

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:

Central Bank of Jordan

1.1.2 Organization Address:

P.O. Box 37 Amman 11118 Jordan

1.1.3 Organization Telephone No:

+962 6 4630301

1.1.4 Organization Fax No:

1.1.5 Organization Internet Address:

www.cbj.gov.jo

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:

Central Bank of Jordan

1.4.2 Financial Supervisor Address:

1.4.3 Financial Supervisor Telephone:

+962 6 4630301

1.4.4 Financial Supervisor Fax:

1.4.5 Financial Supervisor Internet Address and contact:

www.cbj.gov.jo

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)?

Deposit Insurance Corporation (DIC)/ Jordan was established on Sep. 2000. This establishment came after a long debate to decide whether such a corporation is needed or not. However, some banking trouble events in the late 1980's and mid 1990's had ended this debate and made it clear that taxpayers are no longer responsible for the costs of resolving failed banks.

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?

DIC's public policy objectives include :- ensure depositors against losses of their savings. enhance financial stability in the country. promote safety and soundness of banking business by creating effective market discipline from all concerned parties. Since the DIC was newly established, more time, however, is needed to review those objectives. Nevertheless, DIC strongly believes that those objectives should be reviewed on a continuous basis.

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

The process used to determine those objectives was undertaken by the Central Bank of Jordan (CBJ), this process involved consultation with all other interested parties, mainly the Association of Banks in Jordan.

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?

Other

The DIC's law states that this review should be carried out by the Board on a regular basis without specifying how often this review should be conducted.

2.1.6 What sort of system do you have?

Government legislated and administered

2.1.7 Who makes decisions to pay depositor claims?

DIS

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

No

2.4 Authority over entry and exit of member deposit taking institutions

2.4.1 Establish terms and conditions of membership

No

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

Yes

2.5.3 Use various methods of reimbursing depositors claims

Yes

2.6 Funding

2.6.1 How funding is provided

Yes

2.6.2 Terms and conditions of premiums or levies

Yes

2.6.3 Borrowing authorities and limits

No

2.7 Information Requirements

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

Yes

2.7.2 Access to information through supervisory authorities

2.8 Enforcement and intervention

2.8.1 Authority to conduct examinations and/or reviews

No

2.8.2 Ability to set standards or guidelines for member institutions

No

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).

No

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

Yes

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

Yes

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)

Yes

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

Board of Directors

null|null|null|null|null|

3.1.3 How is the governing body selected?

DIC is governed by a board of directors. There are seven directors including the chairman, five of which are ex-officio and two member directors are from the private sector appointed for three- year term by a decision of the Council of Ministers.

3.1.4 What is the composition of the governing body?

The Governor of the CBJ, as the chairman of the board. One of Governor's deputies, named by the Governor, to act as a deputy chairman. The Secretary General of the Ministry of Finance. The Controller of Companies at the Ministry of Industry and Trade. The Director General. Two members appointed for 3 years by a decision of the Council of Ministers based on the Governor's recommendation. These two members must not be executives of any bank during the period of their membership on the Board and for the two years following the termination of their membership. They must possess experience in financial and economic affairs and must be capable of contributing to the achievement of the DIC's objectives.

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

The DIC's law gives the board the following functions and authorities:- The drawing of the Corporation's general policy. The approval of a general plan for the investment of the Corporation's funds. The formulation of the organizational structure for the Corporation's administrative apparatus, the description of its functions, and the determination of its tasks and responsibilities. The approval of the regulatory, financial, and administrative instructions required for the Corporation's activities. The approval of the Corporation's annual budget. The approval of the Corporation's annual reports and closing accounts. The approval of the Corporation's borrowing. The supervision of the bank's liquidation proceedings. The appointment of a certified auditor to audit the Corporation's accounts and the determination of his fees.

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

No

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
sent by the e-mail

3.1.12 Do you have an internal control and audit systems
Yes

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?

Other

None of them will be personally liable unless it is proved that one acted in bad faith or for personal incentives that are against the interest of DIS.

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

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) ?

Ten. The appointing of new staff is now in progress.

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)?

Yes

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?

Other

After the completion of appointing of its own staff, the DIC will conduct extensive training programs.

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)

No

4.1.5 Are compensation and incentives offered sufficient to attract and retain skilled staff? Please elaborate.

3

4.1.6 Are confidentiality provisions for employees provided for?

Yes

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

There is nothing to prevent filing a lawsuit but such a lawsuit will be dismissed if the employee acts in good faith and for the interest of DIS.

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

This percentage will be decided later and after the appointing of staff is completed.

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

5.1.1 Who performs examinations of DIS member institutions?

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

DIC doesn't usually perform examinations of its member institutions. CBJ is the regulator who does this examination on a regular basis. DIC subject to the CBJ's approval can jointly conduct examinations when there are concerns about the soundness of a member bank.

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

At the time being, the information received by the DIC from member banks is confined to the deposit data. CBJ, as the regulator, receives extensive statistical reports from operating banks on a regular basis (daily, weekly, monthly, quarterly and annually) and whenever it is necessary to provide the DIC with any available information regarding the financial conditions of any member bank, the CBJ stands ready to do so.

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.

National Safety net in Jordan comprising DIC and CBJ. DIC communicates with the CBJ on a regular basis. The DIC's law stipulates that whenever the DIC needs any information pertaining to the financial

conditions of any member bank, the CBJ stands ready to forward it to the DIC.

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

Yes

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?

No

Section 6: Membership

6.1.1 What types of institutions are covered in your DIS?

All deposit taker institutions with the exception of Islamic Banks unless anyone of them decides to join the insurance system.

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.

No

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.

Yes

Foreign banks operating in the country have the same membership status.

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?

Irrelevant

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?

19 banks.

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

As at Dec. 31/2001 (JD Millions) Total Assets 12171.8 Total Deposits 7991.3(Foreign Currency deposits are Included) Jordanian Diner Deposits 4639.3 Insurable Deposits 4384.4 N.B; Each JD is equivalent to US \$ (1.41)

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,Certificates of deposit,Other

Time accounts are included.|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?

JD 10,000 (Maximum)

7.1.5 How was this figures arrived at?

The aim behind the coverage limit was to provide credible protection for the majority of unsophisticated depositors, as well as to create strong incentives for sophisticated depositors to impose their own effective market discipline.

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

All eligible deposit instruments are covered in the insurance regardless of their maturity dates.

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

Foreign (non-residents), Corporations (domestic), Corporations (foreign), Other Household depositors are included. |null|null|null|null|

7.1.8 Is the coverage amount indexed?

No

7.1.9 What is it indexed to?

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.

Yes

If the DIC chooses the pass-through failure resolution (e.g. purchase and the assumption transaction), this means a 100% coverage, while if the pass-through resolution is not possible, then the direct deposit payoff should be used, and as a result the maximum coverage limit will be applied.

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?

This basically depends upon the deposit nature of the new financial product. If this nature suits the legal definition of the eligible deposit, then it will receive the insurance eligibility.

7.1.15 When member institutions merge how are insured deposits treated?

The coverage continues to be the same as prior to the merger (i.e. JD 10,000 maximum)

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)

Insurance premiums are assessed on a flat-rate basis

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

2.5 per thousand of the total deposits.

8.1.5 How often is the premium assessed?

Annually

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

Total deposits

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?

The aim was to create sufficient funds that are adequate to avoid DIS insolvency as well as to cover anticipated adverse contingencies.

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.

Other

Please refer to the response #1.

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?

*The Central bank of Jordan (CBJ), is the only party authorized to issue the decision to liquidate any bank in the country and the DIC is the sole liquidator of such a bank. *IF a bank liquidation has been decided, the DIC shall –within 30 days- announce to all depositors to submit their claims to the liquidator or to the bank (under liquidation). *The said announcement shall be republished after the lapse of (14) days from the date of publication of the first announcement. It shall also be republished every six months until three years have elapsed from the date of the issuance of the liquidation decision. the DIC shall pay the insurance sum due to an insured depositor within 30 days from the date on which the deposit holder submits his claim.

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

Yes

As mentioned in response # 1 above, the deposit holders shall file their claims on the failed institution.

9.1.3 When is the DIS obligated to reimburse insured depositors?

Within 30 days from the date on which deposit holder submits his/her claim

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

Yes

The DIC's law clearly establishes the legal basis for the reimbursement process.

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

Yes

As mentioned in response # 3, the DIC shall reimburse proved claims within 30 days from the date on which deposits holders submit their claims.

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

Checks drawn on the DIC or the bank's (under liquidation) accounts or by any other means of payment.

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

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

*All contractual agreements regarding the account relationships between the bank and its clients. *Duly kept in order information and data regarding the clients' accounts including an updated daily journal for each customer.

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

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

DIC shall annually publish in the official Gazette, and in a conspicuous space in two daily local newspapers an announcement stating the name of insured banks, the type of currency of deposits covered, and the maximum amount insured. Furthermore, once the liquidation of any operating bank has been decided, the DIC shall ensure that all deposit holders are informed about the reimbursement process.

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

In accordance with the effective Banking Law, depositor secrecy shall legally be maintained. Further, DIC shall not disclose any piece of information pertaining to depositors' accounts to any unauthorized party. The DIC's law clearly states that members of the Board of Directors, any employee at the DIC, and any person linked to the Corporation must observe full confidentiality regarding all the information and statements which they examine.

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

Given that DIC has not experienced any bank failure since its establishment, steps should be taken to verify, reconcile, and settle insured deposit accounts are in due course.

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

As mentioned in response #14.

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

As mentioned in response #14.

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

As mentioned in response #14.

Section 10: Public Information & Awareness

10.1.1 What obligations are there to inform the public?

DIC strongly believes of the importance of public awareness and is highly committed to get the public understand the terms and conditions of deposit insurance system in the country.

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

DIS

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?

Other

At the time being, efforts regarding the public awareness are confined to the annual announcement which includes the terms and conditions of DIS.

10.1.5 If so, what methods are utilized?

Other

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?

This lies within the responsibilities of the CBJ (The supervisory authority).

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?

No

Please refer to response # 5.

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

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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?

Yes

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

No

DIC does not normally perform such examinations. CBJ is the regulator who conducts examinations on a regular basis. However, and subject to the CBJ's approval, DIC can jointly conduct examinations whenever there are concerns about the soundness of a member bank.

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

Please refer to response #3 in Section 5 (Part 1)

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.

So far, DIC has not decided on its own risk assessment approach. To bridge this gap, and whenever the CBJ finds that the degree of risk assumed by a member bank has become unacceptable, the DIC's Board of Directors may increase the premium imposed on that member to no more than double the maximum of this premium.

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.

No actions have been taken so far.

Section 12: Failure Resolution

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

Yes

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

CBJ

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

Deposit insurance can not be terminated

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

The CBJ is the sole party which is legally authorized to decide the failure or non-viability of a member bank. The CBJ may issue a decision to liquidate a bank in any of the following situations: - 1-Where the bank has committed a violation or more which may entail squandering of its assets or damage to its depositors rights. 2-Where the bank has become unable to meet the demand on its deposits or to fulfill any of its obligations.Ø3-Where the total losses of the bank exceeded 75% of its subscribed capital

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

One bank

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

No

In the event of bankruptcy, the DIC's Law shall apply to the bankruptcy of any member bank. The provisions of the Companies Law pertaining to liquidation can only be applied in the absence of a specific provision in the DIC's Law.

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

No

Legally, the DIC shall be the liquidator, however DIC can appoint a receiver or any experts to assist it in the

execution of the liquidation proceedings.

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?

The method of failure resolution will be selected on a case-by-case basis.

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?

No

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

Private companies or any private agency may be involved in failure resolution process as a receiver to the extent that DIC deems necessary for such an agent to assist in the liquidation proceedings.

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

Yes

Once the liquidation decision has been taken, DIC has the authority to make all decisions and take all measures, which it deems necessary to efficiently execute the bank liquidation process.

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)?

The primary objective is the maximization of recoveries.

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

Please see response # 11 in section # 12.

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

Studies are now being undertaken to recommend the best approaches and strategies to accomplish the objectives of claims and recoveries.

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)?

No experience so far

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?

No experience in this area.

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

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?)

Yes

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

Yes

The set off process is not an option; DIC is legally required to conduct the set off against all the depositor's liabilities which he owes to the bank. In this regard, if a depositor is a debtor or a guarantor of a debtor of the bank, his deposits with the bank shall be used to set off against all his liabilities, which are current, or due. Any credit balance resulting from the set off process shall be considered an insured deposit, subject to the maximum coverage.

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?

Jordan witnessed a recession in the late 1980s, which lasted to the early 1990s. A major bank failed in 1989, another bank was near to collapse if the CBJ had not intervened and merged it with another bank. This situation encouraged the government to enhance its supervisory regime in order to deepen and strengthen the banking supervision tools, which will mitigate any banking fragility as well as get more parties involved in the supervision process. To this effect, newly enforced laws such as Securities Law (1997), Banking Law (2000) and DIC's Law (2000) were enacted.

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

*How best to reach the highest possible coordination among different players in the national safety net.

*Transition from narrow DIS to the broader one; mechanism and timing. *International guidance on common concerns about the efficient strategies and policies regarding the liquidation proceedings including those policies, procedures, and treatments to dispose different types of assets of the bank under receivership. *What kind of tools and techniques can be utilized to reach the optimality in the liquidation decision.