



International Deposit Insurance Survey



Question Version: 1

Answer Version: 1

Deposit Insurer: National Deposit Insurance Fund of Hungary

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Budapest
Hungary

URL: www.ndif.hu

Contact:

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National Deposit Insurance Fund of Hungary

Section 1: Background Information

Name of Central Bank:

National Bank of Hungary

Address:

Budapest
Szabadság tér 8/9
H-1054

Telephone:

0036-1-428-2600

Internet Address:

www.mnb.hu

Contact Person:

Name of Financial Supervisor:

Hungarian Financial Supervisory Authority

Address:

Budapest
Krisztina krt. 39.
H-1013

Telephone:

0036-1-489-9100

Internet Address:

www.pszaf.hu

National Deposit Insurance Fund of Hungary

Contact Person:

Section 2: Objectives, Mandates & Powers

1. When and why was the DIS established (please provide details)?

The National Deposit Insurance Fund of Hungary (NDIF or the fund) was established on 31 March 1993 with the promulgation of Act XXIV of 1993 (hereinafter referred to as: the NDIF Act) in issue 36 of the Official Gazette in 1993. Blanket guarantee (that is unlimited, explicit guarantee provided by the state and incorporated into the legal system) was replaced by the new scheme. In a centrally planned and managed economic and financial system that prevailed in Hungary for about 40 years state guarantee played an ideological and psychological role rather than functioning in practice. The state guarantee in Hungary was unlimited in the amount, but limited in its scope: it covered basically only the household deposits. So, when market economy started to function at the beginning of the 1990s, a lot of small entrepreneurs appeared, and they remained unprotected. Thus, small entrepreneurs suffered seriously due to the failure of a medium size bank in 1992, which promoted significantly the adoption of a new deposit protection scheme by the Parliament instead of the old state guarantee in 1993.

1.a. What are the stated public policy objectives or mandate for your country's DIS? When was the last time they were reviewed and changed?

The Parliament decided on the creation of the Act on Deposit Insurance in 1993 with the determined objectives: to increase the depositors' confidence in the banking system, to cover the insured depositors' deposits, to reduce the adverse effects caused by any bankrupt credit institutions.

One of the main tasks of the fund is to pay out insured deposits within thirty days of the date the deposits are frozen. Since HUF 1 million is the upper limit of indemnification (principal and interest, together) primarily small depositors enjoy the benefits of any deposit insurance scheme. Another equally important task of the fund is to prevent the deposits held with an ailing credit institution from becoming frozen. According to the law the fund must choose the least expensive solution in managing the crisis and it has to make all efforts to achieve the best possible rate of recovery of its expenditures.

1.b. What process was used to determine these objectives in your country?

These objectives were declared in the Act on Deposit Insurance as of 1993. Nr. XXIV. The public policy objectives were set by the authority after a comprehensive discussion with the banking industry and the among the members of the Parliament.

2. What is the legal basis under which the DIS was established? (Legislation, Formal Agreement, Private Contract, Other - Please explain)

Legislation

The Act XXIV of 1993 (March 31st 1993) is available only in Hungarian. It isn't effective any more, the regulations on deposit insurance are incorporated in the Act on Credit Institutions.

3. Is there a formal process for a periodic review of the policy objectives/mandates of your DIS? (Yes, No, Other - Please explain)

Yes

This is conducted in conjunction with the review process for the Act on Credit Institutions.

4. What sort of system do you have? (Government legislate & privately administered, Government legislated & administered, Privately established and administered, Other - Please explain)

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Government legislated & privately administered

5. Who makes decisions to pay depositor claims?(Government, Central Bank, Private Sector, Regulator, Supervisor, DIS, Other - Please explain)

DIS

The Board of Directors decides on the basis of the Act on Credit Institutions, i.e. in case the Supervision withdraws the banking license, after 5 business days the deposits become unavailable and NDIF's Board decides to pay out depositor claims.

6. Which of the following powers has been provided to the DIS in order to carry out its mandate?

a. Authority to:

i. Enter into contracts (Yes, No, Other - Please explain)

Yes

ii. Set regulations or by-laws for conduct of its business (Yes, No, Other - Please explain)

Yes

b. Authority over entry and exit of member banks:

i. Establish terms and conditions of membership(Yes, No, Other - Please explain)

No

Mandatory membership for all deposit taking institutions is regulated by law.

ii. Authority to terminate the insured status of a member institution(Yes, No, Other - Please explain)

Yes

c. Depositor reimbursement:

i. Effect reimbursement of depositor claims (Yes, No, Other - Please explain)

Yes

ii. Access to depositor information (Yes, No, Other - Please explain)

Yes

iii. Use various methods of reimbursing depositors claims (Yes, No, Other - Please explain)

Yes

d. Funding:

i. Determine how funding is provided for the DIS (Yes, No, Other - Please explain)

Yes

ii. Terms and conditions of premiums or levies (Yes, No, Other - Please explain)

Yes

iii. Borrowing authorities and limits (Yes, No, Other - Please explain)

Yes

e. Information Requirements:

i. Access to information directly from member banks (Yes, No, Other - Please explain)

Yes

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ii. Access to information through supervisory authorities (Yes, No, Other - Please explain)

Yes

f. Enforcement and intervention:

i. Authority to conduct examinations and/or reviews (Yes, No, Other - Please explain)

Yes

ii. Authority to set standards or guidelines for member institutions (Yes, No, Other - Please explain)

Yes

iii. Authority to take enforcement actions against members (I.e. such as the authority to require a change in institutional control and/or behaviour). (Yes, No, Other - Please explain)

No

iv. Authority to cancel deposit insurance of member institution (Yes, No, Other - Please explain)

No

v. Authority to hold officers and directors of failed institutions accountable for the failure of the institution (Yes, No, Other - Please explain)

Yes

The Fund has to choose – regulated by the law - the solution implying the lowest long-term losses for the depositors, the credit institutions and the state budget.

g. Failure resolution:

i. Authority to decide on appropriate form of failure resolution (Yes, No, Other - Please explain)

Yes

ii. Authority to provide financial assistance (e.g. in the form of a loan (with or without security), by purchasing assets from the institution or through some other process). (Yes, No, Other - Please explain)

Yes

iii. Authority to guarantee deposits with member institutions or guarantee loans made to an institution by other parties. (Yes, No, Other - Please explain)

open assistance (bridge bank), Other

The Fund has the authority – regulated by law – to undertake commitments (granting of credit and subordinated loan, acquisition of business share in a credit institution, offering of surety, provision of coverage for the transfer of deposit portfolios etc.), with a view to fostering the favourable effects of the exceptional measures taken by the Supervisory Authority and to avoiding the freezing of deposits.

iv. Authority to: (Undertake formal liquidations, Purchase and assumption (sale and merger), Open assistance (bridge bank), Other forms of failure resolution - Please explain)

No

h. Optimizing recoveries:

i. Ability to act as a receiver (Yes, No, Other - Please explain)

No

ii. Ability to act as a liquidator (Yes, No, Other - Please explain)

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No

Section 3: Governance Arrangements

1. Is the DIS a legally separate organization from other public or private bodies? (Yes, No - Please explain, Other - Please explain)

Yes

2. What is the form of governance used by the DIS organization?(Board of Directors, Administrative Board or Committee, Advisory Board or Committee, Other - Please explain)

Board of Directors

3. How is the governing body selected?

According to Section 110 (1) of the Act on Credit Institutions, the governing body of the Fund is the Board of Directors. Its members are as follows: the Vice-President of the National Bank of Hungary, the Administrative Secretary of the Ministry of Finance, the President of the Hungarian Financial Supervisory Authority (all of them ex-officio), two persons designated by the organisations representing credit institutions and the Managing Director of the Fund. The Board of Directors elects a chairman and a deputy chairman annually from its members (in rotation). The managing director may not be elected as chairman or deputy chairman. Each member may designate in writing an alternate who will act as its designated representative. Such designated representatives are entitled to vote at any meeting of the board of directors.

4. What is the composition of (e.g. number of persons and positions) the governing body?

see above

5. What are the duties and responsibilities of the governing body?

Hungarian regulation

As described in the Article 111 of the Act on Credit Institution, the duties of the board of directors are as follows:

to

(a) govern, and exercise control of the management and activities of the Fund,
(b) approve the internal regulations of the Fund,

(c) determine the tasks as well as the remuneration of the managing director and the commissioners of the Fund,

(d) decide on the composition of ad-hoc committees set up for the performance of specific duties,

(e) establish the agenda as well as the time and place of meeting of the board of directors,

(f) stipulate the use of special symbols, information and other means for credit institutions showing that the deposits placed with the respective credit institution are insured,

(g) decide on actions to be taken regarding the performance of duties by the Fund,

(h) determine the order of payments to be effected by the Fund in accordance with this Act,

(i) decide on the budget of the Fund including the costs of operation,

(j) confirm the annual report and the financial statement of the Fund once a year, at least by the 31st day of May following the end of the fiscal year reviewed, submitting its report thereon to the State Audit Office and to the credit institutions as well,

(k) formulate, once a year, the policy of the Fund concerning fees, within the framework set by this Act and informing the credit institutions thereof; determine the members' obligations of annual contribution based on the premium payment policy,

(l) decide on the exclusion of members,

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- (m)decide on obligation to pay increased and extraordinary premium,
- (n)decide on the system of criteria related to preventive actions,
- (o)decide on application of preventive actions,
- (p)perform other duties as stated by the Act.

The board of directors appoints and recalls the managing director and exercises the employer's rights in his respect. With the exception of appointment and recall, such rights may be delegated by the board of directors to the chairman of the board. The board of directors controls the activities of the managing director.

6. Is there any direct or indirect representation in the management of the DIS by member insured institutions, the Central Bank, the Regulator, the Supervisor or other parties? (Yes, No, Other - Please explain)

No

7. Please provide a breakdown of the management structure of the DIS.

Organisational chart of the Fund

The following diagram shows the organisational chart of NDIF:

8. Do you have an internal control and audit systems.(Yes, No, Other - Please explain)

Yes

NDIF has an independent internal auditor, who reports to the managing director and to the board of directors. In addition to that the accounts are yearly audited by an external audit firm, presently by KPMG. As to the Article 109 of the Act on Credit Institutions the State Audit Office is also auditing the overall activities of the Fund on a sporadic basis.

9. Are directors and officers of the DIS and/or supervisors personally liable for their decisions in the normal course of their activities? (Yes, No, Other - Please explain)

Yes

10. Is there an advisory committee to the DIS?(Yes, No, Other - Please explain)

No

11. Has the DIS ever taken legal action against directors of failed member institutions? Or others? What position did the person(s) hold? (Yes, No, Other - Please explain)

No

12. Please indicate what tools are used as part of your management accountability regime. (Annual Reports, Audited financial statements, Corporate/business plan, Other reporting requirements)

Annual reports,Audited financial statements,Corporate/business plan

Hungarian regulation:

The Act on Credit Institutions appoints the State Audit Office to examine the finances and accounting of NDIF. The first examination was made in 1995, the second in 2000-2001. The

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reports on the examinations were sent to Parliament and to the member institutions. The annual report of NDIF is audited by an independent private sector auditor firm (KPMG at present). The board of directors' duty is to approve it and to submit it to the State Audit Office, to the Ministry of Finance, to the Hungarian Financial Supervisory Authority, to the National Bank of Hungary, to the Hungarian Banking Association, to the National Association of the Savings Co-operatives and to the credit institutions

Section 4: Human Resources & Infrastructure

1. What is the total number of employees at the DIS?

NDIF presently has 16 full-time employees and 1 part-time position working on a contract basis.

2. Are the majority of DIS employees dedicated staff or do they come from other organizations (i.e. government, central bank, private sector)? (Yes, No, Other - Please explain)

Yes

In Hungary:

All of NDIF's employees are dedicated staff. NDIF operates with a small staff (core capacity of expert employees), that's why some functions are outsourced (such as IT, asset management).

3. Does the DIS train and develop its own staff? If so, briefly describe programs which have been put in place for training and development? (Yes - Please explain, No, Other - Please explain)

Yes

In Hungary:

Staff members belonging to different organisation units regularly take part in specialised training programs. These programs are organised by external parties on commissioned basis.

4. Is there shared training and development between the staff of the DIS and other authorities involved in financial sector supervision or regulation? (i.e. central bank, supervisor, regulator, other) (Yes, No, Other - Please explain)

No

5. Are compensation and incentives offered sufficient to attract and retain skilled staff? Please elaborate. (Rank on a scale from 1 to 5 where 1 is not at all adequate and 5 is extremely adequate)

4

Hungary:

Compensation packages are adequate to similar staff levels of the central bank and more or less correspond to the average level offered by the industry. As a result the staff of NDIF is stable since 1993 (year of establishment).

6. Are confidentiality provisions for employees provided for?(Yes, No, Other - Please explain)

Yes

7. Do employees of the DIS receive legal protection against lawsuits for their actions taken in good faith and acting in the best interests of the DIS? (Yes, No, Other - Please explain)

Yes

8. What percentage of the budget is spent on training and development and information technology?

Training and development currently takes up 0.5% of NDIF's operating expenses while total IT spending makes up approximately 4.5%.

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Section 5: Information Sharing & Interrelationship Among Safety-Net Players

1. Who performs examinations of DIS member institutions? (Central Bank, Supervisor, Regulator, DIS, Other - Please explain)

Central Bank, Supervisor

I tried to mark DIS as well, but after saving the marking disappears.

2. Please describe the examination process that is used to evaluate member institution performance.

In Hungary:

The Fund carries out examinations based on an annual plan approved by the Board of Directors. In line with Section 124 of the Act on Credit Institutions, general on-site reviews cover 3 main areas:

- adequacy of the premium payment, which is based on the self-declaration of the member institutions,
 - quality of the deposit record keeping in the member institution,
 - adherence of the rules of dissemination of information to the public on deposit insurance issues.
- In case the Fund - based on its analyses – presumes, that its involvement for prevention of the deposits from becoming frozen in one of its member institutions may become necessary, it may order auditing of the books, accounts and records of the credit institution. The Fund has to obtain permission from the Supervisory Authority for such audits.

3. What information is collected from member institutions for the DIS and other parties?

In Hungary:

The Fund may only ask for such data and other kinds of information from the member institutions, which are necessary for its activity and not available to the National Bank of Hungary (NBH) or the Supervisory Authority.

On the Fund's request,

(a) the Supervisory Authority and the NBH have to provide information to the Fund if the member institution doesn't carry out its activity in a prudential way,

(b) the member institutions have to provide information to the Fund on DI special risk factors.

NDIF annually collects the deposit data broken down into insured by NDIF, state guaranteed and not protected segment first of all for the purpose of the premium payment and the establishment of NDIF's potential reimbursement obligations. Additionally NDIF registers the products and any changes to the available deposit products for the deposit register.

4. What arrangements (i.e. formal or informal) are in place between organizations responsible for deposit insurance and other parties comprising the safety-net (e.g. central bank, supervisor, regulator) regarding the sharing of information concerning member institutions? Please provide details of these agreements.

In Hungary:

NDIF's strategic safety-net partner is the Hungarian Financial Supervisory Authority. The professional co-operation has been regulated in a co-operation agreement for several years now. The co-operating partners review the agreements when necessary but at least once a year and amendments are made according to requirements. The parties renewed the strategic co-operation agreement last year.

The most significant change in the co-operation agreement concluded with the Supervisory Authority is that effective from 2001, the Fund gets regularly relevant balance sheet data from the database of the Supervisory Authority related to member institutions. Further progress in the area of co-operation is that during its reviews, the Supervisory Authority advises the Fund directly of its

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experience on topics affecting the NDIF (data supply, recording). In addition, the two parties established closer co-operation in the preparation for crisis management and in the area of international relations.

For 2000 the NDIF extended its agreement concluded with the National Savings Co-operatives' Institution Protection Fund three years ago (preferential premium for savings co-operatives with double protection for credit institutions with NDIF and National Savings Co-operatives' Institution Protection Fund membership). Since 2000 the National Savings Co-operatives' Institution Protection Fund assumes responsibility in the planned on-site reviews of the NDIF.

5. On a scale from 1 to 5, 1 being low and 5 being high, please rate both the accessibility (i.e. access to all necessary information for the DIS to fulfill its mandate) and timeliness (i.e. information is received when needed) of information that is shared amongst members of the safety net.

Accessibility

5

Timeliness of information

5

6. Is there a consistent definition/classification across authorities of problem institutions? (Yes, No, Other - Please explain)

Other

The Act on Credit institutions contains the definitions/classification for involvement in case a problem arises in a credit institution. There are measures and exceptional measures which have to be taken by the Supervisory Authority on different level of the problems. NDIF is legally obliged to take preventive measures with a view to fostering the favourable effects of the exceptional measures taken by the Supervisory Authority and to avoiding the freezing of deposits.

7. When policy regarding the DIS and financial sector is developed or amended, what other bodies are consulted and/or advised?

In Hungary:

The relevant players regarding policy development and amendment regarding DIS are represented in the Board of Directors of NDIF. There are besides of the regulator the representatives of the associations of the banking industry as well, so they can give their opinion and it might be taken in account.

8. Are details shared regarding such matters? And is discussion encouraged prior to implementation? Please provide details.

In Hungary:

The representatives of the associations of the banking industry on the Board reflect the opinion of their members.

9. How often do you contact other DIS? (Never, Occasionally, Regularly, Other- Please explain)

Regularly

10. When the regulator, supervisor or central bank enters into an agreement with a financial institution that is experiencing problems is the DIS consulted? (Yes, No, Other - Please explain)

Other

On the basis of the Act on Credit institutions NDIF may take prevention actions with a view to fostering the favourable effects of the exceptional measures taken by the Supervisory Authority and to avoiding the freezing of deposits. In order to avoid the freezing of deposits, the Fund has to choose the solution implying the lowest long-term losses for the depositors, the credit institutions

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and the state budget. To achieve this aim, there is a close co-operation with the Supervisory Authority.

Section 6: Membership

1. What types of institutions are covered in your DIS?

In Hungary:

All credit institutions operating in Hungary are legally obliged to join NDIF.

2. Is membership in the DIS mandatory for designated deposit taking institutions? (Yes, No, Other - Please explain)

Yes

3. Do you have terms and conditions of membership? (i.e. laws, regulations or agreements and regulations which member institutions have to abide by) If so, please explain the application process used and any conditions of membership imposed on institutions by the DIS. (Yes - Please explain, No, Other - Please explain)

Other

In Hungary:

The membership is mandatory, there are no specific conditions. The candidate applying for a banking license at the Supervisory Authority, has to enclose its declaration of intent to join NDIF as well.

4. Is the membership of foreign institutions (i.e. foreign bank branches and/or subsidiaries) covered in the same way as domestic institutions? If not, please describe the difference. (Yes - Please explain, No, Other - Please explain)

Yes

Foreign banks' subsidiaries are accounted to be Hungarian entities, supervised by the Hungarian Supervisory Authority and they are obliged to join NDIF. Foreign banks' branches don't exist in Hungary at present, but if there were any, they would be obliged to join NDIF as well. Latter regulation will change at joining the EU.

5. If more than one safety-net organization is responsible for the application process for membership, how is the application process coordinated between the parties responsible?

see point 6.3.

6. Are deposit-taking institutions required to re-apply for membership after a certain period of time? (Yes, No, Other - Please explain)

No

7. How many member institutions do you have?

NDIF: 231 as of December 31, 2001 out of which 34 are banks, 186 savings co-operatives, 4 home savings banks and 7 credit co-operatives.

8. What is the total level of assets, deposits and insurable deposits of all DIS member institutions?

In Hungary:

As of December 31, 2000, total member asset = HUF 8 961 billion (USD 31.5 billion), total member deposits = HUF 6 176.4 billion (USD 21.7 billion) and total NDIF insured deposits = HUF 4 774.4 billion (USD 16.8 billion)

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For additional information, please refer to data in the NDIF Annual Report at:

<http://www.oba.hu/en/index.php>

Section 7: Coverage

1. Is there a formal definition of a deposit and or insured deposit used by your DIS? If so what is it? (Yes - Please explain, No, Other - Please explain)

Yes

In Hungary:

The definition of "deposit", incorporated in the Act on Credit institutions is as follows: "an account of debt according to a deposit or a savings deposit contract as provided for by the Civil Code, including the positive balance of a current account according to a bank account contract."

"Deposit" in terms of deposit insurance:

"as defined above, excluding

- 1.deposits placed with a credit institution by another credit institution,
- 2.subordinated loan capital,
- 3.contribution made by a cooperative member to a cooperative credit institution.

NDIF insures only registered deposits.

2. What types of deposits are eligible for coverage in your DIS?(Savings account, Chequing account, Annuity contracts, Certificates of deposit, Guaranteed investment certificates, Travellers cheques, Money orders, Certified drafts or cheques, Foreign currency deposits, Inter-bank deposits, Other - please explain)

Savings account,Certificates of deposit,Foreign currency deposits

Under the Act on Credit institution insurance coverage is HUF 1 million (ca. USD 3700) per depositor in each member institution. The HUF 1 million maximum, which covers both principal and interest, applies to the aggregate amount held by the institution for the depositor (the depositor can be an individual, or a legal person). The deposit placed in foreign exchange is only insured, if it is denominated in EUR or in the foreign exchange of the OECD countries. Reimbursement will be made only in HUF.

3. Coverage is: (per depositor account, per depositor, per institution, per depositor per institution, other - please explain)

per depositor per institution

4. What is the coverage limit?

See point 5.3.

5. How was this figure arrived at?

The HUF 1 million level, which was set at establishment, covered and covers a big part of the deposits placed with credit institution, but the real value diminished between 1993-2002.

6. For eligible financial instruments with maturity dates, what is the longest contract term covered by the DIS?

Not defined.

7. What types of depositors are eligible for coverage in your DIS? (Foreign (non-residents), Officers & directors of member institutions, Corporations (domestic), Corporations (foreign), Other - Please explain)

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Foreign (non-residents),Corporations (domestic),Corporations (foreign)

Excluded are: (a)publicly financed bodies,
(b)economic associations fully and permanently owned by the State,
(c)local governments,
(d)insurance companies, voluntary insurance funds, and private pension funds,
(e)investment funds,
(f)the Pension Insurance Fund and the Health Insurance Fund as well as their management and administration organizations,
(g)
(h)special-purpose state funds,
(i)financial institutions,
(j)the NBH,
(k)investment companies and members of the Stock Exchange,
(l)mandatory or voluntary funds for the protection of institutions and investors,
(m)leading executives and elected auditors of credit institutions, furthermore, owners of credit institutions holding business shares of at least five percent and the close relatives of all such persons living in the same household,
(n)economic associations where any of the persons has an influencing share,
(o)venture companies and venture funds
(p)deposits on which the depositor draws, by contract, interests or any other material benefit significantly higher than normal for deposits of the same amount and fixed for the same period at the time when the contract is executed,
(q)deposits in respect of which it has been established by a final court decision that the sums deposited therein derive from money laundering.
(r)deposits placed in a currency other than Euro or the legitimate instrument of payment of a member state of the Organization for Economic Cooperation and Development.

8. Is the coverage amount indexed? (Yes, No, Other - Please explain)

No

9. What is it indexed to?

10. Does your DIS use coinsurance? If coinsurance is used please describe the approach used. (Yes, please explain, No - go to 12, Other -please explain)

Other

Not yet. At joining the EU the coverage limit will be increased to HUF 6 million, for HUF 1 million with 100% coverage, for the amount exceeding it, with 10% coinsurance.

11. Is the public widely aware of the presence of coinsurance? (Yes, No, Other - Please explain)

No

There is no coinsurance yet.

12. Are coverage levels affected by resolution methods? If so, please explain. (Yes, No, Other - Please explain)

No

13. Is ther public expectation that the DIS coverage limit would be extended to 100% coverage in the event of a banking crisis or the failure of a very large institution? Please provide recent examples, if applicable. (Yes, No, Other - Please explain)

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Other

Of course depositors in such an extreme situation would expect fully protection and to restore the confidence in the banking system would support this solution. But legally there is no way for NDIF to do so. The Hungarian State may increase of registered capital by the subscription of new shares, the increase of registered capital may also be performed by the provision of government securities if the insolvency of a credit institution put the economic interests of the whole or a big part of the country at stake, or grossly endangered the reliable operation of the banking system, and the bankruptcy or liquidation proceedings can be avoided only by state intervention.

14. How is a decision made on the insurance eligibility of new financial products?

A description of new, proposed financial products is usually provided to NDIF by the member institution. The Fund determines the eligibility of the deposit by assessing its features and characteristics with those incorporated into the definition of an insurable deposit contained in the Act on Credit institutions.

15. When member institutions merge how are insured deposits treated?

In the event that credit institutions are merged, for the calculation of the HUF 1 million limit, the deposits placed by the same depositor with the credit institutions involved in the amalgamation or acquisition, will be treated as separate deposits.

Section 8: Funding & Fund Management

1. What type of funding is used by the DIS? a. Ex-ante (defined as the accumulation of a reserve or fund to cover deposit insurance claims in anticipation of the failure of a member institution) b. Ex-post (defined as an assessment of levied after the failure if a member institution to provide funds to cover deposit insurance claims) c. A combination of the above two approaches d. Other - Please explain

2. Is the DIS funded by levying insurance premium assessments against member institutions or by some other means such as general tax revenues? (Premium Assessment, Other - Please explain)

3. If insurance premiums are assessed, are they assessed as a flat rate or are they differential in some way, please explain?

4. What is the current premium rate? If there have been changes to this rate details would be appreciated.

5. How often is the premium assessed?

6. Is the premium assessed on total deposits, insured deposits or something else?

7. Are premiums paid by member institutions tax deductible as a business expense? (Yes, No, Other - Please explain)

8. For premiums that are differentiated please explain the risk assessment system that is used to ascertain a premium assessment.

9. Does the DIS have a target with respect to the size of the DIS fund? (Yes, No, Other - Please explain)

10. How is the optimum level (i.e. target) of the fund determined?

11. What investment policies (i.e. safeguards against abuse) exist concerning the use of the fund?

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12. If a fund is not maintained, is an assessment levies on institutions after the failure of a financial institution has occurred? If so, please explain how the levies are determined and losses distributed among institutions. (Yes, No, Other - Please explain)

13. Is any income arising from the investment of the fund subject to corporation or incomes tax? (Yes, No, Other - Please explain)

14. Which of the following sources of additional funding, for emergency or liquidity purposes, does the DIS have access to? (Government funding, Access to financial markets, Other - Please explain)

15. Are member institutions required by law to issue, on a regular basis, subordinated debt? (Yes, No, Other - Please explain)

Section 9: Reimbursing Depositors

1. Please describe the procedure for reimbursing depositors that is used by your DIS?

2. Are depositors required to file a claim when a member institution fails? If so, what is the process? (Yes - Please explain, No, Other - Please explain)

3. When is the DIS obligated to reimburse insured depositors?

4. Is there an established legal basis upon which to base the reimbursement process? Please explain. (Yes - Please explain, No, Other - Please explain)

5. Is the DIS subject to explicit standards for prompt reimbursement? If so what are they? (Yes - Please explain, No, Other - Please explain)

6. What methods of payment can be used and under what circumstances are they used?

7. Are the rules regarding clearing, set-off, trust accounts and related issues well defined (through the legal system or formal agreement)? (Yes, No, Other - Please explain)

8. What are the financial institutions obligated to hold with respect to deposit records?

9. When is the DIS given access to an institution's financial and depositor records?

10. Does the DIS have the option of making advance payments to depositors in situations of dire need (i.e. in an emergency)? (Yes, No, Other - Please explain)

11. Does the DIS make interest payments to depositors during the time taken for reimbursement? Please explain. (Yes, No, Other - Please explain)

12. What information is communicated to depositors regarding the reimbursement process?

13. What process does the DIS use to ensure that depositor secrecy and confidentiality is maintained during the reimbursement process?

14. What steps are taken to verify, reconcile and settle insured deposit accounts?

15. What steps are taken to ensure that an institution's depositor records are accurate, up to date and accessible?

16. Does the DIS document its experiences with respect to each reimbursement action (i.e. lessons learned) in order to allow for continuous improvement? (Yes - Please explain, No, Other - Please explain)

17. What technologies does/can the DIS use to facilitate the reimbursement process?

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Section 10: Public Information & Awareness

1. What obligations are there to inform the public?
2. Who is responsible for communicating information about the DIS to the general public? (DIS, Supervisor, Regulator, Central Bank, Government, Other - Please explain)
3. Are these explicitly stated in policy or law? Please explain.
4. Are the terms and conditions of DIS explained in a manner that the general public can understand fully? (Yes, No, Other - Please explain)
5. If so what methods are utilized? (Brochures, Use of "Official Sign" to display insured status, Telephone call centre, Website, Other - Please explain)
6. At what point is information disclosed to the public about an institution that is having problems and how is information disclosed?
7. Has a survey of public awareness about the DIS been conducted? If so what were the results? If not why not? Please email any supporting documentation.
8. Has the DIS ever embarked on a public awareness campaign to increase awareness and knowledge? If yes how many times has this been done and when was the last time? (Yes - Please explain, No - Please explain, Other - Please explain)
9. Please describe the approach used; objectives, target audience, communication strategy, timing and results.

Section 11: Risk Assessment & Intervention

1. Does the DIS have a risk monitoring function to analyze and assess the risk of member institutions? (Yes, No - Please explain, Other - Please explain)
2. Does the DIS perform examinations of its member institutions? If not who does? (Yes, No - Please explain)
3. Does the DIS receive information/data/statistics directly from its member institutions or from a third party, such as a regulator or supervisor? If so what information is received and how often? (Yes, No, Other - Please explain)
4. What is the risk assessment approach used by the DIS to monitor financial institutions? Please describe. Please be sure to include the criteria used to determine member institution risk.
5. Please list and describe the actions taken by the DIS in situations where member institutions are causing concern. Please indicate when coordination occurs with other supervisory/regulatory authorities and the mechanisms used.

Section 12: Failure Resolution

1. IS Your DIS involved in the failure resolution of member institutions? (Yes, No, Other - Please explain)
2. Under what circumstances can the DIS cancel/terminate the deposit insurance of a member institution?
3. Who determines whether a member institution has failed or is "insolvent"?

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4. How is the failure/non viability of a member institution determined?
5. How many member institutions have failed in your country in the last 10 years?
6. Do banks go through the regular corporate bankruptcy process? If no, what is the process used? (Yes, No, Other - Please explain)
7. Is the receiver of failed institutions also the one that disposes of the institutions? If not, who does? (Yes, No, Other - Please explain)
8. Which methods of failure resolution are used in your country to deal with failures. Also, please indicate the frequency of use of the various methods in the last 10 years. (Formal liquidation, Purchase and assumption (sale and merger), Open bank assistance (e.g. recapitalization), bridge banks and other interim solutions, Other - Please explain)
9. What criteria are used to determine the method of failure resolution?
10. Is the deposit insurer required to resolve failed or failing insured depository institutions in a manner that is least costly to the DIS? (Yes, No, Other - Please explain)
11. Please indicate what kind of private companies, if any, are included in the failure resolution process and why?

Section 13: Claims, Recoveries & Estate Management

1. Does the DIS play a role in the claims and recoveries process? If yes please describe this role. (Yes - Please explain, No, Other - Please explain)
2. What is the primary objective of the DIS when dealing with claims and recoveries (i.e. maximization of nominal and present value recoveries, financial system stability, system discipline, other)?
3. What role does the private sector play in the claims and recoveries process?
4. What approaches and strategies are adopted by the deposit insurer to accomplish the objectives of claims and recovery activities?
5. By what standard is the DIS judged with respect to performing its function in claims and recoveries (ex. Comparative private sector or DIS benchmarks, internal assessment, past experience, other)?
6. What assets have you found to be the hardest to recover? Why? What types of strategies have been used to recover different assets?
7. Does the DIS have rights of "subrogation" (i.e. the subrogation of insurance entity to the rights of insured depositors) or an equivalent arrangement? (Yes, No, Other - Please explain)
8. Is there depositor priority when banks fail? (i.e. Do depositor claims rank in priority above other unsecured creditors in the liquidation of a bank?) (Yes, No, Other - Please explain)
9. Are the rights of "set-off" available or imposed in your country's legal system? Please describe the various forms set-off can take. (Yes, No, Other - Please explain)

Section 14: Other Issues

1. What is your view on recent trends and emerging issues in the financial sector in your country and the potential impact they might have on the DIS?

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2. Are there any issues related to deposit insurance which you would like to see more research in?

End of Report