



## Member Profile

### The Deposit Guarantee Fund (DGF) - Ukraine

*A founding Member of IADI*



Offices of the Deposit Guarantee Fund

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The Deposit Guarantee Fund (DGF) was established under Presidential Decree ? 996/98 on 10 September 1998. The Law "On the Household Deposits Guaranteeing Fund" was

passed by the Supreme Soviet of Ukraine on 5 July 2001 and signed by the President on 20 September 2001.

The DGF is a specialized state institution performing functions of state administration in the sphere of guaranteeing of deposits of natural persons. The Fund is an independent nonprofit institution with a separate balance sheet and it maintains current and other accounts with the National Bank of Ukraine.

### ***Organization***

The Management bodies the Administrative Board and the Executive Directorate. The Administrative Board consists of five individuals composed of two representatives of the Cabinet of Ministers of Ukraine, two representatives of the National Bank of Ukraine, and one representative of the association of banks. The term of office of the members is four years and they may be reappointed for a second term.

The Executive Directorate, whose composition is approved by the Administrative Board, is responsible for the day-to-day activities of the Fund. The Executive Directorate is headed by the Managing Director.

### ***Regulatory objectives***

The main objectives of the DGF are:

- To protect the rights of the natural persons – depositors in the commercial banks – Members of the Fund, which pay premiums to the Fund to cover ongoing expenses and any debts incurred; and
- To promote stabilization of the banking system.

### ***Protection of deposits***

The Fund guarantees depositors in a participant (temporary participant) bank the repayment of their deposits, including interest, to a maximum fixed by the law governing the DGF as of the date of closure of the institution. The indicated amount of repayment may be increased by a decision of the Board of Administration of the Fund.

### ***Membership***

The Fund's participants are the banks registered in the State Register of banks maintained by the National Bank of Ukraine and they must have a Banking License to undertake banking activity. The participants are banks that meet the established economic norms such as capital adequacy, solvency and its liabilities to the depositors and meet the standards set by the Fund.

Banks that do not yet meet the above-mentioned requirements are categorized as a temporary participant. The HDGF does not reimburse deposits of the customers of temporary participants whose deposits have been placed up after the day of transferring

bank to the category temporary participant. In order to qualify as a participant the bank must make contributions to HDGF.

### ***Resources***

The funding sources for the DGF are as follows:

- Initial, regular and special contributions from banks that are participants (temporary participants) of the Fund;
- contributed by the National Bank of Ukraine in an amount of UAH20 million;
- revenues obtained from investing money resources of the Fund in state securities of Ukraine;
- credits obtained from the Cabinet of Ministers of Ukraine, National Bank of Ukraine, banks and foreign creditors;
- fine paid by banks that are participants (temporary participants) of the Fund for untimely or incomplete transfer of contributions to the Fund; and
- revenues from deposits placed by the Fund with the National Bank of Ukraine.

### ***Experience***

The Fund has carried out repayments in the case of four failed banks.

### ***Relationships***

HDGF has developed strong working relationships with organizations which belong to the International Association of Deposit Insurers and The World Bank.