



Protecting Your Deposits

# Deposit Protection Scheme

Highlights

## The Role of Deposit Protection in Promoting Financial Inclusion.

### Protecting the Majority of Depositors

A Deposit Protection Scheme (DPS) provides certainty or 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.

### Building Confidence in Financial Institutions

Deposit insurance protection promotes financial inclusion by fostering confidence in financial institutions by providing peace of mind and security to depositors in knowing that their deposits will be reimbursed in the event that their contributory institution becomes illiquid or insolvent.

### Promotes Competition in Financial Sector

Deposit insurance contributes to financial stability and promotes competition in the financial sector by leveling the playing field through providing protection to depositors of large and small banks. Potential depositors may have greater trust in all banks if they believe their savings are covered and this may lead to more individuals to open bank accounts.

### Financial Literacy and Public Awareness

Deposit insurers carry out 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 thereby promoting the use of mainstream banking. Studies confirm a positive relationship between awareness of deposit insurance and deposit account penetration.

### Compulsory Coverage of Financial Intermediaries

Membership to DPS is compulsory to any registered deposit-taking institution. Extending protection to these institutions affords broad access to safe and affordable financial services to the marginalised and the unbanked public thereby promoting financial inclusion.

### Providing Protection to a wide range of Financial Products

Deposit insurers protect a wide range of financial products which offers depositors peace of mind knowing that their money is protected which encourages the marginalised and unbanked to have access to basic financial services.

For more information on the Deposit Protection Scheme contact:

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