

# 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:

Instituto de Garantía de Depósitos

#### 1.1.2 Organization Address:

7a avenida Norte No. 240 Edificio Superintendencia del Sistema Financiero, San Salvador, El Salvador

#### 1.1.3 Organization Telephone No:

503-2281-1777

#### 1.1.4 Organization Fax No:

503-22712899

#### 1.1.5 Organization Internet Address:

[www.igd.gob.sv](http://www.igd.gob.sv)

### 1.2 Contact Person(s):

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

Antonia María Caballero de Simán

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

7a avenida Norte No. 240 Edificio Superintendencia del Sistema Financiero, San Salvador, El Salvador

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

503-22811417

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

503-22712899

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

[acaballero@igd.gob.sv](mailto:acaballero@igd.gob.sv)

#### 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:**

Banco Central de Reserva de El Salvador

#### **1.3.2 Central Bank Address:**

Alameda Juan Pablo II, entre 15 y 17 Ave Norte. Apartado Postal (106), San Salvador, El Salvador

#### **1.3.3 Central Bank Telephone:**

503-2281-8000

#### **1.3.4 Central Bank Fax:**

503-2281-8011

#### **1.3.5 Central Bank Internet Address:**

[www.bcr.gob.sv](http://www.bcr.gob.sv)

#### **1.3.6 Central Bank Contact Person:**

Sonia Gomez

### **1.4 Financial Supervisor:**

#### **1.4.1 Financial Supervisor Name:**

Superintendencia del Sistema Financiero

#### **1.4.2 Financial Supervisor Address:**

7a Avenida Norte No. 240, Apto Postal 2942, San Salvador, El Salvador.

#### **1.4.3 Financial Supervisor Telephone:**

503-2281-2444

#### **1.4.4 Financial Supervisor Fax:**

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

[www.ssf.gob.sv](http://www.ssf.gob.sv) William Durán

### **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)?**

DIS in an explicit way was established on November, 1999. Before that Central Bank was in charge of the deposit insurance until a determined limit but most of the depositors were not aware that the deposit insurance was limited. In addition, there was no deposit insurance fund and no contribution system through premiums or other kind of contribution. In this way, on November 1999, the Instituto de Garantía de Depósitos (Deposit Insurer) was established by Law as well as a premium system and other features of the DIS. The Instituto de Garantía de Depósitos (IGD) was created after two bank failures, that were managed in different ways by the Bank Supervisor and the Central Bank. Although at the moment the IGD was created the banking system was quite stable.

### **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?**

Mandate: to insure public deposits through the payment of insured deposits or the participation of the Deposit Insurer in a banking institution restructuring. Last time that was reviewed: September, 2002. The mandate was not changed, but on September 2002 there were some changes related to how the Deposit Insurer may participate in a bank restructuring.

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

In our case, we did not use a special methodology, but the Central Bank considered a situational analysis to guide their deliberations.

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

Legislation  
Ley de Bancos

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

No

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

Government legislated and administered

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

DIS

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

### **2.3 Authority to**

### **2.3.1 Enter into contracts**

Yes

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

No

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

### **2.4.1 Establish terms and conditions of membership**

No

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

No

## **2.5 Depositor reimbursement**

### **2.5.1 Affect reimbursement of depositors claims**

No

The Law establishes how insured deposits may be determined and what kind of persons will be excluded of this benefit.

### **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**

No

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

No

### **2.6.3 Borrowing authorities and limits**

No

## **2.7 Information Requirements**

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

Yes

Only when the institution is in a normalization process and we may ask information directly to the institution but not to its auditors.

### **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

Only through the Bank Supervisor or the Central Bank, not directly.

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

No

Only for public awareness

### **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**

Yes

But restricted to what is established in the Bank Law.

### **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

But only if the institution will be closed and sold. The assistance is provided to the buyer.

### **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**

No

### **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**

### **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

null|null|null|null|null|

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

Two directors appointed by the Central Bank (President and Vice-President of the Institution) Two directors appointed by the Presidents of the Member Institutions Each director, excepting the President, has a substitute that will be elected in the same way of the Titular Director.

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

There are two directors that will act as the President and the Vice-President of the Deposit Insurer. Only the Vice-President has a substitute. The other two directors will also have their substitutes. The Board will elect a Secretary among its members. This Secretary will expend the certifications and resolutions. The Substitute Directors will attend to the Board Sessions with voice but without vote, excepting in the case the substitute director is acting as the titular director in his absence.

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

To elaborate the accounting system of the Deposit Insurer and present it to the Bank Supervisor for its approval. To approve annual budget of the Deposit Insurer. To approve the Annual Report of the Deposit Insurer. To administrate with a prudent criterion the Deposit Insurer funds. To elaborate the Board of Directors operation instructive. To authorize the insured deposits payment when it is necessary. To issue the internal work regulation of the Deposit Insurer. To authorize the participation of the Deposit Insurer in a bank restructuring, as well as the coordination with the Bank Supervisor in order to supervise this process. To inform to the members of the Deposit Insurer the premium that they must pay every 3 months. To issue technical regulation related to deposit insurance topics, specially related to the payment of insured deposits and the activities oriented to inform about the deposit insurance to the depositors. This regulation applies to the member insured institutions. To sell stocks, securities and other assets that have been acquired by the Deposit Insurer according to what is established in the Law.

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

Yes

The Presidents of the member insured institutions appoint two directors and their substitutes.

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

Yes

Central Bank appoints two Directors of the Board, one of them acts as the President of the Deposit Insurer.

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

No

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

No

**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**

President Internal Auditor President Assistant Bank Restructuring and Insured Deposit Payment Manager  
Legal Manager Information Technology Administrator General Accountant

**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

Since the creation of the IGD, no bank has failed.

**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) ?**

Full time: 7 no part time or contracted at this time.

**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)**

Yes  
Central Bank and Supervisor usually include IGD Staff in some of their training activities.

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

4  
It could be better, but as a public institution we have budget restrictions, that limit improve them

**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?**

No  
Only the board of directors has this benefit.

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

Training: 2.9% of the operational budget Information Technology: 6% of the operational budget and 99.7% of the investment budget. And 21.6% of the sum of the operational budget plus the investment budget.

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

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

Supervisor  
Superintendencia del Sistema Financiero

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

On site examination The on site examination begins with the planning of the inspection visit, being necessary to define objectives, reference date for the information, areas that will be evaluated, staff involved and the time chart for the planned activities. Eight days prior the examination starts, there is a meeting where the Supervisor introduces to the member institution the staff that will be involved and explains the objectives. In addition during this visit the Supervisor requires to the member institution the information that will be used for the examination. Briefly the examination visit includes an evaluation of the following topics: a) Compliance with different laws and regulation issued by the Supervisor and the Consumer

Protection Law. b)Strategic Plan of the member institution. c)Issues related to: corporate governance and financial analysis. d)Measures adopted by the financial conglomerate for the risk management and control. e)Internal and external auditing as an element of the risk management system of the financial institution. f) Technological infrastructure and the labor of the Chief Compliance Officer. g)Financial statements and unusual operations. h)Sample of the loan portfolio. i)Other areas according to the last on site evaluation results. Off site evaluation Monthly, the Supervisor receives the member institutions financial statements. These statements are loaded to a data base from where financial indicators are automatically generated. At this moment the Supervisor uses a CAMEL model in order to rate the institution performance.

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

Insured Deposits estimated by the member institution. Technological information related to the information systems used by member institutions for their databases. Financial Statements Liquid liabilities and liquid assets information Loan and other risk assets information

### **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.**

Informal arrangement: The Supervisor has provided to the Deposit Insurer access to some of their databases. This is possible because the Bank Law allow the Supervisor and the Central Bank to provide information about the member institutions to the Deposit Insurer. There is an informal inter - institutional committee formed by Financial System Superintendent, Pension System Superintendent, Securities and Exchange Superintendent, President of the Central Bank and the President of the Deposit Insurer.

### **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**

4

#### **5.2.2 timeliness**

3

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

Yes

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

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?**

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?**

Sometimes

The DIS is consulted only when the agreement includes the participation of the DIS.

## **Section 6: Membership**

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

Banking institutions Saving and loans Associations

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

Yes

Banks and saving and loans associations

### **6.1.3 Do you have terms and conditions of membership? (i.e. laws, regulations or agreements which member institutions have to abide by) If so, please explain the application process used and any conditions of membership imposed on institutions by the DIS.**

No

### **6.1.4 Is the membership of foreign institutions (i.e. foreign bank branches and/or subsidiaries) covered in the same way as domestic institutions? If not, please describe the difference.**

Yes

### **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?**

There is no application process for membership. It is mandatory by law.

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

Other

It is no necessary to apply to be a member.

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

10 banks 2 foreign banks branches

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

Assets:US\$ 13,666,933,000 Deposits: US\$ 8,844,578,000 Insurable deposits: US\$ 2,650,000,000

## **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)  
they are defined by law

**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

**7.1.3 Is coverage**

per depositor per institution

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

8,500.

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

We did not have a special process, just got historical and relevant data aobut deposits, and compared with other DIS.

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

We do not have limits about maturity dates

**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?**

Other  
Every two years the amount is changed according to the inflation index.

**7.1.9 What is it indexed to?**

Consumer Prices index

**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.**

Yes  
If the DIS participate in a restructuring, it is possible to cover more than the limit.

**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?**

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

There is no special treatment, they are treated as normal deposit because is cover 100%. Just in case DIS participates it could be treated temporarily as a separate insured deposit, mainly for maturity deposits.

#### **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)**

It is a flat rate, but there is a 50% increase of this rate when the risk rate of the member institution fall under A-.

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

0.1% annual rate over the total amount of deposits

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

Premiums are assessed every three months.

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

Total deposits

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

Yes

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

It is a flat rate, but there is a 50% increase of this rate when the risk rate of the member institution fall under 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)**

No (Skip the next question)

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

Other DIS experiences.

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

The fund is administrated by the Central Bank. Investment policies are the same used by the Central bank to manage the country international reserves.

**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.**

**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  
Central Bank mainly|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?**

When the Bank Supervisor decides close a failed bank, and the DIS does not participate in a resolution, the DIS has to pay the insured deposits. The time frame for accomplishing the reimbursement process is 30 days. The Bank Law establishes that if after the 30 days following to the revocation of the authorization to operate of a bank and if it was not possible to verify deposits information and if there is a written proof of the existence of those deposits, the IGD could pay up to the 80% of the insured amount as an advance of the full payment of it. By Law the legal representative of the failed bank or whoever does this role will certify the total sum that the IGD must pay in concept of insured deposits. This certification must be issued previous the payment of the insured deposits. In addition, depositors must present to the IGD a claim and a sworn statement for the deposits they have in the bank. DIS review this informations and pays if it is Ok. This payment could be made by check or bank transfer and other related issues deposit. Regarding the claims for uninsured depositors and creditors, the IGD has a limited role. As an additional service to the depositors, the IGD has included in the insured deposits claim a form that will be completed by the depositor and this form will be presented to whoever is in charge of the failed bank liquidation. The objective is to reduce the stress of the depositors in going to two separate institutions in order to place the claim.

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

Yes

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

When de Bank Supervisor revokes the authorization to operate to a banking institution, the IGD must pay

the insured deposits to the depositors.

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

Yes

The Banks Law establishes information to be used, who will certificate this information, what happen in case of errors and some aspects of how to calculate insured deposits.

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

Yes

The Banks Law establishes that if during the following 30 days after the operation authorization revocation date the insured deposits have not been calculated, then the Deposit Insurer could pay up to 80% of the insured deposits as an advance. But it is necessary to have a proof premise of the existence of the deposits that are going to be paid.

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

The IGD has never paid insured deposits since its creation there had been no bank failures. But the methods that could be used are: Check Payment to a bank account This will depend on the size of the bank, as well as the geographical distribution of the 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

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

Information about Client, deposit accounts, Client identification documents and client relationship with the bank. Banks are required to identify all the deposits and loans per client, so it is possible to know which depositors also have debts with the bank. Some of the information required about deposit accounts is: account number, type of deposit, interest rate, total balance, capital balance, interest balance, open account date, status of the account, how many owners does the account has,

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

Only when the institution is in a normalization process and we may ask information directly to the institution.

**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)?**

Yes

**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 Bank Name and the reasons why was closed by Bank Supervisor Persons who could present claims as depositors. Requirements for claims. Dates and places to present claims. Contac informations.

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

The process is managed directly by DIS and subscribe confidentiality contracts with external providers

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

First: At least once a year DIS, goes to the banks to review in situ deposits and clients information. Second: By Law the legal representative of the failed bank or whoever does this role will certify the total sum that the IGD must pay in concept of insured deposits. This certification must be issued previous the payment of the insured deposits. This information is reviewed with Bank Supervisor. Third: The depositors must present to the IGD a claim and a sworn statement for the deposits they have in the bank. Fourth: DIS review this informations and pays if it is Ok.

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

The DIS has created a regulation that requires to the banks members to create a monthly copy of its deposit computer data base using a structure determined by the IGD. The Deposit Insurer counts with a software that uses this data base structure to calculate insured deposits. DIS with bank supervisor review this data in situ every six months.

**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

The IGD has never paid insured deposits since its creation there had been no bank failures

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

The IGD counts with its own technological equipment, such as servers, desk tops, laptops and customized software oriented to its main function, also internet.

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

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

Insured institutions Insured Deposits Coverage.

**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,Website

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?**

Only Bank Supervisor has the authority to disclose information about bank that is having problems. DIS just can give information when participates paying insured deposits or in resolution process.

**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

Restriction Budget

**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

But of a limited way

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

The main objective is that depositors understand the deposit insurance system and its main features. Another target audience is the bank executives who manage deposits accounts and have relationships with depositor. We use publishing in newspaper, brochures, and our web page. We are preparing public conferences for the near future. Regarding time result, we have seen that results are in the short time.

## **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

But is not by law, it is a good practice

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

No

Bank Supervisor

**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

Regularly from the Bank Supervisor, and sometimes from Central Bank

**11.1.4 What is the risk assessment approach used by the DIS to monitor financial institutions? Please describe. Please be sure to include the criteria used to determine member institution risk.**

We use a system similar to CAMELS, this system score members institutions according to 4 groups of quantitative criteria, every one has 25% of participation. Include Profitability, Efficiency, Asset Quality and market risk. With this information Members institutions are classified into 10 categories.

From until symbol description 050AR2High risk ( the lowest) 5055AR1High risk 1 5560RP2Potencial risk 6065RP1Potencial risk 6570RN2Normal risk 7075RN1Normal risk 7580N1Normal 1 8085N2Normal 2 85100S1Superior 1 100999,999.00S2Superior2 ( the best)

**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.**

DIS monitoring more frequently the Members institution. We have meeting with more frequency with bank

supervisor and Central Bank. We develop a common action plan with bank supervisor and central bank to be ready in any time. As DIS makes test of our own systmes and develop a simulation.

## **Section 12: Failure Resolution**

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

Yes

Only if Bank supervisor request of us.

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

The Bank Superisor

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

none.

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

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

From 1988 to 1998: 5 From 1999 to 2008: 2

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

No

There is a special process until deposits are payed.

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

No

Judicial Liquidator

## **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

3

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

Yes

4

### **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?**

Least cost, is the criteria that we have in our law, but as IGD we have not had any experience.

#### **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?**

none

### **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

Only in case the IGD has paid insured deposits of a failed bank, could supervise the liquidation process of this bank in order to watch for the recovery of its resources used to pay the insured deposits.

#### **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)?**

Maximization of nominal and present value recoveries.

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

To Buy or sell assets. To buy securities issued by DIS

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

To coordinate activities with Supervisor and Judicial Liquidator. Supervision activities of assets liquidator

#### **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 and International DIS Benchmarks.

#### **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?**

We have not had any experience about that.

#### **13.1.7 Does the DIS have rights of subrogation (i.e. the subrogation of insurance entity to the rights of insured depositors) or an equivalent arrangement?**

Yes

#### **13.1.8 Is there depositor priority when banks fail? (i.e. Do depositor claims rank in**

**priority above other unsecured creditors in the liquidation of a bank?)**

Yes

**13.1.9 Are rights of set-off available or imposed in your country's legal system?**

**Please describe the various forms set-off can take.**

Yes

By law, When a depositor has a loan could be deducted the amount from his claim part of his loan failed.

## **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?**

In our country recently and central american region in general, the principal actors are foreign banks ( in some cases global banks as HSBC, Scotiabank, Citibank). This could be as a potential impact, to increase the risk when these banks have problems, mainly in the liquidity risk and the amount of financial resources of some DIS would be not enough.

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

How are managed the issues when members institutions of DIS are different as bank, credit unions, savings and loans institutions, etc.