



DEPOSIT PROTECTION CORPORATION

Subsidiary of State Bank of Pakistan

SBP Building, Boulton Market

M.A Jinnah Road

KARACHI

DPC Circular No. 04 of 2018

June 22, 2018

The Presidents/ Chief Executives
All Banks

Dear Sir/ Madam,

Deposit Protection Mechanism for Banking Companies

A strong financial stability framework is necessary for growth of financial system and for enhancing public confidence in the system. Deposit protection schemes, around the world, are cornerstones of such frameworks. In this context, Deposit Protection Corporation (DPC) has been set up through promulgation of the Deposit Protection Corporation Act, 2016 (the Act), with an aim to provide protection to small depositors of banks operating in Pakistan.

2. Consequent upon the commencement of business with effect from June 01, 2018, the DPC, in exercise of its powers under section 6 of the Act, is pleased to issue instructions on the mechanism for protecting the depositors of banking companies, which are attached with this circular as Annexure-A. The subject protection mechanism has been developed, under the relevant sections of the Act, for compliance by banking companies and shall become effective from July 01, 2018. Kindly note that as per section 7(1) of the Act, an amount of Rs. 250,000/- (Rupees two hundred fifty thousand only) per depositor per bank has been determined by DPC as the guarantee amount.

3. The banking companies declared as members of the DPC vide its Circular No. 03 dated June 22, 2018 shall be required to comply with the provisions of the above mechanism.

4. Please acknowledge receipt.

Enclosed: [Instructions on Deposit Protection Mechanism – Annexure-A](#)

Yours truly,

Sd/-

(Lubna Farooq Malik)
Managing Director