



International Deposit Insurance Survey



Question Version: 1

Answer Version: 1

Deposit Insurer: Hong Kong Monetary Authority (HKMA)

Address: 30th Floor
3 Garden Road
Hong Kong

Telephone: +852 2878 8222

URL: www.hkma.gov.hk

Contact:

E-mail:

Hong Kong Monetary Authority (HKMA)

Section 1: Background Information

Name of Central Bank:

Address:

Telephone:

Internet Address:

Contact Person:

Name of Financial Supervisor:

Address:

Telephone:

Internet Address:

Contact Person:

Section 2: Objectives, Mandates & Powers

1. When and why was the DIS established (please provide details)?

The failure of Bank of Credit and Commerce Hong Kong Ltd. in July 1991 prompted discussion on whether or not a deposit insurance scheme should be introduced in Hong Kong. A full scale public consultation was carried out in 1992 by the Government to gauge the support for such a scheme. This failed to produce clear support. Taking into account the result of the exercise, the Government decided that a deposit insurance scheme should not be introduced. Instead, it was decided that an alternative scheme, whereby small depositors would receive priority treatment in the event of a bank liquidation, should be put in place.

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The “priority payment” scheme was embodied in the Companies Ordinance and commenced effect in 1995. Under that scheme, the first HK\$100,000 net deposits of eligible depositors (i.e. all depositors except persons connected with the bank being liquidated and other AIs) should receive priority payment in a liquidation of a licensed bank. The scheme applies to all eligible deposits, including resident and non-resident deposits, with terms to maturity of less than five years maintained with the local and overseas branches of a bank incorporated in Hong Kong and the local branches of a foreign bank. However, the scheme does not apply to Restricted Licence Banks (RLBs) and Deposit Taking Companies (DTCs).

The Asian financial crisis highlighted the fact that external shocks and rumours may adversely affect confidence in individual banks and the system as a whole. The short and temporary run on a local bank in 1997 demonstrated the reaction that depositors can have to rumours even though these may be entirely unfounded. The occurrence of such events is not conducive to financial stability, particularly in times of crisis. In the Banking Sector Consultancy Study carried out in 1998, the consultants considered that the existing protection arrangements did not appear to have sufficiently raised the crisis of confidence threshold to avoid bank runs and that there was a strong case for enhancements to be made.

At the international level, there is a growing trend in favour of explicit forms of deposit protection. The G22 Working Party on Strengthening Financial Systems has recommended that each country should put in place explicit deposit protection arrangements, with clear specification of the nature of protection provided and the means of defraying costs. The IMF endorsed a limited form of deposit protection in its code of best practices. The Financial Stability Forum has created a Working Group to develop international guidance on deposit insurance in recognition of the crucial role of deposit insurance in contributing to confidence in the financial system.

In response to all these developments, the HKMA commissioned a Consultancy Study on enhancing deposit protection in Hong Kong in April 2000. The Study considered the relative costs and benefits of an explicit deposit insurance system, alternative means of deposit protection and the status quo, and considered that the best protection for small depositors would be achieved with a deposit insurance scheme (“DIS”). Based on the recommendations put forward, the HKMA issued a consultation paper in October 2000 to seek the public’s views on whether deposit protection should be enhanced and, if so, how. The consultation exercise indicated broad public support for the introduction of a DIS in Hong Kong. In the light of this, the Government approved in principle the proposal to introduce a DIS and requested the HKMA to undertake more detailed work with a view to producing a set of final recommendations on how the scheme should be structured. This detailed design work has substantially been completed and a public consultation on how the scheme should be structured was initiated in March 2002.

1.a. What are the stated public policy objectives or mandate for your country’s DIS? When was the last time they were reviewed and changed?

The stated objectives of the DIS should be:

- to provide a measure of protection to small depositors; and
- to contribute to the stability of the financial system

The objectives were subject to a public consultation in October 2000 - January 2001 and was subsequently endorsed by the Government in April 2001.

More specifically the mandate (which is currently subject to a further public consultation) given to the statutory body (yet to be established) should be confined to the following:-

- (i) collecting premiums from participating banks in accordance with the rules established pursuant to the DIS legislation;

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- (ii) managing the funds of the DIS
- (iii) assessing claims made against the DIS Fund and determining the eligibility and entitlement of claimants;
- (iv) making compensation payments to eligible depositors as determined; and
- (v) recovering any amount paid out to a failed participating bank's depositors from the assets of the failed bank. The objectives and mandates set out above has yet to be formalised into legislation and an opportunity for it to be reviewed will be at the legislative process stage.

1.b. What process was used to determine these objectives in your country?

It involves consultation with the public and an endorsement by the Government.

2. What is the legal basis under which the DIS was established? (Legislation, Formal Agreement, Private Contract, Other - Please explain)

Legislation

It is envisaged that the DIS will be established by the passing of the relevant legislation.

3. Is there a formal process for a periodic review of the policy objectives/mandates of your DIS? (Yes, No, Other - Please explain)

Other

As mentioned in the response to 1(a), the objectives and mandate has yet to be formally incorporated into the legislation.

4. What sort of system do you have? (Government legislate & privately administered, Government legislated & administered, Privately established and administered, Other - Please explain)

Other

A publicly administered privately funded system

5. Who makes decisions to pay depositor claims?(Government, Central Bank, Private Sector, Regulator, Supervisor, DIS, Other - Please explain)

Other

Supervisor after consulting the Financial Secretary.

6. Which of the following powers has been provided to the DIS in order to carry out its mandate?

a. Authority to:

i. Enter into contracts (Yes, No, Other - Please explain)

Yes

ii. Set regulations or by-laws for conduct of its business (Yes, No, Other - Please explain)

Yes

b. Authority over entry and exit of member banks:

i. Establish terms and conditions of membership(Yes, No, Other - Please explain)

No

ii. Authority to terminate the insured status of a member institution(Yes, No, Other - Please explain)

No

c. Depositor reimbursement:

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i. Effect reimbursement of depositor claims (Yes, No, Other - Please explain)

Yes

ii. Access to depositor information (Yes, No, Other - Please explain)

Yes

Only the extent that it is necessary for the exercise of its functions under the DIS legislation

iii. Use various methods of reimbursing depositors claims (Yes, No, Other - Please explain)

Yes

d. Funding:

i. Determine how funding is provided for the DIS (Yes, No, Other - Please explain)

No

Funding sources and fund level is incorporated in the legislation. Although there is a need to regularly review the adequacy of the fund level, any amendments will be subject to legislative process.

ii. Terms and conditions of premiums or levies (Yes, No, Other - Please explain)

No

Power to amend rules on funding or levies rest with the HKSAR Chief Executive in Council. However the DIS may be empowered to issue guidelines to deal with operational matters.

iii. Borrowing authorities and limits (Yes, No, Other - Please explain)

Yes

e. Information Requirements:

i. Access to information directly from member banks (Yes, No, Other - Please explain)

Yes

Only to the extent that it is necessary for the exercise of its functions of a paybox under the DIS legislation.

ii. Access to information through supervisory authorities (Yes, No, Other - Please explain)

Yes

Direct access to supervisory information provided by the MA for the purpose of premium assessment

f. Enforcement and intervention:

i. Authority to conduct examinations and/or reviews (Yes, No, Other - Please explain)

No

ii. Authority to set standards or guidelines for member institutions (Yes, No, Other - Please explain)

Other

Only to the extent of specifying the requirements of the information systems to be maintained by all participating banks so as to facilitate payment to eligible depositors

iii. Authority to take enforcement actions against members (I.e. such as the authority to require a change in institutional control and/or behaviour). (Yes, No, Other - Please explain)

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No

iv. Authority to cancel deposit insurance of member institution (Yes, No, Other - Please explain)

No

v. Authority to hold officers and directors of failed institutions accountable for the failure of the institution (Yes, No, Other - Please explain)

No

g. Failure resolution:

i. Authority to decide on appropriate form of failure resolution (Yes, No, Other - Please explain)

No

ii. Authority to provide financial assistance (e.g. in the form of a loan (with or without security), by purchasing assets from the institution or through some other process). (Yes, No, Other - Please explain)

No

iii. Authority to guarantee deposits with member institutions or guarantee loans made to an institution by other parties. (Yes, No, Other - Please explain)

Other

Accept a compromise from the liquidator(or provisional liquidator) of a failed participating bank or any other party as full payment of the amount claimed by the Board on the relevant bank's assets where the Board thinks fit, and to enter into any agreement or arrangement in respect of the same.

iv. Authority to: (Undertake formal liquidations, Purchase and assumption (sale and merger), Open assistance (bridge bank), Other forms of failure resolution - Please explain)

No

h. Optimizing recoveries:

i. Ability to act as a receiver (Yes, No, Other - Please explain)

No

ii. Ability to act as a liquidator (Yes, No, Other - Please explain)

No

Section 3: Governance Arrangements

1. Is the DIS a legally separate organization from other public or private bodies? (Yes, No - Please explain, Other - Please explain)

Yes

2. What is the form of governance used by the DIS organization?(Board of Directors, Administrative Board or Committee, Advisory Board or Committee, Other - Please explain)

Advisory Board or Committee

Deposit Insurance Board, a statutory body established by legislation.

3. How is the governing body selected?

The Deposit Insurance Board members and the Chairman of the Board should be appointed by CE HKSAR from among the lay members.

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4. What is the composition of (e.g. number of persons and positions) the governing body?

The Deposit Insurance Board should comprise not less than 7 but not more than 10 members. Two members are ex-officio - i.e. Secretary for Financial Services, the Monetary Authority, the CEO of the Board and up to 4 to 7 lay members. Lay members will have a majority over ex-officio and executive members to ensure sufficient independence. The CEO of the Board acts as the link between the policy making process and the implementation process.

5. What are the duties and responsibilities of the governing body?

Its responsibilities will involve executing the function which includes:

- collect premiums
- manage the DIS Fund
- assess claims
- make compensation payments
- recovering amount paid out to depositors from estate of the failed institution
- specify the requirements of the information systems to be maintained by member institution
- make rules relating to the procedures for making claims and payouts.

6. Is there any direct or indirect representation in the management of the DIS by member insured institutions, the Central Bank, the Regulator, the Supervisor or other parties? (Yes, No, Other - Please explain)

Yes

The Monetary Authority is an ex-officio member.

7. Please provide a breakdown of the management structure of the DIS.

This aspect has not been developed.

8. Do you have an internal control and audit systems.(Yes, No, Other - Please explain)

Other

This aspect has not been developed.

9. Are directors and officers of the DIS and/or supervisors personally liable for their decisions in the normal course of their activities? (Yes, No, Other - Please explain)

No

Unless the act or omission is shown to have been in bad faith.

10. Is there an advisory committee to the DIS?(Yes, No, Other - Please explain)

Other

The Board has the power to set up sub-committees to consider and make recommendations relating to the operation of the Board and the management of the DIS fund.

11. Has the DIS ever taken legal action against directors of failed member institutions? Or others? What position did the person(s) hold? (Yes, No, Other - Please explain)

Other

Not applicable. DIS is in the process of being established.

12. Please indicate what tools are used as part of your management accountability regime. (Annual Reports, Audited financial statements, Corporate/business plan, Other reporting requirements)

Annual reports,Audited financial statements

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The DIS will be required to publish an annual report and financial statement. Annual budget of the Board must be approved by the Financial Secretary. The Financial Secretary will have the power to approve the appointment of the Director of Audit or an external auditor to perform an audit of the DIS Fund or the operations of the Board.

Section 4: Human Resources & Infrastructure

1. What is the total number of employees at the DIS?

The DIS has yet to be established. We are currently studying resource requirement of the proposed DIS.

2. Are the majority of DIS employees dedicated staff or do they come from other organizations (i.e. government, central bank, private sector)? (Yes, No, Other - Please explain)

Other

NA. See response to #1 above.

3. Does the DIS train and develop its own staff? If so, briefly describe programs which have been put in place for training and development? (Yes - Please explain, No, Other - Please explain)

Other

NA. See response to #1 above.

4. Is there shared training and development between the staff of the DIS and other authorities involved in financial sector supervision or regulation? (i.e. central bank, supervisor, regulator, other) (Yes, No, Other - Please explain)

Other

NA. See response to #1 above.

5. Are compensation and incentives offered sufficient to attract and retain skilled staff? Please elaborate. (Rank on a scale from 1 to 5 where 1 is not at all adequate and 5 is extremely adequate)

3

NA. See response to #1 above.

6. Are confidentiality provisions for employees provided for?(Yes, No, Other - Please explain)

Yes

The current proposal is that there would be appropriate confidentiality provisions for employees.

7. Do employees of the DIS receive legal protection against lawsuits for their actions taken in good faith and acting in the best interests of the DIS? (Yes, No, Other - Please explain)

Yes

Immunity provision included in the current consultation paper with the view of incorporating it into the legislation.

8. What percentage of the budget is spent on training and development and information technology?

NA. See response to #1 above.

Section 5: Information Sharing & Interrelationship Among Safety-Net Players

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1. Who performs examinations of DIS member institutions? (Central Bank, Supervisor, Regulator, DIS, Other - Please explain)

Supervisor

2. Please describe the examination process that is used to evaluate member institution performance.

The DIS do not have a role in bank examinations since its mandate do not include risk minimisation. The HKMA as the banking supervisor performs all bank examinations.

3. What information is collected from member institutions for the DIS and other parties?

It is expected that the DIS receives information on deposit base and more specifically insured deposit of member institutions on an annual basis. Camel rating is also required for premium assessment purposes. Where a bank is exempted from membership of the DIS, the DIS may require the exempted bank to provide any information so as to allow the DIS to determine whether the bank should continue to be exempted.

4. What arrangements (i.e. formal or informal) are in place between organizations responsible for deposit insurance and other parties comprising the safety-net (e.g. central bank, supervisor, regulator) regarding the sharing of information concerning member institutions? Please provide details of these agreements.

The proposal in the consultation paper suggest that the HKMA could collect on behalf of the DIS information about insured deposits of member institutions. In certain circumstances, the DIS could have access to supervisory information provided by the HKMA (e.g. CAMEL ratings) for the purpose of premium assessment.

5. On a scale from 1 to 5, 1 being low and 5 being high, please rate both the accessibility (i.e. access to all necessary information for the DIS to fulfill its mandate) and timeliness (i.e. information is received when needed) of information that is shared amongst members of the safety net.

Accessibility

Timeliness of information

6. Is there a consistent definition/classification across authorities of problem institutions? (Yes, No, Other - Please explain)

Other

Not applicable. The DIS is not tasked to minimize risk and therefore do not classify problem institutions.

7. When policy regarding the DIS and financial sector is developed or amended, what other bodies are consulted and/or advised?

Industry associations, Consumer Council insolvency practitioners and other interested parties.

8. Are details shared regarding such matters? And is discussion encouraged prior to implementation? Please provide details.

Comments from the advisory bodies are taken into consideration during implementation.

9. How often do you contact other DIS? (Never, Occasionally, Regularly, Other- Please explain)

Regularly

This is particularly relevant during the design stage of the DIS in order to understand better the design features that can be considered for implementation.

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10. When the regulator, supervisor or central bank enters into an agreement with a financial institution that is experiencing problems is the DIS consulted? (Yes, No, Other - Please explain)

Other

NA. DIS has yet to be established but it is envisaged that the DIS is only notified in the event that payment to depositors is required.

Section 6: Membership

1. What types of institutions are covered in your DIS?

Membership of the DIS should be confined to licensed banks. Restricted Licensed Banks and Deposit-taking Companies are excluded from membership as they are not permitted to take small deposits.

2. Is membership in the DIS mandatory for designated deposit taking institutions? (Yes, No, Other - Please explain)

Yes

3. Do you have terms and conditions of membership? (i.e. laws, regulations or agreements and regulations which member institutions have to abide by) If so, please explain the application process used and any conditions of membership imposed on institutions by the DIS. (Yes - Please explain, No, Other - Please explain)

Yes

Membership of the DIS would be automatically granted to an institution which is licensed as a bank under the Banking Ordinance. DIS members would be required to comply with the relevant DIS legislation, rules and guidelines if any, issued by DIS.

4. Is the membership of foreign institutions (i.e. foreign bank branches and/or subsidiaries) covered in the same way as domestic institutions? If not, please describe the difference. (Yes - Please explain, No, Other - Please explain)

Yes

Exemption may be granted to foreign bank branches if these banks applied for exemption and the DIS is satisfied that its depositors in Hong Kong are covered by a comparable scheme in their home country.

5. If more than one safety-net organization is responsible for the application process for membership, how is the application process coordinated between the parties responsible?

Membership of the DIS would be automatically granted upon an institution obtaining a banking licence from the HKMA.

6. Are deposit-taking institutions required to re-apply for membership after a certain period of time? (Yes, No, Other - Please explain)

No

7. How many member institutions do you have?

The current number of licensed banks in Hong Kong as of 31 Dec 2001 is 146. These banks will be automatically become members of the DIS when it is established.

8. What is the total level of assets, deposits and insurable deposits of all DIS member institutions?

As of 31 Dec 2001, total assets of licensed banks is HK\$5,879 billion and total customer deposits is HK\$3,317 billion. The insured deposit compiled during the deposit survey in May 2001 is

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HK\$544 billion.

Section 7: Coverage

1. Is there a formal definition of a deposit and or insured deposit used by your DIS? If so what is it? (Yes - Please explain, No, Other - Please explain)

Yes

The definition of an "insurable deposit" is any sum of money denominated in any currency which meets the definition of "deposit" under section 2 of the Banking Ordinance and maintained with a participating bank with the exception of the following:

- (i) a term deposit where the current term agreed to by the depositor at the most recent time it was negotiated exceeds 5 years;
- (ii) a deposit charged, mortgaged or pledged (as appropriate) as collateral;
- (iii) a deposit that is secured on the assets of bank;
- (iv) a bearer instrument;
- (v) a deposit booked with a foreign office of the bank;
- (vi) a deposit held for the account of the Exchange Fund;
- (vii) a deposit held by a multilateral development bank as defined in para. 1 of the Third Schedule to the Banking Ordinance;
- (viii) a deposit held by a holding company that holds all of the shares of the bank, a subsidiary of the bank or a subsidiary of the holding company;
- (ix) a deposit held by a director, controller, chief executive or manager of the bank, a subsidiary of the bank, a holding company that holds all of the shares of the bank or a subsidiary of the holding company; and
- (x) a deposit held by an authorized institution.

2. What types of deposits are eligible for coverage in your DIS?(Savings account, Chequing account, Annuity contracts, Certificates of deposit, Guaranteed investment certificates, Travellers cheques, Money orders, Certified drafts or cheques, Foreign currency deposits, Inter-bank deposits, Other - please explain)

Savings account, Chequing account

Saving, time, chequeing accounts are the basic products.

3. Coverage is: (per depositor account, per depositor, per institution, per depositor per institution, other - please explain)

per depositor per institution

4. What is the coverage limit?

Insurance coverage is HK\$100,000 per depositor per institution and the limit can be reviewed and adjusted as appropriate in the future. The coverage limit should apply to both the principal amount of an insurable deposit and the interest accrued on that deposit.

5. How was this figure arrived at?

A coverage cap of HK\$100,000 would cover about 84% of depositors by number and 16% by value. This level of coverage is consistent with the desire to provide protection for a high proportion of small depositors in the banking system balanced against the need to contain cost and moral hazard.

6. For eligible financial instruments with maturity dates, what is the longest contract term covered by the DIS?

5 years

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7. What types of depositors are eligible for coverage in your DIS? (Foreign (non-residents), Officers & directors of member institutions, Corporations (domestic), Corporations (foreign), Other - Please explain)

Officers & directors of member institutions

Foreign residence of depositors are eligible providing that the deposits are booked in the HK office of the institution. See also response to #1 above for the excluded types of depositors.

8. Is the coverage amount indexed? (Yes, No, Other - Please explain)

No

9. What is it indexed to?

Not applicable.

10. Does your DIS use coinsurance? If coinsurance is used please describe the approach used. (Yes, please explain, No - go to 12, Other -please explain)

No

11. Is the public widely aware of the presence of coinsurance? (Yes, No, Other - Please explain)

12. Are coverage levels affected by resolution methods? If so, please explain. (Yes, No, Other - Please explain)

No

13. Is there public expectation that the DIS coverage limit would be extended to 100% coverage in the event of a banking crisis or the failure of a very large institution? Please provide recent examples, if applicable. (Yes, No, Other - Please explain)

Other

There is no recent experience of bank failures or banking crisis and no recent survey has been conducted on this area.

14. How is a decision made on the insurance eligibility of new financial products?

The crucial test is whether the product meets the definition of a deposit under the Banking Ordinance bearing in mind the exclusion noted in response to #1 above.

15. When member institutions merge how are insured deposits treated?

The HK\$100,000 coverage cap will apply to the deposit at the newly amalgamated institution. If a depositor placed term deposits of HK\$80,000 at each of the constituent member of the amalgamated institution, a proportion of the deposits, in this case HK\$60,000 will not be insured under the amalgamated institution as it has exceeded the coverage cap.

Section 8: Funding & Fund Management

1. What type of funding is used by the DIS? a. Ex-ante (defined as the accumulation of a reserve or fund to cover deposit insurance claims in anticipation of the failure of a member institution) b. Ex-post (defined as an assessment of levied after the failure if a member institution to provide funds to cover deposit insurance claims) c. A combination of the above two approaches d. Other - Please explain

2. Is the DIS funded by levying insurance premium assessments against member institutions or by some other means such as general tax revenues? (Premium Assessment, Other - Please explain)

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3. If insurance premiums are assessed, are they assessed as a flat rate or are they differential in some way, please explain?
4. What is the current premium rate? If there have been changes to this rate details would be appreciated.
5. How often is the premium assessed?
6. Is the premium assessed on total deposits, insured deposits or something else?
7. Are premiums paid by member institutions tax deductible as a business expense? (Yes, No, Other - Please explain)
8. For premiums that are differentiated please explain the risk assessment system that is used to ascertain a premium assessment.
9. Does the DIS have a target with respect to the size of the DIS fund? (Yes, No, Other - Please explain)
10. How is the optimum level (i.e. target) of the fund determined?
11. What investment policies (i.e. safeguards against abuse) exist concerning the use of the fund?
12. If a fund is not maintained, is an assessment levies on institutions after the failure of a financial institution has occurred? If so, please explain how the levies are determined and losses distributed among institutions. (Yes, No, Other - Please explain)
13. Is any income arising from the investment of the fund subject to corporation or incomes tax? (Yes, No, Other - Please explain)
14. Which of the following sources of additional funding, for emergency or liquidity purposes, does the DIS have access to? (Government funding, Access to financial markets, Other - Please explain)
15. Are member institutions required by law to issue, on a regular basis, subordinated debt? (Yes, No, Other - Please explain)

Section 9: Reimbursing Depositors

1. Please describe the procedure for reimbursing depositors that is used by your DIS?
2. Are depositors required to file a claim when a member institution fails? If so, what is the process? (Yes - Please explain, No, Other - Please explain)
3. When is the DIS obligated to reimburse insured depositors?
4. Is there an established legal basis upon which to base the reimbursement process? Please explain. (Yes - Please explain, No, Other - Please explain)
5. Is the DIS subject to explicit standards for prompt reimbursement? If so what are they? (Yes - Please explain, No, Other - Please explain)
6. What methods of payment can be used and under what circumstances are they used?
7. Are the rules regarding clearing, set-off, trust accounts and related issues well defined (through the legal system or formal agreement)? (Yes, No, Other - Please explain)
8. What are the financial institutions obligated to hold with respect to deposit records?

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9. When is the DIS given access to an institution's financial and depositor records?
10. Does the DIS have the option of making advance payments to depositors in situations of dire need (i.e. in an emergency)? (Yes, No, Other - Please explain)
11. Does the DIS make interest payments to depositors during the time taken for reimbursement? Please explain. (Yes, No, Other - Please explain)
12. What information is communicated to depositors regarding the reimbursement process?
13. What process does the DIS use to ensure that depositor secrecy and confidentiality is maintained during the reimbursement process?
14. What steps are taken to verify, reconcile and settle insured deposit accounts?
15. What steps are taken to ensure that an institution's depositor records are accurate, up to date and accessible?
16. Does the DIS document its experiences with respect to each reimbursement action (i.e. lessons learned) in order to allow for continuous improvement? (Yes - Please explain, No, Other - Please explain)
17. What technologies does/can the DIS use to facilitate the reimbursement process?

Section 10: Public Information & Awareness

1. What obligations are there to inform the public?
2. Who is responsible for communicating information about the DIS to the general public? (DIS, Supervisor, Regulator, Central Bank, Government, Other - Please explain)
3. Are these explicitly stated in policy or law? Please explain.
4. Are the terms and conditions of DIS explained in a manner that the general public can understand fully? (Yes, No, Other - Please explain)
5. If so what methods are utilized? (Brochures, Use of "Official Sign" to display insured status, Telephone call centre, Website, Other - Please explain)
6. At what point is information disclosed to the public about an institution that is having problems and how is information disclosed?
7. Has a survey of public awareness about the DIS been conducted? If so what were the results? If not why not? Please email any supporting documentation.
8. Has the DIS ever embarked on a public awareness campaign to increase awareness and knowledge? If yes how many times has this been done and when was the last time? (Yes - Please explain, No - Please explain, Other - Please explain)
9. Please describe the approach used; objectives, target audience, communication strategy, timing and results.

Section 11: Risk Assessment & Intervention

1. Does the DIS have a risk monitoring function to analyze and assess the risk of member institutions? (Yes, No - Please explain, Other - Please explain)

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2. Does the DIS perform examinations of its member institutions? If not who does? (Yes, No - Please explain)
3. Does the DIS receive information/data/statistics directly from its member institutions or from a third party, such as a regulator or supervisor? If so what information is received and how often? (Yes, No, Other - Please explain)
4. What is the risk assessment approach used by the DIS to monitor financial institutions? Please describe. Please be sure to include the criteria used to determine member institution risk.
5. Please list and describe the actions taken by the DIS in situations where member institutions are causing concern. Please indicate when coordination occurs with other supervisory/regulatory authorities and the mechanisms used.

Section 12: Failure Resolution

1. IS Your DIS involved in the failure resolution of member institutions? (Yes, No, Other - Please explain)
2. Under what circumstances can the DIS cancel/terminate the deposit insurance of a member institution?
3. Who determines whether a member institution has failed or is "insolvent"?
4. How is the failure/non viability of a member institution determined?
5. How many member institutions have failed in your country in the last 10 years?
6. Do banks go through the regular corporate bankruptcy process? If no, what is the process used? (Yes, No, Other - Please explain)
7. Is the receiver of failed institutions also the one that disposes of the institutions? If not, who does? (Yes, No, Other - Please explain)
8. Which methods of failure resolution are used in your country to deal with failures. Also, please indicate the frequency of use of the various methods in the last 10 years. (Formal liquidation, Purchase and assumption (sale and merger), Open bank assistance (e.g. recapitalization), bridge banks and other interim solutions, Other - Please explain)
9. What criteria are used to determine the method of failure resolution?
10. Is the deposit insurer required to resolve failed or failing insured depository institutions in a manner that is least costly to the DIS? (Yes, No, Other - Please explain)
11. Please indicate what kind of private companies, if any, are included in the failure resolution process and why?

Section 13: Claims, Recoveries & Estate Management

1. Does the DIS play a role in the claims and recoveries process? If yes please describe this role. (Yes - Please explain, No, Other - Please explain)
2. What is the primary objective of the DIS when dealing with claims and recoveries (i.e. maximization of nominal and present value recoveries, financial system stability, system discipline, other)?
3. What role does the private sector play in the claims and recoveries process?

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4. What approaches and strategies are adopted by the deposit insurer to accomplish the objectives of claims and recovery activities?
5. By what standard is the DIS judged with respect to performing its function in claims and recoveries (ex. Comparative private sector or DIS benchmarks, internal assessment, past experience, other)?
6. What assets have you found to be the hardest to recover? Why? What types of strategies have been used to recover different assets?
7. Does the DIS have rights of "subrogation" (i.e. the subrogation of insurance entity to the rights of insured depositors) or an equivalent arrangement? (Yes, No, Other - Please explain)
8. Is there depositor priority when banks fail? (i.e. Do depositor claims rank in priority above other unsecured creditors in the liquidation of a bank?) (Yes, No, Other - Please explain)
9. Are the rights of "set-off" available or imposed in your country's legal system? Please describe the various forms set-off can take. (Yes, No, Other - Please explain)

Section 14: Other Issues

1. What is your view on recent trends and emerging issues in the financial sector in your country and the potential impact they might have on the DIS?
2. Are there any issues related to deposit insurance which you would like to see more research in?

End of Report