deposit coverage has exceeded 92%, which is in line with international standards. A refined levy system also came into effect, enabling the DPS Fund underpinning the Scheme to reach its target fund size within a reasonable time frame under the enhanced protection limit.

At the same time, a streamlined requirement applicable to private banking customers was introduced. It allows Scheme members to make negative disclosures and obtain the customer's acknowledgement on a one-off basis instead of requiring it for every transaction. The simplified requirement is thus commensurate with the sophistication level and investment experience of private banking customers.

Second-phase Enhancement Measures

On 1 January 2025, enhanced coverage to affected depositors in the event of a bank merger or acquisition took effect. Such depositors can have additional coverage for their protected deposits transferred from each of the original Scheme member(s) up to the standard protection limit of HK$800,000 for six months generally, on top of the standard protection limit available at the resulting Scheme member, where applicable. The enhanced coverage provides a transitional period for depositors affected by a bank merger or acquisition to consider whether to adjust their deposit portfolios, for example, by reallocating part of their deposits to another bank, to bring their deposit balances within the standard protection limit.

In addition, a new requirement was introduced for Scheme members to display the simplified DPS membership sign on their electronic banking platforms. This change takes into account the growing prevalence of digital channels in delivering banking services. It helps ensure a consistent practice among Scheme members and avoid possible confusion as to the DPS membership status of individual banks.

Simplified membership sign

The Way Forward

The Board will continue to step up promotional efforts to raise awareness and understanding of the enhanced DPS.

Scheme Operations

DPS enhancement measures

1

ENHANCED DEPOSIT PROTECTION LIMIT

Raised from HK$500,000 to HK$800,000 per depositor per bank

2

REFINED LEVY SYSTEM

Enables the DPS Fund to reach its target fund size within a reasonable time frame under the higher protection limit

3

STREAMLINED NEGATIVE DISCLOSURE REQUIREMENT

Streamlines the negative disclosure requirement on non-protected deposit transactions of private banking customers

4

ENHANCED COVERAGE IN BANK MERGER/ ACQUISITION

Provides affected customers with generally six months of extra deposit protection in case of a bank merger/acquisition

5

ELECTRONIC DISPLAY OF MEMBERSHIP SIGN

Requires Scheme members to display the DPS membership sign on their electronic banking platforms

PAYOUT READINESS

Overview

The Board is dedicated to ensuring the prompt payment of compensation to depositors in the event of a bank failure. To maintain readiness, a comprehensive review and update of industry guidance, payout systems and procedures were conducted during the year. The exercise ensured that all necessary changes were in place prior to the implementation of the new DPS enhancements, so the Board could provide timely and effective payout to depositors.

In addition, a series of targeted activities was held to further strengthen payout readiness. These activities included drills for payout agents and the banking industry, training with payout agents and Scheme members, as well as ongoing compliance monitoring activities with Scheme members. A payout rehearsal is planned for 2025. The upcoming exercise will assess the combined efforts of the Board's personnel and its payout agents in achieving the seven-day payout target, and identify areas for improvement in the payout process.

Payout Readiness Activities

The Board maintained its high level of payout readiness throughout the year, ensuring a swift and efficient distribution of compensation payments to depositors in the event of a bank failure. To achieve this goal, the Board conducted drills and a payout walkthrough exercise with its network of payout agents.

A payout drill took place with the banking sector in the fourth quarter of 2024 to test its readiness in processing compensation payments through electronic payment channels, with a focus on the Faster Payment System. The payout agent bank and Hong Kong Interbank Clearing Limited engaged in the drill actively to support electronic payment services. The results confirmed that all parties were familiar with the payout procedures and were well prepared to distribute compensation payments efficiently through electronic channels.

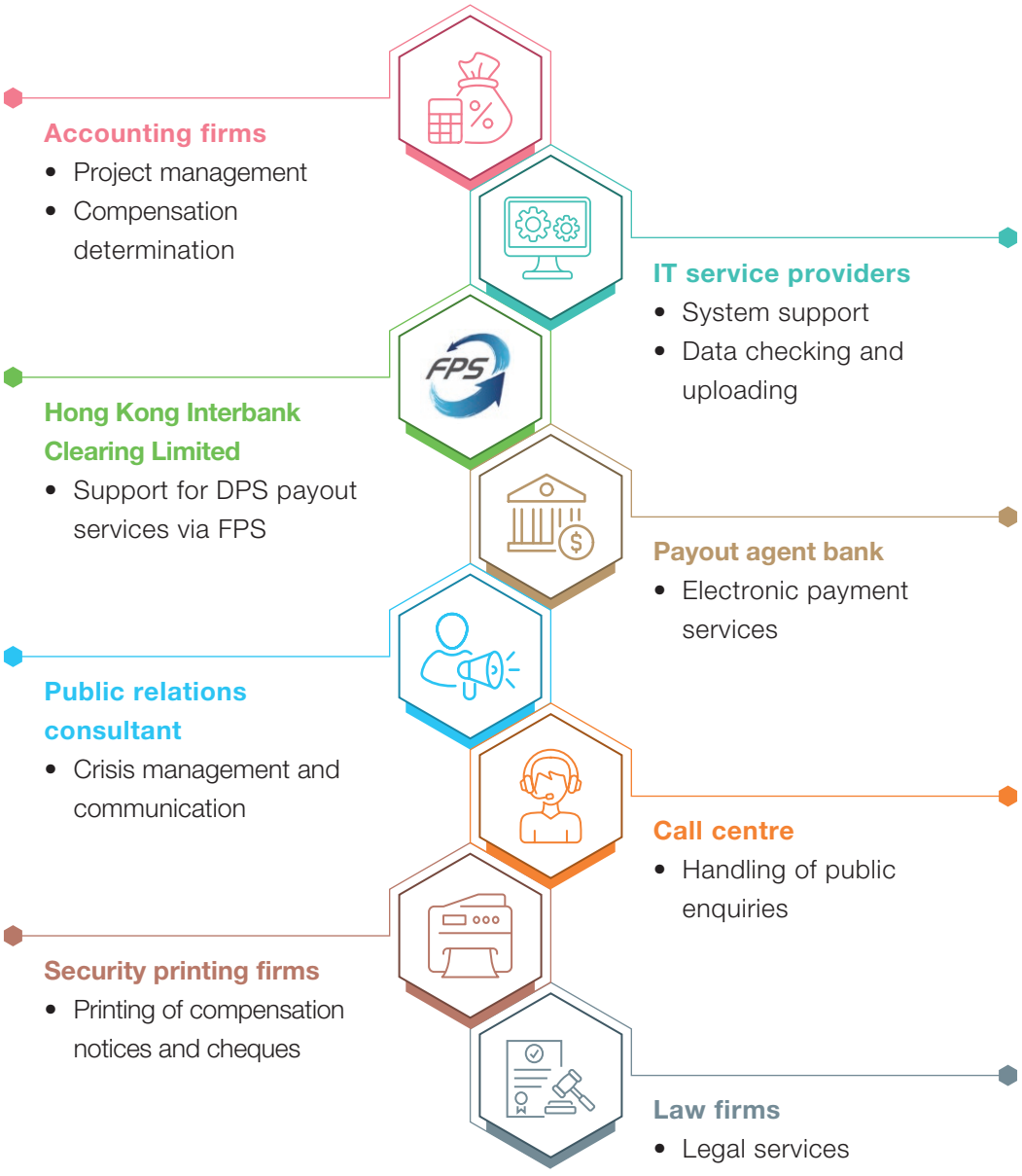
The Board also provided refresher training and simulation tests to accounting firms and IT service providers in the first quarter of 2025 to reinforce their understanding of the step-by-step payout process and maintain their proficiency in payout operations.

The payout walkthrough exercise with payout agents

The Board plans to conduct its regular payout rehearsal in the fourth quarter of 2025 to test the overall readiness of the systems, procedures and personnel under a simulated real-life scenario.

Scheme Operations

Roles of payout agents and their coordination in case of a payout



Information System Requirements and Compliance

Pursuant to the enhanced DPS, following an industry-wide consultation, the Board revised the Information System (IS) Guideline and Compliance Review Programme, setting out new information retention and submission requirements related to how the enhanced protection for affected depositors would be determined upon a bank merger. The Board shared the new requirements with Scheme members and independent auditors through regular webinars about the IS Guideline.

Under the IS Guideline, Scheme members should submit quality deposit records in the required format to the Board for calculating compensation in an accurate and timely manner during a payout. The Board is monitoring the compliance status of Scheme members with the IS Guideline through measures in the Compliance Review Programme: carrying out regular and comprehensive reviews of selected Scheme members; requiring Scheme members to commission an independent auditor to assess their systems and processes every three years; and requiring each Scheme member to make a self-declaration of its compliance status every year. According to the results of compliance monitoring activities held throughout 2024-2025, overall compliance of the industry was satisfactory.

Monitoring of Scheme members' compliance with IS Guideline

Conducted 6 comprehensive compliance reviews of controls and correctness of deposit records submitted by selected Scheme members

Commissioned 48 Scheme members to submit independent assessment reports under the Compliance Review Programme

Reviewed all Scheme members' annual self-declaration on their compliance with the IS requirements

Scheme Operations

DEPOSIT PROTECTION SCHEME FUND

Composition of the DPS Fund

The DPS Fund is built up from two main sources: annual contributions paid to the Board by Scheme members, and returns generated by the DPS Fund's investments. The amount of deposits under DPS protection reported by Scheme members, together with the supervisory rating of each Scheme member as assigned by the Monetary Authority, serves as the basis for determining Scheme members' contributions for the coming year.

Assessment and Collection of Contributions

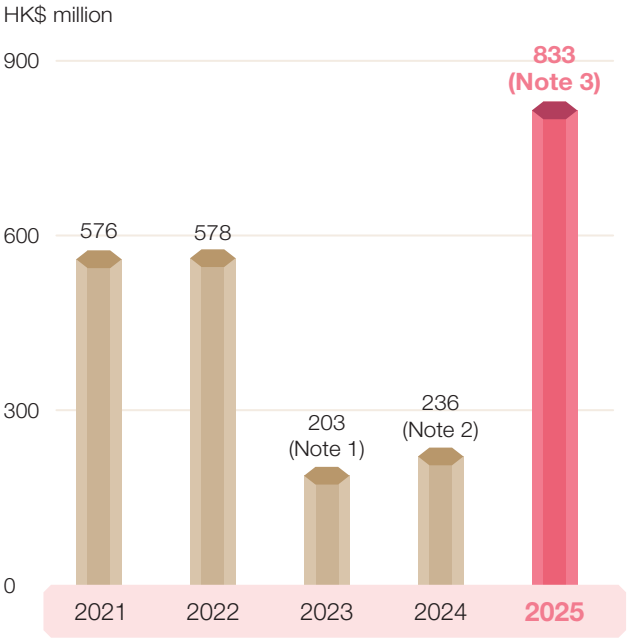
Contributions collected from Scheme members in 2025 amounted to HK$833 million, a rise of 252% from 2024, reflecting the increase in protection limit. Similar to the distribution of protected deposits, contributions collected from the top 20 Scheme members accounted for about 95% of the total. To validate the accuracy of reporting made by Scheme members on their protected deposits, the Board requests Scheme members to conduct regular audit reviews of their total deposits that are under DPS protection and report to the Board in accordance with the Board's return review policy. The Board selected 30 Scheme members to submit an audit report on the accuracy of their returns in 2025. The audit results were generally satisfactory.

Policy and Performance of DPS Fund Investment

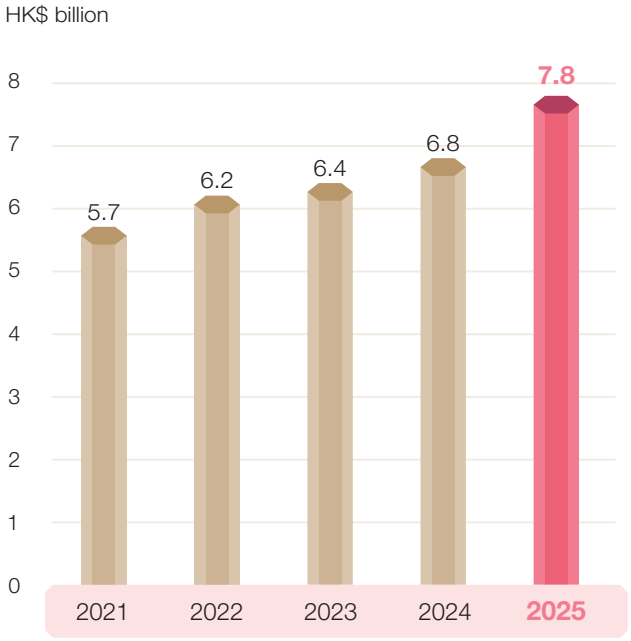
In view of the extremely uncertain investment environment, the Board continued to adopt a prudent approach in managing the investment of the DPS Fund. Investments were made in strict compliance with the DPSO and the DPS Fund's investment-related policies. The policies set out clear guidelines on risk assessment and control measures, and the segregation of duties required for investment activities. As at the end of March 2025, the assets of the DPS Fund amounted to HK$7.8 billion, of which around 20% and 42% were invested in Exchange Fund papers and US Treasuries respectively, while the remaining sum was predominantly in the form of Hong Kong dollar deposits. The DPS Fund achieved an investment return of 3.98% for the year.

Scheme Operations

Contributions Paid by Scheme Members



DPS Fund's Total Assets

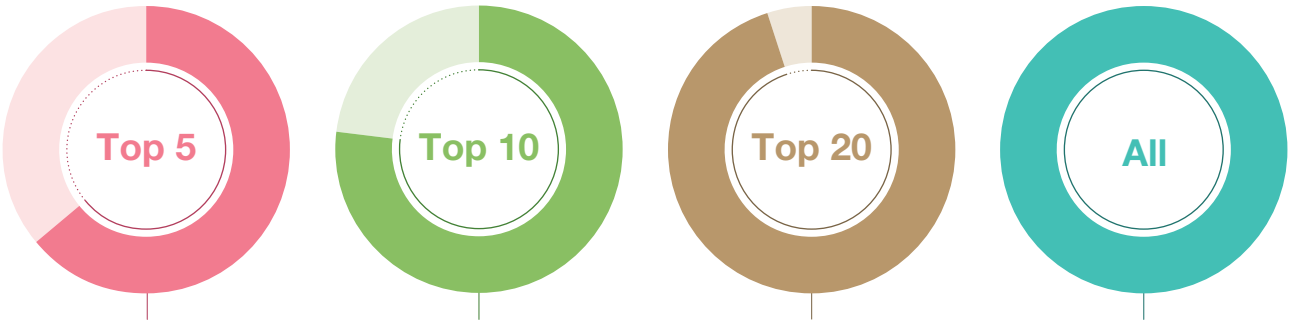


Note 1: Since the balance of the DPS Fund was very close to the target fund size, according to section 3(6) of Schedule 4 to the DPSO, the total contributions payable by Scheme members for 2023 were reduced to the extent that the balance of the DPS Fund after including the contributions would not exceed the target fund size.

Note 2: According to section 4(1) of Schedule 4 to the DPSO, an expected loss levy is payable by a Scheme member for any year after the year in which the target fund size has been reached for the first time. Since the target fund size was reached in 2023, an expected loss levy was payable by a Scheme member for 2024.

Note 3: According to section 3(2) of Schedule 4 to the DPSO, a build-up levy was payable by Scheme members for 2025, since the DPS Fund's target fund size for 2025 was greater than the balance of the DPS Fund, as a result of the increase in deposit protection limit in 2024.

Distribution of Contributions Collected from Scheme Members



Scheme Operations

REINFORCING PUBLIC AWARENESS AND UNDERSTANDING OF DPS

Overview

The year 2024-2025 marked the beginning of the Board's new three-year communications plan, which aimed at reassuring the public that their bank deposits were safe and at promoting the new deposit protection limit of HK$800,000, effective from 1 October 2024. Throughout the year, community education activities were conducted to maintain outreach to different target audiences.

Mass Publicity

Two rounds of an advertising campaign were strategically deployed across different media to reach out to the respective audiences. The campaign launched a new television commercial, entitled "Superhero Ah Po's DPS Accessories", featuring the two iconic DPS characters, Ah Chuen and Ah Po, to promote the new deposit protection limit and the key DPS features.

Publicity initiatives via radio, digital and out-of-home advertising were deployed to extend the reach to the public.

Advertising placements on TV, digital and outdoor media

An online poster advertising campaign, “Upgraded Ah Po Movie Poster”, was launched across various digital media to expand the publicity drive.

A 2D animation video was produced to highlight the key message of the enhanced protection limit in a lighthearted manner. The video was shared on the Board’s social media platforms and attracted a wide viewership.

“Upgraded Ah Po Movie Poster”

2D animation video conveying the key message of the enhanced DPS

Social Media Campaigns

The Board is constantly keeping up the promotion of DPS on digital and social media, in line with the public’s growing engagement with these platforms.

In addition to regular fun and engaging posts around money-saving and the DPS key features on Facebook and Instagram, the Board launched a new WeChat page, “Hong Kong Deposit Protection Board”, in October 2024 to increase its presence on social media and extend the reach to users of different social media platforms.

WeChat page of “Hong Kong Deposit Protection Board”

Scheme Operations

To target the younger generations, the Board implemented “Save Smart with the DPS” in partnership with key opinion leaders who were popular among various categories of audiences. They were invited to share interesting savings-related topics to attract viewers’ attention. The key features of DPS and the new deposit protection limit were incorporated into the publicity campaign.

Social media campaign, “Save Smart with the DPS”

Consumer and Public Relations Campaigns

A consumer campaign, “DPS Promotional Wagon”, was rolled out in high-traffic districts to promote the DPS protection and to raise awareness of the new protection limit. A promotional truck wrapped in the latest advertising visuals travelled around town for four days, offering interactive games to engage with passers-by.

Consumer campaign, “DPS Promotional Wagon”

The "DPS Art Lab" PR campaign returned to publicise the DPS protection for people from all walks of life following its successful debut last year. A promotional booth displaying advertising visuals was set up at the Central Market, while illustrators created cartoon portraits on DPS tote bags for visitors to promote the DPS message to the community in an interactive way.

PR campaign, "DPS Art Lab"

Survey about "Hongkongers' Sense of Security on Savings"

The Board conducted the seventh multiyear survey to keep track of the savings behaviours of Hong Kong people and to study the money-saving habits of pre-retirees aged 50 to 65. The survey findings indicated significant growth in the average monthly savings of Hongkongers, rising from HK$9,000 in 2023 to HK$9,800 in 2024, a near 10% growth, which was a record high since the study began.

A media briefing was organised to announce the survey results, which generated extensive coverage of more than 220 write-ups in the media. The survey also indicated that bank deposits continued to be the most common form of savings, underscoring the sustained preference for bank deposits and reinforcing the Board's role as the "Guardian of Deposits" in Hong Kong.

Media briefing about the "Hongkongers' Sense of Security on Savings" Survey

Scheme Operations

Interesting findings from the Hongkongers' "Sense of Security on Savings" Survey

2024

Public
(Aged 18 or above)

67%

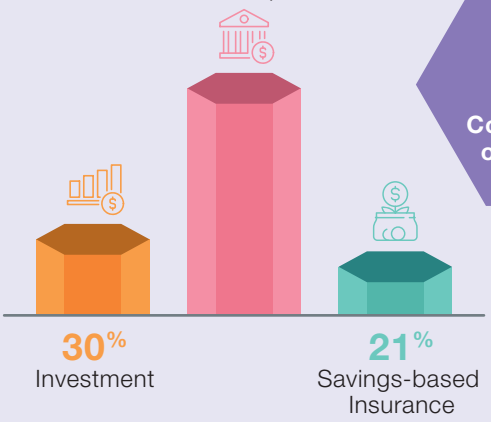
of the respondents had a habit of saving

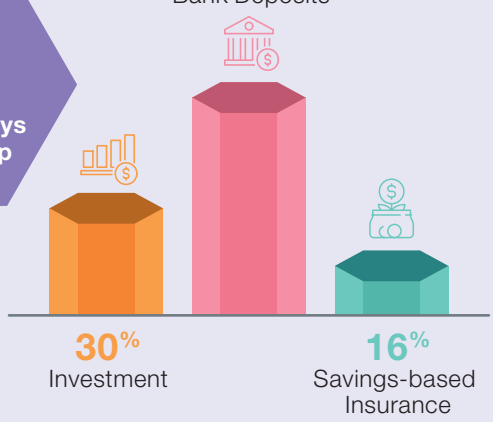
Pre-retirees
(Aged 50 to 65)

82%

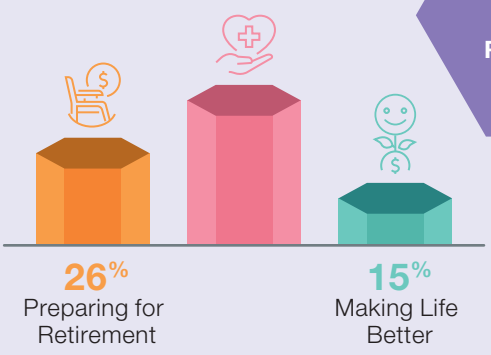
of the respondents had a habit of saving

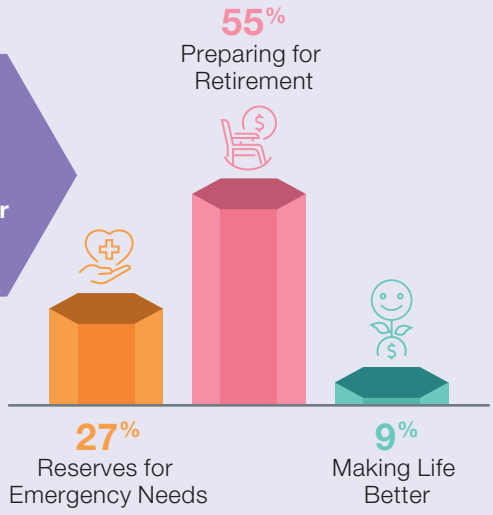
Top 3 Common Ways of Saving Up





Top 3 Reasons for Saving Up





Community Education and Outreach

Throughout the year, the Board carried out community outreach activities with different target groups.

DPS Talks, Board Game Workshops and Student Engagement

In partnership with non-governmental organisations (NGOs), elderly centres and schools, DPS Talks were held for both the elderly and students to support the community education efforts. Financial education talks were also conducted for secondary school students. To raise DPS understanding among ethnic minorities, the Board organised targeted talks for them as well. In addition, a new collaborative effort with the Government's Care Teams comprised DPS Ambassador training sessions, DPS Talks and interactive mini-game booths, strengthening the Board's outreach efforts.

DPS Talks for elderly people, students and homemakers

DPS Ambassador training sessions

New collaboration with the Care Teams

Scheme Operations

The Board organised introductory workshops about DPS Board Games for both secondary and primary students. An academic project continued to be offered for business students of Lingnan University to come up with proposals on how to promote the DPS and the new deposit protection limit to vulnerable groups, namely the elderly, low-income families, and ethnic minorities.

DPS Board Game Workshops for students and ethnic minorities

The student engagement project with Lingnan University

Public Engagement in High-traffic Consumer Shows and Popular Shopping Districts

The Board participated in two high-traffic consumer shows, the Hong Kong Book Fair and Hong Kong Brands and Products Expo, engaging the public with interactive educational games to deepen awareness and understanding of the DPS. A promotional booth was also set up at Times Square, where passers-by played interactive educational games designed to further deepen public understanding of the DPS and the new protection limit.

Participation at Hong Kong Book Fair 2024

Participation at the 58th Hong Kong Brands and Products Expo

DPS promotional booth at Times Square

Scheme Operations

Public Awareness and Enquiries

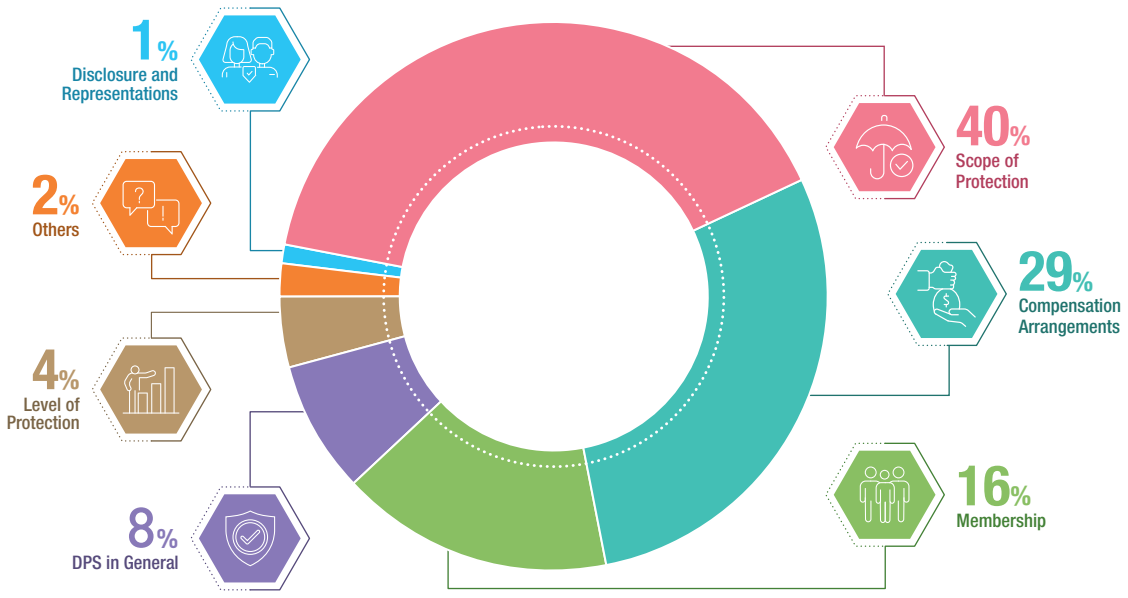
Public Opinion Survey 2024

The Board commissioned its annual independent public opinion survey. With the enhancement of the DPS taking effect during the year and the launch of a new multimedia advertising campaign, the results showed that public awareness of the DPS remained high at 79.1%, while public confidence in the DPS was at a record 85%. Most survey respondents agreed that the DPS enhanced their sense of security in bank deposits. Among the respondents, 88.3% recognised that the protection provided by the DPS was statutory. The results of the survey clearly demonstrated that the Board's dedicated publicity and community outreach efforts had been highly effective.

DPS Public Enquiry Services

The Board operates the DPS Public Enquiry Service on the hotline 1831 831 and the webpage https://www.dps.org.hk/en/contact.php. These are convenient and effective channels for members of the public to reach the Board for questions about the Scheme and the functions of the Board. About 70% of the enquiries received in 2024-2025 were related to the DPS scope of protection, including the enhanced protection limit, types of financial products covered by the Scheme, and compensation arrangements of joint accounts.

Nature of public enquiries received in 2024-2025



COMPLIANCE WITH THE REPRESENTATION RULES

The DPS (Representation on Scheme Membership and Protection of Financial Products under Scheme) Rules (Representation Rules) govern representations made by Scheme members about their DPS membership and the protection status of financial products offered by them. To monitor Scheme members' compliance with the representation requirements, the Board requested Scheme members to conduct a self-assessment review covering the period from 1 July 2023 to 30 June 2024. In addition, the HKMA conducted on-site examinations to assess selected Scheme members' compliance with the Representation Rules. The Board reviewed the self-assessment reports and findings of the on- site examinations and took appropriate follow-up action. The assessment and examination results indicated that the overall compliance level of Scheme members was generally satisfactory.

RELATIONSHIPS WITH OTHER SAFETY NET PLAYERS

Co-operation with the HKMA

The Board and the HKMA share the common objective of promoting the stability of the banking system. To accomplish this objective, the two parties have signed an MoU to set out the mode of co-operation on the operation of the DPS. In line with the DPSO requirement that the Board perform its functions through the HKMA, the two parties have also agreed on the extent of the support provided by the HKMA to the Board on a day-to-day basis. In addition, the Board and the HKMA have a co-operative agreement to establish an early warning system of a potential bank failure so as to enable a fast DPS payout. In the event of an actual bank failure, the Board has a standby facility from the Exchange Fund to obtain the liquidity required to pay deposit compensation when necessary.

Relationship with the Securities and Futures Commission and the Investor Compensation Company

In the event of a bank failure, the funds of a depositor or a portion of those funds may, in certain circumstances, be covered by both the DPS and the Investor Compensation Fund (ICF) established under the Securities and Futures Ordinance to compensate securities or futures investors. To ensure that no person receives double compensation, the Board and the Securities and Futures Commission (SFC) have agreed on a set of arrangements to co-ordinate and exchange information with each other. These arrangements are documented in an MoU between the Board, the SFC and the Investor Compensation Company, which was established by the SFC to administer the ICF. The MoU, which was first signed in 2008 and subsequently updated in 2022, recognises that in the event of a bank failure, the DPS will normally be the one to pay depositors first, and that the parties involved will avoid double compensation by exchanging relevant information.

International Co-operation

As a member of the IADI, the Board participates in IADI conferences and seminars and other events organised by the Association's members and international organisations, and shares relevant experiences on deposit protection issues. Such international co-operation is important in enabling the Board to keep up with overseas developments, which may provide the Board with insights into possible enhancements of the DPS. Representatives from the Board took part in a number of international meetings in 2024–2025, either in person or virtually, that included the following:

- 2024 IADI Annual Conference and Annual General Meeting in Tokyo; and
- IADI Asia-Pacific Regional Committee ad-hoc meetings.