

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 Insurance Agency

1.1.2 Organization Address:

109240, 4, Verkhniy Taganskiy tupik, Moscow, Russia

1.1.3 Organization Telephone No:

+7 (495) 725-3141

1.1.4 Organization Fax No:

+7 (495) 745-2868

1.1.5 Organization Internet Address:

www.asv.org.ru

1.2 Contact Person(s):

1.2.1 Contact Person(s) Name:

Nikolay Evstratenko

1.2.2 Contact Person(s) Address:

109240, 4, Verkhniy Taganskiy tupik, Moscow, Russia

1.2.3 Contact Person(s) Telephone:

+7 (495) 725-3154

1.2.4 Contact Person(s) Fax:

+7 (495) 745-2126

1.2.5 Contact Person(s) E-mail address:

evstratenko@asv.org.ru

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:

no

1.3 Please provide information on other participants in your financial system

safety-net:

1.3.1 Name of Central Bank:

The Central Bank of the Russian Federation (the Bank of Russia)

1.3.2 Central Bank Address:

12 Neglinnaya Street, Moscow, 107016 Russia

1.3.3 Central Bank Telephone:

+7(495) 771 91 00

1.3.4 Central Bank Fax:

+ 7(495) 621 64 65

1.3.5 Central Bank Internet Address:

www.cbr.ru

1.3.6 Central Bank Contact Person:

1.4 Financial Supervisor:

1.4.1 Financial Supervisor Name:

The Central Bank of the Russian Federation (the Bank of Russia)

1.4.2 Financial Supervisor Address:

12 Neglinnaya Street, Moscow, 107016 Russia

1.4.3 Financial Supervisor Telephone:

+7(495) 771 91 00

1.4.4 Financial Supervisor Fax:

+ 7(495) 621 64 65

1.4.5 Financial Supervisor Internet Address and contact:

www.cbr.ru

1.5 Other related entities:

1.5.1 Other Related Entities Name:

Ministry of Finance

1.5.2 Other Related Entities Address:

109097, Moscow, Ilinka Str. 9

1.5.3 Other Related Entities Telephone:

+7 495 987 9101

1.5.4 Other Related Entities Fax:

+7 495 987 9101

1.5.5 Other Related Entities Internet Address:

www1.minfin.ru

Section 2: Objectives, Mandates & Powers

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

Deposit Insurance Agency was established in January 2004 on the basis of the Federal law "On the Insurance of Household Deposits in Banks of the Russian Federation" # 177-FZ dated 23.12.2003. To ensure operations of deposit insurance system the Agency shall pay out deposit compensation amounts to depositors in case of insurance event; keep register of banks-participants of DIS; monitor the formation of deposit insurance Fund, including insurance premiums of banks; manage the resources of the deposit insurance Fund. Owing to the enactment of the Federal Law "On amendments to the Federal Law "On insolvency (bankruptcy) of credit institutions" and declaration invalid of some legal acts of the Russian Federation" dated 20.08.2004 # 121-FZ an institute of corporate Receiver of insolvent banks was established in Russia. The functions of the Receiver were delegated to the Deposit Insurance Agency.

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?

Public policy objectives include: protection of rights and legal interests of banks' depositors, strengthening public confidence in the banking system and encouraging placement of household savings in the banking system of the Russian Federation. Current mandate of the Agency includes execution of two functions — deposit insurance and liquidation of insolvent banks — as necessary components of entire system of depositors' and other creditors' of Russian banks interests protection. Similar organizational combination of functions lets reduce losses of DIS; quickly and efficiently reimburse depositors and recover resources from the bankrupt banks estate to the mandatory deposit insurance fund; ensure transparency and completeness of settlements with all creditors. Combination of the two functions lets form a single center of responsibility before creditors of insolvent banks that will promote confidence in the banking system and government institutes

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

Adoption of Deposit insurance law and amendments to Bank bankruptcy law

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

Legislation

The Federal law "On the Insurance of Household Deposits in Banks of the Russian Federation" # 177-FZ dated 23.12.2003; the Federal Law "On amendments to the Federal Law "On insolvency (bankruptcy) of credit institutions" and declaration invalid of some legal acts of the Russian Federation" dated 20.08.2004 # 121-FZ

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

The legal basis for the operation of DIS is prescribed the Federal Law; all the major decisions are made on the Board of Directors meetings that is composed from 5 representatives of the Bank of Russia, 5 representatives of the RF Government and the Agency General Director

2.1.7 Who makes decisions to pay depositor claims?

DIS

DIA Management Board

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

Limited powers - internal by-laws and guidelines to member banks concerning inspections of banks, informing depositors and keeping records of obligations to depositors

2.4 Authority over entry and exit of member deposit taking institutions

2.4.1 Establish terms and conditions of membership

No

It is set by Law

2.4.2 Authority to terminate the insured status of a member institution

No

It is the authority of Central Bank

2.5 Depositor reimbursement

2.5.1 Affect reimbursement of depositors claims

Yes

2.5.2 Access to depositor information

Yes

After occurrence of an insured event

2.5.3 Use various methods of reimbursing depositors claims

Yes

to choose an agent bank(s) or to pay by itself

2.6 Funding

2.6.1 How funding is provided

Yes

there are 5 main sources of funding - the initial contribution of the State, quarterly bank insurance premiums, income from investing DI Fund resources, recoveries from failed banks

2.6.2 Terms and conditions of premiums or levies

Yes

Funding is arranged on the ex-ante principles with the imposed flat rate for quarterly payable deposit insurance premiums. Insurance premiums are calculated as percentage of average chronological daily

balances of a bank's accounts of household deposits covered by insurance. The rate of insurance premium is set by the Agency Board of Directors. Current premium rate is 0,13% per quarter

2.6.3 Borrowing authorities and limits

Yes

In case of the deficit of the Fund the Agency can apply for additional funding from the Government and Federal budget. There is also the opportunity to issue bonds or other debt securities according to decision of the Agency Board of Directors

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

Financial reports placed on the Bank of Russia web site.

2.8 Enforcement and intervention

2.8.1 Authority to conduct examinations and/or reviews

Yes

regular inspections as a part of Bank of Russia inspection teams

2.8.2 Ability to set standards or guidelines for member institutions

Yes

only guidelines/recoomendations to member banks

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

Via the Bank of Russia (by DIA request)

2.8.4 Authority to cancel deposit insurance of a member institution

No

After reimbursement of all insured deposits a bank is excluder from DIS Member banks

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

Yes

Acting as a reciever/liquidator the Agency investigate officers and directors actions/omissions for holding them liable for their bank failure

2.9 Failure resolution

2.9.1 Authority to decide on appropriate form of failure resolution

No

There is only one method available - bank liquidation and payouts to depositors

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

No

2.10 Authority to:

2.10.1 Undertake formal liquidation

Yes

Upon appointment by an Arbitration Court

2.10.2 Purchase and assumption (sale and merger)

No

2.10.3 Open assistance (bridge bank)

No

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

Yes

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?

Board of Directors' members are appointed by the RF Government decision

3.1.4 What is the composition of the governing body?

Board of Directors is a supreme body of the Agency. It consists of 13 members: 7 representatives of the

Russian Federation Government, 5 representatives of the Central Bank of Russia, and the Agency General director.

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

Article 19. Authority of the Board of Directors When performing deposit insurance function, Agency Board of Directors shall: 1) Approve Agency Management Board proposals on projected amount of federal budget expense that may incur in connection with shortage of mandatory deposit insurance Fund's resources and submit them to the Government of the Russian Federation for incorporating in the draft federal budget law for the forthcoming year; 2) Set the insurance premium rate; 3) Determine terms areas and procedure for investing of temporarily free funds of the deposit insurance Fund, including the limit of size of the placed and or) invested; 4) Decide on shortage of mandatory deposit insurance fund's reserves and submit proposals to the government on forms and terms of covering the shortage in case of insurance event no later than within 5 days from receipt of notification from Agency Management Board; 5) Decide on remittance of budget funds received from the federal budget in accordance with this Federal law upon restoration of the deposit insurance Fund financial stability; 6) Approve assessments calculation procedure; 7) Approve Agency annual report; 8) Approve deferment procedure for banks in cases as stipulated by this Federal law; 9) Approve Agency estimate of expenses; 10) Approve Agency organizational structure; 11) Decide on establishing Agency branches and representative offices; 12) Appoint and dismiss Agency General Director from his position; 13) Appoint and dismiss members of Management Board; 14) Appoint Agency auditor; 15) Hear Agency General Director reports on agency operations; 16) Approve Management Board regulation; 17) Oversee Agency Internal audit service activities; 18) Decide on issuance of Agency bonds and other securities; 19) Exercise other authority set forth in this Federal law.

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

No

But the Agency established the Expert Council which includes representatives of banking associations

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

Yes

5 Board of Directors

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

Yes

5 Board of Directors

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

Yes

5 Board of Directors

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

Yes

7 Board of Directors

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

Agency Administrative Bodies: Board of Directors, Management (Executive) Board, General 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?

Yes

The Agency established the Expert Council that is formed from representatives of the banking associations, financial and legal experts, eminent academics. This Expert Council is an advisory body.

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?

Yes

Against CEOs, board of directors members and owners of failed member banks.

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

Annual Reports,Audited Financial Statements,Corporate Business Plan

null|null|null|null|

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) ?

352 persons as of June 15, 2008

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?

Yes

various T&D programs on legal aspects of liquidation, organization of DIS activities, inspecting DIS member institutions, etc.

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

Joint workshops with the Bank of Russia

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

4

Less attractive than in the Bank of Russia and majority of DIS member banks

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

No such protection is envisaged in legislation. But in practice the Agency provides legal assistance to its staff members if needed and deems reasonable.

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

about 5%

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?

For the purpose of conducting control over fulfillment by DIS member banks their obligations under the Deposit Insurance Law, the Agency was vested with authority to participate in inspections of banks to be conducted by the Bank of Russia within the framework of its exercising supervisory functions. The primary purpose of the inspections conducted with the Agency staff participation is obtaining the information on the exercise (or non-exercise) of duties by a bank provided in the Deposit Insurance Law, including the information on timely and accurate payment of insurance premiums, on proper record keeping of liabilities to depositors by the bank, on the capability to form a liability register on any particular day. In 2007, Agency staff participated in 132 inspections conducted by the Bank of Russia in DIS member banks including 131 planned and 1 unplanned inspections (on the Bank of Russia initiative). Inspections were performed in banks located in 47 Russian Federal constituent entities in all federal districts.

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

The primary purpose of the inspections conducted with the Agency staff participation is obtaining the information on the exercise (or non-exercise) of duties by a bank provided in the Deposit Insurance Law, including the information on timely and accurate payment of insurance premiums, on proper record keeping of liabilities to depositors by the bank, on the capability to form a liability register on any particular day.

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.

MOU between the Bank of Russia and the Agency on information sharing determines arrangements concerning informing each other on the decisions and events which can influence deposit insurance system operation and fulfillment by the Bank of Russia of its functions

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

3

5.2.2 timeliness

3

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

Other

Russian banking legislation and the Bank of Russia by-laws determine criteria which should be met by banks to be considered as safe and sound. The Agency has its own classification of banks and risks associated with each DIS member 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?

Consult, Advise

null|null|null|

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?

Regularly

within the Agency

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?

banks

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)

DI Law contains terms and conditions of bank membership in the DIS. The Bank of Russia is responsible

for considering applications for granting membership in the DIS. Currently all newly registered banks are automatically granted access to DIS since the license of the Central Bank is obtained

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 bank subsidiaries are granted membership in the DIS based on the same terms and conditions as national banks. Branches of foreign banks are not allowed in Russia

6.1.5 If more than one safety-net organization is responsible for the application process for membership, how is the application process coordinated between the parties responsible?

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

Yes

At initial stage of development existing banks were examined by the Bank of Russia. Those of them which were rejected could re-apply twice.

6.1.7 How many member institutions do you have?

935

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

total level of bank assets (book value): 907.4 bln USD total level of deposits including corporate and individual: 544.2 bln USD total level of insurable deposits (only deposits of individuals): 224.6 bln USD

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)

Insured Deposit - monetary resources denominated in the currency of the Russian Federation or foreign currency placed by an individual in a DIS member bank on the territory of Russian Federation in accordance with a deposit or an account agreement, including capitalized (accrued) interest on the deposit amount

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|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?

The depositor gets a 100% reimbursement of his/her aggregate deposit in a failed bank, up to the maximum of 100,000 rubles. If the aggregate deposit exceeds 100,000 rubles the depositor will receive 100,000 rubles plus 90 % of the amount exceeding 100,000 rubles but not more than 400,000 Rubles in total.

7.1.5 How was this figures arrived at?

1. GDP/population gdp per capita = ~ 10 000 USD coverage limit = ~ 17 000 USD (1.7 - target range 1 to 2)
2) 2. Deposit structure - more then 90% of deposits should be insured
3. Sufficiency of the Deposit insurance Fund to cover insured deposits

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

Not applicable - all deposits irrespective of their maturity are covered

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

Corporations (domestic), Corporations (foreign), Other
null|null|null|null|null|

7.1.8 Is the coverage amount indexed?

Yes

Based on the above mentioned three criteria (but not automatically)

7.1.9 What is it indexed to?

Inflation, Personal income per capita to GDP

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

Yes

The depositor gets a 100% reimbursement of his/her aggregate deposit in a failed bank, up to the maximum of 100, 000 rubles. If the aggregate deposit exceeds 100, 000 rubles the depositor will receive 100, 000 rubles plus 90 % of the amount exceeding 100,000 rubles but not more than 400,000 Rubles in total.

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

Yes

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

No

The only available resolution method is bank liquidation and payouts to insured depositors

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?

Covered deposits are enumerated in the DI Law

7.1.15 When member institutions merge how are insured deposits treated?

Deposits are summarized and insured as deposits in the acquiring bank

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)

flat rate

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

Insurance premiums are calculated as percentage of average chronological daily balances of a bank's accounts of household deposits covered by insurance. The rate of insurance premium is set by the Agency's Board of Directors. The rate of insurance premium shall not exceed 0,15% (0,13% since 01.07.07 according to Board of Directors' decision).

8.1.5 How often is the premium assessed?

Insurance premiums are paid by the member banks quarterly.

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

Other

total deposits of individuals

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

Yes

according to Tax Code

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)

Yes (Go to next question)

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

DI Law prescribes that premium rate should not exceed 0.03% per quarter if the DI Fund Balance exceeds 5% of aggregate member banks' insurable deposits and shall be automatically suspended if the DI Fund balance exceeds 10% of aggregate member banks' insurable deposits. In addition to these norms the Agency utilizes mathematical models for estimating DIS risks and the DI Fund's sufficiency

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

Deposit Insurance Fund's Resources can be Invested in the Instruments enumerated in the DI Law: government bonds of the Russian Federation; deposits with and securities of the Bank of Russia; government bonds of regional entities of the Russian Federation; securities of Russian issuers; mortgage bonds issued in accordance with criteria determined by the Ministry of Finance of the Russian Federation; shares of index investment funds investing in foreign government bonds and securities of foreign issuers; government securities of OECD member countries Criteria for selecting securities in which the DIF funds can be invested are established by the Ministry of Finance. Based on these regulations the Agency's Board of Directors annually approves DIA Investment Policy, and the Management Board and DIA staff responsible for investing DIF funds follows these Policy and regulations.

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

Not applicable

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

Government funding, Access to private markets

null|null|null

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?

Payment is effected within 3 days after submission by depositor respective documents, but no sooner than in 14 days after insured event date. The Agency after reimbursing a depositor subrogates the depositor's claim to the bank in which the insured event occurred up to the reimbursed amount. In the course of bankruptcy proceedings the claims subrogated by the Agency shall be satisfied as first priority creditors' claims (together with other individuals).

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

Yes

Depositor should submit only his/her application and present passport (confirm his/her identity)

9.1.3 When is the DIS obligated to reimburse insured depositors?

Payment is effected within 3 days after submission by a depositor of his/her application, but no sooner than in 14 days after insured event date.

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

Yes

the Federal law "On the Insurance of Household Deposits in Banks of the Russian Federation" # 177-FZ dated 23.12.2003.

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

are they?

Yes

Payment is effected within 3 days after submission by depositor respective documents, but no sooner than in 14 days after insured event date

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

Payments can be performed via an agent bank or by the Agency itself. The Agency itself can effect payments without engaging agent banks in case of insignificant scope of insured liabilities and/or number of insured depositors.

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

Almost all issues are well defined in the DILaw and the Bank of Russia regulations

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

DIS member institutions are obliged to keep daily records of bank's deposit liabilities (bank's deposit liabilities register) in a form which allows to identify every insured and not insured individual depositors; and be ready at each date on request of DIA or the Bank of Russia to prepare test register of insured deposits for hypothetical payouts.

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

The DIS is given access to financial records only upon occurrence of an insured event.

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

The Agency starts payouts usually in 10 to 14 days after occurrence of an insured event - no need to speed up the process.

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

No

Deposits are reimbursed based on the data as at the date of insured event occurrence - revocation of a bank

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

Each DIS member bank is obliged to disclose to depositors information about participation in the deposit insurance system and about deposit compensation amount calculation and reimbursement procedure (meaning step-by-step procedure to receive reimbursement payment). When the license is revoked by the Bank of Russia, the temporary administration formed by representatives of the Central bank and the Deposit Insurance Agency enters the bank and within 7 days it should form the bank's deposit liabilities register. Also special announcements are made in the local massmedia and in the "Bulletin of the Central Bank". Moreover, within a month since the liabilities register is received by the Deposit Insurance Agency, the Agency sends via postal mail a special notice to each depositor listed in the register.

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

The Federal Law "On Banks and Banking Activity" provides the provisions to keep depositor secrecy and confidentiality. The Agency is responsible for maintaining confidentiality of personal data, and contracts with agent banks also contain such provisions.

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

The bank's deposit liabilities register should contain all the necessary information. First the Agency checks the register adequacy and correctness and make the necessary corrections. In case of disagreement with an applicant depositor a special procedure is used to verify the data. The ultimate decision can be taken by court.

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

Joint Central bank and Agency's inspections check the bank's deposit liabilities data and test register forming. If the Agency can not rely on the data of the received register, it executes additional investigation and make all the necessary efforts to make the register accurate - together with the temporary administration appointed by the Bank of Russia.

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

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

Bank's deposit liabilities register in various banks is lead in different ways meaning they all might have various software. The objective of IT-department is to decrypt the registers in case of bankruptcy. There is a specially developed software which facilitates reimbursement payouts by the Agency.

Section 10: Public Information & Awareness

10.1.1 What obligations are there to inform the public?

DIS member banks are to disclose to depositors information about participation in the deposit insurance system, and about deposit compensation amounts calculation and reimbursement procedure. The Law also prescribes publishing information on insured events in mass media, as well as send a postal notice to each depositor in which this procedure is described in details including addresses of agent banks' offices, timing, forms of application for receiving reimbursement, etc.

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

DIS,Other

null|null|null|null|null|

10.1.3 Are these explicitly stated in policy or law?

Yes

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?

Brochures,Use of Official Sign to display insured status,Telephone call center,Website,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?

When the license is revoked, immediately special announcements are made in mass media, on the Agency web site. Before this date any information on problems experienced by banks are confidential (the Bank of

Russia even not disclose it to the Agency)

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.

Yes

there were 4 surveys on DIS public awareness - usually every half a year. Supporting documentation can be provided in Russian - it is placed on the DIA web site (sometimes also in English).

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

4 times, last time was in December 2007 and in May 2008

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

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?

Yes

joint inspections with the Bank of Russia

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

DIS receives information from member banks on premium calculation via the Bank of Russia. The Central Bank while utilizing its function of a Regulator possesses all the statistical information and officially it is not obliged to share it with the Deposit Insurance Agency on a regular basis - only upon request

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.

DI Agency estimates each member bank risk and estimates deposit insurance fund sufficiency on the basis of an econometrical model and a market-data model.

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 Agency according to the DI Law has the right to request the Bank of Russia to impose sanctions against banks that violated provisions of the DI Law. The Agency and the Bank of Russia coordinate their legislative initiatives/ regulations development, joint inspections of DIS member banks, joint participation in temporary administrations, bank liquidation.

Section 12: Failure Resolution

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

Yes

Only failed member institutions

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

The Central Bank (revokes licence) and the Arbitration Court (declares an institution insolvent and appoints bankruptcy trustee/receiver/liquidator).

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

After reimbursing all insured claims and completion of bankruptcy/liquidation proceedings.

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

The Central Bank determines failure/non viability of a member institution based on effective legislation and its regulations. Arbitration court declares a bank insolvent/inviable and appoints respectively a bankruptcy trustee/receiver of a liquidator.

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

since 1991 up to 2008 banking licenses were revoked from 1976 institutions.

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

No

There is a special Bank bankruptcy (insolvency) law which regulates specific for banks procedures. Other procedures (not covered in this special law) are subject to a general bankruptcy law

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

12.2.2 Purchase and assumption (sale and merger)

No

12.2.3 Open bank assistance (e.g. recapitalization)

No

12.2.4 Bridge banks and other interim solutions

No

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

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

No

the only option is available - formal liquidation

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

Agent banks - for reimbursement payouts, legal consultants, appraisors.

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

being the reciever the DI Agency satisfy creditors

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)?

all of the mentioned

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

Private creditors participate in creditors' committees which approve major decisions of a bankruptcy trustee/receiver/liquidator. They can also assist the Agency in asset marketing/sale or purchase assets of failed banks.

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

To maximize claims satisfaction rate as well as recoveries to the Deposit insurance fund.

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)?

The Agency and the public can compare performance of the Agency with private sector bankruptcy trustees/liquidators - as before 2004 only individual entrepreneurs were appointed by courts to these positions. The Agency performance indicators are much better.

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?

Hardest thing is to investigate shady and fraudulent transactions and deal with criminal bankruptcies. Other difficult but important area - directors and officers liability (vicarious/secondary) and criminal.

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

if the depositor has liabilities to the failed bank (like a consumer loan) and insured deposits in the same bank, he/she will receive only difference as an insurance compensation

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?

Rapid growth of household deposits and consumer loans can have a negative effect for the banking system and the deposit insurance system in the future (but not near future)

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

Deposit insurance and "too-big-to-fail" banks DIS role in early interventions to problem banks Contingency planning Directors and officers liability Accounting and reporting by DIA