



External Relations Department

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Deposit Protection Corporation issues its Annual Report 2020-21

Deposit Protection Corporation (DPC) has issued its first Annual Report today, since the commencement of business in June 2018. The report highlights significant developments made in the areas of deposit protection framework, corporate governance and public awareness, and also includes financial statement of the corporation for FY2021. It merits mentioning here that core responsibility of the DPC is to compensate the depositors for their losses in the event of a bank failure, as provided in the Deposit Protection Corporation Act, 2016.

The Report shows that the number of depositors covered under the protection offered by the corporation has increased due to healthy growth trend in bank deposits, which further swelled and reached all-time high of PKR 20 trillion in FY21. The coverage provided by the corporation mainly covers small depositors. As on December 31, 2020, 98.9% of total depositors of conventional banking and 98.5% of Islamic banking depositors are eligible for deposit protection from DPC in case their bank is declared to have failed by the SBP. In terms of overall volume of deposits as on December 31, 2020, 18% of conventional banking eligible deposits and 13% of Islamic banking eligible deposits are fully protected.

This Annual Report is issued on the back of enhancement of coverage amount to Rs500,000 per depositor-per bank from Rs250,000 prevalent earlier. This 100% increase in coverage amount is expected to benefit individual depositors and has also resulted in increased number of fully protected depositors. The better coverage to depositors is expected to further enhance the depositors' trust in the country's financial system to contribute more towards strengthening of financial stability.

As the concept of explicit and limited deposit protection is still novel in Pakistan, therefore the report tries to educate the readers with basic ideas about deposit protection. It sensitizes its readers on the concepts of single depositor view (SDV) and fixed rate and risk based premium systems. Additionally, the report provides statistics about coverage of deposits and premium collection and also throws light on risk management framework at DPC. The Corporation plans to make such reports a regular annual feature henceforth, to regularly disseminate information on its developments and performance to public and other relevant stakeholders.

Importantly, detailed Frequently Asked Questions (FAQs) are also part of the Report for easy understanding of deposit protection mechanism. Being the first such report issued by the Corporation, it attempts to cover all substantial developments since commencement of its business in June 2018.

According to Deposit Protection Corporation Act, 2016, all 33 scheduled banks in Pakistan are member banks of deposit protection scheme under DPC. Out of total 33 member banks, there are four foreign banks, four specialized banks, 20 private sector banks and five public sector banks.

The Annual Report has been placed on DPC's website and can be accessed at:

<http://www.dpc.org.pk/Publications/AnnualReports/2021.pdf>

The Report will also be widely circulated in printed form.