

Bills Committee on Deposit Protection Scheme (Amendment) Bill 2010

Response to the Issues raised at the First Meeting on 6 May 2010

Purpose

This paper sets out the response to the issues which was raised by the Bills Committee on Deposit Protection Scheme (Amendment) Bill 2010 at the meeting on 6 May 2010 and set out in the Clerk to Bills Committee's letter of 7 May 2010.

Disclosure on protection status of deposit products

As the current and the future enhanced Deposit Protection Scheme ("DPS") does not/would not cover deposits placed in restricted licence banks ("RLBs") and deposit-taking companies ("DTCs"), Hon Albert HO requested the Administration to consider requiring RLBs and DTCs to disclose to their clients that their deposits are not protected under the DPS.

2. We and the Hong Kong Deposit Protection Board ("HKDPB") fully understand the importance of keeping the public well informed of whether their deposits are protected, and has taken measures to achieve this effect.

3. Since the DPS commenced operation in September 2006, banks have been required by a set of statutory rules issued by the HKDPB to make disclosures to the public and their clients on the protection offered by the DPS. Immediately following the introduction of the full deposit guarantee in October 2008, all authorized institutions ("AIs") have been required, under a statutory guideline issued by the Hong Kong Monetary Authority ("HKMA"), to make similar disclosures in relation to the protection offered by the guarantee. In December 2009, HKMA further issued a circular to remind AIs to take steps to draw the attention of their clients that the protection provided by the guarantee will lapse after the end of 2010.

4. HKMA and the DPB will continue to take appropriate measures to ensure that the public and clients of AIs are well aware of the impending changes to the deposit protection arrangement in Hong Kong, including the fact that deposits at RLBs and DTCs will no longer be covered by any form of deposit protection starting from 2011 (which nevertheless is only reverting to the situation before the introduction of the full deposit guarantee), so that the relevant clients can make timely preparations for the transition if they deem necessary.

Deposit protection arrangements in other jurisdictions

In relation to Hon Miriam LAU's concern about the possible impacts of the scheduled lifting of the temporary full deposit protection at the beginning of 2011, the Administration is requested to provide updated information on the deposit protection arrangements in other jurisdictions.

5. Please refer to **Annex A** for a table setting out the details of deposit protection arrangements in other jurisdictions.

Opinion Survey

The Hong Kong Deposit Protection Board has commissioned the Chinese University of Hong Kong to conduct an opinion survey about the review of the DPS. Hon Miriam LAU requested the Administration to provide a copy of the opinion survey report and a summary of the survey findings.

6. HKDPB conducts an opinion survey every half a year to measure public awareness and understanding of the DPS. The survey conducted in June 2009 also collected public opinions on the key proposals identified in the DPS review and published by the HKDPB for public consultation. The full report on the opinion survey is at **Annex B**. The public responses¹ to the key proposals are summarised in the tables below.

(a) Whether it is acceptable to raise DPS protection limit to HK\$500,000

<i>Strongly acceptable / Acceptable</i>	79.8%
<i>Unacceptable / Strongly unacceptable</i>	15.4%
<i>Don't know / Not sure</i>	4.7%
<i>Total</i>	100%

(b) Whether it is acceptable to leave the basis for calculating compensation under the DPS unchanged, i.e. on a net deposit basis (after deducting depositors' liabilities)

<i>Strongly acceptable / Acceptable</i>	74.6%
<i>Unacceptable / Strongly unacceptable</i>	15.5%
<i>Don't know / Not sure</i>	9.9%
<i>Total</i>	100%

¹ A total of 1,037 responses were collected during the survey.

(c) Whether it is acceptable to bring secured deposits under the protection of the DPS

<i>Strongly acceptable / Acceptable</i>	63.7%
<i>Unacceptable / Strongly unacceptable</i>	23.2%
<i>Don't know / Not sure</i>	13.2%
<i>Total</i>	100%

(d) Whether it is acceptable for the DPS to continue to exclude structured deposits from protection

<i>Strongly acceptable / Acceptable</i>	56.4%
<i>Unacceptable / Strongly unacceptable</i>	28.6%
<i>Don't know / Not sure</i>	14.9%
<i>Total</i>	100%

(e) Whether it is acceptable for the DPS to continue to exclude restricted licence banks and deposit-taking companies from protection

<i>Strongly acceptable / Acceptable</i>	53.7%
<i>Unacceptable / Strongly unacceptable</i>	31.7%
<i>Don't know / Not sure</i>	14.7%
<i>Total</i>	100%

Deposit protection arrangements in other jurisdictions

Jurisdictions	Limited deposit protection arrangements in place		Full deposit guarantee / temporary deposit protection arrangements in place
	Protection limit	Foreign currency deposits	
Hong Kong	HKD100,000	Protected	Full deposit guarantee until end-2010 (Proposed to raise the protection limit of the existing scheme to HKD500,000 after the full deposit guarantee ends)
Malaysia	MYR60,000 (equivalent to about HKD144,000)	Not protected	Full deposit guarantee until end-2010 (Proposed to raise the protection limit of the existing scheme to MYR250,000 (equivalent to about HKD600,000) after the full deposit guarantee ends)
Singapore	SGD20,000 (equivalent to about HKD112,000)	Not protected	Full deposit guarantee until end-2010 (Proposed to raise the protection limit of the existing scheme to SGD50,000 (equivalent to about HKD280,000) after the full deposit guarantee ends)
Taiwan	NTD1.5 million (equivalent to about HKD366,000)	Not protected	Full deposit guarantee until end-2010
Australia	No explicit deposit protection arrangements before the introduction of the existing temporary measures		Partial deposit guarantee of up to AUD1 million (equivalent to about HKD7 million) until October 2011
New Zealand			Partial deposit guarantee of up to NZD1 million (equivalent to about HKD5.6 million) until October 2010, and up to NZD500,000 (equivalent to about HKD2.8 million) from October 2010 to December 2011 (on a voluntary basis)
Brunei			Full deposit guarantee until end-2010
US	USD250,000 (equivalent to about HKD1.9 million) (raised temporarily from USD100,000 in October 2008)	Protected	Protection limit of existing scheme temporarily raised to USD250,000, first until end-2009 and then extended to end-2013, to return to USD100,000 in 2014
UK	GBP50,000 (equivalent to about HKD580,000) (raised permanently from GBP35,000 in October 2008)	Protected	Nil

Telephone Survey Research Laboratory
Hong Kong Institute of Asia-Pacific Studies
The Chinese University of Hong Kong

Survey on Public Awareness and Attitudes toward the
Deposit Protection Scheme 2009
[Mid-year Survey]

July 2009

This study was commissioned by the
Hong Kong Deposit Protection Board

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Executive Summary

The Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong was commissioned by the Hong Kong Deposit Protection Board (the Board), to carry out an independent survey aimed at studying the public's awareness and understanding of the current Deposit Protection Scheme (DPS) and Full Deposit Protection (FDP), and the acceptance of the recommendations proposed in the consultation paper on the review of the DPS. The current survey was conducted between the 15th of June 2009 and the 19th of June 2009 (i.e., the 2009 mid-year survey). A total of 1,037 Hong Kong residents aged 18 or above were successfully interviewed, yielding a response rate of 51.0%.

It was found, first of all, that most of the respondents (79.5%) were aware of the FDP, implying that the general public is still well aware of the existence of the FDP. But only 36.7% of those who knew about the FDP could correctly point out that the FDP will not be in force after the end of 2010. Analysed by personal socio-demographic variables, male respondents, those with a higher level of educational attainment (e.g., a tertiary level of education), and those with deposits exceeding HK\$500,000 in any single bank had a higher level of awareness of the FDP. Those who had deposits more than HK\$500,000 were more likely to know that the FDP will remain in force until in the end of 2010.

It was also observed that 73.8% of the respondents in the 2009 mid-year survey claimed to have heard of the DPS, slightly lower than in the last end-year survey, but obviously higher than in any of the previous surveys. Analysed by personal socio-demographic variables, female respondents, those with a relatively low level of educational attainment (particularly the primary level or below), or those with a relatively small amount of deposits in any single bank (particularly those with deposits of less than HK\$100,000) were more likely than others to have a lower level of awareness of the DPS.

Most of respondents in the current 2009 mid-year survey had obtained their information on the DPS mainly through television (from TV advertisements and news: 80.5%), followed by newspapers and magazines (34.1%), the radio (12.4%), and bank information (12.4%).

In general, the respondents in the current 2009 mid-year survey who were aware of the DPS had maintain a good level of understanding of the deposit protection scheme (i.e., they responded correctly), particularly with regard to the following matters: "only deposits are protected" (83.8%), "structured deposits are not protected" (78.6%), "the maximum amount of compensation for the DPS is HK\$100,000" (72.8%), "secured deposits are not

protected” (68.6%), and “only licensed banks are protected” (64.6%). A fair number of respondents knew that “foreign currencies are eligible for protection” (54.6%) and that “compensation is calculated based on a depositor’s net balance” (56.2%). A relatively small number answered correctly that “only licensed banks, restricted license banks, and deposit-taking companies are protected under the FDP” (29.9%).

Compared to the public’s awareness of the existing DPS (73.8%) and the FDP (79.5%), the level of public awareness of the DPS review consultation does not seem to be satisfactory, as less than half of the respondents (48.6%) knew that Board has recently been conducting a public consultation to review the DPS. Analysed by the socio-demographic variables, the respondents aged 30 to 49 (53.0%), those with a tertiary level of education (55.7%), those who had monthly income more than HK\$40,000 (60.0%), and those with deposits exceeding HK\$500,000 (64.5%) were more likely than others to have a higher level of awareness of the public consultation on the review of the DPS. The public’s awareness of the recommendations of the DPS consultation was also insufficient (the recognition rate ranged from 25.6% to 8.3%), apart from the recommendation to raise the protection limit to HK\$500,000 (55.2%).

As to the public’s acceptance of the recommendations in the consultation paper (in terms of means in that the higher the mean value, the more the recommendation is accepted), the recommendation that “the protection limit of the DPS should be increased to HK\$500,000” was the most accepted (mean value=0.77) and “the coverage of the DPS should not be extended to deposits held in restricted licence banks and deposit-taking companies” (mean value=0.27) was the least.

The survey also found that there will likely be some changes in the respondents’ behaviour in response to changes to the protection scheme. Close to 40% of the respondents claimed they plan to place their deposits in small or medium-sized banks to receive more interest once the protection limit of the DPS is really increased to HK\$500,000. In addition, 16.1% of the respondents who had already placed deposits in restricted licence banks or deposit-taking companies confirmed that their decision was due to the introduction of the FDP.

I. Introduction

The Deposit Protection Scheme (DPS) was launched by the Hong Kong Deposit Protection Board (the Board) in September 2006. The aim of the scheme is to contribute to the stability of the banking system in Hong Kong through the provision of protection to depositors by paying compensation (the maximum amount being HK\$100,000) to them in the event of a bank failure. Then, in the wake of the international financial crisis, the Hong Kong SAR Government announced in October 2008 that the Exchange Fund would be used to guarantee the repayment of all customer deposits held with all authorized institutions in Hong Kong. The main purpose of such a measure, called “Full Deposit Protection” (FDP) is to further safeguard banking stability in Hong Kong in the face of an international financial crisis. The measure is based on the principles of the existing DPS and will remain in force until the end of 2010. In other words, deposits protection in Hong Kong is currently covered by two schemes, the DPS and the FDP.

On the other hand, in light of the experience gained from operating the DPS since its inception and from overseas reforms of deposit insurance regimes, the Board decided to review the DPS as early as the middle of 2008. Then, in April 2009, the Board formally launched the process of consultation by publishing a consultation paper on a review of the DPS in which a number of recommendations to enhance the DPS to provide better protection to depositors were proposed.

The Hong Kong Institute of Asia-Pacific Studies (HKIAPS), The Chinese University of Hong Kong, was commissioned by the Board to conduct a series of half-yearly telephone surveys since the commencement of the DPS in 2006 to trace the public’s awareness and understanding of the scheme. The current survey is the sixth half-yearly

survey since 2006.¹ This survey set out to explore the current level of the public's awareness and understanding of the DPS and the FDP, the channels through which they obtained their information about the DPS, and their understanding of the DPS. In light of the consultation on the DPS, another aim of this survey was to determine the public's awareness of the DPS consultation and their attitudes towards the recommendations from the consultation paper.

II. Methodology and Sampling

The methodology employed in the current study (i.e., the 2009 mid-year survey) was a telephone survey with a structured questionnaire, exactly the same as that employed in the previous surveys.

The whole fieldwork process of the current survey was carried out in the Telephone Survey Research Laboratory of the Hong Kong Institute of Asia-Pacific Studies, located in The Chinese University of Hong Kong. It was conducted from 6:00 p.m. to 10:30 p.m. between the 15th and 19th of June 2009. All of the interviewers were briefed and trained before being allowed to engage in the fieldwork. In conducting the interviews, the interviewers were manually assisted by the Computer Assisted Telephone Interviewing System (CATI).² In order to further ensure that the results of the survey were not biased due to high non-contact or

¹ The first survey was conducted in December 2006. A total of 1,011 Hong Kong residents aged 18 or above were successfully interviewed, yielding a response rate of 52.8%. The second survey, carried out between June and July 2007, included 1,020 respondents, for a response rate of 51.7%. The third one was conducted during November and December 2007. A total of 1,010 successful cases were collected, with a response rate of 52.2%. The fourth survey was done between June and July 2008, consisting of a total of 1,005 interviews and yielding a response rate of 54.0%. The last (the fifth) survey, conducted in December 2008, consisted of a successful sample of 1,006 cases and the response rate was 53.1%.

² During the telephone interviews, the CATI system distributed telephone numbers randomly to the interviewers and recorded all telephone calls automatically. With the help of the CATI system, the interviewers read each question that appeared on the monitor and entered the respondents' answers directly into the computer, thereby bypassing the time-consuming process of coding, editing, and entering data.

non-response rates, attempts were made to call on at least three different days before any non-contact status was assigned. The supervisor made use of an instant telephone monitoring system to monitor the fieldwork.

The sampling method was as follows: First, telephone numbers were randomly selected from the latest Hong Kong Residential Telephone Directory (both the Chinese and English versions) as the seed numbers. In order to include those telephone numbers that were unpublished and unlisted in the directory, we replaced by computer the last two digits of the selected telephone numbers with two new and random digits. This became the sample of the study. Second, when telephone contact was successfully established with a target household, only a person aged 18 or above was chosen for an interview.

Finally, a total of 13,000 random telephone numbers were initially used. We successfully contacted 4,850 household units. Of these, 2,584 hung up before it could be confirmed that the line was a residential one and interviewees could be targeted. In 234 cases, it was confirmed that no eligible respondents lived in these units. In addition, 995 targeted persons refused to be interviewed. In the end, a total of 1,037 respondents were successfully interviewed, for a response rate of 51.0%. At a 95% confidence level, the standard error for a sample of 1,037 is 0.0155, and the estimated sampling error is within $\pm 3.04\%$ (see Appendix D).

III. Data Management

As with the previous surveys, all of the data collected from the current survey were carefully validated, recoded, and analysed using the statistical software package SPSS. The analysis includes both the presentation of frequency and percentage distribution for a single variable. When analysing more than one variable (such as demographic variables) or comparing variables in the six rounds of surveys by means of the crosstabulation analysis, different tests of statistical significance (e.g., the chi-square test and ANOVA) were also employed to determine the existence of statistically significant relationships between the variables or among different rounds of surveys (marked by “*” in the statistics within the tables).

IV. Profile of the Respondents

Table 1 illustrates the profile of the respondents who were successfully interviewed in the current 2009 mid-year survey and the related figures that had been collected in the previous five surveys (i.e., 2008 end-year, 2008 mid-year, 2007 end-year, 2007 mid-year, and 2006 end-year).

With regard to gender in the current 2009 mid-year survey, males made up 45.0% and females 55.0% of respondents in the current survey. Thus, the percentage distribution of males and females was quite similar to that in the previous surveys.

As to age groups in the current survey (2009 mid-year), 20.4% of the respondents were 18-29 years of age, higher than the figure in the last year survey but similar to those in the previous surveys (2008 end-year: 15.3%; 2008 mid-year: 20.4%; 2007 end-year: 18.7%; 2007 mid-year: 22.1%; 2006 end-year: 17.9%). The percentage of those aged between 30 and 49

was 40.9% in the current survey, lower than in any of the previous surveys (2008 end-year: 48.8%; 2008 mid-year: 43.9%; 2007 end-year: 47.1%; 2007 mid-year: 44.3%; 2006 end-year: 47.5%). On the other hand, those aged 50 or above made up 38.7% of respondents to the current survey, higher than in the previous surveys (2008 end-year: 35.9%; 2008 mid-year: 35.5%; 2007 end-year: 34.2%; 2007 mid-year: 33.5%; 2006 end-year: 34.5%).

Concerning educational attainment, the current survey showed that 53.0% of respondents had achieved a secondary level of education (15.9% junior secondary and 37.1% senior secondary), 32.7% a tertiary level of education or above, and the remaining 14.2% had a primary education or less. Compared with the previous surveys, the percentage of those with a tertiary education or above in the 2009 mid-year survey was quite similar to the last 2008 end-year and mid-year survey but higher than those in the previous surveys (2008 end-year: 32.0%; 2008 mid-year: 33.1%; 2007 end-year: 29.3%; 2007 mid-year: 29.6%; 2006 end-year: 30.1%).

In terms of working status, the current 2009 mid-year survey revealed that 55.2% of the respondents were currently working, 16.0% were home-makers, 15.8% were retired, 6.8% were students, and 5.7% were unemployed. The distribution in the current survey with regard to working status was similar to that seen in the previous surveys.

Some 27.9% of the respondents in the current reported that their personal monthly income was less than \$10,000, 37.9% between \$10,000 and \$19,999, 21.4% between \$20,000 and \$39,999, and 10.2% an income of \$40,000 or more. Compared with the previous surveys, the distribution of different income group was similar.

As the original protection limit of the DPS was set at HK\$100,000, the respondents were also asked if they had deposits of over HK\$100,000 in any bank. As a result, 57.3% of

the respondents in this survey claimed that they did not have deposits exceeding HK\$100,000 in any single bank, a lower figure than in any of the previous surveys (2008 end-year: 58.0%; 2008 mid-year: 61.0%; 2007 end-year: 59.4%; 2007 mid-year: 60.3%; 2006 end-year: 60.9%); while 41.6% acknowledged that they did – a higher figure than in any of the previous surveys (2008 end-year: 40.9%; 2008 mid-year: 38.0%; 2007 end-year: 39.7%; 2007 mid-year: 38.6%; 2006 end-year: 38.3%).

Since the public consultation on the DPS involves a review of the maximum protection limit and the product coverage, some questions were also included about the maximum amount of deposits that the respondents hold in any single bank, and whether they are holding any secured deposits, structured deposits, or deposits in restricted licence banks or deposit-taking companies. According to Table 1, of those who had deposits of over HK\$100,000, some 72.7% claimed that the maximum amount of their deposits was less than HK\$500,000 and the other 25.6% that it was more than HK\$500,000. On the other hand, 9.0% of all respondents revealed that they were holding secured deposits and 19.3% structured deposits. Concerning deposits placed in restricted licence banks or deposit-taking companies, some 17.5% of total respondents acknowledged that they did have such deposits, while 82.5% said that they did not.

Table 1: Profile of the respondents (%)

	2009 [Mid-yr]	2008 [End-yr]	2008 [Mid-yr]	2007 [End-yr]	2007 [Mid-yr]	2006 [End-yr]
Gender						
Males	45.0	45.2	46.6	45.2	46.1	47.6
Females	55.0	54.8	53.4	54.8	53.9	52.4
(N)*	(1,037)	(1,006)	(1,005)	(1,010)	(1,020)	(1,011)
Age						
18 – 19	3.0	2.6	3.4	3.9	4.5	4.0
20 – 29	17.4	12.7	17.0	14.8	17.6	13.9
30 – 39	16.5	21.0	19.1	21.2	19.3	20.2
40 – 49	24.4	27.8	24.8	25.9	25.0	27.3
50 – 59	22.8	20.4	20.3	20.8	18.6	19.9
60 – 69	10.8	10.8	10.1	8.2	9.7	9.9
70 or above	5.1	4.7	5.1	5.2	5.2	4.7
(N)	(1,029)	(994)	(998)	(992)	(1,011)	(998)
Educational attainment						
Not educated or pre-school level	2.0	2.7	1.7	3.3	3.0	4.5
Primary education	12.2	11.5	12.5	13.3	13.4	13.8
Junior secondary education	15.9	16.0	16.3	16.9	16.6	17.8
Senior secondary education	37.1	37.8	36.4	37.2	37.5	33.8
Tertiary education or above	32.7	32.0	33.1	29.3	29.6	30.1
(N)	(1,029)	(1,000)	(994)	(997)	(1,014)	(998)
Working status						
Working	55.2	57.2	57.7	58.9	56.1	57.0
Unemployed	5.7	5.6	3.7	5.3	4.7	3.9
Retired	15.8	15.7	14.8	13.2	14.1	16.0
Home-makers	16.0	16.0	16.8	16.2	15.9	16.7
Students	6.8	5.2	7.0	5.9	8.5	5.8
Others (e.g., sick)	0.5	0.3	0.0	0.4	0.6	0.5
(N)	(1,031)	(1,000)	(1,001)	(998)	(1,012)	(998)
Monthly personal income 【 Asked only those who are currently working 】						
Less than \$5,000	6.3	4.6	8.9	5.9	7.4	4.8
\$5,000 to \$9,999	21.6	22.9	21.5	25.4	24.3	22.7
\$10,000 to \$19,999	37.9	35.7	37.6	32.8	35.8	38.4
\$20,000 to \$39,999	21.4	23.4	22.1	21.4	21.5	22.9
\$40,000 to \$79,999	7.6	6.9	7.5	8.3	6.2	7.6
\$80,000 or above	2.6	3.9	1.5	3.1	1.9	1.3
Unstable	2.6	2.6	0.9	3.1	2.8	2.2
(N)	(541)	(538)	(548)	(555)	(530)	(537)

(to be continued)

Table 1: Profile of the respondents (%) (continued)

	2009 [Mid-yr]	2008 [End-yr]	2008 [Mid-yr]	2007 [End-yr]	2007 [Mid-yr]	2006 [End-yr]
Deposits of over HK\$100k in any single bank						
Yes	41.6	40.9	38.0	39.7	38.6	38.3
No	57.3	58.0	61.0	59.4	60.3	60.9
Don't know/Not sure (N)	1.2 (1030)	1.1 (996)	1.0 (988)	0.9 (994)	1.1 (998)	0.8 (980)
Max. deposits in any single bank 【 Asked only those who have deposits of over HK\$100k 】						
Less than HK\$500k	72.7	--	--	--	--	--
More than HK\$500k	25.6	--	--	--	--	--
Don't know/Not sure (N)	1.7 (418)	--	--	--	--	--
Any secured deposits						
Yes	9.0	--	--	--	--	--
No	91.0	--	--	--	--	--
(N)	(1,037)	--	--	--	--	--
Any structured deposits						
Yes	19.3	--	--	--	--	--
No	80.3	--	--	--	--	--
Don't know/Not sure (N)	0.4 (1,037)	--	--	--	--	--
Any deposits in restricted licence banks or deposit-taking companies						
Yes	17.5	--	--	--	--	--
No	82.5	--	--	--	--	--
(N)	(1,036)	--	--	--	--	--

* (N) refers to the total number of valid samples, excluding those who declined to answer.

V. Survey Findings

1. Awareness of the Full Deposit Protection Scheme (FDP)

Since September 2006, Hong Kong has had a Deposit Protection Scheme (DPS) that will pay a maximum of HK\$100,000 in compensation to each depositor in each bank. But in order to further safeguard banking stability in Hong Kong in the face of an international financial crisis, the Hong Kong SAR Government announced that it will make use of the Exchange Fund to guarantee all customer deposits held with all authorized institutions in Hong Kong based on the principles of the existing DPS. Such a measure, called the “Full Deposit Protection” (FDP), was launched in October 2008 and will remain in force until the end of 2010. In the current survey, the respondents were asked about their awareness of the FDP.

It was found that most of the respondents were aware of the FDP. Of the 1,037 respondents who were successfully interviewed, 79.5% (or 824 respondents) had heard of the FDP while only 20.5% had not. But compared with the last end-year survey, the level of public awareness of the FDP had fallen by 3.7 percentage points (2008 end-year: 83.2%). The results show that although the general public is still well aware of the existence of the FDP, the level of awareness seems to be declining [see Table 2].

Table 2 : Awareness of the Full Deposit Protection Scheme (FDP) (%)

	2009 [Mid-year]	2008 [End-year]
Yes	79.5	83.2
No	20.5	16.8
(N)	(1,037)	(1,006)

Of the 824 respondents to the current 2009 mid-year survey who said that they had heard of the FDP and were asked about the period of the validity of the FDP, some 36.7% were able to give the correct answer of the “End of 2010”. On the other hand, some 24.9% provided a wrong answer (including “End of 2009”, “End of 2012”, and “No time limit”) and the other 38.5% had no idea about the time limit of the FDP. When compared with the last 2008 end-year survey (39.2%), the percentage of those who gave the correct answer of “End of 2010” was lower in the current survey (36.7%) [see Table 3]. In other words, as with last year, although a majority of the respondents were aware of the FDP, it is estimated that less than one-third of all respondents really knew that the FDP will remain in force until the end of 2010.³

Table 3 : Awareness of the period of validity of the Full Deposit Protection Scheme (FDP) (%)
【Read out the answers】 【Asked only those who had heard of the FDP】

	2009 [Mid-year]	2008 [End-year]
End of 2009	11.3	9.3
End of 2010 【correct】	36.7	39.2
End of 2012	4.9	6.1
No time limit	8.7	6.9
Don't know/Not sure	38.5	38.5
(N)	(824)	(837)

³ The 302 respondents who had heard of the FDP and knew that the end of 2010 is the time limit were divided by the total of 1,037 respondents, yielding the figure of 29.1%.

A series of sub-group analyses were conducted to determine whether there were any significant differences among the respondents in their awareness of the FDP (mainly whether they had ever heard of the FDP and whether they knew about how long this measure would be in place, as judged by whether they were able to give the correct answer of “End of 2010”), and according to different personal demographic characteristics of gender, age, education, personal income, and the amount of deposits in any single bank (i.e., less than HK\$100,000, HK\$100,000 to HK\$500,000, and more than HK\$500,000).

As can be seen in the crosstabulation shown in Table 4, male respondents (85.2%), those with a higher level of educational attainment (e.g., a tertiary level of education: 83.9%) and those with deposits exceeding HK\$500,000 in any single bank (91.6%) were more likely than others to have a higher awareness of the FDP.

However, when a further analysis according to demographic characteristics was conducted, some demographic variables such as gender, age group, educational attainment, and personal monthly income were found to have no statistically significant relationship with the awareness of the validity period of the FDP (i.e., as judged by those who gave the correct answer of “the end of 2010”). But those with different amounts of deposits in banks had a different level of awareness of the validity period of the FDP in that those who had more deposits in any single bank were more likely to know that the FDP will remain in force until the end of 2010. For instance, while 31.3% of those respondents who had deposits of less than HK\$100,000 gave the correct answer of “the end of 2010”, the related figure was as high as 49.0% for those with deposits exceeding HK\$500,000.

Table 4 : Awareness of the FDP by different socio-demographic variables (%)

	Gender		Age group			Educational attainment			Personal monthly income			Deposits in a single bank		
	Male	Female	Below 30	30-49	50 or above	Pri. or below	Sec.	Tert.	<10k	10k-40k<	40k or above	<100k	100k-500k	>500k
Aware of the existence of the FDP														
Yes	85.2	74.7	76.7	80.8	79.6	66.7	80.0	83.9	79.5	85.0	92.7	74.7	84.2	91.6
No	14.8	25.3	23.3	19.2	20.4	33.3	20.0	16.1	20.5	15.0	7.3	25.3	15.8	8.4
(N)	(467)	(570)	(210)	(421)	(398)	(147)	(546)	(336)	(151)	(321)	(55)	(590)	(304)	(107)
χ^2	17.300***		1.450			18.918***			5.732			21.850***		
Knowledge of the FDP's period of validity														
Correct	36.9	36.4	34.8	34.7	40.1	29.6	37.1	39.0	36.7	30.0	45.1	31.3	42.2	49.0
Incorrect /No idea	63.1	63.6	65.2	65.3	59.9	70.4	62.9	61.0	63.3	70.0	54.9	68.7	57.8	51.0
(N)	(398)	(426)	(161)	(340)	(317)	(98)	(437)	(282)	(120)	(273)	(51)	(441)	(256)	(98)
χ^2	0.027		2.374			2.792			5.084			15.155**		

** $p < 0.01$; *** $p < 0.001$.

2. Awareness of the Deposit Protection Scheme (DPS)

As to public awareness of the DPS, the current 2009 mid-survey found that 73.8% of the 1,037 respondents had heard of the DPS, about 2.2 percentage points less than that in the last 2008 end-year survey. Moreover, although the level of awareness observed in the current 2009 mid-year survey was slightly lower than in the last end-year survey, it was obviously higher than in any of the previous surveys (2008 end-year: 76.0%; 2008 mid-year: 67.5%; 2007 end-year: 65.8%; 2007 mid-year: 67.9%; 2006 end-year: 67.2%) [see Table 5]. This would seem to indicate that the current level of public awareness of the DPS has declined slightly only in the last few months, but not over the past two years.

Table 5: Awareness of the Deposit Protection Scheme (DPS) (%)

	2009 [Mid-year]	2008 [End-year]	2008 [Mid-year]	2007 [End-year]	2007 [Mid-year]	2006 [End-year]
Yes	73.8	76.0	67.5	65.8	67.9	67.2
No	26.2	23.8	32.5	34.2	32.1	32.8
Not sure	0.0	0.2	0.0	0.0	0.0	0.0
(N)	(1,037)	(1,006)	(1,005)	(1,010)	(1,020)	(1,011)

A series of sub-group analyses were conducted in the current survey to determine whether there were any significant differences among the respondents in their awareness of the DPS (mainly whether they had ever heard of the DPS). According to the crosstabulation shown in Table 6, female respondents (68.9%), those with a lower educational attainment (particularly primary or below: 61.2%), or those with a lower amount of deposits in any single bank (particularly those with deposits of less than HK100,000: 70.0%) were more likely than others to have a lower level of awareness of the DPS.

Table 6 : Awareness of the DPS by different socio-demographic variables (%)

	Gender		Age group			Educational attainment			Personal monthly income			Deposits in a single bank		
	Male	Female	Below 30	30-49	50 or above	Pri. or below	Sec.	Tert.	<10k	10k-40k<	40k or above	<100k	100k-500k	>500k
Yes	79.7	68.9	71.4	75.1	73.4	61.2	75.8	75.9	67.5	77.6	78.2	70.0	77.6	80.4
No	20.3	31.1	28.6	24.9	26.6	38.8	24.2	24.1	32.5	22.4	21.8	30.0	22.4	19.6
(N)	(467)	(570)	(210)	(421)	(398)	(147)	(546)	(336)	(151)	(321)	(55)	(590)	(304)	(107)
χ^2	15.217***		0.982			13.927**			5.845			8.952*		

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

3. Channels for having heard information and news about the DPS

Those respondents who claimed to have heard about the DPS were also further asked about the channels through which they had obtained information or news about the scheme. In the current 2009 mid-year survey, it was found that television continued to play a decisive role in this regard, as 80.5% of the respondents mentioned that television (including advertisements and news) had been their main source of information about the DPS, trailed by newspapers (34.1%), the radio (12.4%), and bank information (12.4%). Comparing the findings of the previous surveys, it was found that television and newspapers were still the main source of information about the DPS. In comparison with the 2008 end-year survey, the percentage of those who had acquired their information about the DPS from the railway (MTR & Trains) (4.3%) dropped greatly in the current survey, while bank information (12.4%) became more important, with the percentage hearing about the DPS from this source increasing drastically [see Table 7].

Table 7 : Through which channels information or news about the DPS was obtained (%)
【Asked only those who had heard of the DPS】 【Multiple Responses】 [Note]

	2009 [End-yr]	2008 [End-yr]	2008 [Mid-yr]	2007 [End-yr]	2007 [Mid-yr]	2006 [End-yr]
TV [i.e., advertisements & news]	80.5	83.4	76.5	77.7	78.5	71.3
Newspapers	34.1	33.3	27.1	32.2	34.5	39.9
Radio	12.4	14.0	15.0	11.0	13.9	18.4
MTR & Trains	4.3	8.3	13.2	1.1	2.3	0.0
Bank information	12.4	3.9	11.1	9.2	15.4	24.4
Internet	5.4	3.8	5.5	1.5	2.0	0.0
Bus	1.8	1.7	4.3	0.9	2.2	2.8
DPS exhibition & its website	0.9	0.9	2.1	0.9	0.4	2.1
Mini bus	0.0	0.0	0.9	0.0	0.0	0.0
Restaurants & eateries	0.4	0.4	0.4	0.0	0.0	0.0
Newsletters from labour & trade unions	0.4	0.9	0.1	0.0	0.0	0.0
Others	2.5	2.0	1.8	4.5	5.1	5.9
Forgot	1.3	2.1	2.7	1.4	1.0	1.0
Total respondents	(765)	(766)	(678)	(665)	(693)	(679)

Note: The percentages here are based on the total number of valid cases (i.e., 765 respondents in the 2009 mid-year survey, 766 respondents in the 2008 end-year survey, 678 respondents in the 2008 mid-year survey, 665 respondents in the 2007 end-year survey, 693 respondents in the 2007 mid-year survey, and 679 respondents in the 2006 end-year survey) instead of on the total number of answers. As multiple responses are allowed, the total percentage exceeds 100%.

When compared by the socio-demographic characteristics shown in Table 8, the findings of the current 2009 mid-year survey indicated that male respondents were more likely than females to have obtained their information on the DPS from newspapers (40.9%), the radio (13.4%), and the Internet (6.5%); by contrast, female respondents tended to have learned about the DPS from TV (85.5%) and bank information (14.8%).

Analysed by age group, those respondents who were older (e.g., 50 or above) tended to have heard about the DPS from newspapers (40.1%), and the radio (16.4%); while those who

were younger (e.g., below 30) were more likely to have obtained their knowledge about the DPS from the MTR and Trains (7.3%) and from the Internet (12.0%). Those respondents aged between 30 and 49 were more likely than those of other age groups to know about the DPS via TV (82.0%) and bank information (14.6%).

Respondents who had a secondary level of education were more likely to have heard about the DPS from TV (82.9%), bank information (14.3%), and the radio (13.0%) as compared to those with higher levels of educational attainment. On the other hand, those with a tertiary level of education were less likely to have relied on TV for their knowledge about the DPS (76.9%) than respondents from other education groups. Instead, they were more likely than those of other education groups to know about the DPS through the Internet (7.8%).

Analysed by personal monthly income, the respondents from the personal income group of \$40,000 or above were more likely than those of other income groups to have acquired their information on the DPS through newspapers (51.2%), the radio (16.3%), bank information (14.0%), and the Internet (11.6%) but less likely to rely on TV (74.4%).

Finally, those respondents who had deposits of more than HK\$500,000 in any single bank would be more likely to have known about the DPS through newspapers (45.3%), bank information (15.1%), and the Internet (7.0%), while those who had deposits of between HK\$100,000 and HK\$500,000 were more likely to have heard of the DPS from TV (82.6%).

Table 8 : Channels for knowing about the DPS, by different socio-demographic variables (%)
【Asked only those who had heard of the DPS】 【Multiple Responses】 [Note]

	Gender		Age group			Educational attainment			Personal monthly income			Deposits in a single bank		
	Male	Female	Below 30	30-49	50 or above	Pri. or below	Sec.	Tert.	<10k	10k-40k<	40k or above	<100k	100k-500k	>500k
TV	75.3	85.5	76.0	82.0	81.5	81.1	82.9	76.9	79.4	78.7	74.4	79.9	82.6	77.9
Newspapers	40.9	27.7	28.0	31.6	40.1	30.0	34.8	34.9	33.3	31.7	51.2	32.0	33.9	45.3
Radio	13.4	11.5	8.0	11.1	16.4	11.1	13.0	12.2	12.7	10.4	16.3	11.1	14.0	14.0
MTR & Trains	5.4	3.3	7.3	4.1	2.7	3.3	5.1	3.5	2.9	4.0	4.7	5.6	2.1	3.5
Bank information	9.9	14.8	12.7	14.6	9.9	8.9	14.3	11.0	13.7	11.2	14.0	10.7	14.4	15.1
Internet	6.5	4.3	12.0	4.1	3.1	0.0	5.1	7.8	6.9	4.4	11.6	5.6	5.1	7.0
Bus	1.9	1.8	4.7	1.3	1.0	0.0	1.9	2.4	1.0	1.6	0.0	2.2	1.3	2.3
DPS exhibition & its website	0.8	1.0	2.0	1.3	0.0	0.0	1.0	1.2	1.0	1.6	0.0	1.2	0.4	0.0
Restaurants & eateries	0.8	0.0	1.3	0.0	0.3	0.0	0.5	0.4	1.0	0.4	0.0	0.5	0.0	1.2
Newsletters from labour & trade unions	0.5	0.3	0.7	0.6	0.0	0.0	0.5	0.4	1.0	0.4	0.0	0.5	0.4	0.0
Others	2.7	2.3	6.0	1.6	1.7	3.3	1.7	3.5	0.0	2.4	2.3	3.6	1.3	1.2
Forgot	2.2	0.5	2.7	0.9	1.0	1.1	0.5	2.4	0.0	1.6	4.7	0.7	2.5	1.2
(N)	(372)	(393)	(150)	(316)	(292)	(90)	(414)	(255)	(102)	(249)	(43)	(413)	(236)	(86)

Note: As multiple responses are allowed, the total percentage of the columns exceeds 100% and tests of statistical significance are not appropriate.

4. Level of understanding and knowledge about the DPS and the FDP

In the current 2009 mid-year survey, those respondents who claimed to have heard of the DPS were tested on their knowledge of several key features of the current protection scheme (under both the DPS and FDP).

The first question was about the highest amount of compensation available under the existing DPS. Of those who claimed to have heard of the scheme, 72.8% gave the correct answer of “HK\$100,000” in the current 2009 mid-year survey, significantly less than the 9.2% in the last 2008 end-year survey. The percentage of those who gave the wrong answer increased; in particular, those who answered “no limit” rose sharply to 6.7% from 3.0% in the 2008 end-year survey. Moreover, some respondents replied “HK\$500,000” (2.0%), a figure that was not among the list of default answers. One possible explanation for such notable changes was that some of the respondents had mixed up the recommendations for the future DPS with the current arrangement of the existing DPS and the FDP, and thus had become confused about the precise amount of the compensation limit under the existing DPS [see Table 9].

Table 9 : Knowledge of the highest amount of compensation permitted under the DPS (%)
【Asked only those who had heard of the DPS】

	2009 [Mid-yr]	2008 [End-yr]	2008 [Mid-yr]	2007 [End-yr]	2007 [Mid-yr]	2006 [End-yr]
HK\$25,000	0.7	0.3	1.9	0.8	1.4	0.7
HK\$50,000	1.3	1.0	2.4	1.7	2.6	2.1
HK\$100,000 【Correct】	72.8	82.0	83.0	77.3	76.8	71.9
HK\$200,000	3.1	2.7	3.7	3.2	5.3	3.7
No limit	6.7	3.0	--	--	--	--
Other: HK\$500,000	2.0	--	--	--	--	--
Don't know/No idea	13.5	11.0	9.0	17.1	13.9	21.6
(N)	(765)	(767)	(678)	(665)	(693)	(679)

One of the main differences between the DPS and the FDP is that the DPS covers deposits held with licensed banks in Hong Kong only, but under the FDP, deposits held with all authorized financial institutions, including licensed banks, restricted licence banks, and deposit-taking companies are also protected. When asked to identify which kinds of financial

institutions are protected under the FDP, 48.4% of the respondents chose the answer of “licensed banks only” and 8.4% “All financial institutions, such as licensed banks, securities, insurance companies, and so on”. But these responses are all incorrect. Only 29.9% of the respondents gave the correct answer of “licensed banks, restricted licence banks, and deposit-taking companies”, almost same as the figure in the 2008 end-year survey [See Table 10]. As in the last survey, the results still showed that the public’s level of understanding about the FDP is not quite satisfactory, at least with regard to the kinds of financial institutions that are protected.

Table 10 : Knowledge of which kinds of financial institutions are eligible for protection under the FDP (%) 【Asked only those who had heard of the DPS】

	2009 [Mid-yr]	2008 [End-yr]
Licensed banks only	48.4	44.3
Licensed banks, restricted licence banks, & deposit-taking companies 【Correct】	29.9	29.6
All financial institutions, such as licensed banks, securities, insurance companies, and so on	8.4	14.1
Don’t know/No idea	13.3	12.0
(N)	(765)	(767)

Then, when asked about the kinds of financial institutions eligible for protection under the DPS, 64.6% of the respondents gave the correct answer of “licensed banks only”. This is better than the response to the same question about the FDP. But when compared to the previous surveys, the current figure was the poorest with the exception of the figure for the first survey (2008 end-year: 68.8%; 2008 mid-year: 83.8%; 2007 end-year: 80.9%; 2007 mid-year: 80.7%; 2006 end-year: 59.8%) [see Table 11]. The decline in understanding may be due to confusion resulting from the concurrent implementation of the FDP and the DPS.

Table 11 : Knowledge of which kinds of financial institutions are eligible for protection (%)
【Asked only those who had heard of the DPS】 [Note]

	2009 [Mid-yr]	2008 [End-yr]	2008 [Mid-yr]	2007 [End-yr]	2007 [Mid-yr]	2006 [End-yr]
Licensed banks only 【Correct】	64.6	68.8	83.8	80.9	80.7	59.8
Licensed banks, restricted licence banks, & deposit-taking companies	19.6	14.9	9.4	8.9	10.0	24.0
All financial institutions, such as licensed banks & securities and insurance companies	5.2	7.6	--	--	--	--
Don't know/No idea	10.6	8.7	6.8	10.2	9.4	16.2
(N)	(765)	(767)	(678)	(665)	(693)	(679)

Note: Prior to the 2008 end-year survey, only two options were offered as answers to this question: "1. Licensed banks only" and "2. Licensed banks and all other financial institutions".

With regard to knowledge about the kinds of financial products that are protected under the existing protection arrangement, 83.8% of the respondents in the current 2009 mid-year survey correctly pointed out "deposits only", an increase of about 2.8 percentage points compared with the last 2008 end-year survey and higher than in any of the previous surveys (2008 end-year survey: 81.0%; 2008 mid-year: 78.5%; 2007 end-year: 76.7%; 2007 mid-year: 76.3%; 2006 end-year: 76.3%) [see Table 12]. The results implied that the public's understanding that only deposits are protected under the DPS has continuously improved.

Table 12 : Knowledge of which kinds of financial products are protected (%)
【Asked only those who had heard of the DPS】

	2009 [Mid-yr]	2008 [End-yr]	2008 [Mid-yr]	2007 [End-yr]	2007 [Mid-yr]	2006 [End-yr]
Deposits only 【Correct】	83.8	81.0	78.5	76.7	76.3	76.3
All financial products, including deposits, debt securities, shares, insurance policies, etc.	7.8	12.5	9.7	7.4	8.7	9.9
Don't know/No idea	8.4	6.5	11.8	15.9	15.0	13.8
(N)	(765)	(767)	(678)	(665)	(693)	(679)

When asked if foreign currencies were eligible for protection, in the current 2009 mid-year survey about 54.6% of the respondents answered “yes”, the other 25.2% replied “no”, while those who had no idea made up 20.1% of the respondents. As compared to the previous surveys, the percentage of those who gave the correct answer dropped dramatically in the current survey from the last 2008 end-year survey, but was still higher than in other previous surveys [see Table 13].

Table 13 : Knowledge of whether foreign currencies are eligible for protection (%)
【Asked only those who had heard of the DPS】

	2009 [Mid-yr]	2008 [End-yr]	2008 [Mid-yr]	2007 [End-yr]	2007 [Mid-yr]	2006 [End-yr]
Yes 【Correct】	54.6	67.8	46.0	30.4	30.0	30.6
No	25.2	16.9	28.9	32.9	33.9	34.5
Don't know/No idea	20.1	15.3	25.1	36.7	36.1	34.9
(N)	(765)	(767)	(678)	(665)	(693)	(679)

When asked if the amount of the compensation under the existing deposit protection scheme is calculated based on the net balance after debts owed to the bank have been deducted, 56.2% of the respondents in the current 2009 mid-year survey correctly answered “yes”, while about 14.5% replied “no”, and the remaining 29.3% had no idea. The percentage of those who gave the correct answer was lower in the current 2009 mid-year survey than in the last 2008 end-year survey, but it was still higher than in other previous surveys (2008 end-year: 64.9%; 2008 mid-year: 52.9%; 2007 end-year: 52.2%; 2007 mid-year survey: 50.6%; 2006 end-year: 49.5%) [Table 14].

Table 14 : Knowledge of whether the compensation is calculated based on the net balance after debts owed to the bank have been deducted (%)
【Asked only those who had heard of the DPS】

	2009 [Mid-yr]	2008 [End-yr]	2008 [Mid-yr]	2007 [End-yr]	2007 [Mid-yr]	2006 [End-yr]
Yes 【Correct】	56.2	64.9	52.9	52.2	50.6	49.5
No	14.5	16.0	14.3	12.3	11.7	13.7
Don't know/No idea	29.3	19.0	32.7	35.5	37.7	36.8
(N)	(765)	(767)	(678)	(665)	(693)	(679)

On the other hand, the level of public understanding that structured deposits (such as foreign currency-linked and equity-linked deposits) are not eligible for protection under the current deposit protection scheme in the current 2009 mid-year survey was obviously higher than that in the last survey. When asked whether structured deposits are eligible for protection, 78.6% of respondents in the current 2009 mid-year survey gave the correct answer, 8.8% answered incorrectly, and the other 12.7% had no idea [see Table 15].

Table 15 : Whether structured deposits (such as foreign currency-linked and equity-linked deposits) are eligible for protection (%)
【Asked only those who had heard of the DPS】

	2009 [Mid-yr]	2008 [End-yr]
Yes	8.8	14.0
No 【correct】	78.6	68.3
Don't know/Not sure	12.7	17.7
(N)	(765)	(767)

In addition, when asked whether secured deposits (such as deposits used as collateral to secure a banking facility) are eligible for protection under the current deposit protection

scheme, 68.6% of the respondents correctly replied “no”, some 12.0% replied “yes”, and the other 19.3% claimed that they did not know or were not sure [see Table 16]. The level of understanding of this aspect in the current 2009 mid-year survey is also better than that in the last survey.

Table 16 : Whether secured deposits (such as deposits used as collateral to secure a banking facility) are eligible for protection (%)
【Asked only those who had heard of the DPS】

	2009 [Mid-yr]	2008 [End-yr]
Yes	12.0	23.5
No 【correct】	68.6	53.8
Don't know/Not sure	19.3	22.7
(N)	(765)	(767)

In general, the respondents in the current 2009 mid-year survey who were aware of the DPS had maintained a good level of understanding of the deposit protection scheme (i.e., they responded correctly), particularly with regard to the following matters: “only deposits are protected” (83.8%), “structured deposits are not protected” (78.6%), “the maximum amount of compensation for the DPS is HK\$100,000” (72.8%), “secured deposits are not protected” (68.6%), and “only licensed banks are protected” (64.6%). A fair number of respondents knew that “foreign currencies are eligible for protection” (54.6%) and that “compensation is calculated based on a depositor’s net balance” (56.2%). A relatively small number answered correctly that “only licensed banks, restricted licensed banks, and deposit-taking companies are protected under the FDP” (29.9%).

A series of crosstabulation analyses of the current 2009 mid-year survey were conducted to explore the respondents' knowledge and understanding of the deposit protection scheme in light of their demographic characteristics [see Table 17]. The findings are summarized as follows:

First of all, female respondents, those aged 30 to 49, those with a higher personal income (e.g., HK\$40,000 or above) and those with a higher amount of money deposited in any single bank (e.g., including deposits of "HK\$100,000-HK\$500,000" and deposits exceeding HK\$500,000) were more likely than others to answer correctly that the highest amount of compensation obtainable under the DPS is HK\$100,000.

As for the kinds of financial institutions that are protected under the FDP, male respondents, those aged below 30, and those who had received a tertiary education were more likely to correctly answer that only licensed banks, restricted licensed banks, and deposit-taking companies are protected under the FDP.

Respondents aged 50 or above and those whose deposits in any single bank exceeded HK\$500,000 were more likely to correctly respond that only licensed banks are under the protection of the DPS.

Respondents who had a relatively higher level of educational attainment and those who had deposits of more than HK\$500,000 in any single bank were more likely than others to select the right answer to the question of what kinds of financial products (i.e., deposits only) are protected under the existing protection scheme.

In addition, respondents who had a higher level of educational attainment, those with a higher personal monthly income, and those whose deposits in any single bank exceeded

HK\$500,000 were more likely to know that foreign currencies are eligible for protection under the existing protection scheme.

Likewise, those respondents with a higher educational level, a higher personal monthly income, and with deposits in any single bank of HK\$100,000-HK\$500,000 were more likely than others to correctly indicate that structured deposits are not protected.

Older respondents, those with a higher level of educational attainment, and those with a higher amount of deposits in any single bank were more likely than others to select the correct answer that secured deposits are not protected.

Finally, there were few differences in the demographic characteristics of those respondents who gave the correct answer that compensation is calculated based on one's net balance in the bank.

Table 17 : Knowledge and understanding of the deposit protection scheme by different socio-demographic variables (%)

	Gender		Age group			Educational attainment			Personal monthly income			Deposits in a single bank		
	Male	Female	Below 30	30-49	50 or above	Pri. or below	Sec.	Tert.	<10k	10k-40k<	40k or above	<100k	100k-500k	>500k
The maximum amount of compensation is HK\$100,000 under the DPS														
Correct	68.5	76.8	64.7	79.4	69.9	67.8	72.0	76.1	66.7	79.5	81.4	67.3	80.1	79.1
Incorrect/DK	31.5	23.2	35.3	20.6	30.1	32.2	28.0	23.9	33.3	20.5	18.6	32.7	19.9	20.9
(N)	(372)	(393)	(150)	(316)	(292)	(90)	(414)	(255)	(102)	(249)	(43)	(413)	(236)	(86)
χ^2	6.644*		13.306**			2.673			7.296*			14.309**		

(to be continued)

Table 17 : Knowledge and understanding of the deposit protection scheme by different socio-demographic variables (%) (continued)

	Gender		Age group			Educational attainment			Personal monthly income			Deposits in a single bank		
	Male	Female	Below 30	30-49	50 or above	Pri. or below	Sec.	Tert.	<10k	10k-40k<	40k or above	<100k	100k-500k	>500k
Only licensed banks, restricted licence banks, & deposit-taking companies are protected under the FDP														
Correct	34.9	25.2	37.3	32.6	23.3	16.7	30.7	33.3	22.5	34.1	34.9	29.1	30.1	36.0
Incorrect/DK	65.1	74.8	62.7	67.4	76.7	83.3	69.3	66.7	77.5	65.9	65.1	70.9	69.9	64.0
(N)	(372)	(393)	(150)	(316)	(292)	(90)	(414)	(255)	(102)	(249)	(43)	(413)	(236)	(86)
χ^2	8.671**		11.130**			9.071*			4.827			1.652		
Only licensed banks are protected under the DPS														
Correct	62.4	66.7	46.7	65.5	72.9	73.3	63.5	62.7	64.7	63.5	69.8	59.6	69.1	75.6
Incorrect/DK	37.6	33.3	53.3	34.5	27.1	26.7	36.5	37.3	35.3	36.5	30.2	40.4	30.9	24.4
(N)	(372)	(393)	(150)	(316)	(292)	(90)	(414)	(255)	(102)	(249)	(43)	(413)	(236)	(86)
χ^2	1.545		30.117***			3.576			0.642			11.155**		
Only deposits are protected														
Correct	85.5	82.2	78.0	86.4	83.9	72.2	85.0	86.3	85.3	88.0	97.7	79.9	87.7	91.9
Incorrect/DK	14.5	17.8	22.0	13.6	16.1	27.8	15.0	13.7	14.7	12.0	2.3	20.1	12.3	8.1
(N)	(372)	(393)	(150)	(316)	(292)	(90)	(414)	(255)	(102)	(249)	(43)	(413)	(236)	(86)
χ^2	1.528		5.276			10.551**			4.587			11.401**		

(to be continued)

Table 17 : Knowledge and understanding of the deposit protection scheme by different socio-demographic variables (%) (continued)

	Gender		Age group			Educational attainment			Personal monthly income			Deposits in a single bank		
	Male	Female	Below 30	30-49	50 or above	Pri. or below	Sec.	Tert.	<10k	10k-40k<	40k or above	<100k	100k-500k	>500k
Foreign currencies are protected														
Correct	54.8	54.5	52.0	59.2	51.0	41.1	53.6	60.8	43.1	56.6	69.8	50.4	57.2	67.4
Incorrect/DK	45.2	45.5	48.0	40.8	49.0	58.9	46.4	39.2	56.9	43.4	30.2	49.6	42.8	32.6
(N)	(372)	(393)	(150)	(316)	(292)	(90)	(414)	(255)	(102)	(249)	(43)	(413)	(236)	(86)
χ^2	0.011		4.584			10.697**			9.809**			9.355**		
Structured deposits are not protected														
Correct	78.8	78.4	79.3	78.8	78.1	63.3	78.0	85.1	67.6	84.7	86.0	73.1	85.6	83.7
Incorrect/DK	21.2	21.6	20.7	21.2	21.9	36.7	22.0	14.9	32.4	15.3	14.0	26.9	14.4	16.3
(N)	(372)	(393)	(150)	(316)	(292)	(90)	(414)	(255)	(102)	(249)	(43)	(413)	(236)	(86)
χ^2	0.017		0.102			18.990***			14.403**			15.421***		
Secured deposits are not protected														
Correct	70.4	66.9	58.0	69.6	73.3	52.2	70.0	72.2	64.7	72.3	83.7	61.5	74.2	89.5
Incorrect/DK	29.6	33.1	42.0	30.4	26.7	47.8	30.0	27.8	35.3	27.7	16.3	38.5	25.8	10.5
(N)	(372)	(393)	(150)	(316)	(292)	(90)	(414)	(255)	(102)	(249)	(43)	(413)	(236)	(86)
χ^2	1.093		10.975**			13.117**			5.546			30.647***		
Calculation of compensation is based on net balance														
Correct	58.3	54.2	58.0	56.3	55.5	44.4	57.7	58.4	49.0	55.8	60.5	53.0	58.1	66.3
Incorrect/DK	41.7	45.8	42.0	43.7	44.5	55.6	42.3	41.6	51.0	44.2	39.5	47.0	41.9	33.7
(N)	(372)	(393)	(150)	(316)	(292)	(90)	(414)	(255)	(102)	(249)	(43)	(413)	(236)	(86)
χ^2	1.327		0.256			5.957			2.028			5.567		

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

5. Awareness of the consultation on the review of the DPS

In light of the consultation on the review of the DPS launched by the Board, the respondents in the current 2009 mid-year survey were also asked about their awareness of the consultation and their level of acceptance of the recommendations listed in the consultation paper.

When all of the respondents were asked if they knew that the Board has recently been conducting a public consultation to review the DPS, less than half of them (48.6%) answered “yes” and 51.4% replied “no” [see Table 18]. Compared to the public’s awareness of the existing DPS (73.8%) and the FDP (79.5%), the level of public awareness of the DPS review consultation (48.6%) does not seem to be satisfactory. But this consultation on the review of the DPS is being conducted at a time when the FDP has also been put into place, and as the global economic crisis abates. These developments are more or less diluting the public’s concern about the consultation on the review of the DPS.

Table 18 : Awareness of consultation on the review of the DPS (%)

	Percentage
Yes	48.6
No	51.4
(N)	(1,037)

Analysed by the socio-demographic variables, the respondents aged 30 to 49 (53.0%), those with a tertiary level of education (55.7%), those who had monthly income more than HK\$40,000 (60.0%), and those with deposits exceeding HK\$500,000 (64.5%) were more likely than others to have a higher level of awareness of the public consultation on the review of the DPS [see Table 19].

Table 19 : Awareness of consultation on the review of the DPS by different socio-demographic background (%)

	Gender		Age group			Educational attainment			Personal monthly income			Deposits in a single bank		
	Male	Female	Below 30	30-49	50 or above	Pri. or below	Sec.	Tert.	<10k	10k-40k<	40k or above	<100k	100k-500k	>500k
Yes	51.8	46.0	48.1	53.0	44.2	35.4	48.0	55.7	43.7	54.8	60.0	42.9	53.9	64.5
No	48.2	54.0	51.9	47.0	55.8	64.6	52.0	44.3	56.3	45.2	40.0	57.1	46.1	35.5
(N)	(467)	(570)	(210)	(421)	(398)	(147)	(546)	(336)	(151)	(321)	(55)	(590)	(304)	(107)
χ^2	3.523		6.294*			17.066***			6.593*			22.014***		

* $p < 0.05$; *** $p < 0.001$.

Next, those respondents who said that they had heard of the public consultation on the DPS review were asked about their awareness of the following six recommendations put forward in the consultation paper: (1) “the protection limit of the DPS should be increased to HK\$500,000”; (2) “the netting approach for calculating compensation under the DPS should be maintained”⁴; (3) “secured deposits should be brought under the protection of the DPS”, (4) “structured deposits should not be brought under the protection of the DPS”; (5) “the coverage of the DPS should not be extended to deposits held in restricted licence banks and deposit-taking companies”; and (6) “the contribution rates by the Scheme members should be

⁴ The netting approach means that the compensation is calculated based on the net balance after debts owed to the bank have been deducted.

reduced”.

Among the six recommendations, 55.2% of respondents who were aware of the consultations correctly named “the protection limit of the DPS should be increased to HK\$500,000” as one of the recommendations. This was followed by the recommendations that “structured deposits should not be brought under the protection of the DPS” (25.6%), “the netting approach for calculating compensation under the DPS should be maintained” (19.6%), “secured deposits should be brought under the protection of the DPS” (19.2%), and “the coverage of the DPS should not be extended to deposits held in restricted licence banks and deposit-taking companies” (17.3%). A mere 8.3% of the respondents identified the recommendation that “the contribution rates by Scheme members should be reduced” [see Table 20]. It seems that public awareness of the recommendations of the DPS consultation is low, apart from the recommendation that the protection limit be raised.

Table 20 : Awareness of the Recommendations listed in the Consultation Paper of the DPS
【Read out the answers】 【Asked only those who had heard of the consultation】
【Multiple Responses】 [Note]

	Percentage*
The protection limit of the DPS should be increased to HK\$500,000	55.2
Structured deposits should not be brought under the protection of the DPS.	25.6
The netting approach for calculating compensation under the DPS should be maintained.	19.6
Secured deposits should be brought under the protection of the DPS.	19.2
The coverage of the DPS should not be extended to deposits held in restricted licence banks and deposit-taking companies.	17.3
The contribution rates by the Scheme members should be reduced.	8.3
Don't know / Not sure	30.6
(N)	(504)

Note: The percentages here are based on the total number of valid cases (i.e., 504 respondents) instead of on the total number of answers. As multiple responses are allowed, the total percentage exceeds 100%.

6. Acceptance of the recommendations proposed in the Consultation Paper on the Review of the DPS

In order to explore current public acceptance of the recommendations proposed in the Consultation Paper, all of the respondents were asked about the degree to which they accept these recommendations.

First of all, when asked whether it is acceptable to raise the protection limit of the DPS to HK\$500,000, a majority of the respondents (79.8%) gave a positive answer, while 15.4% answered in the negative [see Table 21].

Table 21 : Acceptance of the recommendation that the protection limit of the DPS be increased to HK\$500,000 (%)

	Percentage
Strongly acceptable	15.0)
Acceptable	64.8) 79.8
Unacceptable	12.9)
Strongly unacceptable	2.5) 15.4
Don't know / Not sure	4.7
(N)	(1,037)

Second, the respondents were asked whether maintaining the current netting approach in calculating compensation is acceptable or not. The result was that 74.6% of them indicated that it is acceptable, while 15.5% stated that it is not [see Table 22].

Table 22 : Acceptance of the recommendation that the netting approach for calculating compensation under the DPS be maintained (%)

	Percentage
Strongly acceptable	9.5)
Acceptable	65.1) 74.6
Unacceptable	13.7)
Strongly unacceptable	1.8) 15.5
Don't know / Not sure	9.9
(N)	(1,037)

Third, with regard to the recommendation that “secured deposits should be brought under the protection of the DPS”, 63.7% of the respondents approved, while 23.2% disapproved [see Table 23].

Table 23 : Acceptance of the recommendation to bring secured deposits under the protection of the DPS (%)

	Percentage
Strongly acceptable	5.6)
Acceptable	58.1) 63.7
Unacceptable	21.8)
Strongly unacceptable	1.4) 23.2
Don't know / Not sure	13.2
(N)	(1,037)

As for the recommendation that “structured deposits should not be brought under the protection of DPS”, the percentage of those who found this to be acceptable was 56.4%, compared to 28.6% who considered it unacceptable [see Table 24].

Table 24 : Acceptance of the recommendation not to bring structured deposits under the protection of the DPS (%)

	Percentage
Strongly acceptable	5.5)
Acceptable	50.9) 56.4
Unacceptable	26.7)
Strongly unacceptable	1.9) 28.6
Don't know / Not sure	14.9
(N)	(1,037)

Last, when asked whether the proposal that “the coverage of the DPS should not be extended to deposits held in restricted licence banks and deposit-taking companies” was acceptable, only slightly more than half (53.7%) gave a positive answer, while 31.7% answered in the negative [see Table 25].

Table 25 : Acceptance of the recommendation not to extend the coverage of the DPS to deposits held in restricted licence banks & deposit-taking companies (%)

	Percentage
Strongly acceptable	6.2)
Acceptable	47.5) 53.7
Unacceptable	30.5)
Strongly unacceptable	1.2) 31.7
Don't know / Not sure	14.7
(N)	(1,034)

Table 26 shows in terms of mean scores the extent to which the respondents accept the recommendations contained in the consultation paper. A positive value indicates “acceptance” and a negative value suggests “non-acceptance.”⁵ The higher the mean value, the more the recommendation is accepted by the respondents. A positive mean value was obtained for all of the listed recommendations, suggesting that the recommendations are generally acceptable. The recommendation that “the protection limit of the DPS should be increased to HK\$500,000” was the most accepted (mean value=0.77), while “the coverage of the DPS should not be extended to deposits held in restricted licence banks and deposit-taking companies” (mean value=0.27) was the least [see Table 26].

Table 26 : Acceptance of the recommendations listed in the consultation paper [Note]

	Means	Standard deviation	(N)
The protection limit of the DPS should be increased to HK\$500,000.	0.77	0.942	(1037)
The netting approach for calculating compensation under the DPS should be maintained.	0.67	0.892	(1037)
Secured deposits should be brought under the protection of the DPS.	0.45	0.936	(1037)
Structured deposits should not be brought under the protection of the DPS.	0.31	0.988	(1037)
The coverage of the DPS should not be extended to deposits held in restricted licence banks & deposit-taking companies.	0.27	1.001	(1034)

Note: Scores: Strongly acceptable = 2, Acceptable = 1, Do not know/ Not sure = 0, Unacceptable = -1, Strongly unacceptable = -2.

⁵ The value of the variable on acceptance was recoded into: “Strongly acceptable”=+2; “Acceptable”=+1; “Don’t know/Not sure”=0; “Unacceptable”=-1; “Strongly unacceptable”=-2. The advantage of this recoding process is that the original variables with categorical responses can be converted to new variables with directional responses. The responses with a positive value (+) mean “tending towards the acceptable” while those with a negative value (-) mean “tending towards the unacceptable”. The value of “0” indicates no direction, as we do not know their tendency.

A series of ANOVA analyses were then conducted to see whether respondents of different personal socio-demographic characteristics differed in their acceptance of the recommendations listed in the consultation paper.

Referring to the results shown in Table 27, female and male respondents showed different degree of acceptance on three recommendations. Female respondents gave a more favourable response to the recommendation that “secured deposits should be brought under the protection of the DPS’ than male respondents (Females: 0.51; Males: 0.37). Male respondents, on the other hand, found the recommendations that “structured deposits should not be brought under the protection of the DPS” (Males: 0.42; Females: 0.22) and “the coverage of the DPS should not be extended to deposits held in restricted licence banks & deposit-taking companies” (Males: 0.38; Females: 0.18) to be more acceptable than did the female respondents.

Younger respondents were more likely than older ones to show a higher level of acceptance of all five recommendations. For instance, those aged below 30 scored 0.93 for the recommendation that “the protection limit of the DPS should be increased to HK\$500,000”, while the score for those aged 30 to 39 and 50 or above were 0.80 and 0.68, respectively.

Moreover, compared to respondents with a lower level of educational attainment, respondents with a higher level of educational attainment tended to show a greater degree of approval of the recommendation that “the netting approach for calculating compensation under the DPS should be maintained” (e.g., Primary or below: 0.46; Secondary: 0.69; Tertiary: 0.73), as well as that “structured deposits should not be brought under the protection of the DPS” (e.g., Primary or below: 0.05; Secondary: 0.35; Tertiary: 0.38) and that “the coverage of the DPS should not be extended to deposits held in restricted licence banks and deposit-taking

companies” (e.g., Primary or below: 0.07; Secondary: 0.28; Tertiary: 0.36).

Respondents with different personal monthly incomes differed little in their degree of acceptance of all of the recommendations.

Table 27 : Acceptance of the recommendations of the consultation paper by different socio-demographic variables (Mean)

		R1	R2	R3	R4	R5
Gender	Male	0.82	0.63	0.37	0.42	0.38
	Female	0.72	0.70	0.51	0.22	0.18
	<i>F-ratio</i>	2.887	1.803	5.453*	10.744**	10.163**
Age group	Below 30	0.93	0.86	0.61	0.55	0.52
	30-49	0.80	0.68	0.48	0.27	0.26
	50 or above	0.68	0.56	0.32	0.24	0.16
	<i>F-ratio</i>	5.373**	7.762***	7.456**	7.733***	9.280***
Educational attainment	Primary or below	0.65	0.46	0.36	0.05	0.07
	Secondary	0.78	0.69	0.47	0.35	0.28
	Tertiary	0.81	0.73	0.46	0.38	0.36
	<i>F-ratio</i>	1.441	5.179**	0.790	6.500**	4.377*
Personal monthly income	<10k	0.89	0.64	0.51	0.34	0.42
	10k-40k	0.82	0.69	0.45	0.41	0.27
	>40k	0.75	0.45	0.27	0.36	0.31
	<i>F-ratio</i>	0.515	1.481	1.244	0.217	1.040

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

Note: R1 = The protection limit of the DPS should be increased to HK\$500,000.

R2 = The netting approach for calculating compensation under the DPS should be maintained.

R3 = Secured deposits should be brought under the protection of the DPS.

R4 = Structured deposits should not be brought under the protection of the DPS.

R5 = The coverage of the DPS should not be extended to deposits held in restricted licence banks & deposit-taking companies.

ANOVA analyses were further conducted to determine whether the degree of acceptance of the recommendations was different among respondents with different types of deposits, among those who had or had not placed deposits in restricted licence banks and deposit-taking companies, and those with different amounts of deposits in a single bank.

According to the results illustrated in Table 28, there were few sub-group differences. For the recommendation to raise the protection limit to HK\$500,000, only those with deposits exceeding HK\$500,000 exhibited a lower degree of acceptance than those with deposits of below HK\$500,000.

Those with secured deposits favoured the recommendation that “secured deposits should be brought under the protection of the DPS” more than those without such deposits.

The recommendations that “structured deposits should not be brought under the protection of the DPS” and “the coverage of the DPS should not be extended to deposits held in restricted licence banks & deposit-taking companies” received greater support from those without structured deposits than from those with such deposits.

However, the degree of acceptance of all of the recommendations was about the same, regardless of whether the respondents had or did not have deposits in restricted licence banks or deposit-taking companies.

Table 28 : Acceptance of the recommendations of the consultation paper according to the possession of different kinds of deposits (Mean)

		R1	R2	R3	R4	R5
Secured deposits	Yes	0.63	0.66	0.80	0.13	0.35
	No	0.78	0.67	0.41	0.33	0.26
	<i>F-ratio</i>	<i>2.103</i>	<i>0.014</i>	<i>14.313***</i>	<i>3.567</i>	<i>0.721</i>
Structured deposits	Yes	0.68	0.66	0.41	0.13	0.12
	No	0.79	0.67	0.46	0.36	0.31
	<i>F-ratio</i>	<i>2.406</i>	<i>0.031</i>	<i>0.528</i>	<i>8.713**</i>	<i>5.827*</i>
Deposits in restricted licence banks or deposit-taking companies	Yes	0.80	0.64	0.56	0.40	0.33
	No	0.76	0.67	0.42	0.29	0.26
	<i>F-ratio</i>	<i>0.170</i>	<i>0.188</i>	<i>3.092</i>	<i>1.844</i>	<i>0.807</i>
Deposits in a single bank	<100k	0.80	0.63	0.47	0.35	0.30
	100k-500k	0.81	0.71	0.43	0.34	0.25
	>500k	0.50	0.71	0.49	0.14	0.27
	<i>F-ratio</i>	<i>5.117**</i>	<i>0.990</i>	<i>0.200</i>	<i>2.105</i>	<i>0.268</i>

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

Note: R1 = The protection limit of the DPS should be increased to HK\$500,000.

R2 = The netting approach for calculating compensation under the DPS should be maintained.

R3 = Secured deposits should be brought under the protection of the DPS.

R4 = Structured deposits should not be brought under the protection of the DPS.

R5 = The coverage of the DPS should not be extended to deposits held in restricted licence banks & deposit-taking companies.

7. Behavioural changes due to the protection scheme

In the current 2009 mid-year survey, all the respondents were asked two questions to determine whether or not there would be any changes in their behaviour in response to changes in the protection scheme. Two potential behavioural changes have been detected. The first one relates to the plan to place their deposits in small or medium-sized banks if the protection limit of the DPS is increased to HK\$500,000. The other concerns the effect of the

introduction of the Full Deposit Protection Scheme on the depositors' decision to place their deposits in restricted licence banks or deposit-taking companies.

When asked if they would place their deposits in small or medium-sized banks to receive more interest once the protection limit of the DPS is really increased to HK\$500,000, 52.3% of the respondents declared that they had no such plan, while 39.8% answered "yes" [see Table 29]. It seems that the proposal to raise the protection limit to HK\$500,000 will indeed prompt some depositors to place their deposits in small or medium-sized banks.

Table 29 : Plan to place deposits in small or medium-sized banks to receive more interest if the protection limit of the DPS is really increased to HK\$500,000 (%)

	Percentage
Yes	39.8
No	52.3
Don't know / Not sure	7.9
(N)	(1,037)

Then, those who had claimed that they were holding deposits in restricted licence banks or deposit-taking companies (180 respondents in total) were asked if their decision to place deposits in such institutions was due to the introduction of the FDP. The majority (83.9%) of them denied it, but about 16.1% confirmed it [see Table 30].

Table 30 : Whether the decision to place deposits in restricted licence banks or deposit-taking companies was due to the introduction of the FDP (%) 【Asked only those who had placed deposits in restricted licence banks or deposit-taking companies】

	Percentage
Yes	16.1
No	83.9
(N)	(180)

The crosstabulation analysis illustrated in Table 31 shows that respondents aged 30 to 49 and those with a higher level of educational attainment are more likely than others to place their deposits in small or medium-sized banks if the protection limit of the DPS is really increased to HK\$500,000.

But on the decision to place deposits in restricted banks or deposit-taking companies, no statistically significant differences were found among respondents with different gender, age group, educational attainment, personal monthly income, and those with different amounts of deposits in a single bank.

Table 31 : Behavioural changes due to the introduction of the protection scheme by different socio-demographic variables (%)

	Gender		Age group			Educational attainment			Personal monthly income			Deposits in a single bank		
	Male	Female	Below 30	30-49	50 or above	Pri. or below	Sec.	Tert.	<10k	10k-40k<	40k or above	<100k	100k-500k	>500k
Plan to place deposits in small-sized banks														
Yes	45.2	41.6	45.8	47.3	36.8	32.0	43.3	47.3	39.9	45.2	48.1	43.0	42.4	42.2
No	54.8	58.4	54.2	52.7	63.2	68.0	56.7	52.7	60.1	54.8	51.9	57.0	57.6	57.8
(N)	(429)	(526)	(201)	(391)	(356)	(128)	(508)	(313)	(138)	(301)	(52)	(533)	(290)	(102)
χ^2	1.238		9.184*			8.638*			1.484			0.037		
Decision to place deposits in restricted licence banks or deposit-taking companies														
Yes	18.8	13.7	8.8	14.1	21.6	17.6	14.6	18.6	5.9	11.8	16.7	11.1	17.9	25.0
No	81.2	86.3	91.2	85.9	78.4	82.4	85.4	81.4	94.1	88.2	83.3	88.9	82.1	75.0
(N)	(85)	(95)	(34)	(71)	(74)	(17)	(103)	(59)	(17)	(68)	(12)	(81)	(67)	(24)
χ^2	0.877		3.199			0.489			0.854			3.105		

* $p < 0.05$.

(End)

Appendix I: Details of the Fieldwork

Date	: June 15, 2009 – June 19, 2009 (6:00 p.m. to 10:30 p.m.)	
Target population	: Hong Kong residents aged 18 or above	
Method	: Random sample telephone survey	
Sampling	: First, telephone numbers were randomly selected from the latest Hong Kong Residential Telephone Directory (both the Chinese and English versions) as seed numbers. To include unpublished telephone numbers, we replaced by computer the last two digits of the selected telephone numbers with two new, random digits. This became the sample of the study. Second, when telephone contact was successfully established with a non-target household, only a person aged 18 or above was chosen for an interview.	
Successful sample size	: 1,037	
Fieldwork Results		
Total Telephone Numbers		13,000
<i>Non-contactable households:</i>		
Invalid lines	4,172	
Non-residential	403	
Fax number	576	
Busy line	187	
No one contacted	2,812	
<i>Contacted telephone numbers:</i>		
No eligible respondents	234	4,850
Initial refusal and other problems (No valid respondents could be identified)	2,584	
Refusals	995	
Successfully interviewed	<u>1,037</u>	
Valid response rate	: 51.0% [1,037 / (1,037 + 995)]	
Sampling error	: At a 95% confidence level, the standard error of the sample is 0.0155 and the maximum estimated sampling error for a sample of 1,037 cases is within the range of $\pm 3.04\%$.	

Appendix II: Frequency Table of All Variables**Q1 “Prior to this survey, did you know that the Hong Kong SAR Government had recently implemented the Full Deposit Protection Scheme (FDP)?”**

	Frequency	Percentage	Valid percentage
1. Yes 【Skip Q2】	824	79.5	79.5
2. No 【Skip Q3】	213	20.5	20.5
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0

**Q2 “Do you know the period of validity of the Full Deposit Protection Scheme?”
【Read 1-4】 【Asked only those who had heard of the FDP】**

	Frequency	Percentage	Valid percentage
1. End of 2009	93	9.0	11.3
2. End of 2010 【Correct】	302	29.1	36.7
3. End of 2012	40	3.9	4.9
4. No time limit	72	6.9	8.7
8. Don’t know/No idea	317	30.6	38.5
0. Inapplicable	213	20.5	Missing
Total	1037	100.0	100.0

Valid cases 824 Missing cases 213

Q3 “Prior to the implementation of the FDP, did you know that Hong Kong already had a Deposit Protection Scheme (DPS)?”

	Frequency	Percentage	Valid percentage
1. Yes 【Skip Q3】	765	73.8	73.8
2. No 【Skip Q13】	272	26.2	26.2
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0

Q4 “What channels did you rely on to obtain information and news about the DPS?”
【Multiple responses】 【Asked only those who had heard of the DPS】

	Frequency	% based on valid cases*
1. TV [Including advertisements & news]	616	80.5
2. Radio	95	12.4
3. Bus	14	1.8
4. MTR	18	2.4
5. Trains [i.e., East Rail, West Rail]	15	2.0
6. Newspapers	261	34.1
7. Internet	41	5.4
8. Bank information	95	12.4
9. Restaurants & eateries	3	0.4
10. Newsletters from labour & trade unions	3	0.4
11. Others: DPS exhibition and its official website	7	0.9
12. Others: DPS pamphlet	1	0.1
13. Others: Family/Friends/Colleagues	11	1.4
14. Others: Workplace	1	0.1
15. Others: Poll	1	0.1
16. Others: School	5	0.7
88. Forgot	10	1.3
Total	1197	

Valid cases 765 Missing cases 272

**Due to the fact that multiple answers were allowed, the overall percentage exceeds 100%.*

Q5 “Prior to the implementation of the FDP, which amount was the maximum amount of compensation under the DPS?” 【Read 1-5】
【Asked only those who had heard of the DPS】

	Frequency	Percentage	Valid percentage
1. HK\$25,000	5	0.5	0.7
2. HK\$50,000	10	1.0	1.3
3. HK\$100,000 【Correct】	557	53.7	72.8
4. HK\$200,000	24	2.3	3.1
5. No limit	51	4.9	6.7
7. Other: HK\$500,000	15	1.4	2.0
8. Don't know/No idea	103	9.9	13.5
0. Inapplicable	272	26.2	Missing
Total	1037	100.0	100.0

Valid cases 765 Missing cases 272

Q6 “In which of the following financial institutions are deposits protected under the DPS?”
【Read 1-3】 【Asked only those who had heard of the DPS】

	Frequency	Percentage	Valid percentage
1. Licensed banks only 【Correct】	494	47.6	64.6
2. Licensed banks, restricted licence banks, and deposit-taking companies	150	14.5	19.6
3. All financial institutions, such as banks, securities companies, insurance companies, etc.	40	3.9	5.2
8. Don't know/No idea	81	7.8	10.6
0. Inapplicable	272	26.2	Missing
Total	1037	100.0	100.0

Valid cases 765 Missing cases 272

Q7 “In which of the following financial institutions are deposits protected under the FDP?”
【Read 1-3】 【Asked only those who had heard of the DPS】

	Frequency	Percentage	Valid percentage
1. Licensed banks only	370	35.7	48.4
2. Licensed banks, restricted licence banks, and deposit-taking companies 【Correct】	229	22.1	29.9
3. All financial institutions, such as banks, securities companies, insurance companies, etc.	64	6.2	8.4
8. Don't know/No idea	102	9.8	13.3
0. Inapplicable	272	26.2	Missing
Total	1037	100.0	100.0

Valid cases 765 Missing cases 272

Q8 “Do you know which of the following financial products are protected?”
【Read 1-2】 【Asked only those who had heard of the DPS】

	Frequency	Percentage	Valid percentage
1. Deposits only 【Correct】	641	61.8	83.8
2. All financial products, including deposits, debt securities, shares, insurance policies, etc.	60	5.8	7.8
8. Don't know/No idea	64	6.2	8.4
0. Inapplicable	272	26.2	Missing
Total	1037	100.0	100.0

Valid cases 765 Missing cases 272

Q9 “Are foreign currencies eligible for protection?”
【Asked only those who had heard of the DPS】

	Frequency	Percentage	Valid percentage
1. Yes 【Correct】	418	40.3	54.6
2. No	193	18.6	25.2
8. Don't know/No idea	154	14.9	20.1
0. Inapplicable	272	26.2	Missing
Total	1037	100.0	100.0

Valid cases 765 Missing cases 272

Q10 “Are structured deposits (such as foreign currency-linked and equity-linked deposits) eligible for protection?” 【Asked only those who had heard of the DPS】

	Frequency	Percentage	Valid percentage
1. Yes	67	6.5	8.8
2. No 【Correct】	601	58.0	78.6
8. Don't know/No idea	97	9.4	12.7
0. Inapplicable	272	26.2	Missing
Total	1037	100.0	100.0

Valid cases 765 Missing cases 272

Q11 “Are secured deposits (such as deposits used as collateral to secure a banking facility) eligible for protection?”

【Asked only those who had heard of the DPS】

	Frequency	Percentage	Valid percentage
1. Yes	92	8.9	12.0
2. No 【Correct】	525	50.6	68.6
8. Don't know/No idea	148	14.3	19.3
0. Inapplicable	272	26.2	Missing
Total	1037	100.0	100.0

Valid cases 765 Missing cases 272

Q12 “Is compensation calculated based on the net balance obtained by deducting the debts owed to the bank?”

【Asked only those who had heard of the DPS】

	Frequency	Percentage	Valid percentage
1. Yes 【Correct】	430	41.5	56.2
2. No	111	10.7	14.5
8. Don't know/No idea	224	21.6	29.3
0. Inapplicable	272	26.2	Missing
Total	1037	100.0	100.0

Valid cases 765 Missing cases 272

Q13 “Prior to this survey, did you know that the Hong Kong Deposit Protection Board has recently consulted the public on proposals to enhance deposit protection under the Deposit Protection Scheme”?

	Frequency	Percentage	Valid percentage
1. Yes 【Skip Q14】	504	48.6	48.6
2. No 【Skip Q15】	533	51.4	51.4
9. Refused to answer 【Skip Q15】	1037	100.0	100.0

Valid cases 1037 Missing cases 0

**Q14 “Please tell me which of the following recommendations have been included in the current consultation on the DPS? 【Multiple responses】
【Asked only those who had heard of the consultation on the DPS】**

	Frequency	% based on valid cases*
1. It is recommended that the protection limit of the DPS be increased to HK\$500,000.	278	55.2
2. It is recommended that the netting approach for calculating compensation under the DPS be maintained.	99	19.6
3. It is recommended that secured deposits be brought under the protection of the DPS.	97	19.2
4. It is recommended that structured deposits not be brought under the protection of the DPS.	129	25.6
5. It is recommended that the coverage of the DPS not be extended to deposits held in restricted licence banks and deposit-taking companies.	87	17.3
6. It is recommended that the contribution rates by Scheme members not be reduced.	42	8.3
8. Don’t know / Not sure	154	30.6
Total	886	175.8

Valid cases 504 Missing cases 533

**Due to the fact that multiple answers were allowed, the overall percentage exceeds 100%.*

Q15 “It is recommended that the protection limit of the DPS be increased to HK\$500,000. Do you think that this is acceptable?”

	Frequency	Percentage	Valid percentage
1. Strongly acceptable	156	15.0	15.0
2. Acceptable	672	64.8	64.8
3. Unacceptable	134	12.9	12.9
4. Strongly unacceptable	26	2.5	2.5
8. Don't know / Not sure	49	4.7	4.7
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0

Q16 “If the protection limit of the DPS is really increased to HK\$500,000, will you place your deposits in small or medium-sized banks where you could receive more interest?”

	Frequency	Percentage	Valid percentage
1. Yes	413	39.8	39.8
2. No	542	52.3	52.3
8. Don't know/ Not sure	82	7.9	7.9
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0

Q17 “It is recommended that the netting approach for calculating compensation under the DPS be maintained. Do you think that this is acceptable?”

	Frequency	Percentage	Valid percentage
1. Strongly acceptable	98	9.5	9.5
2. Acceptable	675	65.1	65.1
3. Unacceptable	142	13.7	13.7
4. Strongly unacceptable	19	1.8	1.8
8. Don't know / Not sure	103	9.9	9.9
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0

Q18 “It is recommended that secured deposits be brought under the protection of the DPS. Do you think that this is acceptable?”

	Frequency	Percentage	Valid percentage
1. Strongly acceptable	58	5.6	5.6
2. Acceptable	602	58.1	58.1
3. Unacceptable	226	21.8	21.8
4. Strongly unacceptable	14	1.4	1.4
8. Don't know / Not sure	137	13.2	13.2
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0

Q19 “Do you currently hold any secured deposits?”

	Frequency	Percentage	Valid percentage
1. Yes	93	9.0	9.0
2. No	944	91.0	91.0
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0

Q20 “It is recommended that structured deposits not be brought under the protection of the DPS. Do you think that this is acceptable?”

	Frequency	Percentage	Valid percentage
1. Strongly acceptable	57	5.5	5.5
2. Acceptable	528	50.9	50.9
3. Unacceptable	277	26.7	26.7
4. Strongly unacceptable	20	1.9	1.9
8. Don't know / Not sure	155	14.9	14.9
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0

Q21 “Do you currently hold any structured deposits?”

	Frequency	Percentage	Valid percentage
1. Yes	200	19.3	19.3
2. No	833	80.3	80.3
8. Don't know / Not sure	4	0.4	0.4
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0

Q22 “It is recommended that the coverage of the DPS not be extended to deposits held in restricted licence banks and deposit-taking companies. Do you think that this is acceptable?”

	Frequency	Percentage	Valid percentage
1. Strongly acceptable	64	6.2	6.2
2. Acceptable	491	47.3	47.5
3. Unacceptable	315	30.4	30.5
4. Strongly unacceptable	12	1.2	1.2
8. Don't know / Not sure	152	14.7	14.7
9. Refused to answer	3	0.3	Missing
Total	1037	100.0	100.0

Valid cases 1034 Missing cases 3

Q23 “Do you currently have any deposits in restricted licence banks or deposit-taking companies?”

	Frequency	Percentage	Valid percentage
1. Yes 【Skip Q24】	181	17.5	17.5
2. No 【Skip Q25】	855	82.4	82.5
9. Refused to answer 【Skip Q25】	1	0.1	Missing
Total	1037	100.0	100.0

Valid cases 1036 Missing cases 1

Q24 “If yes, is it right that you placed deposits in restricted licence banks or deposit-taking companies due to the introduction of the FDP? 【Asked only those who had placed deposits in restricted licence banks or deposit-taking companies】

	Frequency	Percentage	Valid percentage
1. Yes	29	2.8	16.1
2. No	151	14.6	83.9
9. Refused to answer	1	0.1	Missing
0. Inapplicable	856	82.5	Missing
Total	1037	100.0	100.0

Valid cases 180 Missing cases 857

Q25 “Do you have deposits of over HK\$100,000 in any single bank?”

	Frequency	Percentage	Valid percentage
1. Yes 【Skip Q26】	428	41.3	41.6
2. No 【Skip to AGE】	590	56.9	57.3
8. Don’t know/Not sure 【Skip to AGE】	12	1.2	1.2
9. Refused to answer 【Skip to AGE】	7	0.7	Missing
Total	1037	100.0	100.0

Valid cases 1030 Missing cases 7

**Q26 “What is the largest amount that you have in deposit in a single bank?”
【Asked only those who had deposits of more than HK\$100,000 in a single bank】**

	Frequency	Percentage	Valid percentage
1. Less than HK\$500,000	304	29.3	72.7
2. More than HK\$500,000	107	10.3	25.6
8. Don’t know/Not sure	7	0.7	1.7
9. Refused to answer	10	1.0	Missing
0. Inapplicable	609	58.7	Missing
Total	1037	100.0	100.0

Valid cases 418 Missing cases 619

AGE “What is your age?”

	Frequency	Percentage	Valid percentage
1. 18 - 19	31	3.0	3.0
2. 20 - 29	179	17.3	17.4
3. 30 - 39	170	16.4	16.5
4. 40 - 49	251	24.2	24.4
5. 50 - 59	235	22.7	22.8
6. 60 - 69	111	10.7	10.8
7. 70 or above	52	5.0	5.1
9. Refused to answer	8	0.8	Missing
Total	1037	100.0	100.0

Valid cases 1029 Missing cases 8

EDU “What is your educational attainment?”

	Frequency	Percentage	Valid percentage
1. Not educated or pre-school level	21	2.0	2.0
2. Primary education	126	12.2	12.2
3. Secondary education (Secondary 1 to 3)	164	15.8	15.9
4. Secondary education (Secondary 4 to 7)	382	36.8	37.1
5. Tertiary education or above	336	32.4	32.7
9. Refused to answer	8	0.8	Missing
Total	1037	100.0	100.0

Valid cases 1029 Missing cases 8

WORK “Are you working?” (If not, please specify the reasons)

	Frequency	Percentage	Valid percentage
1. Working 【Skip INCOME】	569	54.9	55.2
2. No: Unemployed 【Skip DISTRICT】	59	5.7	5.7
3. No: Retired 【Skip DISTRICT】	163	15.7	15.8
4. No: Home-maker 【Skip DISTRICT】	165	15.9	16.0
5. No: Student 【Skip DISTRICT】	70	6.8	6.8
6. Others 【Skip DISTRICT】	5	0.5	0.5
9. Refused to answer 【Skip DISTRICT】	6	0.6	Missing
Total	1037	100.0	100.0

Valid cases 1031 Missing cases 6

INCOME “What is your personal monthly income?” 【Asked only those who are working】

	Frequency	Percentage	Valid percentage
1. Less than \$5,000	34	3.3	6.3
2. \$5,000 to \$9999	117	11.3	21.6
3. \$10,000 to \$19,999	205	19.8	37.9
4. \$20,000 to \$39,999	116	11.2	21.4
5. \$40,000 to \$79,999	41	4.0	7.6
6. \$80,000 or above	14	1.4	2.6
8. Unstable	14	1.4	2.6
9. Refused to answer	28	2.7	Missing
0. Inapplicable	468	45.1	Missing
Total	1037	100.0	100.0

Valid cases 541 Missing cases 496

DISTRICT “Where do you live?” 【18 District Councils】

	Frequency	Percentage	Valid percentage
1. H.K: Central & Western	41	4.0	4.0
2. H.K: Eastern	113	10.9	10.9
3. H.K: Southern	56	5.4	5.4
4. H.K: Wan Chai	19	1.8	1.8
5. KLN: Kowloon City	68	6.6	6.6
6. KLN: Kwun Tong	78	7.5	7.6
7. KLN: Sham Shui Po	52	5.0	5.0
8. KLN: Wong Tai Sin	47	4.5	4.5
9. KLN: Yau Tsim Mong	31	3.0	3.0
10. N.T.: Islands	21	2.0	2.0
11. N.T.: Kwai Tsing	56	5.4	5.4
12. N.T.: Northern	65	6.3	6.3
13. N.T.: Sai Kung	57	5.5	5.5
14. N.T.: Sha Tin	110	10.6	10.6
15. N.T.: Tai Po	44	4.2	4.3
16. N.T.: Tsuen Wan	49	4.7	4.7
17. N.T.: Tuen Mun	60	5.8	5.8
18. N.T.: Yuen Long	66	6.4	6.4
99. Refused to answer	4	0.4	Missing
Total	1037	100.0	100.0

Valid cases 1033 Missing cases 4

SEX Gender of the respondents

	Frequency	Percentage	Valid percentage
1. Male	467	45.0	45.0
2. Female	570	55.0	55.0
Total	1037	100.0	100.0

Valid cases 1037 Missing cases 0