

DEPOSIT PROTECTION MECHANISM

State Bank of Pakistan has launched “Deposit Protection Mechanism for Banking Companies*” vide DPC Circular No.4 of 2018 dated June 22, 2018, which is effective from July 01, 2018. Kindly note that as per Section 7(1) of the Deposit Protection Corporation Act, 2016, an amount up to Rs. 500,000/- per depositor has been determined by DPC as the guarantee amount, which is subject to change from time to time. Consequent upon the promulgation of Deposit Protection Corporation Act, 2016 (the Act), the Deposit Protection Corporation has been established as a subsidiary of State Bank of Pakistan for protection of small depositors in order to ensure financial stability of the system. The objective of the Corporation as enshrined in Section 5 of the Act is “to compensate the depositors for losses incurred by them to the extent of protected deposits in the event of failure of a member institution, as notified by State Bank of Pakistan under sub-section (1) of Section 21”. In this backdrop, it is hereby announced that the Deposit Protection Corporation shall commence its business with effect from 1st June, 2018. Further, in terms of Section 33 and 7(4) of DPC Act, Deposit Protection Regulations for banks and guaranteed amount will be communicated in due course.