

Deposit Insurance

A Consumer Guide

**Always Ready
to Cover You**



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Singapore consumers enjoy the benefits of a sound banking system. Banks and finance companies licensed in Singapore are supervised by the Monetary Authority of Singapore (MAS). It is the MAS' aim to ensure the stability of the banking system in Singapore and to require financial institutions to have sound risk management systems and adequate internal controls. However, the MAS does not guarantee the soundness of individual financial institutions. Therefore, a Deposit Insurance Scheme has been set up to protect the core savings of small depositors in Singapore in the event a full bank or finance company fails.

The purpose of this Guide is to help you understand what deposit insurance is about and how the Deposit Insurance Scheme in Singapore works.

What is deposit Insurance?

Deposit insurance protects depositors in the event a bank or finance company fails.

Who administers the Deposit Insurance Scheme in Singapore?

What is the coverage under the Deposit Insurance Scheme?

The Singapore Deposit Insurance Corporation ("SDIC") administers the Deposit Insurance Scheme in Singapore.

In the event a bank or finance company that is a Scheme member fails, all of your eligible accounts with that member are aggregated and insured up to \$50,000. Trust and client accounts held by non-bank depositors are insured up to \$50,000 per account.

Moneys held in banks deposits under the CPF Investment Scheme ("CPFIS") and CPF Minimum Sum Scheme ("CPFMS") are separately insured up to \$50,000.

Which institutions are members of the Deposit Insurance Scheme?

All full banks and finance companies¹ in Singapore are required to be members of the Deposit Insurance Scheme (“Scheme members”).

The list of Scheme members is posted on SDIC’s website at www.sdic.org.sg

Who will be insured by the SDIC?

Individuals and other non-bank depositors such as sole proprietorships, partnerships, companies and unincorporated entities like associations and societies, with insured deposits in full banks and finance companies in Singapore are insured by the SDIC.

Consumers need not apply for deposit insurance coverage. It is automatic if the savings falls under the type of savings covered, and are with banks and finance companies that are Scheme members.

What types of deposits are covered under the Deposit Insurance Scheme?

SDIC insures Singapore dollar denominated deposits placed with a full bank or finance company in any of its branches in Singapore. These include deposits or monies held in:

- Savings accounts
- Fixed deposit accounts
- Current accounts
- CPF Investment Scheme and CPF Minimum Sum Scheme accounts
- Supplementary Retirement Scheme accounts
- Wadiah and Murabaha accounts

Each DI Scheme member maintains a register of insured deposits it offers. To find out if a deposit account offered by your bank or finance company is insured, please refer to the institution’s register of insured deposits.

1) Full banks are licensed to transact the whole range of banking business which include deposit taking, the provision of cheque services and lending. On the other hand, finance companies focus on providing small-scale financing, including instalment credit for motor vehicles. Both full banks and finance companies are permitted to take Singapore dollar retail deposits.

What types of financial products are not covered under the Deposit Insurance Scheme?

The SDIC does not insure any financial product except those listed above. Products that are not insured include :

- Foreign currency deposits
- Structured deposits
- Investment products such as unit trusts, shares and other securities.

How does the Deposit Insurance Scheme work?

FOR CASH DEPOSITS

All of your eligible accounts at the failed Scheme member, except for deposits under the CPF Investment Scheme and CPF Minimum Sum Scheme, are aggregated and insured up to \$50,000. Deposits are not insured separately in each branch office of a Scheme member – this means that all your eligible accounts with different branches of the failed Scheme member are aggregated and insured up to \$50,000.

FOR DEPOSITS UNDER THE CPF INVESTMENT SCHEME AND MINIMUM SUM SCHEME

Moneys held in bank deposits under the CPF Investment Scheme and CPF Minimum Sum Scheme are aggregated and separately insured up to \$50,000.

The following illustrations show how the amount of deposit insurance coverage is calculated in different situations.

ILLUSTRATION 1:

YOU HAVE DIFFERENT DEPOSITS IN THE SAME BANK

Suppose you have \$15,000 in your savings account, \$2,500 in your current account and a US Dollar fixed deposit of US\$10,000 with one bank. You have also placed \$70,000 of your CPF moneys in a fixed deposit under the CPFIS in the same bank. The amount insured is computed as follows:

| | Account Balance | Amount Insured | Amount Not Insured |
|----------------------------------|-----------------|-----------------------|-------------------------|
| Savings Account | \$15,000 | | |
| Current Account | \$2,500 | | |
| Total Account Balance | \$17,500 | | |
| Total Amount insured/not insured | | \$17,500 | \$0 |
| Fixed Deposit Under CPFIS | \$70,000 | | |
| Total Amount insured/not insured | | \$50,000 ² | \$20,000 ² |
| US Dollar Fixed Deposit | US\$10,000 | | |
| Total Amount insured/not insured | | US\$0 | US\$10,000 ³ |

Notes:

- 1) Insured deposits are aggregated and insured up to \$50,000.
- 2) Moneys placed under the CPFIS and CPFMS are aggregated and insured up to \$50,000.
- 3) Foreign currency deposits are not covered under the Deposit Insurance Scheme.

ILLUSTRATION 2:

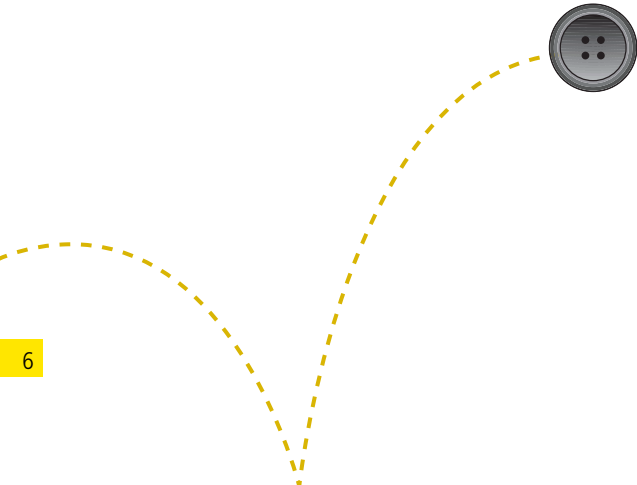
YOU HAVE DEPOSITS AND AN OUTSTANDING LOAN TO THE SAME BANK

Suppose you have \$70,000 in your savings account and a credit card account with outstanding balance payable of \$3,000 with the same bank. The amount insured is computed as follows:

| | Account Balance | Amount Insured | Amount Not Insured |
|---|------------------------|-----------------------|---------------------------|
| Savings Account | \$70,000 | | |
| Credit Card Outstanding Balance Payable in Full | \$3,000 ¹ | | |
| Total Amount insured/not insured | | \$50,000 | \$20,000 |

Note:

You will have to repay this outstanding balance to the liquidator of the bank.



Joint Accounts

For deposits in joint accounts, each joint account holder's share is combined with his other deposits held in his own name. The aggregate amount of eligible deposits is insured up to \$50,000. Each joint account holder is assumed to have an equal share in the joint account, unless the Scheme member has records to show otherwise.

ILLUSTRATION 3: COMPUTATION OF DEPOSIT INSURANCE COVERAGE WITH JOINT ACCOUNTS

Suppose you have \$20,000 in your savings account and you have \$70,000 in a joint account with your spouse. Your spouse does not have any personal account. Each person's share of the joint account is considered to be equal unless otherwise stated in the bank's records, for the purposes of calculating deposit insurance coverage. The amount insured is computed as follows:

| | Account Balance | Amount Insured | Amount Not Insured |
|---|-----------------|----------------|--------------------|
| Savings Account | \$20,000 | | |
| Your share of Joint Account (\$70,000÷2) | \$35,000 | | |
| Total Account Balance | \$55,000 | | |
| Total Amount insured/not insured | | \$50,000 | \$5,000 |
| Your spouse's share of Joint Account (\$70,000÷2) | \$35,000 | | |
| Total Amount insured/not insured | | \$35,000 | |

Deposit Insurance Coverage for Sole Proprietorships

If you are a sole proprietor, your personal eligible accounts will be aggregated with the eligible accounts of your sole proprietorship(s) with the same Scheme member in order to determine your total insured deposits.

Deposit Insurance Coverage for Partnerships

A partnership is treated as a single entity for computation of total insured deposits. Assume a partnership with 3 partners – A, B, C, with a deposit of \$60,000 with a Scheme member. In addition, partner A has \$30,000 in a personal savings account with the same Scheme member. The amount of insured deposits of the partnership is \$50,000. Partner A is insured for \$30,000 in his personal capacity.

Deposits Held in Trust and Client Accounts

Trust and client accounts maintained by individuals as well as other non-bank depositors are insured on a per account basis up to \$50,000. Deposits held in trust and client accounts will not be aggregated with the other personal deposits of the account holders or beneficiaries of these trust and client accounts with the same Scheme member.

Do I need to pay premiums for deposit insurance coverage?

No, depositors do not need to pay premiums for deposit insurance coverage.

What does a depositor need to do when his/her bank or finance company fails?

SDIC will provide details on how the compensation will be made. You do not need to file any claims. SDIC will make announcements through the TV, newspapers and at the affected bank or finance company.

If your deposit exceeds the compensation from SDIC, you can file a separate claim with the liquidator for the difference but you cannot claim what has already been compensated.



Contact SDIC

Additional information on deposit insurance can be obtained from www.sdic.org.sg, or call SDIC at :

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Singapore 079117

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