



# **COMPENSATION PAYMENTS AND PROCEDURES USED BY THE ROMANIAN DGF**

*Cătălin DAN*  
**IT expert**

**EFDI SEMINAR**  
*Pay-out: Methods and tools to reimburse depositors*  
**3 April 2012, Cologne (Germany)**

---

**BANK DEPOSIT GUARANTEE FUND**

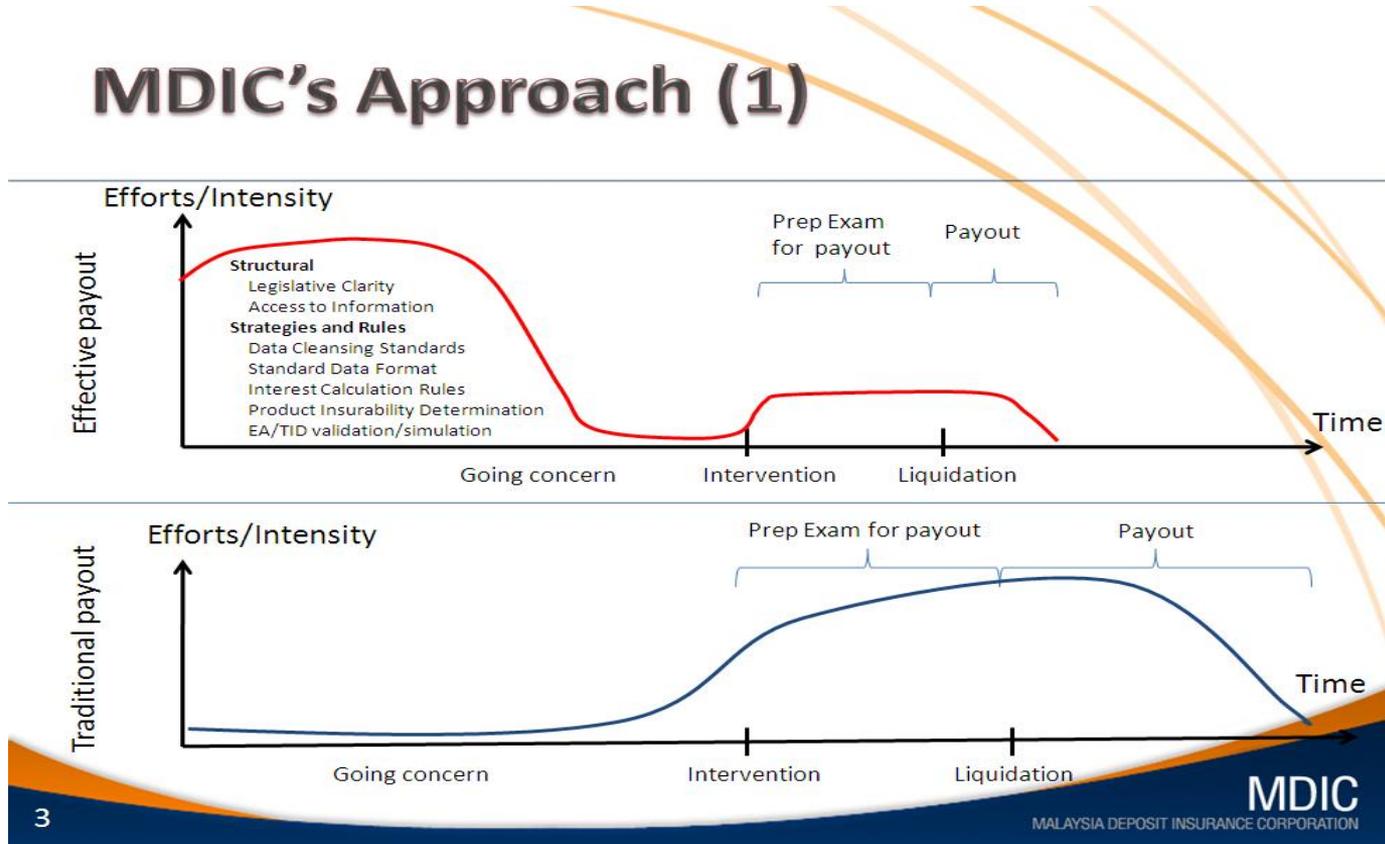


## **Past experience in compensation payments:**

- Payment for 7 banks that went bankrupt between 1999 and 2006 (1 in 1999, 2 in 2000, 2 in 2002, 1 small bank in 2003 and 1 in 2006)
- Period from bankruptcy until payments start 51-117 days
- Paid more than 512 million lei (over 180 million euro at the time of payments) for nearly 330.000 individual depositors
- Not paid: more than 470.000 depositors, over 6,24 million lei (around 2,8 million euro at the time when the payments started)
- Percentage of payment: 11,5% - 99,9% of the amount of compensation due, 1,2% - 73% of depositors entitled to compensation

In order to make rapid payments for unavailable deposits some activities have to be carried out before the occurrence of unavailability.

## MDIC's Approach (1)



Source: Presentation of Jean Pierre Sabourin, Prague, January 2010



## **Before starting payments:**

- Imposing by Regulation (2009) for the member credit institutions to adopt IT and operational procedures for creating payout lists twice a year and on demand, and periodic on-site inspections to verify those lists
- Signing annual contracts for compensation pay-outs with sound banks which have extensive territorial networks
- Connecting DGF at the Interbank Communication Network administered by the NBR
- Member institution of the National Committee for Financial Stability
- Memorandum of understanding between the Supervision Department of NBR and DGF regarding exchange of information
- Keeping the public informed about deposit guarantee



## **After deposits are declared unavailable:**

- Receiving actual pay-out lists from the credit institution with deposits declared unavailable
- Checking the lists, separate records with sufficient / insufficient identifying information, determining the amount of compensation due
- Issuing a press release containing the date when the payments will start, the paying bank / banks and the period the payment will be made through the bank, payment conditions
- Sending lists to the paying bank / banks
- Supply initial amounts in the special pay-out account



## **During the compensation payments by agent bank:**

- Tracking pay-out progress
- Supply amounts in the special pay-out account as needed
- Receiving and operative processing requests to amend pay-out lists, checking them at the credit institution whose deposits became unavailable, as appropriate make the necessary changes and transfer them to the paying bank in order to make the changes to the list and to make the payments



## **Payments made directly by DGF:**

- The depositors may choose between bank transfer, mail or DGF's cashier in a request sent to DGF, together with certain additional documents as appropriate (in order to identify the complainant and his or her right). The last two options are accepted only for amounts less than 1.000 euro
- Receiving the request to amend the lists of payments, verifications at the credit institution whose deposits became unavailable, and acceptance of correct request



## **CONCLUSION:**

- From a technical point of view, regarding the fast availability of pay-out lists at the paying bank, the Romanian DGF is prepared to start the payments in 20 working days