

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:

DEPOSIT GUARANTEE FUNDS FOR CREDIT INSTITUTIONS

1.1.2 Organization Address:

c/ José Ortega y Gasset, 22 28006 Madrid (Spain)

1.1.3 Organization Telephone No:

+ 34 91 4316645

1.1.4 Organization Fax No:

+ 34 91 5755728

1.1.5 Organization Internet Address:

<http://www.fgd.es>

1.2 Contact Person(s):

1.2.1 Contact Person(s) Name:

Mr. Juan Rodriguez and Mr. Angel Alvarez

1.2.2 Contact Person(s) Address:

c/ José Ortega y Gasset, 22 28006 Madrid (Spain)

1.2.3 Contact Person(s) Telephone:

+ 34 91 4316645

1.2.4 Contact Person(s) Fax:

+ 34 91 5755728

1.2.5 Contact Person(s) E-mail address:

jmrodriguez@fgd.es and angelal@fgd.es

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:

There are three DIS related to credit entites: Deposit Guarantee Fund for Banking Establishment, Deposit Guarantee Fund for Savings Banks and Deposit Guarantee Fund for Credit Cooperative Banks. The three ones are managed by the Fund's Management Company. There is other independent DIS, the Investors Compensation Scheme for clients of Spanish investment firms (website www.fogain.com)

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

1.3.1 Name of Central Bank:

BANCO DE ESPAÑA (Central Bank)

1.3.2 Central Bank Address:

c/ Alcalá n°. 50 28028 Madrid (Spain)

1.3.3 Central Bank Telephone:

+34 91 33850000

1.3.4 Central Bank Fax:

1.3.5 Central Bank Internet Address:

<http://www.bde.es>

1.3.6 Central Bank Contact Person:

1.4 Financial Supervisor:

1.4.1 Financial Supervisor Name:

BANCO DE ESPAÑA (Central Bank)

1.4.2 Financial Supervisor Address:

c/ Alcalá n°. 50 28028 Madrid (Spain)

1.4.3 Financial Supervisor Telephone:

+34 91 33850000

1.4.4 Financial Supervisor Fax:

1.4.5 Financial Supervisor Internet Address and contact:

<http://www.bde.es>

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)?

-Royal Decree 3048/1977, November 11th, created the Deposit Guarantee Fund for Banking Establishments with the aim of protection depositors and, in particular, those small savers who are not always able to readily discern the situations of the credit institutions in which they deposit their funds.
-Royal Decree 2870/1980, December 4th, created the Deposit Guarantee Fund for Savings Banks, with the same aim, and -Royal Decree-Law 18/1982, September 24th, created the Deposit Guarantee Fund for Credit Cooperative Banks with the same aim.

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?

DISs has been characterised by the double purpose of insuring deposits and reorganizing and refloating financial institutions which are in difficulties.

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

The process for development of public policy for the Spanish financial services sector is undertaken by the Government through the Ministry of Economy, and it involves consultation with the Central Bank and third parts.

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

Legislation

Royal Decree 2606/1996, December 20th. It can be seen in the web site www.fgd.es - legislation

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

Other

There is no a formal process. The objectives can be reviewed by the Government as a consequence of a change of the EC Directive.

2.1.6 What sort of system do you have?

Government legislated & privately administered

The DISs have public-legal personality, but they work under private law.

2.1.7 Who makes decisions to pay depositor claims?

DIS

The DIS shall pay their holders the guaranteed amount when any of the following events occur: a) The credit institution is declared bankrupt b) A Court of Order is issued requiring the institution be placed in temporary receivership. c)The Central Bank declares that the credit institution cannot fulfil its obligations to depositors.

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

Yes

2.4 Authority over entry and exit of member deposit taking institutions

2.4.1 Establish terms and conditions of membership

No

Credit institutions entered in the Special Registers of the Central Bank corresponding to Banking Establishments, Savings Banks, and Credit Cooperative Banks. Therefore all credit institutions must be joined their respective DIS. Competence to decide the expulsion of an institution shall reside with the Minister of the Economy, who shall act upon the proposal of the Central Bank, following a report from the Management Committee of the DIS affected and after holding audience with the interested parts

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

Yes

2.5.2 Access to depositor information

Yes

2.5.3 Use various methods of reimbursing depositors claims

Yes

Usually all payments are made by bank transfer.

2.6 Funding

2.6.1 How funding is provided

No

Member institutions of the DIS are obliged by Law to comply with the economic regime governing annual contributions-"ex-ante". When the assets of a DIS reach a sufficient amount for it to be able to fulfil its functions, the Ministry of the Economy, upon the proposal of the Central Bank, may agree to a decrease in the contributions. When the value of the DIS become negative, the Management Committee may agree to extraordinary contributions being made by the member institutions. Extraordinary contributions ex-post could be requesting by the DIS.

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

No

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

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

No

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

No

2.9 Failure resolution

2.9.1 Authority to decide on appropriate form of failure resolution

No

The DIS shall be able to carry out preventive measures and reorganization of the institution with a view to improving its viability and enabling it to overcome its crisis, within the framework of an action plan prepared by the institution and approved by the Central Bank.

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

Financial aids, which may consist of subsidies, granting of guarantees, loans under favourable conditions, subordinate financing, acquisition for the DIS of damaged or unprofitable assets that appear on the institution's balance sheet, together with any other types of financial support.

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

No

The DIS may provide temporary assistance, provided that in the opinion of the Management Committee this is appropriately guaranteed.

2.10 Authority to:

2.10.1 Undertake formal liquidation

Yes

2.10.2 Purchase and assumption (sale and merger)

Yes

2.10.3 Open assistance (bridge bank)

No

2.10.4 Other forms of failure resolution

The DIS shall be able to assume losses, give guarantees and purchase assets that appear on the balance sheet of the failure institutions, as well as to be take responsibility for the economic balance resulting from proceedings of various types that are in progress or may be initiated subsequently. It may also purchase assets of those institutions when this contributes substantially to avoiding the need for other measures to reestablishment the situation of an institution. This action shall not exclude the requirement upon the administrators of the institution to adopt other measures contributing to the strengthening and to the solvency of the institution, and to the necessary balancing of the profit and loss accounts of the credit institution in question.

2.11 Optimizing recoveries

2.11.1 Ability to act as a receiver

Yes

When a member institution is formally declared to a bankrupt in accordance with the Law, the functions of liquidator are assumed by the DIS.

2.11.2 Ability to act as a liquidator

Yes

When a member institution is formally declared to a receivership in accordance with the Law, the functions of liquidator shall assumed by the DIS.

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 or Committee

null|null|null|null|null|

3.1.3 How is the governing body selected?

The DISs are governed and administered by a Management Committee comprising eight members appointed by the Minister of the Economy, four of which shall represent the Central Bank and the others

represent the credit institutions which are members of each DIS. Deputy Governor of the Central Bank is the Chairman of the Management Committee. The duration of the term of the members of the Management Committees is of four years, which are renewable, except in the case of the mandate of the Deputy Governor of the Central Bank, which shall last as long as he remains in the role. Always in accordance with European Directives.

3.1.4 What is the composition of the governing body?

See 3.1.3.

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

-To inform and advise the Central Bank on matters which are under the competency of the DIS. -Approval of the annual accounts that the DIS must provide to their members and to the Banco de España each year. -To demand from the Central Bank as much information they need regarding their member institutions for the performance of their functions. -To agree extraordinary contributions. -To carry out preventive measures and reorganization of the institution concerned with a view to improving its viability and enabling it to overcome its crisis, within the framework of an action plan made by the institution and approved by the Central Bank.

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

Yes

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

Yes

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

Yes

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

Yes

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

No

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

The Chairman of the Management Committee is the Deputy Governor of Banco de España. The administration of the DISs is carried out by the Fund's Management Company in accordance with the terms of a contract. This entity is managed by the Managing Director, Financial Director and Legal Director.

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?

Yes

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.

Annual Reports,Audited Financial Statements,Other Reporting Requirements
null|null|null|The annual accounts are audited by an auditing international firm.|

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) ?

The number of employees of the Fund's Management Company are sixteen (16).

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

Dedicated staff

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

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.

4

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?

2%

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

5.1.1 Who performs examinations of DIS member institutions?

Supervisor

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

Examination process is conducted by Central Bank, in a regular examinations, according to its plans or when it consider necessary.

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

The Spanish DISs does not receive other mandatory information than those related to the amount of insured deposits and the contribution to be paid. Nevertheless, they receive from the supervisory authorities all the information needed for it purpose and collect from different private and public sources, as annual reports, audit reports, statistics and documents on emerging issues.

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 DISs are entitled by Law to demand to the supervisory authorities all the information needed to carry out its function. More, the composition of the governing bodies with four members of the Banco de España (Central Banks and regulatory and supervisory authority), of high level, assure the coordination and sharing of information concerning members institutions.

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

Supervision of entities is performed by the Central Bank.

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?

Other

null|null|Associations representing banking establishments (AEB), savings banks (CECA) and credit cooperatives banks (UNACC), the Ministry of Economy and the Central Bank.|

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?

Other

When it is necessary.

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

Yes, but only when the DIS has to act.

Section 6: Membership

6.1.1 What types of institutions are covered in your DIS?

Credit institutions whose business are to receive deposits or other repayable funds from the depositors, in order to invest them.

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.

Yes (please explain)

Credit institutions entered in a especial register of the Central Bank corresponding to banking institutions, savings banks, credit cooperative banks, must join to their respective 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.

Other

The branch office of a credit institutions authorized in other member states of the European Union, may join the deposit guarantee fund for banking establishments. - The branch office of credit institutions authorized in a country, not member of European Union, is obligated when the guarantee deposits or securities constituted or entrusted to the branch are not covered by a DIS in the country of origin. -It will not be obligatory when deposits and the securities guaranteed are covered in the country of origin. -It shall be obligatory in order to cover the difference in level or scope, when the guarantee given, under the system in the origin country, is less the guarantee given in Spain.

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?

N/A

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?

December 31, 2007 Banking Institutions, 78; Savings Banks. 47; Credit Cooperative Banks, 85.

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

December 31, 2007 Thousands of euros Total level of assets Banking Establishments 2,360,200 Savings Banks 3,360,000 Credit Cooperative Banks 512,400 Insurable deposits Banking Establishments 279,100,000 Savings Banks 462,840,000 Credit Cooperative Banks 67,525,500

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?

Yes (please explain)

Guaranteed deposits shall be considered credit balances on account, including those funds arising transitorily as a result of movements of funds and nominative deposits that the institution is obliged to restore under the applicable legal and contractual conditions shall be considered guaranteed deposits, whatever the currency in which they are denominated, provided that they are constituted in Spain or in another Member State of the European Union.

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

Savings account,Chequing account,Certificates of deposit,Foreign currency deposits
null|null|null|Nominatives|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?

€ 20,000 (twenty thousand euros)

7.1.5 How was this figures arrived at?

Based on the minimum amount of the Directive 94/19/CE

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

There is no due date.

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

Officers and directors of member institutions,Other
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?

No

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?

According the Law.

7.1.15 When member institutions merge how are insured deposits treated?

In the same circumstances. No difference with the deposits before merging.

7.2 Does your country offer the following?

7.2.1 Islamic banking

No

7.2.2 Islamic deposit insurance

No

Section 8: Funding & Fund Management

8.1.1 What type of funding is used by the DIS?

Ex-ante (defined as the accumulation of a reserve or fund to cover deposit insurance claims in anticipation of the failure of a member institution).

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)

They are assessed as a flat rate.

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

The premium is calculated as a percentage on the basis for the calculation integrated with the deposits insured by the system, plus 5 per 100 of the quoted value of the stock covered by the system on the last day of trading of the year in the secondary market. The current rates are: 0,6 per 1000 Banking Establishments; 0,4 per 1000 Savings Banks; 0,8 per 1000 Credit Cooperative Banks.

8.1.5 How often is the premium assessed?

The Ministry of Economy is entitled to reduce the level if the resources of one of the DIS is declared enough to accomplish its purposes.

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?

Yes

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)

Yes (Go to next question)

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

When the assets of a DIS reach a sufficient amount to be able to fulfil its functions, the Ministry of the Economy, upon the proposal of the Central Bank, may agree to a decrease in the contributions. In any case, such contributions shall be suspended when the assets not committed to any of the operations proper to the purposes of the DIS are equal to or greater than 1 per cent on the base of calculation of contributions, this fact being communicated by the Management Committee in the form determined by it.

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

The uncommitted assets of the DIS must take the form of national debt or other highly-liquid, low-risk assets.

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

Increase the contribution up to 2 per thousand on the base of calculation of the contributions.

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

Access to private markets, Other please explain

null|null|When the assets of the DIS become negative, the Management Committee may agree to extraordinary contributions being made by the member institutions. The amount due from each institution shall be calculated in accordance with the basis for the calculation of contributions envisaged in subsection above, and their total amount may not exceed the sum necessary to eliminate the deficit.

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?

1.- To draw up a record of the depositors who are entitled to compensation. 2.-To analyze the depositors claims. 3. - To inform the depositors of the events through ordinary mail of their right to compensation. 4.- To pay the guarantee amount. When the DIS foresee that they are unable to make the payments within the stipulated period, they may make successive applications to the Central Bank for the granting of up to three extensions of deadlines of not more than three months each, stating the reasons for the application. The Central Bank may authorize these extensions when it believes that exceptional reasons exist to justify the delay, such as a large number of depositors or investors, the existence of accounts in other countries or the confirmed existence of extraordinary technical or legal difficulties in verifying the actual balance of the guaranteed deposits or the origin of the compensation.

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

No

9.1.3 When is the DIS obligated to reimburse insured depositors?

DIS shall indemnify with the guaranteed deposit under the following circumstances: a) The institution is declared bankrupt. b) A Court order is issued requiring the institution be placed in temporary receivership. c) That being the institution in one of the situations contemplated in the previous paragraphs a) and b) and upon failure to repay deposits which have matured and may be demanded at Law, the Central Bank determines that, in its opinion, and for reasons arising directly out of the financial situation. The institution in question is unable to return these deposits and it does not seem likely to be able to do so in the immediate future.

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

Yes

Royal Decree Law 18/1982, and Royal Decree 2606/1996.

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

Yes

The DIS must be in a position to satisfy duly verified claims within three months. When the DIS foresee that they are unable to make the payments within the stipulated period, they may make successive applications to the Central Bank for the granting of up to three extensions of deadlines of not more than three months each, stating the reasons for the application. The Central Bank may authorize these extensions when it believes that exceptional reasons exist to justify the delay, such as a large number of depositors or investors , the existence of accounts in other countries or the confirmed existence of extraordinary technical or legal difficulties in verifying the actual balance of the guaranteed deposits or the origin of the compensation.

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

Methods of payment are not specified by Law. Normally they are made by bank transfer.

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?

The records must indicate the balances, the name and address of the depositors, the numbers of owners of the same account, and who is authorized to withdraws funds, and any situation where accountholders is acting as an agent for another entity.

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

The DISs are given access when any of the following events occur: a) The credit institution is declared bankrupt b) The Court of order is issued requiring the institution be placed in temporary receivership. c) The Central Bank declares that the credit institution cannot fulfil its obligations to depositors.

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?

Each accountholder receives a formal notice, by ordinary mail, about each deposit and detail of accounts and documents or data required in order to complete the payment process.

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

Obligation of professional secrecy, according to the legal framework.

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

Guaranteed amount is paid on the bases provided by the institution, except when the claims show difference which are analyzed individually.

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

The books and records are compulsorily reviewed as part of the normal examination process by the Supervision of the Central Bank and external audit.

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?

Yes

The DIS also conducts an analysis of lessons learned following every institution failure.

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

The DIS has developed its own special software for reimbursement.

Section 10: Public Information & Awareness

10.1.1 What obligations are there to inform the public?

The Law establishes the obligation of entities to inform the public about the mechanism of deposit insurance. Institutions shall also make information concerning the characteristics of the DIS available to the public at their offices, and shall indicate, where applicable, the cover provided by the foreign schemes or DIS.

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

DIS

Credit institutions which are members of the DIS shall not be allowed to use the fact of their membership in advertising, although they shall be allowed to mention it without adding other data or information regarding the DIS. Institutions shall also make information concerning the characteristics of the DIS available to the public at their offices, and shall indicate, where applicable, the cover provided by the foreign schemes or DISs. In particular, they shall specify in detail the regime under which securities are deposited or registered with other financial institutions.

10.1.3 Are these explicitly stated in policy or law?

Yes

Yes, it is stated by Law under the conditions established in the rules of transparency of operations. The Management Committee of each DIS shall publish annually a list of its member institutions in the "Official State Gazette".

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

Yes

Credit institutions shall make information concerning the characteristics of the DIS available to the public at their offices, and shall indicate, where applicable, the covering provided by the foreign schemes.

10.1.5 If so, what methods are utilized?

Telephone call center, Website

|||

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 information is not disclosed to the public before the failure. Once it happens because of the action of the Court of order or the Central Bank, people are informed through newspapers and the DIS's website.

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?

No

It was not considered necessary to conduct a general campaign given the satisfactory level of public.

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

See questions above.

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?

No

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

does?

No

The Central 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?

Yes

We receive quarterly information from the three main associations and from the supervisory authority.

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.

DIS does not perform a risk assessment. The supervision concerns to Central Bank.

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.

See above question 11.1.4. The coordination with the supervisory authority is assured by the presence of the deputy-governor of the Central Bank (head of the supervision department) in the Management Board of the three DIS.

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 Court of Order or the Central Bank.

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

Credit institutions not making their contributions to the DIS or when the institution do not comply with legal obligations.

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

When the credit institution is unable to return the deposits and doesn't seem likely to be able to do so in the immediate future.

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

Six (6)

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

Yes

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

Yes

Four

12.2.2 Purchase and assumption (sale and merger)

Yes

One

12.2.3 Open bank assistance (e.g. recapitalization)

Yes

One

12.2.4 Bridge banks and other interim solutions

Yes

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

Although the DIS consider the economic cost of interventions, is necessary to analyse the cost of other ways and the effect on the financial system.

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

See above question.

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

There is no legal imperative. Nevertheless the DIS are authorized to obtain external professional.

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

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)?

DIS is required to optimum conditions for return on the assets of the failed banks and minimize the losses, but the transparency and advertising of the operations is an important factor to take account, avoiding delays.

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?

There is a manual of procedures.

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)?

Internal assessments, past experience, audit and review organizations.

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?

Bad debts without guarantees. The strategies used are the general of markets. The real states and other assets are usually sold through auctions.

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 payment of the guaranteed amounts, the legal rights of depositors are subrogated to the DIS to the amount of the payments made. The Law establishes the document of 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

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?

The bankings system is safe and sound. No special affairs in the financial sector is envisaged in the years to come.

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

-The dimension of the entities will make difficult the interventions in the future -The incorporation of the financial instruments and securities to the coverage of the DIS -The globalization of the economy.