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

Press Release

Consultation conclusions on enhancements to the Deposit Protection Scheme

The Hong Kong Deposit Protection Board (the Board) published today (6 February) the consultation conclusions on the public consultation relating to enhancements to the Deposit Protection Scheme (DPS) in Hong Kong. The consultation conclusions contain the major comments received and the Board's response to those comments.

The Board launched a three-month public consultation on 13 July 2023. In the consultation paper, the Board set out a number of policy recommendations, including (i) raising the protection limit; (ii) refining the levy system; (iii) enhancing the deposit protection arrangements in the event of a bank merger; (iv) expanding the requirement on the display of the DPS membership sign to digital channels; and (v) streamlining the negative disclosure requirements on non-protected deposits for private banking customers.

By the end of the consultation period on 12 October 2023, the Board had 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 general public, the Board had also commissioned the Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong to conduct a public opinion survey on the key proposed enhancements, interviewing around 1,000 Hong Kong residents aged 18 years old or above and having bank accounts in Hong Kong.

Based on the written submissions received and the findings of the public opinion survey, the respondents 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, while there were mixed views within the banking industry on the appropriate level of protection limit.

Having carefully considered all the comments received and relevant factors, the Board considers that raising the protection limit to HK$800,000 is sufficient at this stage to suitably enhance protection to depositors, as this level represents a

60% increase in the protection limit, which will more than compensate for the cumulative inflation over time, hence translating into around 20% increase in the real value of deposit protection. Moreover, the majority of depositors (more than 92%) will enjoy full deposit coverage, in line with international standards. On the whole, except for some refinements to certain implementation details which were made in response to banks' comments, the Board will proceed to prepare legislative amendments based on the proposals in the consultation paper.

Ms Connie Lau Yin-hing, SBS, JP, Chairman of the Board, said, "We are grateful to all the respondents for their time and effort in reviewing the policy recommendations on enhancing the DPS and providing us with their valuable comments. The proposed enhancements are crucial to ensuring that the DPS keeps up with international best practice and remains effective in contributing to banking stability as intended. Given that the global landscape on deposit insurance is expected to remain uncertain in the coming years, the Board will strive to put the new protection limit into effect within this year and commence the next review three years after its implementation (i.e. 2027), with the aim of completing the review exercise in the following year. During the next review, we will consider whether there is a need to further enhance deposit protection having regard to the latest international and local developments as well as relevant guiding principles and indicators."

Mr Donald Chen, Chief Executive Officer of the Board, added, "We have carefully considered all the comments received, and have strived to strike a balance amongst all the views when coming up with the consultation conclusions. We will work closely with the Government to introduce the amendment bill into the Legislative Council in the next few months. Our target is to implement the policy proposals in two phases. The first phase, covering the enhanced protection limit and other measures requiring a shorter period of preparatory work, is aimed to take effect in the fourth quarter of this year, while the second phase covering the rest of the enhancements is targeted to come into force in early 2025."

The report on consultation conclusions is available on the Board's website (www.dps.org.hk).

For general enquiries, please call the Board's hotline at (852) 1831-831.

For media enquiries, please contact:

Ms Fairy Fan
Etymon Communications
Tel: (852) 5763-6593
Email: fairy.fan@etymon.com.hk

Ms Alison Wong
Etymon Communications
Tel: (852) 6460-5720
Email: alison.wong@etymon.com.hk

Hong Kong Deposit Protection Board

6 February 2024