

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 the Bahamas

1.1.2 Organization Address:

P.O. Box N-4868 Frederick Street Nassau, Bahamas

1.1.3 Organization Telephone No:

242-322-2193 or 242-302-2600

1.1.4 Organization Fax No:

1.1.5 Organization Internet Address:

centralbankbahamas.com

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 the Bahamas

1.4.2 Financial Supervisor Address:

1.4.3 Financial Supervisor Telephone:

Same as above

1.4.4 Financial Supervisor Fax:

1.4.5 Financial Supervisor Internet Address and contact:

Same as above

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 Deposit Insurance system came into effect with the passing of the Protection of Depositors Act in September, 1999. The Act allowed for the establishment of a Deposit Insurance Fund "The Fund" for the protection of depositors and allowed for the establishment of a Deposit Insurance Corporation to manage "The Fund". The failure of a local banking entity in 1997 provided additional impetus for the passing of the Act. Hence, a draft which was before the Cabinet at the time of the failure came onto force on the 10th of November 1999 and the Deposit Insurance Fund and the Deposit Insurance Corporation was established.

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?

The Deposit Insurance System has a simple mandate "to protect depositors Bahamian Dollars Funds". As the Act is fairly new, it has not been reviewed or changed.

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

Not applicable.

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

Government legislated and administered by a Board of Management appointed by the Minister of Finance.

2.1.7 Who makes decisions to pay depositor claims?

Central Bank

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

No

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

Yes

2.5 Depositor reimbursement

2.5.1 Affect reimbursement of depositors claims

Yes

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

Yes

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

Yes

2.8 Enforcement and intervention

2.8.1 Authority to conduct examinations and/or reviews

Yes

2.8.2 Ability to set standards or guidelines for member institutions

Yes

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).

Yes

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

Yes

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).

Yes

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)

Yes

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

Board of Directors,Other

Board of Management.|null|null|null|null|

3.1.3 How is the governing body selected?

Appointed by the Minister of Finance.

3.1.4 What is the composition of the governing body?

Six persons, consisting of the chairman and five members.

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

To manage the Corporation vis â vis powers laid out under Section 15 of the Protection of Depositors Act.

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

Yes

The Central Bank

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

a) Governor of the Central Bank - Chairman b) The Manager of Bank Supervision and one another

Manager of the Central Bank c) The Financial Secretary; and d) Two other persons who have knowledge and experience in banking, commerce, finance, accounting, insurance or law.

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?

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

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) ?

Three dedicated staff on quarterly rotation scheduled from the Bank Supervision Department of the Central Bank.

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

The Central Bank of the Bahamas and its staff provide banking, accounting and administrative services to the Corporation.

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?

Yes

In-house training, international conferences and seminars (Federal Deposit Insurance Corporation).

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)

Yes

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

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?

Yes

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

Staff seconded from the Central Bank. Training cost for DIC is co-mingle with the general supervisory training cost vis à vis staff employment with the Central Bank.

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?

Examination process consist of on and offsite surveillances. Offsite is conducted through analysis of quarterly and annual prudential returns. On-site examination process focuses on members general risk, management, corporate governance structures process of control. Safety and soundness review of compliance with prudential norms, know your customer and anti-money laundering procedures.

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

- Quarterly prudential and annual reports - Fit and proper documentation - Quarterly analysis of deposit liabilities

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.

The Central Bank can share any information with DIC concerning its members. The Corporation is directed by law to comply with any general or specific directions of the Central Bank and shall act only on the advice of the Central Bank.

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

Due to small size of Deposit Insurance Corporation and its administration by the Central Bank of the Bahamas, the Central Bank of the Bahamas is, at present, solely responsible for the classification of problem institutions. This information is automatically readily available to the DIC for the execution of its mandate. The DIC Act has given specific power to the Corporation to act on advice of the Central Bank in the exercise of its powers.

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?

Yes

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?

Any institution or person carrying on banking business wholly or partly in the Bahamian country.

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

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?

Only DIC is responsible for membership application.

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?

Thirteen (13)

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

For the year 2003 (Based on deposit base for the year 2002). Total assets stood at \$4,941,621,000 for 31st December, 2002. Total deposits \$ 3,678,416,000. Total insurable deposits \$1,419,418,987.

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,Guaranteed investment certificate,Money orders,Certified drafts of cheques

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?

Bahamian Dollar \$50,000.00

7.1.5 How was this figures arrived at?

Based on a survey conducted domestically and internationally taking into account average deposit balances and moral hazard issue.

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

No limit

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

Corporations (domestic),Other

null|null|null|null

7.1.8 Is the coverage amount indexed?

No

7.1.9 What is it indexed to?

N/A

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.

No

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

The law is explicit and descriptive on what qualifies as insurable deposits.

7.1.15 When member institutions merge how are insured deposits treated?

They are covered and treated as deposits of the surviving entity.

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?

Other

Levy insurance premiums.

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)

Flat rate.

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

120 of 1%

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?

Insured Deposits

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

Other

Business expense

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

N/A

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?

- Level of insurable deposits - Assessment of soundness of Banks within the system. - Probability of default.

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

No

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

N/A

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?

Where the Bank advises the Corporation that a member institution has closed, the Corporation shall notify depositors by making public notification of the closure in such newspapers as may be considered appropriate, indicating the dates, times and place at which insurance payment shall be made. No payment may be made unless a depositor produces satisfactory evidence of his deposit to the Corporation and that

evidence shall be surrendered to the Corporation on receipt of payment. Persons who have deposits in excess of the insured limit shall be paid the insured portion of their deposits less any amounts owed to the institution by the depositor, and shall be issued with a certificate for the amount in excess of the limit.

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

Yes

Depositors may submit claims for deposit insurance up to one year after closure of the institution with which the deposit was made. Claims made after the time specified in subsection (4) shall be made against the assets of the institution and shall be paid pro rata as the assets of the institution are collected and sold. Claims shall be supported by evidence of deposit ownership and may be made by depositors in person or in writing supported by affidavit.

9.1.3 When is the DIS obligated to reimburse insured depositors?

Once the Central Bank advises that a Bank has failed and the Corporation is satisfied as to the bona fides of the claim and the amount of the claim that is due.

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

Yes

The protection of deposits byelaws set out the bases for re-imbusement.

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

Yes

Payments to depositors of closed institutions shall commence no later than six months after closing of the member institution.

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

Payments are made by cross cheques that are required to be deposited in the depositor bank account.

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?

- Full and correct name of person; - Permanent address; - Telephone and fax number (if any); - Date and place of birth; - Nationality; - Occupation and name of employer (if self employed, the nature of the self employment); - Copy of first four pages of passport or copy of national identity card showing the following details: 1) number and country of issuance; 2) issue date and expiry date; 3) signature of the person; - Signature; - Purpose of the account and the potential account activity; - Written authority to obtain independent verification of any information provided; - Source of income or wealth; and - Written confirmation that all credits to the account are and will be beneficially owned by the facility holder; - Such documentary or other evidence as is reasonably capable of establishing the identity of the depositor.

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

Yes

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?

The public is notified of the dates, times and places at which insurance payment shall be made. The public is also notified that payment will commence within six months of closure. If the depositor does not claim his insured deposit from the Corporation within twelve months of the date of closure, all rights of the depositor against the Corporation concerning the insured deposit are barred, but without prejudice to the rights of the depositor against the institution.

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

Claims and payments are only received and made to the claimant account or to a person authorized by him in writing to collect the amount due.

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

All claims submitted must be accompanied by satisfactory evidence of the claims ownership of or interest in the deposit. The evidence may be given in person or in writing supported by an affidavit.

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

The Corporation has power to assume and uphold of and carry on the affairs of an institution. At the time of closing the Corporation has the right to: 1) Balance the books of the institution and update all of its depositors accounts. The Central Bank is required to conduct onsite examination of member institutions and the Corporation has access to all reports made by the Bank relating to its members. The Corporation also has power to require from directors, managers, Agents or employees of member institution any information in relation to its business or production of any document or records under his custody or control.

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?

No

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

- Electronic data base of deposits information - Electronic check processing etc.

Section 10: Public Information & Awareness

10.1.1 What obligations are there to inform the public?

Legal obligations.

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

DIS

The financial institution and the DIC. |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

10.1.5 If so, what methods are utilized?

Use of Official Sign to display insured status

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?

At the time of suspension or failure. This information is disclosed via newspapers.

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.

No

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

The Corporation is in the process of developing a plan to improve public awareness.

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

Plan is being developed.

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

The Central Bank of the Bahamas is charged with the responsibility.

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?

Yes

All examinations report quarterly via audit financial statements and annual audited financial statements.

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.

The risk assessment system used by the Central Bank of the Bahamas is based on nine (9) risk criteria: Corporate governance, legality and funding, credit risk-management, process of central human resource management, information technology risk, KYC and anti-money laundering risk, managed licences off-site

surveillance.

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.

The DIS enjoys a symbiotic relationship with the Central Bank and act only on its advice. The Central Bank would advise the Corporation when to act within the event of a closure.

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?

The Governor of the Central Bank of the Bahamas.

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

The DIC has no legal basis to cancel/terminate the deposit insurers of a member institution.

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

By the Central Bank of the Bahamas through its supervising process which includes solvency testing.

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

One (1)

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

No

Banks if considered insolvent can either be wound up voluntarily or mandatory under the supervision of the Supreme Court of the Bahamas.

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?

The criteria would depend on the severity of the problem.

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?

Yes

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

- A receiver or receiver managing of the institution. - An Agent (Auditing Firm)

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

The DIC may also appoint a Receiver, Receiver Manager or Agent to facilitate the claims and receive 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)?

Financial system stability.

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

None

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

- To take swift limitations - To recognise limitations where they exist and outsource functions where possible.

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)?

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?

- Assets (particularly loans), without collateral. - Undocumented or inadequately documented loans. A series of collections strategies are used, to the point of legal action in some cases.

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 countrys legal system? Please describe the various forms set-off can take.

Yes

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?

Developments in the financial sector during 2002 was highlighted by further structural changes in the banking sector as institutions responded to tighter regulatory measures affecting the providers of financial services. The domestic banking sector in particular was impacted by a major merger, which saw the consolidation of the Caribbean operations of Barclays Bank PLC and CIBC (West Indies) Holdings Limited. Several other mergers are expected as banks strive to sure up market share. These developments should have minimal impact on the DIC as the consolidations resulted in a stronger capitalized entity and institutions capitalized on synergies created from the amalgamation. The financial system on the whole remains sound supported by an effective supervisory regime. The financial legislation is comprehensive and clear which allows for swift corrective measures where necessary.

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

- DIC investment options. - Methods of risk management within Deposit Insurance Corporation.