

Q&A ON THE NEW MAXIMUM DEPOSIT INSURANCE COVERAGE (MDIC)

1. WHAT IS DEPOSIT INSURANCE?

Deposit insurance is a government policy and a financial safety net to protect depositors and help promote financial stability. It guarantees that depositors will receive their hard-earned savings in banks up to the maximum deposit insurance coverage (MDIC) if their bank fails. Deposit insurance, provided by the Philippine Deposit Insurance Corporation (PDIC), not only protects depositors but also prevents bank runs during financial crises, and helps maintain public confidence in the banking system.

2. WHAT IS MDIC?

The maximum deposit insurance coverage (MDIC) refers to the maximum amount of depositor's money in an insured bank guaranteed as safe by the PDIC.

Starting March 15, 2025, deposits will now be insured by the new MDIC of ₱1 million. This allows for more deposits to be protected. The new MDIC of ₱1 million will have a prospective application and will only apply to deposits maintained in banks ordered closed on March 15, 2025, and thereafter. As such, when a bank is closed prior to March 15, 2025, deposits will be covered up to ₱500,000 only.

3. HOW WAS THE NEW MDIC DETERMINED?

The new MDIC was determined based on two (2) primary considerations: 1) inflation and 2) ratio of MDIC to gross domestic product (GDP) per capita of comparable economies. The adjustment in the MDIC to ₱1 million was intended to update the extent of protection when the MDIC was last adjusted to ₱500,000 in 2009.

4. HOW WILL THE NEW MDIC OF ₱1 MILLION BENEFIT DEPOSITORS OF BANKS?

The MDIC benefits depositors by providing them with more confidence and peace of mind in saving their money in banks. With enhanced confidence, the possibility of panic withdrawals during financial crisis is lessened and public trust in the banking system is strengthened.

5. WHAT AUTHORITY DOES THE PDIC HAVE TO ADJUST THE MDIC?

Republic Act No. 3591, as amended, or the PDIC Charter authorizes the PDIC Board of Directors to review the MDIC every three (3) years and increase the MDIC, as may be warranted, indexed to inflation or in consideration of other economic indicators.

6. HOW WILL PDIC FUND THE INCREASE IN THE MDIC TO ₱1 MILLION?

The MDIC increase will be funded by the Deposit Insurance Fund (DIF), the fund source for deposit insurance payouts in the event of a bank closure. The DIF is primarily funded by assessment from member banks as well as reserves for insurance and financial assistance losses, and retained earnings.

7. WILL BANKS PAY MORE PREMIUM/ASSESSMENT BECAUSE OF THE NEW MDIC?

No. The assessment rate levied on banks at 1/5 of 1% of their total deposit liabilities remains unchanged despite the increase in the MDIC.

8. DO I NEED TO PAY MY BANK OR PDIC FOR MY DEPOSITS TO BE INSURED UP TO ₱1 MILLION?

No. Depositors do not need to pay their bank or the PDIC to be eligible for the MDIC. The insurance assessment is paid by the banks, not by the depositors.

9. WHAT TYPES OF DEPOSITS/BANK PRODUCTS ARE COVERED BY THE MDIC?

The deposit insurance system only covers deposit products in banking institutions. The law provides that the MDIC of ₱1 million will cover the following types of deposit accounts:

- Savings / Special Savings
- Demand / Checking
- Negotiable Orders of Withdrawal (NOW)
- Long-Term Negotiable Certificate of Deposits (LTNCD)
- Time Deposits
- Islamic deposits as defined in BSP Circular No. 1139, dated 23 March 2022

10. WHAT ARE NOT COVERED BY THE DEPOSIT INSURANCE?

The law provides that the following accounts or transactions are excluded for deposit insurance:

a. Other products of banks:

- Investment products such as bonds, securities and trust accounts
- Deposit accounts or transactions which are fictitious or fraudulent
- Deposit products constituting or emanating from unsafe and unsound banking practices
- Deposits that are determined to be proceeds of an unlawful activity as defined under the Anti-Money Laundering Law

b. Deposits in non-banks such as cooperatives and non-stock savings and loan associations

11. ARE DEPOSITS IN FOREIGN CURRENCIES ALSO COVERED BY THE MDIC?

Yes. The PDIC covers foreign currency deposits as provided for by Republic Act No. 6426 (“An act instituting a foreign currency deposit system in the Philippines, and for other purposes”) and by Central Bank (CB) Circular No. 1389. In case of bank closure, depositors may receive deposit insurance payment in the same currency as their insured deposits.

12. ARE ALL BANKS COVERED BY DEPOSIT INSURANCE?

Yes, all banking institutions licensed to operate as such by the Bangko Sentral ng Pilipinas (BSP) are members of the PDIC. This includes universal and commercial banks (including branches and subsidiaries of foreign banks), thrift banks, rural and cooperative banks, and digital banks. For the quarterly updated list of insured banks, please visit the PDIC website, www.pdic.gov.ph/dc_listofbanks.

13. HOW CAN I BE SURE THAT MY BANK IS INSURED BY PDIC?

All banks licensed to operate by the BSP are mandated to be members of PDIC. Accordingly, all deposits are insured by PDIC up to ₱1 million per depositor, per bank. As added assurance for depositors, banks are required to display the PDIC decal at the door entrance of their premises, and the PDIC standee at each of the banks' teller counters and New Accounts counters. The digital version of the decal is also required to be prominently and continuously displayed on the banks' official website, official social media pages, digital channels, mobile applications, ATMs, and other applicable digital platforms.

Starting March 15, 2025, the PDIC Insurance Statement, "**Deposits are insured by PDIC up to ₱1 Million per depositor.**" must be used by banks in their general advertisements and advertisements pertaining to their deposit products. Said Insurance Statement must also be indicated on all bank platforms where deposit products and services are mentioned (website, weblinks, mobile applications, YouTube channel, social media pages, and evidence of deposits).

Please note that the MDIC amount and Insurance Statement on member banks' premises, digital channels, ATMs, advertisements, and the like, will be updated soon.

The quarterly updated list of insured banks is posted on the PDIC website at www.pdic.gov.ph/dc_listofbanks.

Universal and Commercial Banks:

https://www.pdic.gov.ph/files/BSStats/Bank%20Directory_KB%20_website.pdf

Thrift Banks:

https://www.pdic.gov.ph/files/BSStats/Bank%20Directory_TB%20_website.pdf

Rural and Cooperative Banks:

https://www.pdic.gov.ph/files/BSStats/Bank%20Directory_RB%20_website.pdf

Digital Banks:

https://www.pdic.gov.ph/files/BSStats/Bank%20Directory_DB%20_website.pdf