

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:

Banca d'Italia

1.1.2 Organization Address:

Via Nazionale 9100184 RomaItaly

1.1.3 Organization Telephone No:

+39 06 47921

1.1.4 Organization Fax No:

1.1.5 Organization Internet Address:

www.bancaditalia.it

1.2 Contact Person(s):

1.2.1 Contact Person(s) Name:

1.2.2 Contact Person(s) Address:

1.2.3 Contact Person(s) Telephone:

1.2.4 Contact Person(s) Fax:

1.2.5 Contact Person(s) E-mail address:

1.2.6 Are there other deposit insurance systems operating in your country ? (i.e. applying to other types of non-bank or non-depository institutions e.g.. insurance, securities) Please state their name(s) and contact information:

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

1.3.1 Name of Central Bank:

1.3.2 Central Bank Address:

1.3.3 Central Bank Telephone:

1.3.4 Central Bank Fax:

1.3.5 Central Bank Internet Address:

1.3.6 Central Bank Contact Person:

1.4 Financial Supervisor:

1.4.1 Financial Supervisor Name:

Banca d'Italia

1.4.2 Financial Supervisor Address:

1.4.3 Financial Supervisor Telephone:

+39 06 47921

1.4.4 Financial Supervisor Fax:

1.4.5 Financial Supervisor Internet Address and contact:

www.bancaditalia.it

1.5 Other related entities:

1.5.1 Other Related Entities Name:

1.5.2 Other Related Entities Address:

1.5.3 Other Related Entities Telephone:

1.5.4 Other Related Entities Fax:

1.5.5 Other Related Entities Internet Address:

Section 2: Objectives, Mandates & Powers

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

The FITD was established in 1987 as a private consortium. In 1996 EU Directive 94/19 was implemented in the national law. The Fund was formed for the purpose of guaranteeing the depositors of member banks and of solving bank crisis.

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?

To prevent and solve bank crisis, through the diffusion of management systems which are adequate to avoid them.

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

Analysis of bank crisis and EU Directive

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

Other

Legislation and EU Directive

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

Yes

2.1.6 What sort of system do you have?

Privately established and administered

2.1.7 Who makes decisions to pay depositor claims?

Other

Board previously authorised by the Bank of Italy

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

2.3 Authority to

2.3.1 Enter into contracts

No

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

Yes

2.4 Authority over entry and exit of member deposit taking institutions

2.4.1 Establish terms and conditions of membership

Yes

2.4.2 Authority to terminate the insured status of a member institution

Yes

2.5 Depositor reimbursement

2.5.1 Affect reimbursement of depositors claims

No

2.5.2 Access to depositor information

No

2.5.3 Use various methods of reimbursing depositors claims

Yes

2.6 Funding

2.6.1 How funding is provided

Yes

2.6.2 Terms and conditions of premiums or levies

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

No

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

Yes

2.8.3 Authority to take enforcement actions against members (i.e. such as the authority to require a change in institutional control and/or behaviour).

No

2.8.4 Authority to cancel deposit insurance of a member institution

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

2.9 Failure resolution

2.9.1 Authority to decide on appropriate form of failure resolution

Yes

2.9.2 Authority to provide financial assistance (e.g. in the form of a loan -- with or without security -- by purchasing assets from the institution or through some other process).

No

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

2.10 Authority to:

2.10.1 Undertake formal liquidation

2.10.2 Purchase and assumption (sale and merger)

2.10.3 Open assistance (bridge bank)

2.10.4 Other forms of failure resolution

2.11 Optimizing recoveries

2.11.1 Ability to act as a receiver

Yes

2.11.2 Ability to act as a liquidator

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?

3.1.3 How is the governing body selected?

Members of the Board are elected by a General Meeting. The number of members may vary from a minimum of 16 to a maximum of 28; at least 5 must be representatives of smaller banks

3.1.4 What is the composition of the governing body?

The number may vary from 16 to 28. 5 must be representatives of smaller banks.

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

Setting general guidelines for the Fund's activities, ruling on: proposals for amendments in the statutes, admission of new members, procedures and schedules for reimbursement of depositors, support intervention; approving draft balance sheet, budget modify balance-sheet ratios and threshold values.

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?

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

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

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

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

President, Vice-president, Secretary General, Counsellors

3.1.12 Do you have an internal control and audit systems

No

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.

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) ?

10

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?

No

4.1.4 Is there shared training and development between the staff of the DIS and other authorities involved in financial sector supervision or regulation? (i.e. central bank, supervisor, regulator, other)

No

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

3

4.1.6 Are confidentiality provisions for employees provided for?

Yes

4.1.7 Do employees of the DIS receive legal protection against lawsuits for their actions taken in good faith and acting in the best interests of the DIS?

No

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

5%

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

5.1.1 Who performs examinations of DIS member institutions?

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

Set of indicators to evaluate risk

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

Reports from member institutions

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.

None

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

Yes

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

5.2.5 Is discussion with other bodies encouraged prior to the implementation of new policy?

Yes

5.2.6 How often do you contact other DIS?

Regularly

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?

Commercial 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.

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.

Other

Non-EU banks are members of the Fund, unless members of an equivalent DIS. EU banks may become members in order to supplement the deposit protection of their home country schemes.

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

Only the Fund is responsible for the application process.

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?

305

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

The total of insured deposit is about 300 million Euro.

Section 7: Coverage

7.1.1 Is there a formal definition of a deposit and or insured deposit used by your DIS? If so what is it?

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

Savings account, Certificates of deposit

null|null|null|null|null|null|null|null|null|null

7.1.3 Is coverage

per depositor

7.1.4 What is the coverage limit per depositor?

Euro 103,291.38

7.1.5 How was this figures arrived at?

It has been established by law

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

No financial instrument is eligible

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

7.1.8 Is the coverage amount indexed?

No

7.1.9 What is it indexed to?

No 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?

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?
et by EU Directive 94/19

7.1.15 When member institutions merge how are insured deposits treated?
All deposits are insured

7.2 Does your country offer the following?

7.2.1 Islamic banking

7.2.2 Islamic deposit insurance

Section 8: Funding & Fund Management

8.1.1 What type of funding is used by the DIS?

8.1.2 Is the DIS funded by levying insurance premium assessments against member institutions or, by some other means such as general tax revenues?

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)
per depositor

8.1.4 What is the current premium rate? If there have been changes to this rate, details would be appreciated.
Euro 103,291.38

8.1.5 How often is the premium assessed?
It has been established by law

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

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

8.1.8 For premiums that are differentiated please explain the risk assessment system that is used to ascertain a premium assessment.
No

8.1.9 Does the DIS have a target with respect to the optimal size of the DIS fund?

(Yes is chosen go to question 8.10 otherwise Skip the next 2 questions)

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

No

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

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.

No

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

8.1.14 Are member institutions required by law to issue, on a regular basis, subordinated debt?

Section 9: Reimbursing Depositors

9.1.1 Please describe the procedure for reimbursing depositors used by your DIS?

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

9.1.3 When is the DIS obligated to reimburse insured depositors?

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

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

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

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.

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

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

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)?

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

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

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

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

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

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?

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

Section 10: Public Information & Awareness

10.1.1 What obligations are there to inform the public?

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

10.1.3 Are these explicitly stated in policy or law?

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

10.1.5 If so, what methods are utilized?

10.1.6 At what point is information disclosed to the public about an institution that is having problems and how is information disclosed?

10.1.7 Has a survey of public awareness about the DIS been conducted? If so/ what were the results? If not why not? Please include supporting documentation.

10.1.8 Has the DIS ever embarked on a public awareness campaign to increase awareness and knowledge? If yes, how many times has this been done and when was the last time?

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?

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

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?

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.

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.

Section 12: Failure Resolution

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

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

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

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?

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

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

12.2 Which methods of failure resolution are used in your country to deal with failures. Also, please indicate the frequency of use of the various methods in the last 20 years.

12.2.1 Formal liquidation

12.2.2 Purchase and assumption (sale and merger)

12.2.3 Open bank assistance (e.g. recapitalization)

12.2.4 Bridge banks and other interim solutions

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

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?

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

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

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)?

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

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

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)?

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?

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?

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?)

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.

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?

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