

***Cooperation among safety-net
members in bank resolution:
practical consideration***

Poland's experience

Istanbul

June 2007

Banking crises in mid 90^{thies} - just after economic transformation

Causes of problems:

- rapid chartering policy in first years of 90^{thies}*
- undereducated banking staff*

- bad general economic situation*
- deterioration of assets value
allocated before transformation*

*influencing
mainly quality of
loan portfolio*

Dilemmas during the crisis beginning, how to manage the problems?

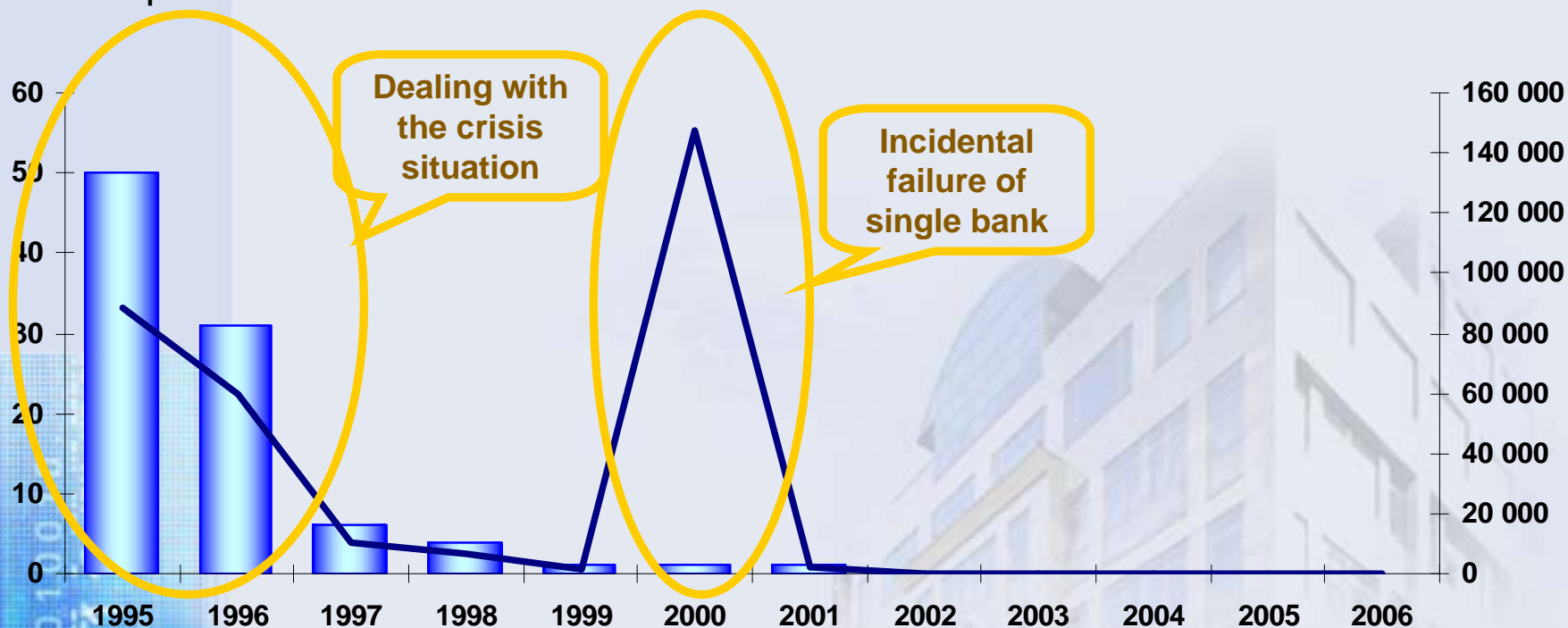
- Underdeveloped banking safety net*
- Ad hoc actions*
 - key role of central bank and state budget*
 - implementing temporary deposit insurance system*
 - some legislation ad hoc solutions*

Establishment of the institutional safety-net regime

- ***Establishment of the Bank Guarantee Fund as one of the central entities of crisis management***
 - ***Explicit Deposit Insurance System***
 - ***Financial Assistance – risk minimizing option***
 - ***Cooperation with the banking supervision and central bank***
- ***Commission for Banking Supervision***
- ***Current target – integration of financial supervision***

Bank Guarantee Fund experience

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of failed banks	50	31	6	4	1	1	1	0	0	0	0	0
Pay-outs in mln Euro	23,3	11,3	1,4	1,8	1	138,9	2,7	0	0	0	0	0
Number of depositors	88 700	59 400	10 400	6 800	1 600	147 300	2 500	0	0	0	0	0

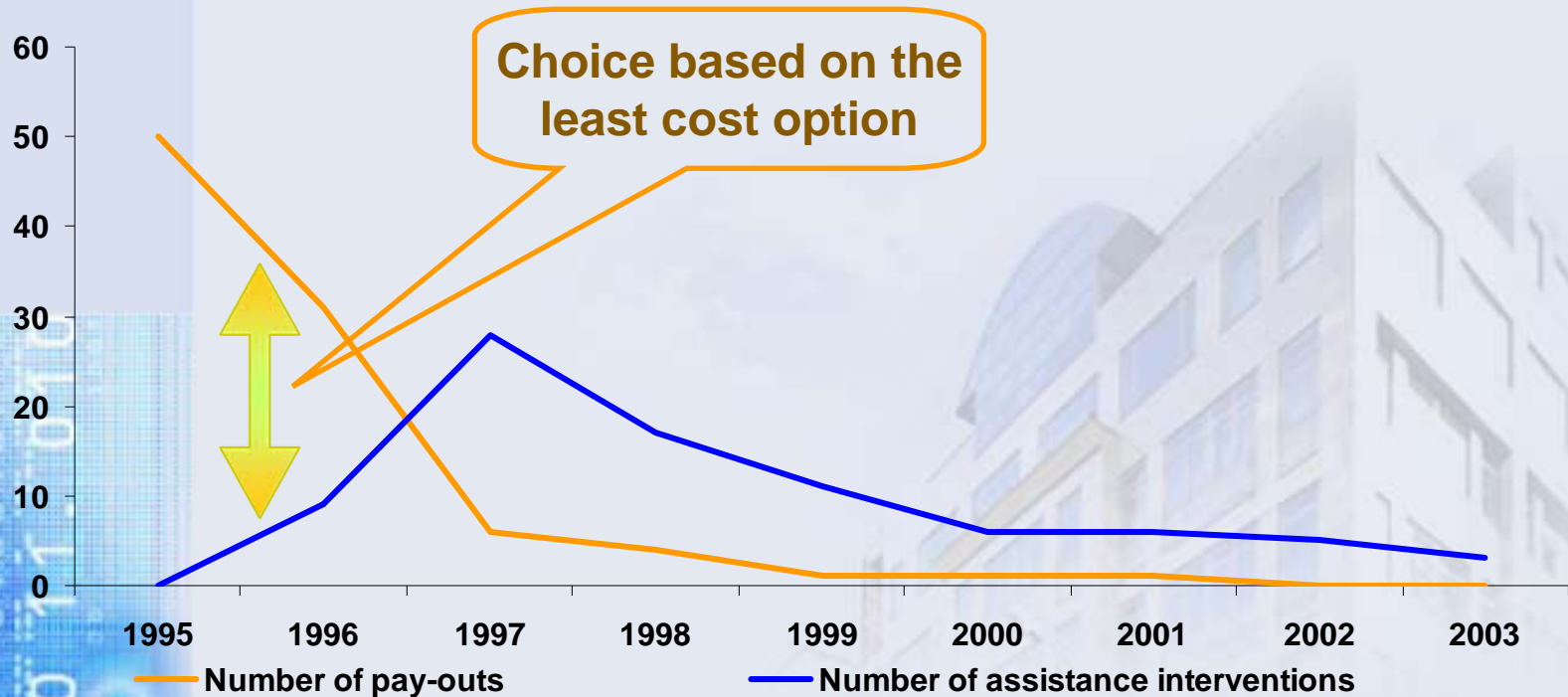


Number of failed banks (left scale)

Number of depositors (right scale)

From reimbursement activity to risk minimizing

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Number of pay-outs	50	31	6	4	1	1	1	0	0
Number of assistance interventions	0	9	28	17	11	6	6	5	3



Today's place of the Bank Guarantee Fund in the banking safety net



***Thank you for
your attention***

