

Member Profile



REPUBLIC OF ALBANIA DEPOSIT INSURANCE AGENCY

The Deposit Insurance Agency (DIA) is an institution established by the Law "On Deposit Insurance", and started its activity on October 18th, 2002. The aim of the establishment of this institution is the insurance and the compensation of the deposits stored in the banks operating in the Republic of Albania, according to their respective levels established by law.

The Deposit Insurance Agency, fulfilling its legal obligations, helps in the enhancement of public faith in the stability of the banking system, as well as in averting the risk of the savings loss as a consequence of a possible bankruptcy of any bank in the system. It follows that the Agency is one of the institutions maintaining the financial safety of the system, together with the Supervisory Authority (the Bank of Albania, i.e. the Central Bank) and the Ministry of Finance, which covers the function of lender-of-last-resort.

Members of the Insurance Scheme

The Members of the Insurance Scheme are all banks and branches of foreign banks performing banking activity in the Republic of Albania. The overall figure of the insured banks by the Agency was 16 by the end of May 2004.

Organization

The Agency, in accordance with the respective Law, is organized and managed by Board of Directors, headed by General Manager.

The Board of Directors is composed of five members, appointed by the Bank of Albania. Two of its members come from the Bank of Albania, two others from the Ministry of Finance, and one from the Professional Union of Certified Public Accountants. The General Director represents the executive authority of the Agency.



Left: Arian Kraja

General Manager & Member of Board
of Directors

From October 2002 to present

Financial Resources

The contributors of the financial resources of DIA are: the basic fund, which is the contribution from the State budget; the initial contribution of each insured bank, equal to 0,5% of the subscribed capital; the payment of annual ordinary and extraordinary premiums; also the profits of the investments. The annual rate of the insurance premiums is 0,5 % of the arithmetic average of the amounts of insured deposits, registered in the bank at the end of each business day of the last quarter of the previous year. Annual premiums are paid in quarterly installments not later than the 15th day of each calendar quarter. The premium rate is not dependent on the risk sustained by the banks themselves. This rate can be lowered down to 0,1%, only when the financial resources of DIA amount to not less than 5% of the average of such deposits (presently this ratio amounts to 1%). The Agency can increase the premium rate up to 0.7%, when the risk sustained by the banks is considered too high. In both cases this is introduced by a proposal of statutory acts/by-laws, to be approved by the Supervisory Authority.

In the financial sources of the Agency are also included credits, loans, donations and subsidies of other kinds.

Investment Policies

DIA invests all the capital provided by its financial sources in treasury bills issued by the Government of the Republic of Albania, in securities in foreign currency issued by the foreign governments, whose capital is deposited in insured banks, as well as in securities issued by international financial institutions. Those investments must have a maturity, starting with the moment of sale, of less than a year. DIA presently disposes 80% of its financial sources invested in treasury bills of the Albanian Government, and 20% in obligations to the international financial institutions.

Limit of Insurance

The insurance scheme insures the deposits of the individuals in lek and in foreign currency up to 700,000 lek (approx. EUR 5,385) with a co-insurance of 15% (up to 350,000 lek full insurance, and from 350,000 to 700,000 at 85%). Those deposits are insured per depositor per bank.

The compensation of deposits is done in local currency and must be carried out in three months from the intervention of the Supervisory Authority in the insured bank.

Coverage Ratio

The coverage ratio is that of the financial resources of the Agency to the overall amount of the insured deposits. The financial resources of the Agency recorded a rate of increase of 79% in the period from March 2003 to March 2004, and the insurance ratio in March 2004 was 1%.**International Relations**

DIA has become a member of the International Association of Deposit Insurers (IADI), and its General Director is a member of its Executive Council. Another institution, of which DIA is a member, is the European Forum of Deposit Insurers.

Left, [J.P. Sabourin](#) and [Arian Kraja](#) at the Annual IADI Executive Council Meetings, 5-6 August 2004, Paris



Future Goals

The first full year of operation for DIA was 2003. As a consequence, this was the year to lay the foundations, starting with the recruitment of staff fulfilling the requirements of Agency organisational structure, continuing with the necessary legal framework required by the Law, and with the ensuring of the appropriate environment to exercise this activity in accordance with the Law and for normal operations.

In order to accomplish its main task of the compensation of depositors, DIA aims at the establishment of a computerized system for the compensation process. DIA has prepared the supportive legal framework, which has been

approved by both DIA Board of Directors and Supervisory Authority. Presently, DIA has begun the tendering process for this software.



DIA (Albania) Colleagues

One of DIA working priorities is the accomplishment of a study to propose certain amendments to its Law, in order to make it more compatible with the requirements of the European Union and also to better suit it to the requirements of the Albanian financial environment. This study will cover: the method of the calculation of the premiums, the increase of the insurance limit, the position of the Agency at the time of the intervention of the Supervisory Authority in the bank and its relations with the liquidator.

