

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:

National Bank of Hungary

1.1.2 Organization Address:

1027 Budapest, Csalogany u. 9-11, Hungary

1.1.3 Organization Telephone No:

+3612140661

1.1.4 Organization Fax No:

+3612140665

1.1.5 Organization Internet Address:

www.oba.hu

1.2 Contact Person(s):

1.2.1 Contact Person(s) Name:

Dr. Peter Szekacs; Dr. Andras Fekete-Gyor

1.2.2 Contact Person(s) Address:

1027 Budapest, Csalogany u. 9-11.

1.2.3 Contact Person(s) Telephone:

+3612140661/213; +3612140661/215

1.2.4 Contact Person(s) Fax:

+3612140665

1.2.5 Contact Person(s) E-mail address:

szekacs@oba.hu; feketef@oba.hu

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:

National Bank of Hungary

1.3.2 Central Bank Address:

1054 Budapest, Szabadság tér 8–9., Hungary

1.3.3 Central Bank Telephone:

+3614282600

1.3.4 Central Bank Fax:

+3614282500

1.3.5 Central Bank Internet Address:

www.mnb.hu

1.3.6 Central Bank Contact Person:

1.4 Financial Supervisor:

1.4.1 Financial Supervisor Name:

Hungarian Financial Supervisory Authority

1.4.2 Financial Supervisor Address:

1013 Budapest, Krisztina krt. 39.

1.4.3 Financial Supervisor Telephone:

+3614899100

1.4.4 Financial Supervisor Fax:

+3614899102

1.4.5 Financial Supervisor Internet Address and contact:

www.pszaf.hu

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 National Deposit Insurance Fund of Hungary (NDIF or the fund) was established on 31 March 1993 with the promulgation of Act XXIV of 1993 (hereinafter referred to as: the NDIF Act) in issue 36 of the Official Gazette in 1993. Blanket guarantee (that is unlimited, implicit guarantee provided by the state and incorporated into the legal system) was replaced by the new explicit scheme. In a centrally planned and managed economic and financial system that prevailed in Hungary for about 40 years state guarantee played an ideological and psychological role rather than functioning in practice. The state guarantee in Hungary was unlimited in the amount, but limited in its scope: it covered basically only the household deposits. So, when market economy started to mushrooming at the beginning of the 1990s, a lot of small entrepreneurs remained unprotected. Thus, small entrepreneurs suffered seriously due to the failure of a medium size bank in 1992, which promoted to a large extent the adoption of a new deposit protection scheme by the Parliament in 1993.

2.1.2 What are the stated public policy objectives or mandate for your country's DIS? When was the last time they were reviewed and changed?

The Parliament decided on the creation of the Act on Deposit Insurance in 1993 with the determined objectives as follows: to increase the depositors' confidence in the banking system, to cover the small depositors' deposits, to reduce the adverse effects caused by any bankrupt credit institutions. One of the main tasks of the fund is to pay out insured deposits within ninety days from the date deposits are frozen.

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

These objectives were declared in the Act on Deposit Insurance as of 1993. Nr. XXIV. The public policy objectives were set by the authority after a comprehensive discussion with the banking industry and members of the Parliament.

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

Legislation

please refer to: www.ndif.hu

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

Other

This is conducted in conjunction with the review process for the Act on Credit Institutions.

2.1.6 What sort of system do you have?

Government legislated & privately administered

2.1.7 Who makes decisions to pay depositor claims?

DIS

The Board of Directors decides on the basis of the Act on Credit Institutions, i.e. in case the Supervision withdraws the banking license, after 5 business days the deposits become unavailable and NDIF

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

2.3 Authority to

2.3.1 Enter into contracts

Yes

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

Yes

2.4 Authority over entry and exit of member deposit taking institutions

2.4.1 Establish terms and conditions of membership

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

Yes

2.5.2 Access to depositor information

Yes

2.5.3 Use various methods of reimbursing depositors claims

Yes

2.6 Funding

2.6.1 How funding is provided

Yes

2.6.2 Terms and conditions of premiums or levies

Yes

2.6.3 Borrowing authorities and limits

Yes

2.7 Information Requirements

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

Yes

2.7.2 Access to information through supervisory authorities

Yes

2.8 Enforcement and intervention

2.8.1 Authority to conduct examinations and/or reviews

No

2.8.2 Ability to set standards or guidelines for member institutions

No

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

No

2.8.4 Authority to cancel deposit insurance of a member institution

Yes

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

Yes

2.9 Failure resolution

2.9.1 Authority to decide on appropriate form of failure resolution

No

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

No

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

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?

According to Section 110 (1) of the Act on Credit Institutions, the governing body of the Fund is the Board of Directors. Its members are as follows: the Vice-President of the National Bank of Hungary, the Administrative Secretary of the Ministry of Finance, the President of the Hungarian Financial Supervisory Authority (all of them ex-officio), two persons designated by the organisations representing credit institutions and the Managing Director of the Fund. The Board of Directors elects a chairman and a deputy chairman annually from its members (the position is rotated annually). The managing director may not be elected as chairman or deputy chairman. Each member may designate in writing an alternate who will act as its designated representative. Such designated representatives are entitled to vote at any meeting of the board of directors.

3.1.4 What is the composition of the governing body?

none

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

Hungarian regulation As described in the Article 111 of the Act on Credit Institution, the duties of the board of directors are as follows: to (a)govern, and exercise control of the management and activities of the Fund, (b)approve the internal regulations of the Fund, (c)determine the tasks as well as the remuneration of the managing director and the commissioners of the Fund, (d)decide on the composition of ad-hoc committees set up for the performance of specific duties, (e)establish the agenda as well as the time and place of meeting of the board of directors, (f)stipulate the use of special symbols, information and other means for credit institutions showing that the deposits placed with the respective credit institution are insured, (g)decide on actions to be taken regarding the performance of duties by the Fund, (h)determine the order of payments to be effected by the Fund in accordance with this Act, (i)decide on the budget of the Fund including the costs of operation, (j)confirm the annual report and the financial statement of the Fund once a year, at least by the 31st day of May following the end of the fiscal year reviewed, submitting its report thereon to the State Audit Office and to the credit institutions as well, (k)formulate, once a year, the policy of the Fund concerning premium, within the framework set by this Act and informing the credit

institutions thereof; determine the members' obligations of annual contribution based on the premium payment policy, (l)decide on the exclusion of members, (m)decide on obligation to pay increased and extraordinary premium, (n)..(o).., (p)perform other duties as stated by the Act. The board of directors appoints and recalls the managing director and exercises the employer's rights in his respect. With the exception of appointment and recall, such rights may be delegated by the board of directors to the chairman of the board. The board of directors controls the activities of the managing director.

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

No

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

No

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

www.ndif.hu

3.1.12 Do you have an internal control and audit systems

Yes

NDIF has two independent internal auditors, one for the IT related issues, another for the financial operational issues

3.1.13 Are directors and officers of the DIS and/or supervisors personally liable for their decisions in the normal course of their activities?

Yes

3.1.14 Is there an advisory committee to the DIS?

No

3.1.15 Has the DIS ever taken legal action against directors of failed member institutions? Or others? What position did the person(s) hold?

No

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

Annual Reports,Audited Financial Statements,Corporate Business Plan,Other Reporting Requirements
null|null|null|Structure and break down of savings; performance evaluation of investments|

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) ?

NDIF presently has 16 full-time employees and 1 part-time position working on a contract basis.

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

In Hungary: All of NDIF's employees are dedicated staff. NDIF operates with a small staff (core capacity of expert employees), that's why some functions are outsourced (such as IT, asset management).

4.1.3 Does the DIS train and develop its own staff? If so, briefly describe programs which have been put in place for training and development?

Yes

In Hungary: Staff members belonging to different organisation units regularly take part in specialised training programs. These programs are organised by external parties on commissioned basis.

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

No

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

4

Hungary: Compensation packages are adequate to similar staff levels of the central bank and more or less correspond to the average level offered by the industry. As a result the staff of NDIF is stable since 1993 (year of establishment).

4.1.6 Are confidentiality provisions for employees provided for?

Yes

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

Yes

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

Training and development currently takes up 0.5% of NDIF's operating expenses while total IT spending makes up approximately 4.5%.

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?

In Hungary: The Fund carries out examinations based on an annual plan approved by the Board of Directors. In line with Section 124 of the Act on Credit Institutions, general on-site reviews cover 3 main areas: -adequacy of the premium payment, which is based on the self-declaration of the member institutions, -quality of the deposit record keeping in the member institution, -adherence of the rules of dissemination of information to the public on deposit insurance issues. In case the Fund - based on its analyses – presumes, that its involvement for prevention of the deposits from becoming frozen in one of its member institutions may become necessary, it may order auditing of the books, accounts and records of the credit institution. The Fund has to obtain permission from the Supervisory Authority for such audits.

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

In Hungary: The Fund may only ask for such data and other kinds of information from the member institutions, which are necessary for its activity and not available to the National Bank of Hungary (NBH) or the Supervisory Authority. On the Fund's request, (a)the Supervisory Authority and the NBH have to provide information to the Fund if the member institution doesn't carry out its activity in a prudential way, (b)the member institutions have to provide information to the Fund on DI special risk factors. NDIF annually collects the deposit data broken down into insured by NDIF, state guaranteed and not protected segment first of all for the purpose of the premium payment and the establishment of NDIF's potential reimbursement obligations. Additionally NDIF registers the products and any changes to the available deposit products for the deposit register.

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.

In Hungary: NDIF's strategic safety-net partner is the Hungarian Financial Supervisory Authority. The professional co-operation has been regulated in a co-operation agreement for several years now. The co-operating partners review the agreements when necessary but at least once a year and amendments are made according to requirements. The parties renewed the strategic co-operation agreement last year. The most significant change in the co-operation agreement concluded with the Supervisory Authority is that effective from 2001, the Fund gets regularly relevant balance sheet data from the database of the Supervisory Authority related to member institutions. Further progress in the area of co-operation is that during its reviews, the Supervisory Authority advises the Fund directly of its experience on topics affecting the NDIF (data supply, recording). In addition, the two parties established closer co-operation in the preparation for crisis management and in the area of international relations. For 2000 the NDIF extended its agreement concluded with the National Savings Co-operatives' Institution Protection Fund three years ago (preferential premium for savings co-operatives with double protection for credit institutions with NDIF and National Savings Co-operatives' Institution Protection Fund membership). Since 2000 the National Savings Co-operatives' Institution Protection Fund assumes responsibility in the planned on-site reviews of the NDIF.

5.2 On a scale from 1 to 5, 1 being low and 5 being high, please rate both the accessibility (i.e. access to all necessary information for the DIS to fulfill its mandate) and timeliness (i.e. information is received when needed) of information that is shared amongst members of the safety net.

5.2.1 accessibility

5

5.2.2 timeliness

5

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

Other

The Act on Credit institutions contains the definitions/classification for involvement in case a problem arises in a credit institution. There are measures and exceptional measures which have to be taken by the Supervisory Authority on different level of the problems. NDIF is legally obliged to take preventive measures with a view to fostering the favourable effects of the exceptional measures taken by the Supervisory Authority and to avoiding the freezing of deposits.

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?

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?

Section 6: Membership

6.1.1 What types of institutions are covered in your DIS?

In Hungary: All credit institutions operating in Hungary are legally obliged to join NDIF.

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.

Other

In Hungary: The membership is mandatory, there are no specific conditions. The candidate applying for a banking license at the Supervisory Authority, has to enclose its declaration of intent to join NDIF as well.

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 banks' subsidiaries are accounted to be Hungarian entities, supervised by the Hungarian

Supervisory Authority and they are obliged to join NDIF. Foreign banks' branches don't exist in Hungary at present, but if there were any, they would be obliged to join NDIF as well. Latter regulation will change at joining the EU.

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?

see point 6.3.

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?

NDIF: 231 as of December 31, 2001 out of which 34 are banks, 186 savings co-operatives, 4 home savings banks and 7 credit co-operatives.

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

In Hungary: As of December 31, 2000, total member asset = HUF 8 961 billion (USD 31.5 billion), total member deposits = HUF 6 176.4 billion (USD 21.7 billion) and total NDIF insured deposits = HUF 4 774.4 billion (USD 16.8 billion) For additional information, please refer to data in the NDIF Annual Report at: <http://www.oba.hu/en/index.php>

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, Foreign currency deposits

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

7.1.3 Is coverage

7.1.4 What is the coverage limit per depositor?

See point 5.3.

7.1.5 How was this figures arrived at?

The HUF 1 million level, which was set at establishment, covered and covers a big part of the deposits placed with credit institution, but the real value diminished between 1993-2002.

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

Not defined.

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?

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

Other

Not yet. At joining the EU the coverage limit will be increased to HUF 6 million, for HUF 1 million with 100% coverage, for the amount exceeding it, with 10% coinsurance.

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.

Other

Of course depositors in such an extreme situation would expect fully protection and to restore the confidence in the banking system would support this solution. But legally there is no way for NDIF to do so. The Hungarian State may increase of registered capital by the subscription of new shares, the increase of registered capital may also be performed by the provision of government securities if the insolvency of a credit institution put the economic interests of the whole or a big part of the country at stake, or grossly endangered the reliable operation of the banking system, and the bankruptcy or liquidation proceedings can be avoided only by state intervention.

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

A description of new, proposed financial products is usually provided to NDIF by the member institution. The Fund determines the eligibility of the deposit by assessing its features and characteristics with those incorporated into the definition of an insurable deposit contained in the Act on Credit institutions.

7.1.15 When member institutions merge how are insured deposits treated?

In the event that credit institutions are merged, for the calculation of the HUF 1 million limit, the deposits placed by the same depositor with the credit institutions involved in the amalgamation or acquisition, will be treated as separate deposits.

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)

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

8.1.5 How often is the premium assessed?

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.

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?

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.

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 countrys 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?