



# Deposit Protection Fund: Challenges and Prospects



# Agenda

01

Overview of the Deposit Protection Scheme in Thailand

02

Operations of Deposit Protection Fund

03

Challenges and Prospects relative to the Fund

## Legislation:



- Deposit Protection Agency Act B.E. 2551 (2008)
- Deposit Protection Agency Act (No. 2) B.E. 2560 (2017)

## Mandate: Paybox-plus

- 1) Provide deposit protection
- 2) Maintain financial stability
- 3) Liquidation and managing financial institutions subject to control

## Governance Structure:



Independent organization

## Scheme Members:



- Commercial banks (30),
- finance companies (2),
- credit foncier companies (3)

## Coverage:

1 million baht per depositor per institution (in the transition period current coverage =10 million baht)

## Highlights of the Amended Deposit Protection Agency Act B.E. 2560 (2017)



Faster Reimbursement



Clearer definition  
for set-off



Funding for the Deposit  
Protection Fund



Information exchange  
during control period



Procedures on filing claims  
and examinations in the event  
of incorrect or unreceived  
compensation amounts



Foreign branches as  
juristic persons



# Amendments for Faster Reimbursement

01

Deposit Protection Agency Act (No. 2) B.E. 2560 (2017)

FI's license is revoked

30 Days

30 days for the DPA to reimburse depositors

Control Committee

Previous Legislation

40 days to make an announcement

90 days for depositors to file claims

30 days for the DPA to reimburse depositors

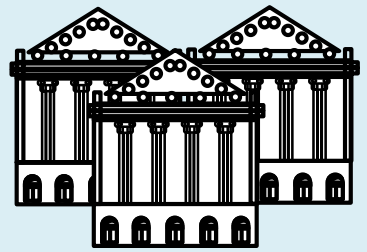
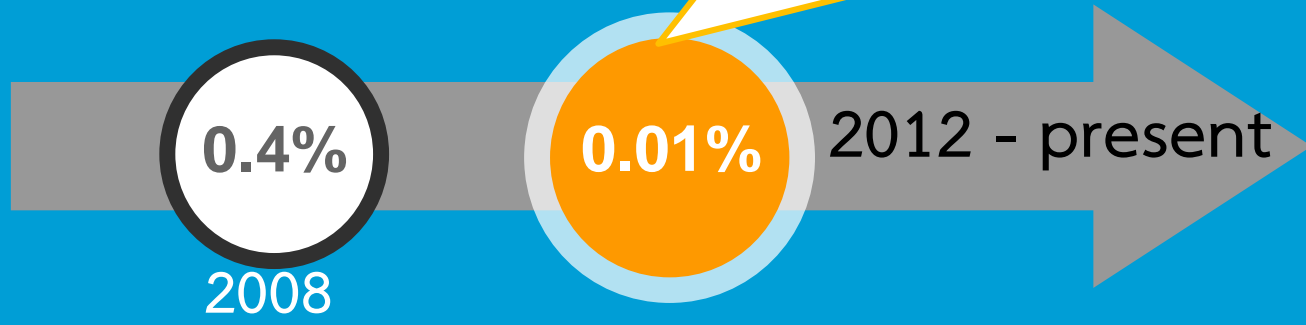
40 Days

90 Days

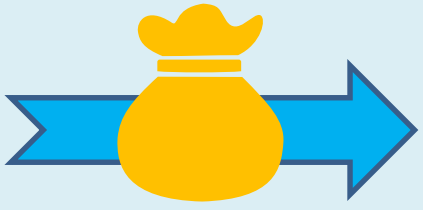
30 Days


# Premiums Collections

Current Premium Rate:  
Flat rate 0.01% per annum



Member Financial Institutions



Remittance Period: 

Semi - annual remittance

1. First period, 1 Jan to 30 June
2. Second period, 1 Jul to 31 Dec

Assessment base:  
Daily average of eligible deposits

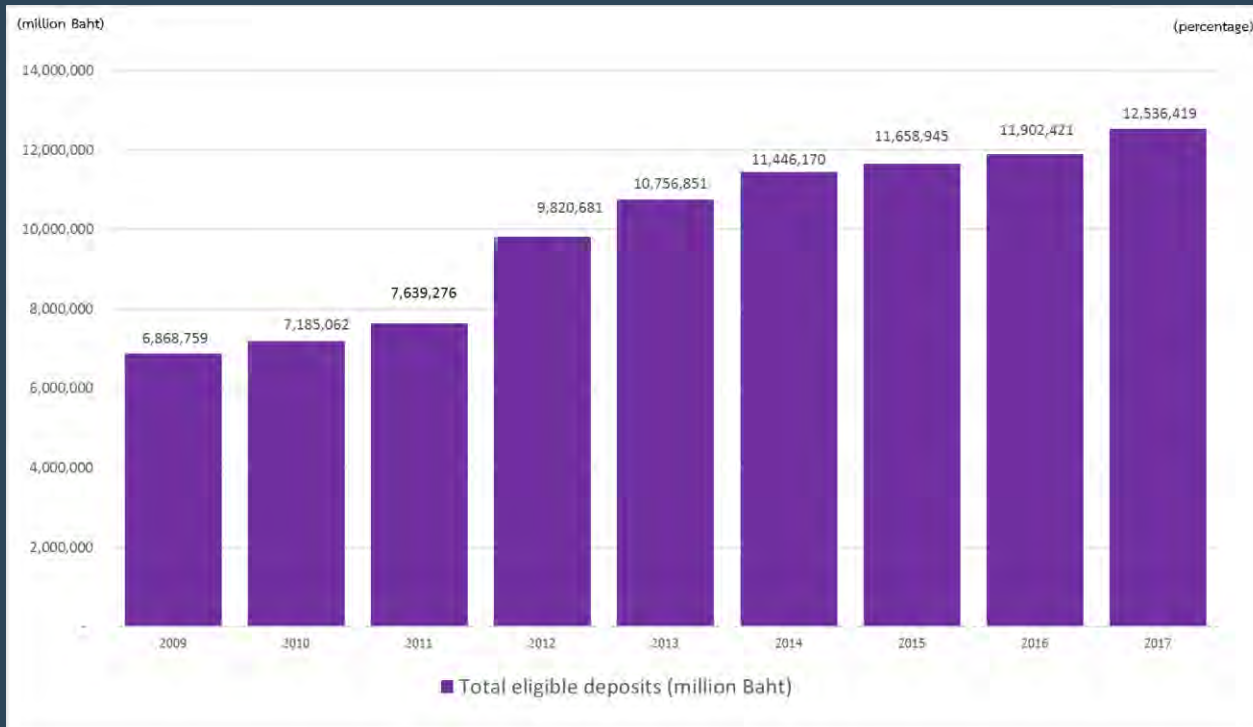


Not include: NRB accounts, deposits with embedded derivatives, interbank deposits

# Growth of total eligible deposits in the financial institution system

31 December 2008 - 31 December 2017

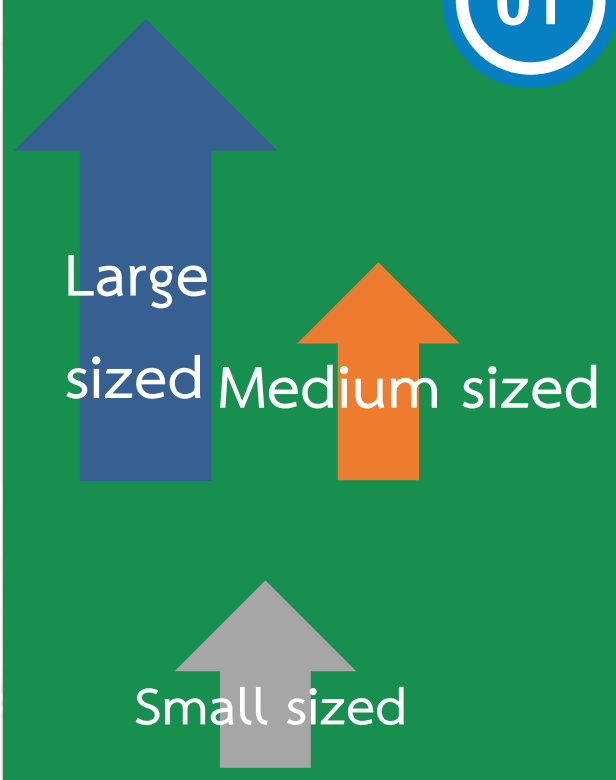
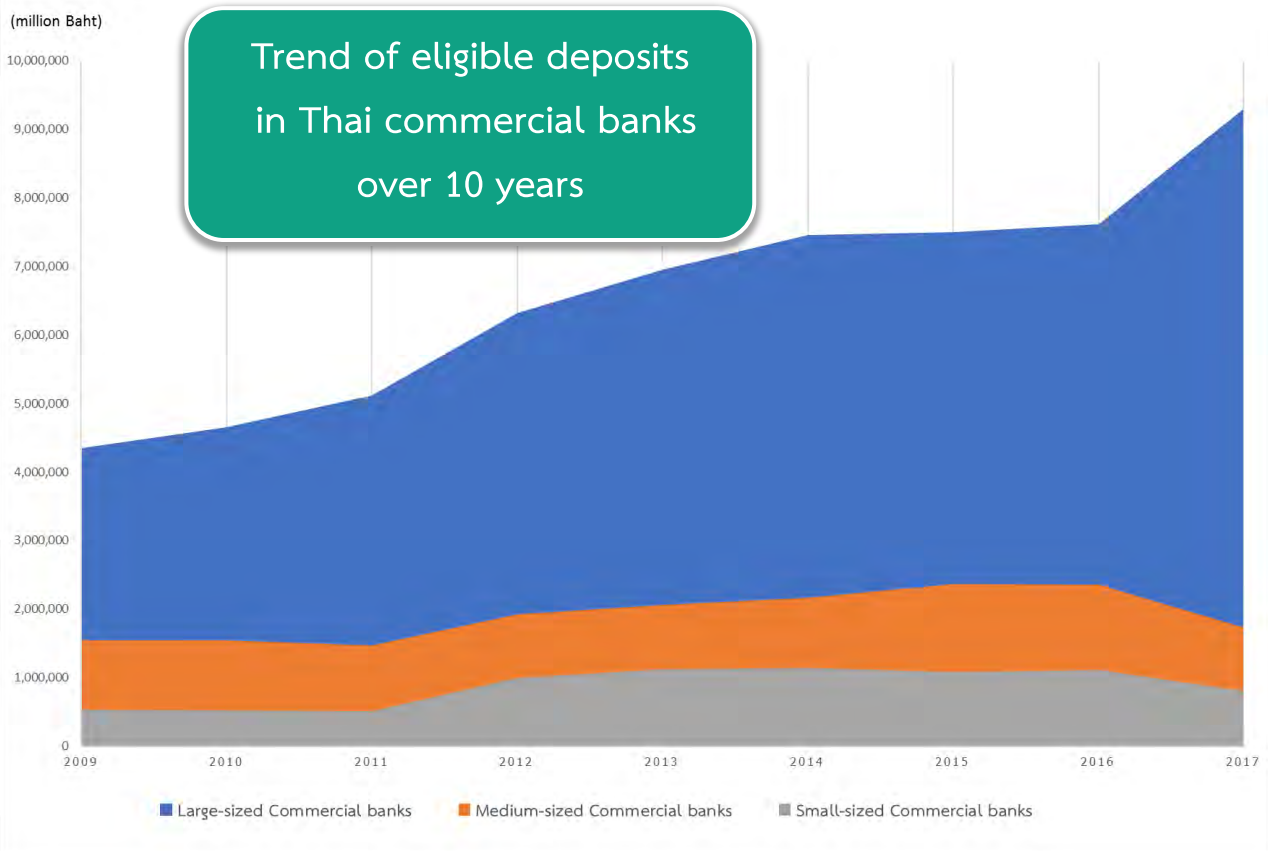
01



**10 year  
Average Growth**



**6.91%**

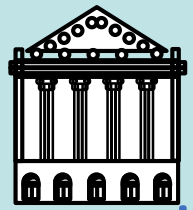


### Proportion of eligible deposits in the Thai FI system based on FI types\*

2008

60%

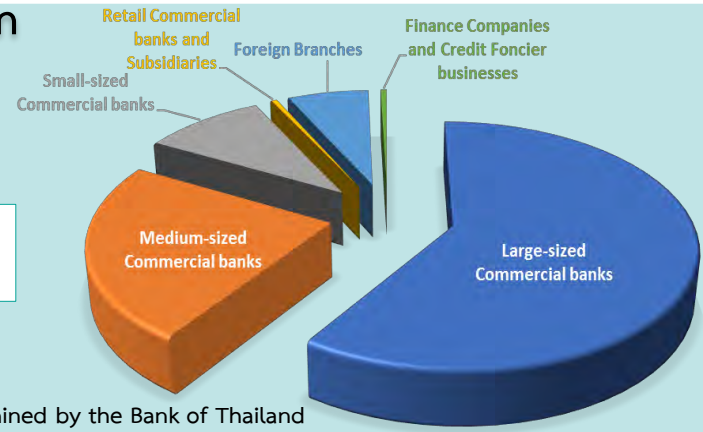
based on FI types\*



Large Commercial Banks

2017

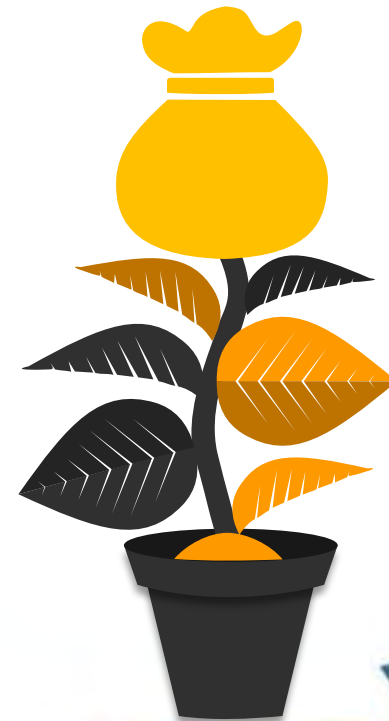
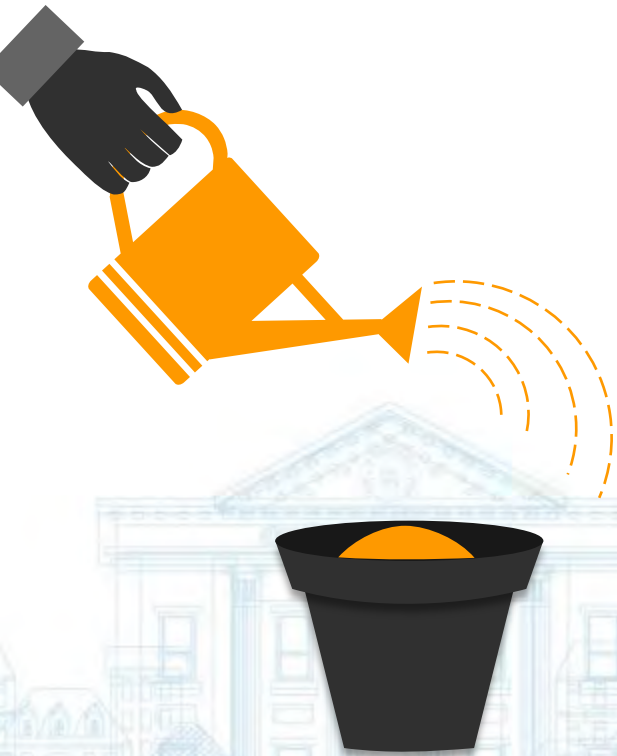
74%



\*The FIs are classified under the criteria determined by the Bank of Thailand



## Operations of Deposit Protection Fund



DPF-Deposit  
Protection Fund



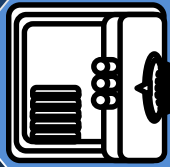
Funds

DPA-Fund for DPA  
Operations

Initial capital  
from government

Portion of the net earnings  
from DPF (not exceeding half  
of net earnings of DPF)

## Sources of fund of the DPF

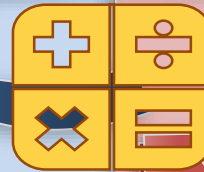


Premiums and surcharges collected from member institutions



Net investment income

- Monies or assets received from liquidation
- Donated monies or assets
- Borrowings for reimbursement to depositors



## Uses of fund of the DPF

Depositor Reimbursement



- Management fees
- Allocate to DPA (Not higher than half of the fund's net investment income)



Debt Obligations





**DPA Act**



≥ 60% of investment in highly secured securities

**Ministerial Regulation**



≥ 80% of investment in highly secured securities



**DPA Board Order**



100% of investment in highly secured securities



**DPA Act**



**Ministerial Regulation**



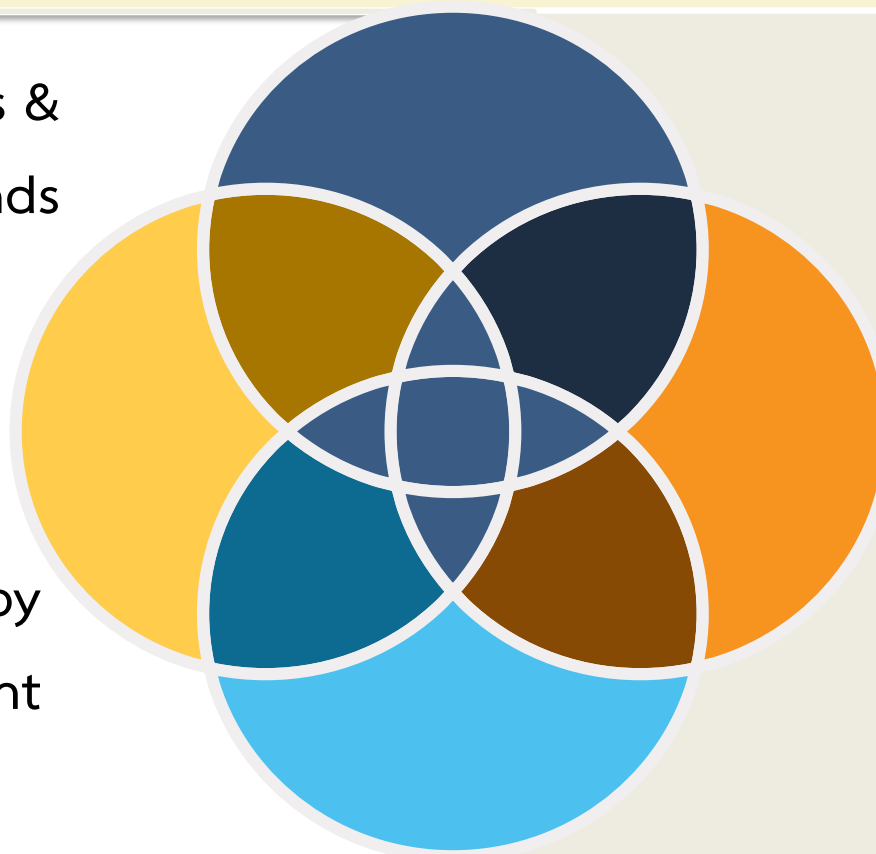
**DPA Board Order**

# Investment in highly-secured securities

02

Treasury bills &  
government bonds

SOE guaranteed by  
government



Deposits and bonds  
issued by specialized  
financial institutions  
(SFIs)\*

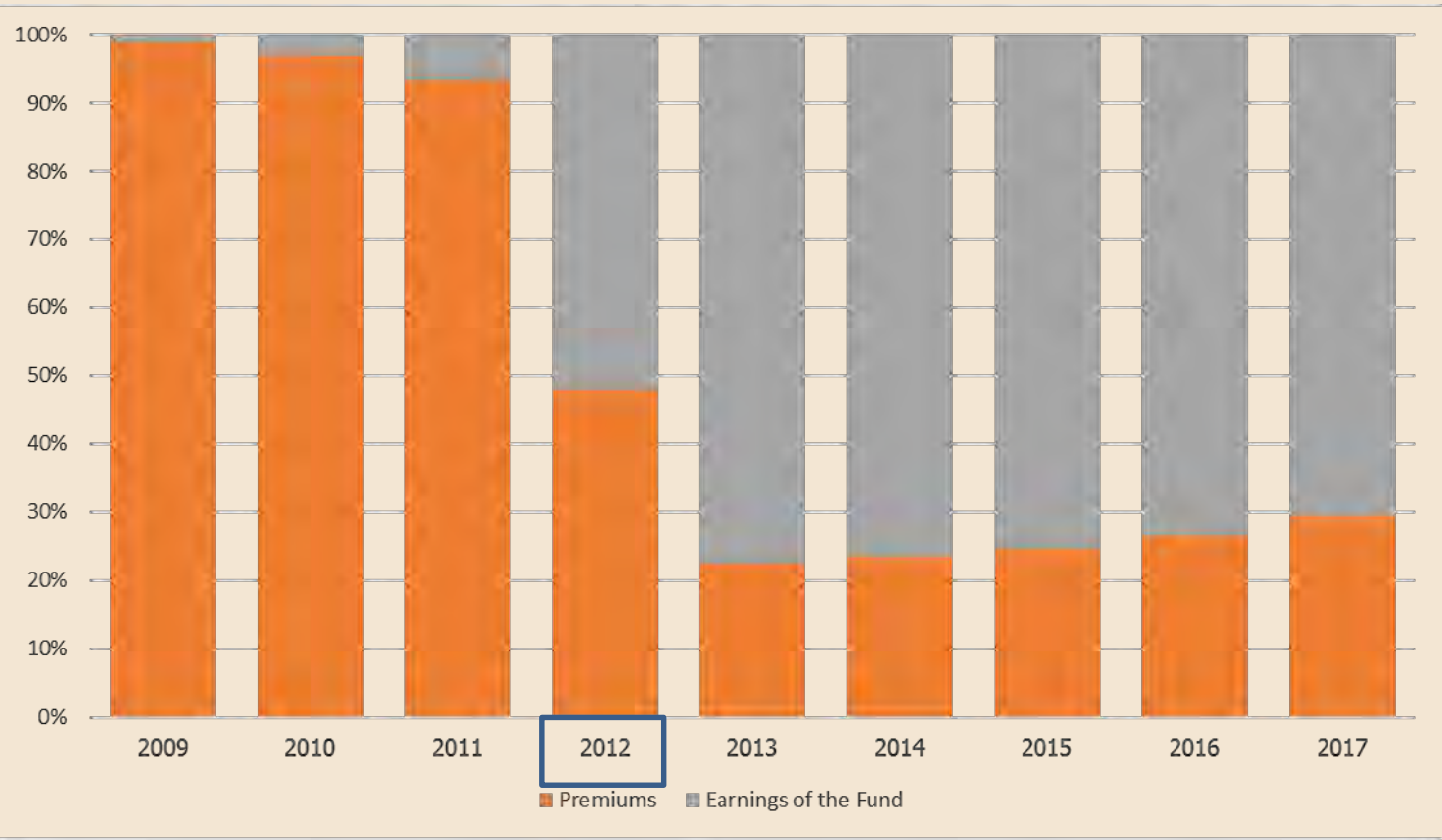
Deposits and bonds  
issued by the Bank of  
Thailand

\* Only those uninsured by deposit protection

# Investment Principles



# Compositions of the DPF



4% → 62%  
**Investment Earnings** ↑

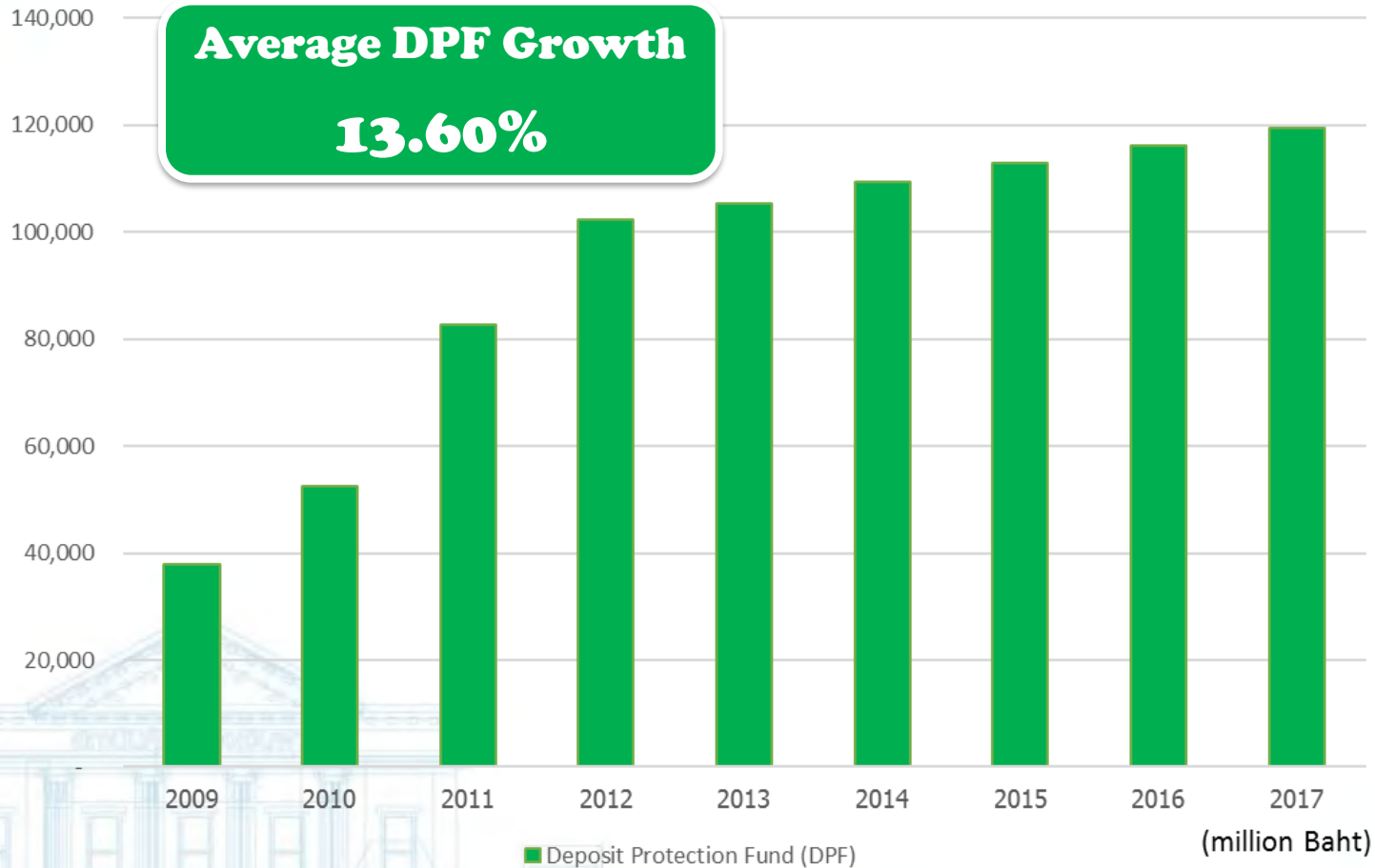
96% → 38%  
**Premiums** ↓

Premium Reduction from 0.4% to 0.01% per annum in 2012

# Deposit Protection Fund (DPF)

02

Ex-ante Fund



2009-2012

Average DPF Growth Rate

30%

2013-2017

Average DPF Growth Rate

3%



## Challenges and Prospects relative to the Fund



# Challenges to the Fund

Strengthen sufficiency and readiness of the DPF for funding the accelerated payout process



# Key aspects moving forward



- Being a member of the Financial Stability Committee
- Strengthen collaboration with the other members in the Control Committee working group
- Conduct joint simulation with FSN members



Thank you

