

# International Deposit Insurance Survey

## Section 1: Background Information

### 1.1 Organization (deposit insurer) responsible for administering the deposit insurance system:

#### 1.1.1 Organization Name:

Bank of Slovenia

#### 1.1.2 Organization Address:

Bank of Slovenia 1505 Ljubljana Slovenia

#### 1.1.3 Organization Telephone No:

++ (386) 1 471-91-03

#### 1.1.4 Organization Fax No:

#### 1.1.5 Organization Internet Address:

<http://www.bsi.si/>

### 1.2 Contact Person(s):

#### 1.2.1 Contact Person(s) Name:

#### 1.2.2 Contact Person(s) Address:

#### 1.2.3 Contact Person(s) Telephone:

#### 1.2.4 Contact Person(s) Fax:

#### 1.2.5 Contact Person(s) E-mail address:

#### 1.2.6 Are there other deposit insurance systems operating in your country ? (i.e. applying to other types of non-bank or non-depository institutions e.g.. insurance, securities) Please state their name(s) and contact information:

**1.3 Please provide information on other participants in your financial system safety-net:**

**1.3.1 Name of Central Bank:**

**1.3.2 Central Bank Address:**

**1.3.3 Central Bank Telephone:**

**1.3.4 Central Bank Fax:**

**1.3.5 Central Bank Internet Address:**

**1.3.6 Central Bank Contact Person:**

**1.4 Financial Supervisor:**

**1.4.1 Financial Supervisor Name:**

Banking Supervision Department

**1.4.2 Financial Supervisor Address:**

**1.4.3 Financial Supervisor Telephone:**

++ (386) 1 471-93-32

**1.4.4 Financial Supervisor Fax:**

**1.4.5 Financial Supervisor Internet Address and contact:**

<http://www.bsi.si/>

**1.5 Other related entities:**

**1.5.1 Other Related Entities Name:**

**1.5.2 Other Related Entities Address:**

### **1.5.3 Other Related Entities Telephone:**

### **1.5.4 Other Related Entities Fax:**

### **1.5.5 Other Related Entities Internet Address:**

## **Section 2: Objectives, Mandates & Powers**

### **2.1.1 When and why was the DIS established (please provide details)?**

The Banking Act (from January 1999) and The Decision on Deposit Guarantee Scheme (from January 2001) introduced the new Deposit Guarantee System in Slovenia that entered into force on the 1st of January 2001. Former explicit and full guarantee of the Republic of Slovenia for all deposits of natural persons was replaced by the explicit collective guarantee of banks with headquarters in Slovenia obtaining authorisation from the Bank of Slovenia for the provisioning of banking services. The main reason for this change was because former system wasn't acceptable any more in order to harmonise Slovenian legal system with European Union legal system. Namely, the contemporary financial line doesn't approve full guarantee covered by the State (or Central Bank) because of eventual risk of moral hazard from the banking or even depositor side as well.

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

With negotiation position of the Republic of Slovenia from July 1999, on Chapter 3 (freedom to provide services), the Republic of Slovenia bind itself to accept the Directive 94/19 EC.

### **2.1.3 What process was used to determine these objectives in your country?**

### **2.1.4 What is the legal basis under which the DIS was established? Please provide a copy.**

Legislation

### **2.1.5 Is there a formal process for a periodic review of the policy objectives/mandates?**

No

### **2.1.6 What sort of system do you have?**

Government legislated and administered

### **2.1.7 Who makes decisions to pay depositor claims?**

Other

Note: By the Banking Law, on the day of the initiation of bankruptcy of a bank, the Bank of Slovenia (Central Bank) as supervisor must file with the competent court a proposal for the initiation of bankruptcy proceedings on the first working day after the issue of the written dispatch of the decision on the establishment of the grounds for the initiation of bankruptcy proceeding. To the proposal, it must attach the decision on the establishment of the grounds for the initiation of bankruptcy proceeding. The court shall issue a decree on the initiation of the bankruptcy proceedings, without re-examining the grounds for the initiation of the bankruptcy proceeding, within three working days from the filing of the proposal under the first paragraph of this article.

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

**2.3 Authority to**

**2.3.1 Enter into contracts**

Yes

**2.3.2 Set regulations or by-laws for conduct of its business**

**2.4 Authority over entry and exit of member deposit taking institutions**

**2.4.1 Establish terms and conditions of membership**

Yes

Deposits held with the bank whose authorisation for the provision of banking services has been withdrawn and/or with a bank subject to a regular compulsory liquidation and of which the bankruptcy proceeding is subsequently initiated, and which were placed prior to the receipt of decision on the withdrawal of the authorisation for the provision of banking services and/or prior to the receipt of the decision prohibiting such bank from accepting further deposits, shall continue to be covered by Deposit Guarantee scheme.

**2.4.2 Authority to terminate the insured status of a member institution**

No

**2.5 Depositor reimbursement**

**2.5.1 Affect reimbursement of depositors claims**

**2.5.2 Access to depositor information**

No

**2.5.3 Use various methods of reimbursing depositors claims**

**2.6 Funding**

**2.6.1 How funding is provided**

No

**2.6.2 Terms and conditions of premiums or levies**

**2.6.3 Borrowing authorities and limits**

## **2.7 Information Requirements**

### **2.7.1 Access to information directly from member deposit taking institutions or its auditors**

Yes

Note: Bank of Slovenia as supervisor has access to information about the DIS.

### **2.7.2 Access to information through supervisory authorities**

## **2.8 Enforcement and intervention**

### **2.8.1 Authority to conduct examinations and/or reviews**

### **2.8.2 Ability to set standards or guidelines for member institutions**

### **2.8.3 Authority to take enforcement actions against members (i.e. such as the authority to require a change in institutional control and/or behaviour).**

### **2.8.4 Authority to cancel deposit insurance of a member institution**

### **2.8.5 Authority to hold officers and directors of failed institutions legally liable for the failure of the institution**

No

Note: Bank of Slovenia as supervisor has only authority to take certain measures of supervision of a bank (see 6 and 7):1. ordering elimination of violations;2. ordering additional measures;3. prohibition of providing specific banking services or other financial services;4. revocation of the authorisation;5. special administration;6. compulsory liquidation of the bank;7. deciding on grounds for bankruptcy of the bank.

## **2.9 Failure resolution**

### **2.9.1 Authority to decide on appropriate form of failure resolution**

No

### **2.9.2 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).**

No

### **2.9.3 Authority to guarantee deposits with member institutions or guarantee loans to an institution by other parties**

### **2.10 Authority to:**

### **2.10.1 Undertake formal liquidation**

### **2.10.2 Purchase and assumption (sale and merger)**

### **2.10.3 Open assistance (bridge bank)**

### **2.10.4 Other forms of failure resolution**

## **2.11 Optimizing recoveries**

### **2.11.1 Ability to act as a receiver**

No

### **2.11.2 Ability to act as a liquidator**

No

## **Section 3: Governance Arrangements**

### **3.1.1 Is the DIS a legally separate organization from other public or private bodies? (e.g. central bank, supervisor, industry association)**

No

Deposits of Slovenian banks and savings banks are insured with Deposit Guarantee Scheme which is not organised as a special corporation or institution. Deposit Guarantee Scheme is administrated by the Supervisory Department of Bank of Slovenia (Central bank).

### **3.1.2 What is the form of governance used by the DIS organization?**

Other

null|null|null|null|

### **3.1.3 How is the governing body selected?**

Note: Vice Governors and members of the Governing Board of the Bank of Slovenia shall be nominated by the President of the Republic of Slovenia and appointed by the National Assembly of the Republic of Slovenia for a six-year term of office, and may be re-appointed. Appointment procedure for the Governor, Vice Governors and members of the Governing Board of the Bank of Slovenia: (1)The Governor of the Bank of Slovenia shall notify the President of the Republic of Slovenia and the National Assembly of the Republic of Slovenia of the expiry of the term of office of any member of the Governing Board of the Bank of Slovenia not later than six months prior to such expiry. (2)Within 30 days of receipt of the notification from the preceding item of this article, the President of the Republic of Slovenia shall publish in the Official Gazette of the Republic of Slovenia a call for nomination of potential candidates for a member of the Governing Board of the Bank of Slovenia. (3)Nominations shall be delivered not less than 30 days following the publication, and in case of the term of office ending before the expiry, not less than 15 days following the publication of the call for nominations. Nominations shall be substantiated and shall include a written statement of acceptance of the candidature by the candidate. (4)The President of the Republic of Slovenia shall propose his candidate for a member of the Governing Board of the Bank of Slovenia by choosing one of the nominees, or else he may also propose another candidate. The proposal shall be made

within 30 days of expiry of the term defined in the preceding item. Each proposal shall be substantiated and shall include a written statement of acceptance of candidature by the candidate. (5) The National Assembly of the Republic of Slovenia shall take a vote on the candidate proposed for a member of the Governing Board of the Bank of Slovenia within 30 days of submission of the proposal. Votes shall be cast by ballot. The proposed candidate is appointed if voted for by majority of all Members of Parliament. (6) If the candidate proposed for a member of the Governing Board of the Bank of Slovenia does not receive the necessary majority of votes of Members of Parliament, the President of the National Assembly shall immediately notify the President of the Republic of Slovenia accordingly, and the latter shall notify the President of the National Assembly of the Republic of Slovenia of his decision as regards a further election procedure for a member of the Governing Board of the Bank of Slovenia within the 14 days of such notificatio

### **3.1.4 What is the composition of the governing body?**

There is no special governing body selected for Deposit Guarantee Scheme maintenance, so we can't provide you its composition.

### **3.1.5 What are the duties and responsibilities of the governing body?**

Responsibilities of the Governing Board of the Bank of Slovenia: (1) The Governing Board of the Bank of Slovenia shall have the authority to decide on matters within the scope of the responsibilities of the Bank of Slovenia pursuant to this and other acts. (2) The Governing Board of the Bank of Slovenia shall have the authority to decide on the matters within the scope of its authority in meetings. (3) The Governing Board of the Bank of Slovenia shall adopt rules of procedure. (4) The Governing Board of the Bank of Slovenia shall take decisions by a two-thirds majority of votes of all of its members. Other responsibilities of the Governing Board of the Bank of Slovenia: (1) The Governing Board of the Bank of Slovenia shall also have the authority to decide on other matters concerning the operations of the Bank of Slovenia, and shall: 1. propose the external auditor, 2. regulate rights and obligations of members of the Governing Board of the Bank of Slovenia arising from employment contracts, 3. determine the existence of any conflict of interests of members of the Governing Board of the Bank of Slovenia, 4. rule on internal administrative issues of the Bank of Slovenia. (2) The Governing Board of the Bank of Slovenia shall notify the National Assembly of the Republic of Slovenia of the existence of any conflict of interests from the third item of the above paragraph of this Article.

### **3.1.6 Is there any direct or indirect representation in the management of the DIS by member insured institutions?**

### **3.1.7 Is there any direct or indirect representation in the management of the DIS by the central bank?**

### **3.1.8 Is there any direct or indirect representation in the management of the DIS by the regulator?**

### **3.1.9 Is there any direct or indirect representation in the management of the DIS by the supervisor?**

### **3.1.10 Is there any direct or indirect representation in the management of the DIS by other?**

### **3.1.11 Please provide a breakdown of the management structure of the DIS**

Deposit Guarantee Scheme is not separate legal entity which means that it has no special staff. Nevertheless the management structure of the Banking Supervision Department of Bank of Slovenia is as follows: - Director (Ms. Mojca Majic) - Deputy Director (Mr. Matej Krumberger) - Adviser (Ms. Gordana Ilc -

Križaj) - Senior Legal Adviser (Mr. Nenad Novakoviè) - Head of Licensing Unit (Ms. Lea Košak) - Assistant Director (Ms. Anka Mikliè) - Assistant Director On-Site Supervision (Mr. Boštjan Zorman)

**3.1.12 Do you have an internal control and audit systems**

Other

Yes, but only as a Bank of Slovenia which administrates DIS.

**3.1.13 Are directors and officers of the DIS and/or supervisors personally liable for their decisions in the normal course of their activities?**

No

**3.1.14 Is there an advisory committee to the DIS?**

No

**3.1.15 Has the DIS ever taken legal action against directors of failed member institutions? Or others? What position did the person(s) hold?**

No

Bank of Slovenia as supervisor took legal action against directors of failed banks or other deposit taking institutions.

**3.1.16 Please indicate which of the following tools are used as part of your accountability regime.**

## **Section 4: Human Resources & Infrastructure**

**4.1.1 What is the total number of employees at the DIS (e.g. full-time, part-time and contract) ?**

Slovenian Deposit Guarantee Scheme is not organised as an institution with own staff. Banking supervision department has 52 employees (as 31.12.2002)

**4.1.2 Are the majority of DIS employees dedicated staff or do they come from other organizations (i.e. government, central bank, private sector)?**

Other

Responsibility for proper maintenance of Slovenian Guarantee Scheme is on Supervision Department of Bank of Slovenia, which has well qualified employees.

**4.1.3 Does the DIS train and develop its own staff? If so, briefly describe programs which have been put in place for training and development?**

No

General training of supervisors and regulators includes seminars in the country and abroad.

**4.1.4 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)**

Other

As it was already said, the training and development is oriented to supervisors of Bank of Slovenia.

**4.1.5 Are compensation and incentives offered sufficient to attract and retain skilled**

**staff? Please elaborate.**

3

Compensations and incentives for supervision staff are sufficient enough to attract and retain skilled staff. Wages in Bank of Slovenia are in average comparable with commercial banks and other state institutions (as Ministry of Finance for example). Furthermore, the educational program is also quite attractive.

**4.1.6 Are confidentiality provisions for employees provided for?**

Other

Confidentiality provisions which are stated in Banking act (see below) are in general already provided also for Supervisors. Article 104 of Banking Act: (1) Members of bank bodies, shareholders of a bank, employees of a bank, or other persons which, in connection with their work in a bank or provision of services for a bank, have access to confidential data under article 103 of the present law, may not disclose these data to third persons or to make use of them or enable third persons to make use of them. (2) Professional secrecy requirements shall not apply in these instances: 1. if the client explicitly agrees in writing that certain confidential data may be communicated, 2. if the data are necessary for establishing the facts in criminal procedures and the submission of these data is requested or ordered in writing by the competent court, 3. those prescribed by the law regulating the prevention of money laundering, 4. if these data are necessary for the establishment of legal relationship between the bank and a client in a court dispute, 5. if these data are necessary in an estate proceeding concerning a deceased client and the submission of these data is requested or ordered in writing by the competent court, 6. if these data are necessary for the execution against the property of a client and the submission of these data is requested or ordered in writing by the competent court, 7. if these data are needed by the Bank of Slovenia or another supervisory authority for the needs of supervision carried out in the framework of its competencies, 8. if these data are needed by the tax authority in a procedure carried in the framework of its competencies. Use of Confidential Data: The Bank of Slovenia or other authorities or the courts may use the data acquired on the basis of the second paragraph of article 104 of the present law exclusively for the purpose for which the data have been acquired.

**4.1.7 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?**

Other

Supervisors as persons are not responsible for their actions taken in good faith and acting in the best interests of the DIS. The Bank of Slovenia is financially responsible in case of proven major negligence.

**4.1.8 What percentage of the budget is spent on training and development and information technology?**

There is no special budget for those purposes in terms of DIS, but only as training and development of the whole Supervisor Department. In 2002 (from januar to november), 21,3% of the whole budget for training of BoS was spent in Supervision Department.

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

**5.1.1 Who performs examinations of DIS member institutions?**

Central Bank

**5.1.2 Please describe the examination process that is used to evaluate member institution performance?**

Supervision Department of Bank of Slovenia supervises banks on a way which is prescribed in Banking Act. Besides regular and special on-site examinations, Supervisory Department of Bank of Slovenia also checks regular banks's reports on Guarantee Scheme two times per year.

**5.1.3 What information is collected from member institutions for the DIS and other parties?**

Banks that are members of Slovenian Deposit Guarantee Scheme are obliged to provide special report on

guaranteed deposits on semi-annual basis.

**5.1.4 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.**

**5.2 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.**

**5.2.1 accessibility**

5

**5.2.2 timeliness**

5

**5.2.3 Is there a consistent definition/classification across authorities of problem institutions**

No

**5.2.4 When policy regarding the DIS and financial sector is developed or amended, are other bodies consulted and/or advised (e.g. central bank, supervisor, regulator, government, industry associations) ? If you do consult and/or advise what bodies do you do it with?**

**5.2.5 Is discussion with other bodies encouraged prior to the implementation of new policy?**

**5.2.6 How often do you contact other DIS?**

Occasionally

**5.2.7 Is the DIS consulted when the regulator, supervisor or central bank enters into an agreement with a financial institution that is experiencing problems?**

Yes

## **Section 6: Membership**

**6.1.1 What types of institutions are covered in your DIS?**

In Slovenia, membership in Guarantee Deposit Scheme is mandatory for all deposit taking institutions that obtain the authorisation from the Bank of Slovenia. To become a member of Deposit Guarantee Scheme an institution must be a bank, savings bank or Loan undertaking with authorisation of Bank of Slovenia.

**6.1.2 Is membership in the DIS mandatory for designated deposit taking institutions?**

Yes

**6.1.3 Do you have terms and conditions of membership? (i.e. laws, regulations or agreements 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.**

**6.1.4 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.**

No

Deposits placed with a branch of a member state bank are guaranteed according to the deposit-guarantee scheme valid in the country of the bank

**6.1.5 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?**

**6.1.6 Are deposit-taking institutions required to re-apply for membership after a certain period of time?**

No

**6.1.7 How many member institutions do you have?**

23

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

As for 30.6.2002: Total level of assets:4,146.406.542,00 SIT Total member deposits: 2,664.245.886,00 SIT Total member insurable deposits: 1,275.042.819,00 SIT

## **Section 7: Coverage**

**7.1.1 Is there a formal definition of a deposit and or insured deposit used by your DIS? If so what is it?**

**7.1.2 What types of deposits are eligible for coverage in your DIS?**

Savings account,Chequing account,Annuity contracts,Certificates of deposit,Foreign currency deposits,Other

null|null|null|null|null|null|null|null|null|null

**7.1.3 Is coverage**

per depositor per institution

#### **7.1.4 What is the coverage limit per depositor?**

Coverage limit represent deposit balances of an individual depositor with the bank up to the amount of 4,200.000 tolar (cca 18.500 EUR), as of the day of the initiation of the bankruptcy of the bank.

#### **7.1.5 How was this figures arrived at?**

A primary consideration for Slovenian Guarantee Scheme when determining coverage limits is that the chosen level provide credible protection for the majority of depositors in the financial system. This amount arrived from tendation to be as much close to the European minimum (20.000 EUR).

#### **7.1.6 For eligible financial instruments with maturity dates, what is the longest contract term covered by the DIS?**

#### **7.1.7 What types of depositors are not eligible for coverage in your DIS?**

Foreign (non-residents), Other

Types of depositors that are eligible for coverage in Deposit Guarantee Scheme are individuals and small enterprises. |null|null|null|null|

#### **7.1.8 Is the coverage amount indexed?**

Yes

#### **7.1.9 What is it indexed to?**

Guarantee amount is indexed to the ratio between the tolar and the Euro. If this ratio changes by more than 10 per cent according to the exchange rate of the Bank of Slovenia, the guarantee amount has to be harmonised by the Bank of Slovenia.

#### **7.1.10 Does your DIS use coinsurance? If coinsurance is used please describe the approach used.**

No

#### **7.1.11 Is the public widely aware of the presence of coinsurance?**

#### **7.1.12 Are coverage levels affected by resolution methods? If so, please explain.**

No

#### **7.1.13 To what extent, is there a 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

#### **7.1.14 How is a decision made on the insurance eligibility of new financial products?**

There has been no such decisions till now.

#### **7.1.15 When member institutions merge how are insured deposits treated?**

In case of merger between two or more banks the guarantee amount (4,200.000,00 SIT) per depositor stays the same. The merging banks shall notify their depositors of the possibility of exceeding the guaranteed amount within three business days following the day of the decision on merger. The notification shall call the depositors' attention to all rights of creditors (depositors) relating to approvals of change of debtor in contractual relations and to the deadline for the exercise of such rights. The notification shall be published in wide-circulation daily newspapers unless individual depositors are notified by the banks by mail. In the

process of issuance of the authorisation for merger, the Bank of Slovenia shall also estimate whether protection has been ensured for creditors whose guaranteed deposit limit may be exceeded. In this case the costs relating to the exercise of creditors' rights (e.g. due to the early termination of contracts) can't be passed on to the creditors who might have exercised their above described rights. In the event of early termination of the contract at depositor's request, his deposit shall bear interest at the originally determined rate of interest.

## **7.2 Does your country offer the following?**

### **7.2.1 Islamic banking**

### **7.2.2 Islamic deposit insurance**

## **Section 8: Funding & Fund Management**

### **8.1.1 What type of funding is used by the DIS?**

### **8.1.2 Is the DIS funded by levying insurance premium assessments against member institutions or, by some other means such as general tax revenues?**

Premium assessment

### **8.1.3 If insurance premiums are assessed, are they assessed as a flat rate or are they differential in some way, please explain? (e.g. risk based)**

### **8.1.4 What is the current premium rate? If there have been changes to this rate, details would be appreciated.**

### **8.1.5 How often is the premium assessed?**

### **8.1.6 Is the premium assessed on total deposits, insured deposits or something else?**

Total deposits

The contributions are calculated on the basis of total deposits after deduction of certain deposits stated in the Royal-Dcree 2606/1996

### **8.1.7 Are premiums paid by member institutions tax deductible as a business expense?**

Yes

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

**8.1.9 Does the DIS have a target with respect to the optimal size of the DIS fund?  
(Yes is chosen go to question 8.10 otherwise Skip the next 2 questions)**

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

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

Yes

**8.1.12 If a fund is not maintained, is an assessment levied 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

Individual bank

**8.1.13 Which of the following sources of additional funding, for emergency or liquidity purposes, does the DIS have access to?**

**8.1.14 Are member institutions required by law to issue, on a regular basis, subordinated debt?**

No

## **Section 9: Reimbursing Depositors**

**9.1.1 Please describe the procedure for reimbursing depositors used by your DIS?**

General procedure of the reimbursement process is next: Step 1. Within 10 days after the issuance of the court decision on initiation of the bankruptcy proceeding of particular bank, the bank declared bankrupt and the successor bank must determine the total balance of guaranteed deposits as of the day of the initiation of the bankruptcy of the bank. The list of guaranteed deposits must be then sent to the Bank of Slovenia. Step 2. After the initiating of the bankruptcy proceeding of the bank, the Bank of Slovenia makes a public announcement to the depositors which indicate: - the initiating of the bankruptcy of the bank; - the successor bank, nominated for repayment of the guaranteed deposits; - the day after which guaranteed deposits shall be repayed to depositors as well as the day after which guaranteed deposits shall be converted into a demand deposit placed with the assuming bank in cases when the depositor fails to exercise his right of disposal of the guaranteed amount with the assuming bank within the specified period of time; - the method of registering all individual depositors' claims by indicating that additional information concerning the registering of claims may be obtained from the accessor bank; - that due to the failure to register his claims within the two-month period following the publication of the initiation of the bankruptcy of the bank in the Official Gazette of the Republic of Slovenia, the depositor shall not receive any excess over the guaranteed amount nor interest in accordance with the regulations governing bankruptcy proceeding in the period from the initiation of the bankruptcy proceeding of the bank to the initial day of payment from the bankruptcy estate; - legal instruction to depositors disagreeing with the level of the guaranteed amount. Step 3. The Bank of Slovenia must confirm the record about guaranteed deposits (sent by the bank declared bankrupt and the successor bank) within 10 days after its receipt and send it to the court conducting the bankruptcy proceeding. The Bank of Slovenia and the bankruptcy trustee draw up a final list of guaranteed deposits and sent it to the successor bank not later than by the initial day of repayment of the guaranteed deposits. Initial day of repayment is the first business day after the liquid assets are provided to the assuming bank. Step 4.- repayment of the guaranteed deposits. The Bank of Slovenia must provide the successor bank with liquid assets for repayment of the guaranteed deposits not later than by the initial day of repayment of such deposits, however not later than within three months following the initiating of the

bankruptcy proceeding of the bank.

**9.1.2 Are depositors required to file a claim when a member institution fails? If so, what is the process?**

Other

Depositors which claims do not reach the guaranteed line (4,200.000,00 tolar) are not supposed to file a claim when a member institution fails. Namely, they are included on the guarantee list automatically. Depositor which claims exceed guaranteed line (over 4,200.000,00 tolar) must register his claim in the amount of excess over the guaranteed amount, within the two-month period following the publication of the initiation of the bankruptcy of the bank in the Official Gazette of the Republic of Slovenia.

**9.1.3 When is the DIS obligated to reimburse insured depositors?**

Reimbursement of insured depositors must start no later than in three months, counted from the initiation of the bankruptcy proceeding against the bank.

**9.1.4 Is there an established legal basis upon which to base the reimbursement process? Please explain.**

Yes

Yes, legal basis upon which to base the reimbursement process are Banking Act and the Decision on Deposit-Guarantee Scheme. This documents provides legal framework for activation of reimbursement process as follows. Pursuant to Article 166 (3) (see a copy of Banking Act which was already sent to CDIC), the Bank of Slovenia shall provide the assuming bank with liquid assets for repayment of the guaranteed deposits not later than by the initial day of repayment of such deposits from Article 20 hereof, however not later than within three months following the initiating of the bankruptcy proceeding of the bank. Depositors shall not be entitled to have at their disposal the guaranteed deposit balances until they have made a declaration under material and criminal liability that there existed no facts or circumstances from Article 153 (4) of Zban (see a copy of Banking Act) in respect of their personal characteristics as of the day of the initiation of the bankruptcy of the bank. At the same time, depositors shall also make a declaration that, as of the day of the receipt of guaranteed deposit amount, they withdraw their registered claim in bankruptcy proceeding in the amount equal to the received guaranteed deposit.

**9.1.5 Is the DIS subject to explicit standards for prompt reimbursement? If so what are they?**

No

**9.1.6 What methods of payment can be used and under what circumstances are they used?**

Methods of payments at the reimbursement depends from depositor decision (cash pay-out, transfer to other account in the successor bank, transfer to other bank in the country, transfer to other bank abroad...). In principle a depositor must come to the branch teller to fulfill requirements of the Decision (see question 4).

**9.1.7 Are the rules regarding clearing, set-off, trust accounts, and related issues well defined (through the legal system or formal agreement)? Please explain.**

Yes

For set-off: In the case that the individual depositor has claims and liabilities to the bank at the same time, the amount of guaranteed deposits is calculated by determining the net amount of his claims first in accordance with the rules on set-off and counterclaims based on the act governing bankruptcy proceeding. For trust (joint) accounts: Joint account means an account opened on behalf of two or more persons. The share of each depositor in a joint account is taken into consideration in calculating the amount of guaranteed deposits. Unless otherwise provided, such joint account are divided equally amongst the depositors. Where the depositor is not absolutely entitled to the sums held in an account, the person who is absolutely entitled shall be covered by the guarantee, provided that that person has been identified or is identifiable before the day on which the competent authorities make the determination that deposits are unavailable. The account of one account holder with one or more authorised persons is treated as a single depositor account. Joint accounts held by members of entities without legal personality are treated as if

made by a single depositor for the purpose of calculating the guaranteed amounts.

**9.1.8 What are financial institutions obligated to hold with respect to deposit records?**

The banks must develop and maintain adequate information system and procedures of identifying and monitoring the extent of deposits and guaranteed deposits and ensure the regularity of reporting to the Bank of Slovenia. Banks and bank branches must submit to the Bank of Slovenia reports on guaranteed deposits as of the last day of June not later than by the end of September, and as of the last day of December not later than by the end of February of the following year. The banks must file such reports in the form prescribed by the instructions of the Bank of Slovenia.

**9.1.9 When is the DIS given access to an institutions financial and depositor records?**

Other

**9.1.10 Does the DIS have the option of making advance payments to depositors in situations of dire need (i.e. in an emergency)?**

No

**9.1.11 Does the DIS make interest payments to depositors during the time taken for reimbursement? Please explain.**

No

Regarding interests the guaranteed deposit amount include the corresponding interest on deposits in accordance with the contract and/or in accordance with the terms and conditions of the issue of debt securities, accrued to the day of the initiation of the bankruptcy of the bank (and not also from the day of the initiation to the date when reimbursement actually take place).

**9.1.12 What information is communicated to depositors regarding the reimbursement process?**

Information which is communicated to depositors regarding the reimbursement process is published as public announcement of Bank of Slovenia and indicates: - the initiating of the bankruptcy of the bank; - the successor bank, nominated for repayment of the guaranteed deposits; - the day after which guaranteed deposits shall be repayed to depositors as well as the day after which guaranteed deposits shall be converted into a demand deposit placed with the successor bank in cases when the depositor fails to exercise his right of disposal of the guaranteed amount with the assuming bank within the specified period of time; - the method of registering all individual depositors' claims by indicating that additional information concerning the registering of claims may be obtained from the assuming bank; - that due to the failure to register his claims within the two-month period following the publication of the initiation of the bankruptcy of the bank in the Official Gazette of the Republic of Slovenia, the depositor shall not receive any excess over the guaranteed amount nor interest in accordance with the regulations governing bankruptcy proceeding in the period from the initiation of the bankruptcy proceeding of the bank to the initial day of payment from the bankruptcy estate; - legal instruction to depositors disagreeing with the level of the guaranteed amount.

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

The Bank of Slovenia or other authorities or the courts may use the data acquired on the basis of the second paragraph of article 104 of the present law exclusively for the purpose for which the data have been acquired. Second paragraph of Article 104 of Banking Act: Professional secrecy requirements shall not apply in these instances: 1. if the client explicitly agrees in writing that certain confidential data may be communicated, 2. if the data are necessary for establishing the facts in criminal procedures and the submission of these data is requested or ordered in writing by the competent court, 3. those prescribed by the law regulating the prevention of money laundering, 4. if these data are necessary for the establishment of legal relationship between the bank and a client in a court dispute, 5. if these data are necessary in an estate proceeding concerning a deceased client and the submission of these data is requested or ordered in writing by the competent court, 6. if these data are necessary for the execution against the property of a client and the submission of these data is requested or ordered in writing by the competent court, 7. if these data are needed by the Bank of Slovenia or another supervisory authority for the needs of supervision carried out in the framework of its competencies, 8. if these data are needed by the tax authority in a

procedure carried in the framework of its competencies.

**9.1.14 What steps are taken to verify, reconcile and settle insured deposit accounts?**

To verify, reconcile and settle insured deposit accounts the same steps are taken as for ordinary withdrawal on the banking counter. Depositor must identify him/her self with personal ID document and by signing: 1. a declaration under material and criminal liability that there existed no facts or circumstances from Article 153 (4) of ZBan (see copy of Banking Act) in respect of his/her personal characteristics as of the day of the initiation of the bankruptcy of the bank. 2. at the same time, depositor shall also make a declaration that, as of the day of the receipt of guaranteed deposit amount, he/she withdraw his/herr registered claim in bankruptcy proceeding in the amount equal to the received guaranteed deposit.

**9.1.15 What steps are taken to ensure that an institutions depositor records are accurate, up to date and accessible?**

Depositor records must always be accurate, up to date and accessible. This is obligation of the bank which is supervised through on-site supervision.

**9.1.16 Does the DIS document its experiences with respect to each reimbursement action (i.e. lessons learned) in order to allow for continuous improvement?**

Other

Slovenian Deposit Guarantee Scheme haven

**9.1.17 What technologies does the DIS use to facilitate the reimbursement process?**

## **Section 10: Public Information & Awareness**

**10.1.1 What obligations are there to inform the public?**

Banks, branches of member state banks and branches of foreign banks are obliged to make available the information about the deposit-guarantee scheme in a readily comprehensible manner and posted it in a visible place in all premises where they transact business with clients. The information includes the following: - indication of the deposit-guarantee scheme, - the level and scope of the cover offered by the guarantee scheme including the percentage of cover and an indication of exceptions, - instructions on where in the bank actual and potential depositors may obtain detailed and complete information on conditions and procedures for the repayment of the guaranteed deposits. The notification shall be made in the Slovene language as well as in the Italian and Hungarian languages in areas where these two languages are official languages in addition to Slovene (hereinafter: "languages of national minorities"). Branches of member state banks that have joined the deposit-guarantee scheme of the Republic of Slovenia for supplementary cover according to the deposit-guarantee scheme applicable in their respective states must indicate that fact clearly in the notification. In branches of banks abroad, information contained in the notification must be made available in the official language or languages of the state in which the branch is established.

**10.1.2 Who is responsible for communicating information about the DIS to the general public?**

Other

null|null|null|null|null

**10.1.3 Are these explicitly stated in policy or law?**

**10.1.4 Are the terms and conditions of DIS explained in a manner that the general public can understand fully?**

Yes

From the beginning of this year, Bank of Slovenia established special Web page, where all regarding issues are explained in a manner that public can understand fully.

**10.1.5 If so, what methods are utilized?**

Website,Other

null|null|null|null|null

**10.1.6 At what point is information disclosed to the public about an institution that is having problems and how is information disclosed?**

There has been no such case from the implementation of Slovenian Deposit Guarantee Scheme. However, the information must be disclosed to the public by the Bank of Slovenia after the initiation of the bankruptcy proceeding of the bank.

**10.1.7 Has a survey of public awareness about the DIS been conducted? If so/ what were the results? If not why not? Please include supporting documentation.**

**10.1.8 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

There were next public awareness campaigns to increase public awareness and knowledge in Slovenian public medias:- information on new Deposit Guarantee System at implementation of Banking Act;- information at amendment of Decision on Deposit Guarantee Scheme in the middle of year 2000- Bank of Slovenia published information about Deposit Guarantee Scheme in public medias several times to increase public awareness especially when few Savings and Loan Undertakings had significant liquidity crisis. Namely at the moment Savings and Loan Undertakings are not included in Deposit Guarantee Scheme.

**10.1.9 Please describe the approach used; objectives, target audience, communication strategy, and timing results.**

Objectives: raising public awereness Target audience: depositors, financial public Communication strategy: public medias (newspapers, brochures, TV...)

## **Section 11: Risk Assessment & Intervention**

**11.1.1 Does the DIS have a risk monitoring function to analyze and assess the risk of member financial institutions?**

Other

Bank of Slovenia as supervisor have a risk monitoring function to analyze and assess thr risk of member financial institutions.

**11.1.2 Does the DIS perform examinations of its member institutions? If not, who does?**

No

Yes and no. As already said Slovenian Deposit Guarantee Scheme is administrated by Bank of Slovenia which means that examination of member institutions is performed by Supervisory Department of Bank of Slovenia.

**11.1.3 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?**

#### Other

Bank of Slovenia as supervisor that administrates Deposit Guarantee Scheme receive information directly from its member institutions. Regular reports a bank must report to the Bank of Slovenia are on: 1. own funds 2. capital requirements 3. capital adequacy 4. exposure 5. evaluation of credit risks specified in article 77 of the present law 6. liquidity 7. the position of non-balanced items 8. the value of investments in the capital of non-financial organisations and immovable property Besides this, banks must report on the following facts and circumstances: 1. changes in data which are entered in the companies registry; 2. convening of the general meeting of shareholders and all decisions adopted at the meeting; 3. owners of the shares of the bank and acquisition or changes in qualifying holdings under article 18 of the present law; 4. releases from duty and appointments of members of the management board; 5. intended opening, transfer, closing or temporary cessation of a branch or representative office, or changes in the types of services provided by the branch; 6. every planned change in the capital of the bank by 25 per cent or more; 7. investments in the capital of non-financial organisations; 8. occurrence of large exposure; 9. more important changes in the capital structure; 10. cessation of provision of certain banking or other financial services. (2) The management board of the bank must immediately notify the Bank of Slovenia of the following events: 1. if the liquidity or solvency of the bank becomes endangered; 2. if grounds occur for the cessation or revocation of the authorisation to provide banking services or a prohibition to provide particular banking services or other financial services; 3. if the financial position of the bank changes to such extent that the bank no longer attains the minimum capital under article 68 of the present law. 4. If the bank began with substantial renovations of the information systems or, if the bank began developing new services which are predominantly supported with information technology; 5. about other events that may influence the safe and sound operation of the bank.

#### **11.1.4 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.**

Risk assessment is administered by Supervisory Department of Bank of Slovenia. The risk assessment approach used by Supervisors is CAMEL for on-site area.

#### **11.1.5 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.**

Bank of Slovenia as supervisor can take all measures against member institution which are prescribed by Banking Act. The measures of supervision of a bank stipulated in the present law are: 1. ordering elimination of violations; 2. ordering additional measures; 3. prohibition of providing specific banking services or other financial services; 4. revocation of the authorisation; 5. special administration; 6. compulsory liquidation of the bank; 7. deciding on grounds for bankruptcy of the bank.

## **Section 12: Failure Resolution**

### **12.1.1 Is your DIS involved in the failure resolution of member institutions?**

No

### **12.1.2 Who determines whether a member institution has failed or is insolvent?**

### **12.1.3 Under what conditions can the DIS cancel/terminate the deposit insurance of a member institution?**

### **12.1.4 How is the failure/non viability of a member institution determined?**

**12.1.5 How many member institutions have failed in your country in the last 20 years?**

**12.1.6 Do banks go through the regular corporate bankruptcy process? If no, what is the process used?**

Other

Please, disregard this answer.

**12.1.7 Is the receiver of failed institutions also the one that disposes of the institutions? If not, who does?**

Yes

**12.2 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 20 years.**

**12.2.1 Formal liquidation**

**12.2.2 Purchase and assumption (sale and merger)**

**12.2.3 Open bank assistance (e.g. recapitalization)**

**12.2.4 Bridge banks and other interim solutions**

**12.2.5 What criteria are used to determine the method of failure resolution?**

**12.2.6 Is the deposit insurer required to resolve failed or failing insured depository institutions in a manner that is least costly to the DIS?**

Other

It is not compulsory to choose always the least costly procedure because other factors should be taken.( See 12.9)

**12.2.7 Please indicate what kind of private companies, if any, are included in the failure resolution process?**

## **Section 13: Claims, Recoveries & Estate Management**

**13.1.1 Does the DIS play a role in the claims and recoveries process? If yes please describe this role**

No

**13.1.2 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)?**

**13.1.3 What role does the private sector play in the claims, recovery process?**

**13.1.4 What approaches and strategies are adopted by the deposit insurer to accomplish the objectives of claims and recovery activities?**

**13.1.5 By what standard is the DIS judged with respect to performing its function in claims and recoveries (e.g.x. Comparative private sector or DIS benchmarks, internal assessments, past experience)?**

**13.1.6 What assets have you found to be the hardest to recover? Why? What types of strategies have been used to recover different assets?**

**13.1.7 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

By the mere fact of making payment of the guaranteed amounts the legal rights of depositors shall be subrogated to the Fund to the extent of the payments made. The Law establishes the document in which the payment is sufficient to accredit this right.

**13.1.8 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?)**

No

The payment of depositors is independent of the liquidation of entities.

**13.1.9 Are rights of set-off available or imposed in your countrys legal system? Please describe the various forms set-off can take.**

No

## **Section 14: Other Issues**

**14.1.1 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?**

- Entrance in European Union is planned on 1. april of 2004. In negotiations with European Union Slovenia reached the transition period for protection of domestic level and scope of deposit guarantee till 31.12.2005. It means that until 31.12.2005 neither the level nor the scope, including the percentage of cover provided, shall exceed the maximum level or scope of cover offered by corresponding guarantee scheme within the territory of the Republic of Slovenia. - Concentration in the banking system will cause the decrease in number of banks. While the trend of consolidation of banking system is taking place in Slovenia, where the share of the biggest bank is increasing and the number of small banks is decreasing, question about

suitability of existing Ex-post system arises.

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