

Deposit Protection Corporation



The Deposit Protection Corporation (DPC) has been established under the Deposit Protection Corporation Act, 2016 as a subsidiary of the State Bank of Pakistan (SBP). It commenced its operations on 1st June, 2018.

The mandate of DPC is to protect small and financially unsophisticated depositors in the event of any bank failure by compensating them up to the protected amount in order to repose confidence amongst depositors and promote stability in the financial system.

Frequently Asked Questions

Q No. 1: What is Deposit Protection?

Deposit Protection is a system established to protect the deposits of eligible depositors up to a specified limit in the event of a bank being declared as a failed bank by the State Bank of Pakistan (SBP).

Q No. 2: What is Deposit Protection Corporation (DPC) and what is role of it?

Deposit Protection Corporation (DPC) is a subsidiary of the State Bank of Pakistan (SBP) established under the Deposit Protection Corporation Act, 2016. The role of the Corporation is to provide a robust Deposit Protection Mechanism to ensure payment of protected amount to the eligible depositors of a DPC member bank, in the event of it being declared as a failed bank by the State Bank of Pakistan (SBP).

Q No. 3: What is the protected amount determined by DPC for the protection of eligible depositors?

Presently, a protected amount of up to PKR 500,000/- "per depositor-per bank" has been determined by DPC for the protection of eligible depositors.

Q No. 4: What is the benefit of Deposit Protection?

Deposit Protection will provide prompt access to the guaranteed amount, i.e. up to PKR 500,000/- to the eligible depositors of a bank declared as failed by the State Bank of Pakistan.

Q No. 5: How do I know if my bank is a member bank of DPC?

Presently all scheduled banks operating in Pakistan are members of deposit protection scheme of DPC. The list of member banks is available at DPC's website: <https://www.dpc.org.pk/Circulars/2020/CL1-Annex-A.pdf>

Q No. 6: How do I know if my deposit is eligible for deposit protection?

Your deposit is eligible for protection, if it does not belong to any of the following categories:

- a. Government or government institutions
- b. Member institutions of DPC
- c. Companies as defined under Companies Ordinance, 1984/Companies Act, 2017
- d. Corporations, modarabas mutual funds
- e. Branch(es)/Permanent establishment(s) of foreign entities
- f. Diplomatic missions and international organisations/entities like United Nations, World Bank, IFC, ADB, etc.
- g. Autonomous bodies
- h. Deposits on which preferential interest or return has been granted by the bank
- i. Members of Board of Directors and senior management of a DPC member bank
- j. Engagement partners of auditing firm responsible to certify DPC member bank's financial statements
- k. Persons acquired rights to a deposit after the SBP's notification of bank failure under DPC Act, 2016
- l. Spouses, dependent lineal ascendants and descendants, and dependent brothers and sisters of the persons specified at serial no. i, j and k above
- m. Deposits arising out of or related to transactions or actions constituting money laundering within the meaning of the Anti-Money Laundering Act, 2010, if the offender has been convicted of such offence
- n. Amounts reported under unclaimed deposits by a member bank in compliance of Section 31 of Banking Companies Ordinance, 1962
- o. Deposits maintained at branches and subsidiaries of Pakistani banks operating outside Pakistan and branches located in Export Processing Zones (EPZ)

Q No. 7: I am an eligible depositor; how do I know if my account is also eligible for deposit protection?

Following types of accounts of eligible depositors are protected by DPC:

- a. All current and saving accounts, including Roshan Digital Accounts (RDA)
- b. All types of branchless accounts
- c. Fixed term deposits
- d. Call Deposit Receipts (CDR)/Security Deposit Receipts (SDR)
- e. Deposit balance kept as cash margins/collateral or under lien, which are payable to depositors after satisfaction of all dues that are payable by them to the bank
- f. Foreign currency deposits. However, reimbursement of such accounts shall be made equivalent to PKR at the exchange rate declared by the SBP on date of notification of a bank failure
- g. Profit accrued till cut-off date on any of the above type of accounts
- h. Any other type of deposits communicated by DPC from time to time

Q No. 8: Does DPC provide protection to my deposits held at an overseas branch of a Pakistani bank?

DPC does not provide protection to depositors of overseas branches of Pakistani banks and branches located in Export Processing Zones (EPZ) across Pakistan.

Q No. 9: I am a foreign national temporarily living in Pakistan. Does my account maintained in a domestic branch of Pakistani bank is eligible for Deposit Protection?

Yes, nationality/residential status of a depositor would not affect the eligibility of depositor for Deposit Protection. However, the bank having deposited amount should be a member institution of DPC. The list of member banks is available on the DPC website: <https://www.dpc.org.pk/Circulars/2020/CL1-Annex-A.pdf>

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Q No. 10: Do I need to apply for Deposit Protection?

No, all eligible depositors of member banks of DPC shall stand automatically qualified for Deposit Protection.

Q No. 11: I have a joint account with my wife in a bank. Does each of us enjoy separate Deposit Protection by DPC in case of bank failure?

Yes, each eligible depositor of a joint account enjoys separate protection by DPC. However, any pre-defined share or proportionate share of each depositor in a joint account shall add up to his/her other deposit balances in the same bank for the purpose of calculating the protected amount for reimbursement to that depositor.

Q No. 12: Can I claim from DPC an additional protection over and above the maximum protected amount of PKR 500,000/-?

No, the maximum protected deposit currently prescribed by DPC is PKR 500,000/-.

Q No. 13: What happens to unprotected portion of my deposits?

Depositor may claim for the unprotected portion of their deposits from the official liquidator.

Q No. 14: Does DPC provide separate coverage for conventional and Islamic deposits of a single depositor?

No, DPC provides a total coverage of up to PKR 500,000/- to each eligible depositor against all of his/her conventional and Islamic deposits held in the same bank.

Q No. 15: Whether DPC provides separate protection against multiple accounts of an eligible depositor maintained with different banks?

Yes, a single depositor can receive a protection of up to PKR 500,000/- against all his/her deposits maintained with each member bank. However, maximum protection is capped at PKR 500,000/- for all accounts in one bank based on 'per depositor-per bank principle'.

Q No. 16: In which currency the protected amount shall be reimbursed to eligible depositors?

The protected amount shall be reimbursed to eligible depositors in Pak Rupees (PKR). Foreign currency deposits shall also be reimbursed in equivalent Pak Rupees on the conversion rates declared by SBP for this purpose.

Q No. 17: Can a bank recover the cost of Deposit Protection from its depositors?

No, banks are not allowed to recover any cost associated with Deposit Protection from their depositors.

Q No. 18: If my bank fails, would DPC pay any interest on my protected deposits at the time of reimbursement?

No, DPC will not pay any further interest or profit on the total claim of the depositor of failed member bank.

Q No. 19: I have advised my bank to issue a pay order/banker's cheque from my account. In addition, I have received a pay order from my insurance company that is forwarded to the bank for credit in my account. What happens to items in transit that are not cleared/settled on the date of bank failure?

The issues related to instruments in transit that are not settled/cleared on the date of bank failure shall be addressed during liquidation process. DPC would make payment to eligible depositors based on the outstanding balance(s) available in their deposit account(s) on the date of bank failure as declared by the SBP.

Q No. 20: I have two accounts in the same bank, one as an individual and other as a sole proprietor. Does DPC provide separate protection to both accounts at the time of bank failure?

DPC does not provide separate protection to persons having accounts as an individual and a sole proprietor in the same bank. The calculation of protected amount for such depositors is depicted below:

Depositor	Category	No. of A/Cs	Deposits (PKR)	Protected Amount (PKR)
Mr. XYZ	Individual	1	200,000	---
Mr. XYZ	Sole Proprietor	1	340,000	---
Total		2	540,000	500,000

Q No. 21: How DPC would assess the protected amount for different categories of eligible depositors?

The protected amount would be assessed against all deposits of a single depositor held with a failed (member institution) bank on the date of notification by the State Bank of Pakistan.

For evaluation of guaranteed amount for different categories of depositors, following illustration may be seen:

Depositor	Category	No. of A/Cs in the same bank	Total Deposits (PKR)	Protected Amount (PKR)
Mr. XYZ	Individual and Sole Proprietor	3	600,000	500,000
Ms. ABC	Individual	1	300,000	300,000
Mr. RAZ	Sole Proprietor	4	1,000,000	500,000
ABC Consultancy Ltd	Partnership Firm	2	700,000	500,000
WBC Builders	Partnership Firm	3	1,500,000	500,000
MNP Fitness Club	Sole Proprietor	6	1,000,000	500,000
SINCOS Foundation	Trust	1	200,000	200,000
TANG-ONN	Other (Adventure Club)	1	100,000	100,000

Q No. 22: How would I know if my bank (DPC member institution) has failed?

After the issuance of notification by SBP, the Corporation shall inform general public through leading newspapers having wide circulation in the country. The information shall include the date after which depositors will receive protected amount from the Corporation and the procedure for payments.

Q No. 23: How would DPC validate my total deposits held with a failed member institution (bank)?

Deposit balances of all eligible depositors shall be validated on the basis of a comprehensive depositors' database reported by the failed member institution (bank).

Q No. 24: If my bank (DPC member institution) fails, when will I receive the coverage amount guaranteed against my deposits from DPC?

DPC shall begin the process of reimbursement to eligible depositors as early as possible after the issuance of failure notification of a member institution by SBP.

DPC shall ensure payments to most of the protected depositors are made or tendered within seven working days and that all payments are made or tendered within thirty days at the latest, provided that there is no legal dispute on the deposit or accounts in question.

Q No. 25: I have deposits in two member institutions (banks) of DPC. What happens to my deposits if they merged?

Your deposits up to the guarantee amount shall continue to be protected separately for a period of one year or full withdrawal or until maturity of the deposits, whichever occurs earlier, from the effective date of merger.

Q No. 26: Can legal heirs of a deceased depositor of a failed bank claim the guaranteed amount from DPC?

Yes, however, the legal heirs will be required to prove their right to claim the guaranteed amount by acquiring all necessary documents as per the applicable laws.

Q No. 27: Where should I contact for further information on deposit protection in Pakistan?

You may visit DPC's website <https://www.dpc.org.pk> to access further details on deposit protection in Pakistan. You can also write through email at info@dpc.org.pk or through surface mail at the following address:

DEPOSIT PROTECTION CORPORATION
2nd Floor, SBP Bolton Market Building,
M. A. Jinnah Road,
Karachi.

Disclaimer: These FAQs are being issued for information and general understanding only and shall not constitute any legal obligation on the part of Deposit Protection Corporation (DPC). These FAQs are subject to updates from time to time by the DPC. The Deposit Protection Corporation Act, 2016, rules and regulations issued thereunder shall be applicable on all the member institutions.

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