

Following is the speech by the Financial Secretary, Mr Henry Tang, at the cocktail reception to launch the Deposit Protection Scheme at the main office of the Hong Kong Monetary Authority this evening (September 25):

Andrew (Professor Andrew Chan), distinguished guests, ladies and gentlemen,

Good evening.

Hong Kong's robust and well-regulated banking system is of paramount importance to our status as an international financial centre. We have been able in maintaining a stable and prosperous banking sector during the past 15 years and our banks weathered well the Asian financial crisis, which caused much hardship, instability and even bank failures in other economies in the region.

While we are proud of our banking system, there is no room for complacency. Being a free and open economy, Hong Kong is constantly subject to the impact of external forces such as globalised competition, further economic integration with the Mainland and continuing technological advancement. We must, therefore be ever alert of how Hong Kong should ride these global and regional trends to maintain and enhance the resilience of our financial system, especially in this testing time.

Our establishment of the Deposit Protection Scheme is a measure conducive to this end. The Scheme will provide a high degree of protection to depositors, especially small depositors who trust their hard-earned savings to our banks. More importantly, by strengthening the confidence of depositors in our banking sector, the Scheme will also contribute to the stability of our financial system.

I, therefore, have great pleasure in joining such a prominent gathering this evening to celebrate the launch of the Deposit Protection Scheme. I would like to thank and congratulate the Hong Kong Deposit Protection Board for its hard work over the past two years to put the Scheme together. We are most pleased to see the fruit of your efforts today.

I believe all depositors in Hong Kong are glad to see the Scheme getting off the ground today. And I am sure the Deposit Protection Board and the HKMA will work closely to make sure the Scheme will work in an efficient and effective manner, and most importantly, contribute towards the monetary and financial stability of Hong Kong. Thank you.