

Enhancements to the Deposit Insurance Scheme in Singapore

The Monetary Authority of Singapore (the “MAS”) has recently issued its response to the feedback received on the consultation paper regarding proposed enhancements to the Deposit Insurance (“DI”) scheme.

This response outlines significant changes aimed at improving the protection of depositors in Singapore.

Key Changes Announced

1. Increase in Maximum Coverage

- Effective from 1 April 2024, the maximum deposit insurance coverage per depositor will be raised from S\$75,000 to S\$100,000.
- This increase aims to provide greater security for depositors, ensuring that a higher proportion of their savings are protected.
- The new limit of S\$100,000 will fully cover 91% of insured depositors, up from the previous 89%.

2. Exclusion of Foreign Currency Deposits

- MAS has decided to continue excluding foreign currency deposits from the DI scheme. This decision is based on the objective of protecting the core savings of small depositors, which are primarily held in Singapore dollars.

3. Operational Clarifications

- DI scheme members can continue to accept account opening forms that have not been updated to reflect the new coverage limit, provided that they notify depositors of the changes subsequently.
- There is no requirement for formal notification to customers ahead of the increase in coverage.

Conclusion

The enhancements to the DI scheme by MAS demonstrate a proactive approach to safeguarding depositors' interests in Singapore. By increasing the coverage limit and providing clear operational guidelines, MAS aims to ensure that the DI scheme remains robust and effective in the face of evolving economic conditions.

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Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.



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This article is intended to discuss the Enhancements to the Deposit Insurance Scheme in Singapore, and it is not intended to be comprehensive nor should it be construed as legal advice. This article is updated as 27 November 2024.

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