



Protecting Your Deposits

Deposit Protection Scheme Highlights

Deposit Protection as a Financial Safety-Net and its Role in Promoting Financial Inclusion.

Deposit protection aims to protect depositors against the loss of their savings when an individual deposit-taking institution fails. The deposit guarantee scheme buttresses trust in the financial system and prevents deposit runs. Explicit deposit protection systems have clearly specified laws that guarantee depositors repayment of part or all of their deposits in the event of failure of a contributory institution. According to the International Association of Deposit Insurers (IADI), today over 140 jurisdictions have an explicit deposit insurance system as part of their "financial safety-net."

In Zimbabwe DPC promotes financial inclusion by:

- Fostering confidence in financial institutions, as well as, peace of mind and security to depositors in knowing that their deposits will be reimbursed in the event that their contributory institution becomes insolvent.
- Providing a guarantee to the majority of depositors (individuals and corporate clients) that they will receive their deposits in part or in full in the event of a bank failure, thus reducing incidences of deliberate financial exclusion.
- Affording broad access to safe and affordable financial services to the marginalized and the unbanked public through compulsory membership of registered deposit-taking institutions to DPC.
- Promoting the use of mainstream banking through financial literacy and public awareness campaigns among the banked and unbanked public on the benefits and limitations of deposit protection, protected deposits, coverage limits, and member institutions.
- Levelling the playing field through providing protection to depositors of both large and small banks thus contributing to financial stability and promoting competition in the financial sector.

To fulfil the Deposit Protection Scheme's public policy objectives of protecting depositors and contributing to financial stability, there should be a formal and comprehensive framework in place for the close coordination of activities and information sharing on an ongoing basis between the deposit insurer and other financial safety-net participants.

In Zimbabwe, information sharing and coordination of actions are explicit and formalized through a Memorandum of Understanding (MoU) between the Reserve Bank of Zimbabwe (RBZ) and the Deposit Protection Corporation (DPC). There is also a Multidisciplinary Financial Stability Committee that meets quarterly and comprises the RBZ, Securities and Exchange Commission of Zimbabwe (SECZIM), Insurance and Pensions Commission (IPEC), and DPC. The DPC Act provides for timely information sharing among the financial safety net participants.

For more information on the Deposit Protection Scheme contact:

PUBLIC RELATIONS DEPARTMENT

Evelyn House, 26 Fife Avenue/Cnr Blakiston Street, P.O. Box 7390, Harare.
e: claims@dpcorp.co.zw | w: www.dpcorp.co.zw | t: +263 242 252 336



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