

New Deposit Insurance System

On December 11, 2002, the Bill to amend the Deposit Insurance Law and other related laws was passed at the 155th session of the Diet, resulting in the revision of the deposit insurance system. The following is a brief description of the revision.

Current deposits, ordinary deposits and specified deposits will remain protected in full until March 31, 2005.

- In the case of time deposits, etc., the principal in the amount of no more than 10 million yen and the interest, etc. will still be protected per person at each financial institution.
- From April 2005 onwards, non-interest-bearing deposits such as current deposits will be protected in full.

Deposit Protection Framework

		April 2002 - March 2005	April 2005 onwards
Deposits, etc., within the scope of protection	Current deposits Ordinary deposits Specified deposits	Full protection	Full protection for deposits that bear no interest and meet other conditions (*1)
	Other deposits, etc. (time deposits, installment savings, money in trust under the guarantee of principal, bank debentures)	Total up to a maximum principal of Y10 million (*2) plus interest (*3) (The portion in excess of that amount will be paid depending on the asset status of the failing financial institution. (Some may be unpaid.))	
Deposits, etc., outside the scope of protection (foreign currency deposits, negotiable certificates of deposit, money in trust under no guarantee of principal, bank debentures (other than of safe deposit instruments), etc.)		(Liquidation dividends payable in accordance with asset situation of failed financial institution)	

(*1) These are referred to as “the Payment and Settlement Deposits”. They must satisfy three conditions: Bearing no interest; Deposit redeemable on demand; and Provides normally required payment and settlement services.

(*2) If the financial institution merges or takes over all businesses (operations) in April 2003 or thereafter, the amount protected will be “10 million yen × the number of financial institutions subject to the merger, etc.” instead of 10 million yen for the first year only. (For example, if two institutions are merging, the amount protected will be 20 million yen.)

(*3) Provisions for installment savings, allocation of proceeds from money trust, etc. will also be protected in the same manner as interest.

Q1 How are deposits going to be protected in the new deposit insurance system?

A1

- Current deposits, ordinary deposits and specified deposits will be protected in full until March 31, 2005.
- As for time deposits, etc., the principal in the amount of no more than 10 million yen in total and the interest, etc. will be protected. The portion in excess of that amount will be paid depending on the asset status of the failing financial institution. (Some may be unpaid.)

* The same treatment will apply under Agricultural and Fishery Cooperative Savings Insurance System.

Q2 What will happen to deposit protection from April 2005 onwards?

A2 From April 2005 onwards, non-interest-bearing deposits such as current deposits (*) will be protected in full. In the case of time deposits, etc., the principal in the amount of no more than 10 million yen and the interest, etc. will be protected per person at each financial institution.

(*) These are referred to as “the Payment and Settlement Deposits”. They must satisfy three conditions: Bearing no interest; Deposit redeemable on demand; and Provides normally required payment and settlement services.

Q3 What kind of deposits are within the scope of deposit insurance?

A3 The following products are within its scope.

- Current deposits
- Ordinary deposits
- Specified deposits
- Time deposits
- Notice deposits
- Deposits for tax payments
- Saving deposits
- Installment savings
- Money in trust under the guarantee of principal (including loan trust such as Big)
- Bank debentures (limited to products dedicated to safe deposit, such as Wide)
- Installment and property accumulation savings products using the above

* Please contact the financial institution handling these deposits for further details.

Q4 Which financial institutions are within the scope of deposit insurance?

A4 The following financial institutions are within its scope.

- Banks (provided that the head office is in Japan)
- Credit associations
- Shinkin Central Bank

- Credit unions
- National Federation of Credit Cooperatives
- Labor credit associations
- National Federation of Labor Credit Associations

(*) Financial institutions affiliated to agricultural cooperatives, fisheries cooperatives, marine product processing cooperatives, etc. are members of the Agricultural and Fishery Cooperative Savings Insurance System separately hereto. (For further information, please contact the Agricultural and Fishery Co-operative Savings Insurance Corporation at Tel: 03-3285-1272 or its website <http://www.sic.or.jp>)

- For further details, please contact the inquiry desk at the Deposit Insurance Corporation of Japan, the Local Finance Bureau or the financial institutions. Reference materials on the deposit insurance system are available at the website of the Deposit Insurance Corporation of Japan as well.

Deposit Insurance Corporation of Japan	Tel: 03-3212-6029	http://www.dic.go.jp/
Hokkaido Local Finance Bureau	Tel: 011-709-2311	
Tohoku Local Finance Bureau	Tel: 022-263-1111	
Kanto Local Finance Bureau	Tel: 048-600-1146	
Hokuriku Local Finance Bureau	Tel: 076-292-7853	
Tokai Local Finance Bureau	Tel: 052-951-2490	
Kinki Local Finance Bureau	Tel: 06-6949-6369	
Chugoku Local Finance Bureau	Tel: 082-221-9221	
Shikoku Local Finance Bureau	Tel: 087-831-2131	
Kyushu Local Finance Bureau	Tel: 096-353-6351	
Fukuoka Local Finance Bureau	Tel: 092-411-7281	
Okinawa General Bureau	Tel: 098-862-1944	