MEDIA RELEASE

Banks and finance companies to standardise disclosure statements of $50,000 deposit insurance from today

SINGAPORE, 7 January 2013 – From today, full banks and finance companies which take in deposits from individuals, charities and companies, will have to standardise disclosure statements on the $50,000 protection limit provided by the Singapore Deposit Insurance Corporation (SDIC) under the Deposit Insurance (DI) Scheme.

The 36 Scheme Members of the DI Scheme will now need to include standardised statements that simply and clearly educate depositors of the guaranteed maximum payment of $50,000 in the event a Scheme Member fails. Before this, Scheme Members are required to disclose such information to insured depositors, but the disclosure statements were not standardised.

The standardised statements will have to be carried in all marketing materials, account opening forms, and account statements, including advertisements, brochures and websites, indicating the deposits that are insured by DI and those that are not.

One example of such a statement is as follows: "Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S$50,000 in aggregate per depositor per Scheme member by law."

For a Scheme member with marketing materials, account opening forms, and account statements that cover both insured and uninsured products, such as consolidated statements of accounts for savings accounts and structured deposits, the Scheme member shall include an additional statement to clarify which products are not insured to avoid giving the impression that uninsured products such as Singapore dollar structured deposits are also covered by the DI Scheme. The additional disclosure statement shall be in the following form: “Foreign currency deposits, dual currency investments, structured deposits and other investment products are not insured.”

For TV, radio, SMS and outdoor advertising, Scheme members will need to include an abbreviated statement “Insured up to S$50k by SDIC”.

Commenting on the standardised statements, SDIC’s CEO, Ooi Sin Teik, explained: “Although Singapore has never experienced a bank failure, SDIC has an ongoing mandate to educate depositors of the automatic protection that the Deposit Insurance Scheme provides.”

“By standardising the message, SDIC and our Scheme Members can make a concerted effort to raise awareness of deposit insurance and over time, assure all depositors that their hard-earned money enjoys some measure of guaranteed protection in the event of a financial crisis.”

Under Singapore’s DI Scheme launched in April 2006, if a Scheme Member fails, customers who have Singapore dollar deposits held in a savings account, fixed deposit account, current account, Wadiah account, Murabaha account and monies under a Supplementary Retirement Scheme account are aggregated and insured for up to $50,000. Monies and deposits placed under the CPF Investment Scheme and CPF Minimum Sum Scheme are aggregated and separately insured for up to $50,000.

Additional disclosure statements are also required for Scheme members that accept monies or deposits under the CPF Investment and/or CPF Minimum Sum Scheme.

The rules on the new standardised statements have been gazetted and will come into effect today.

All full banks and finance companies in Singapore are required by law to be members of the DI Scheme.

For more details, please contact:

Catherine Ong Associates

Christina Stanley
Email: christina@catherineong.com
DID: (65) 6534 7008
HP: (65) 9835 3500

Farhan Zohri
Email: farhan@catherineong.com
DID: (65) 6327 6089
HP: (65) 8318 9665

About SDIC

The Singapore Deposit Insurance Corporation was first set up in 2006 as a company limited by guarantee under the Companies Act to administer the DI Scheme. Its Board is accountable to the Minister-in-charge of the MAS. On May 1, 2011, the DI-PPF Act was passed, and this mandated the SDIC to administer both the DI and the Policy Owners' Protection (PPF) Schemes. Its main roles are to collect levies from DI and PPF Scheme members, make payment of compensation to depositors, policy owners or relevant beneficiaries and third parties, and to educate the public on both Schemes.