



# **Romanian Bank Deposit Guarantee Fund at a glance**

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Sofia, 21 November 2013

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## *Mandates and functions*

### *From pay-box to pay-box plus*

#### ***Pay-box***

(1996 - first mandate of the FGDB, which was established as a legal person)

#### ***Stabilisation measures (since 2012)***

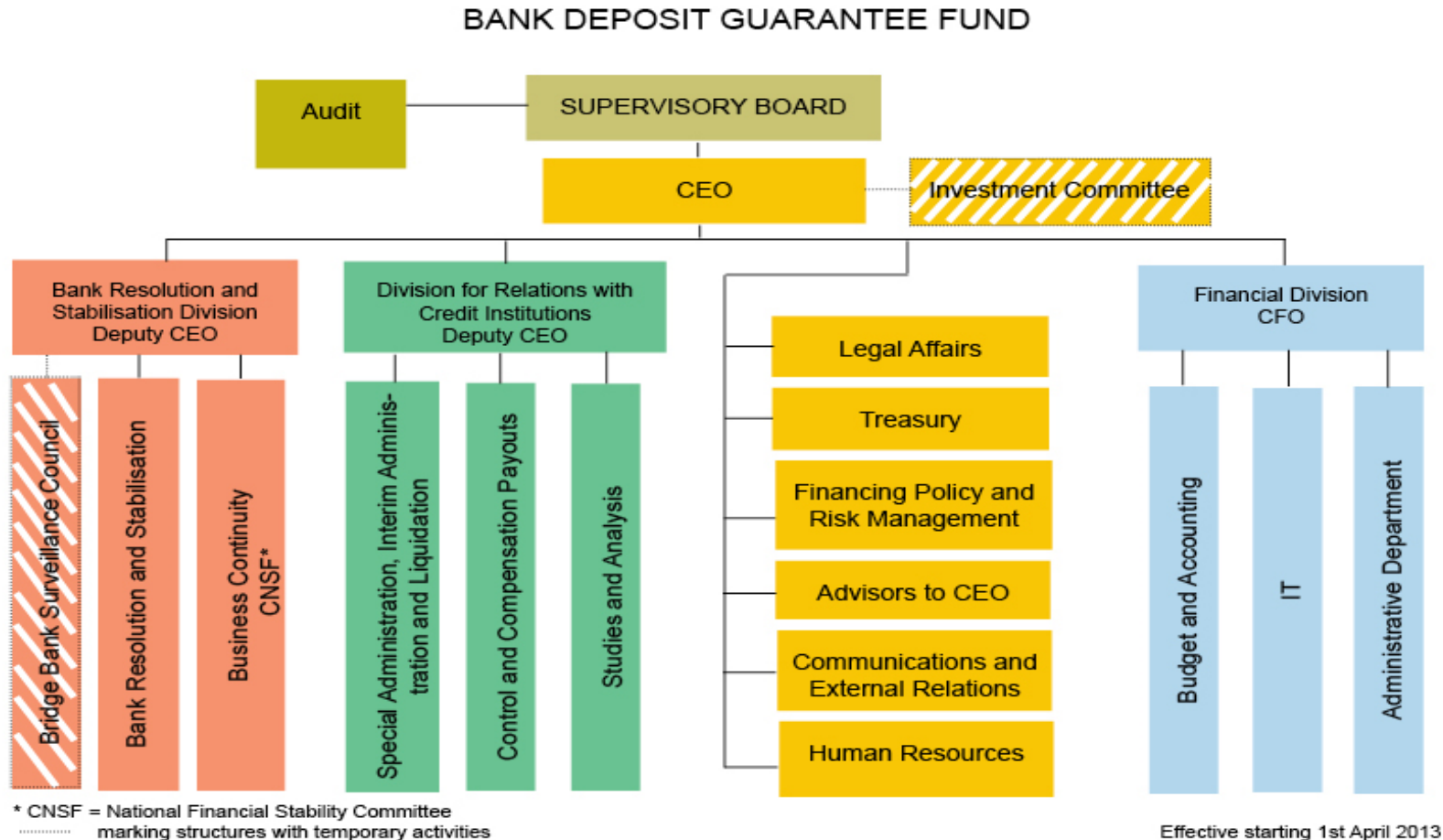
- Financing the stabilisation measures (transfer of assets and liabilities, recapitalization, bridge bank)
- Delegated administrator to a credit institution and shareholder as appropriate
- Sole shareholder of a bridge bank and supervisory board

**Protection of depositors**  
**Financial stability**

#### ***Special administration, interim administration, liquidation***

(2001-2004, gradually expanding the duties of the FGDB)

#### ***Financing the transfer of guaranteed deposits (since 2011)***



**FGDB Board:** 7 members, of which 3 from the National Bank of Romania (including the chairperson), 2 from the Romanian Banking Association, 1 from the Ministry of Public Finance, 1 from the Ministry of Justice

## FGDB's resources

### Deposit Guarantee Fund

EUR 768 million  
as at 30 September  
2013

- Contributions from member credit institutions
- Reinvested profit from FGDB investments
- Recovered claims from bankrupt banks
- Proceeds from FGDB's activity

*Other resources: loans from credit institutions, financial companies, Government, issuance of debt securities*

*The Government shall make available the loan to FGDB in 5 working days at the latest.*

### Bank Resolution Fund

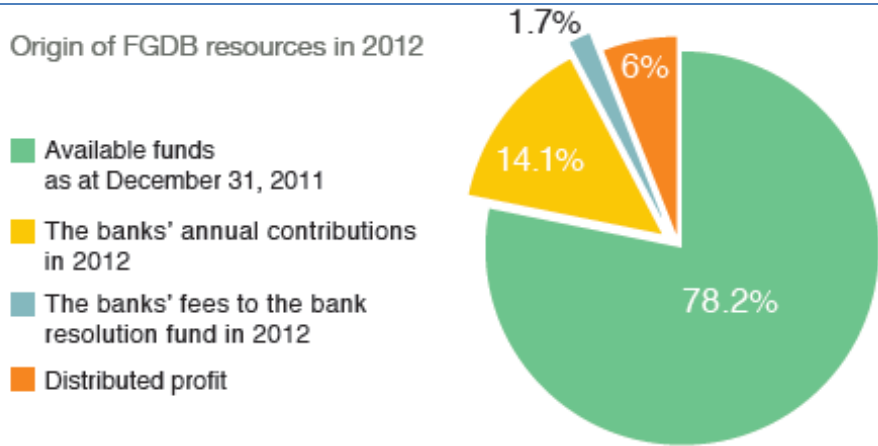
EUR 47.3 million  
as at 30 September  
2013

- Fees from member credit institutions
- Reinvested profit from FGDB investments
- Recovered claims related to the use of the resolution fund

*Other resources: loans from credit institutions, financial companies, issuance of debt securities*

## FGDB's resources (cont.)

Origin of FGDB resources in 2012

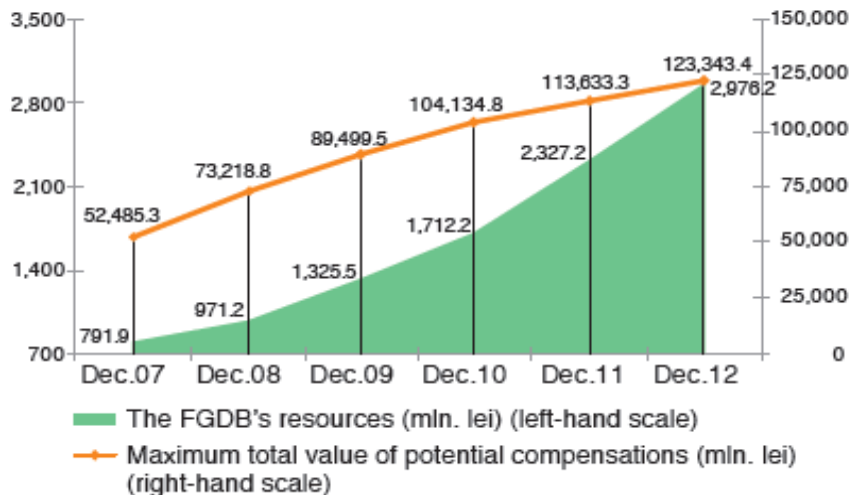


### Exposure coverage ratio as at 30 September 2013

$$\frac{\text{Own funds}}{\text{Guaranteed (eligible) deposits}} \times 100 = 2.2\%$$

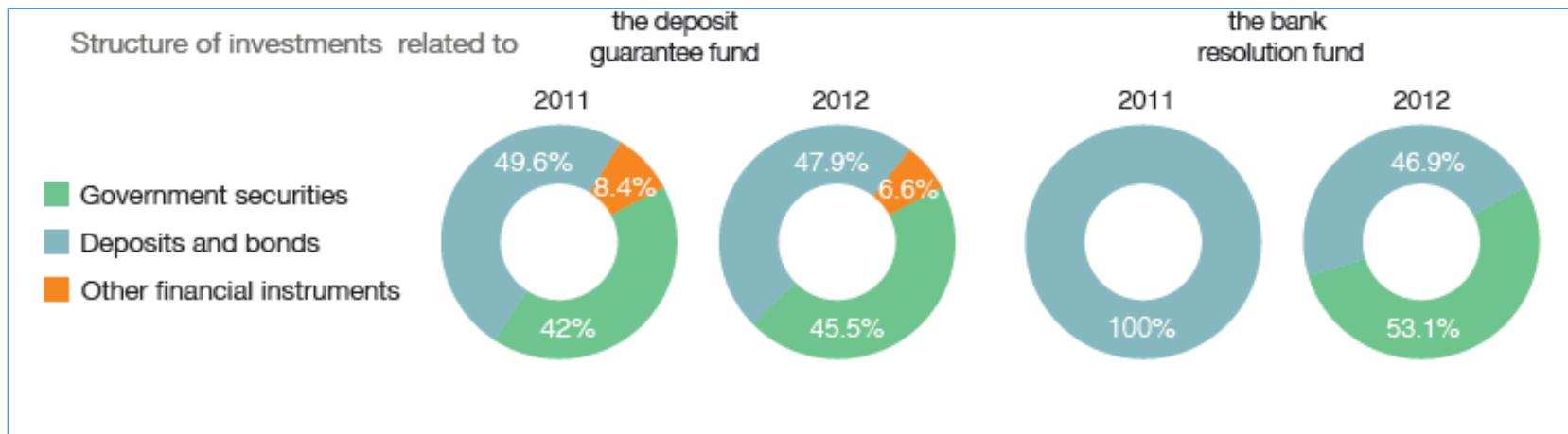
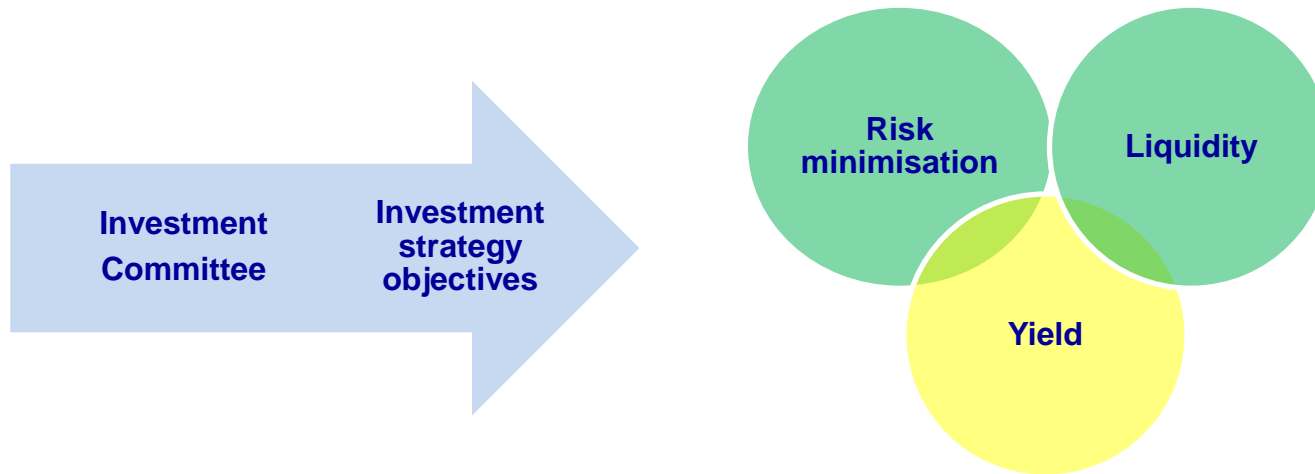
$$\frac{\text{Own funds}}{\text{Covered deposits}} \times 100 = 3\%$$

The FGDB's resources and the value of potential compensations



## Investment of resources

(art. 16 of Government Ordinance 39/1996 on the setting up and operation of the FGDB)



**Coverage level 100,000 euros****Guaranteed depositors**

- Natural persons and legal persons (mostly SMEs)
- Residents and non-residents

**Guaranteed deposits**

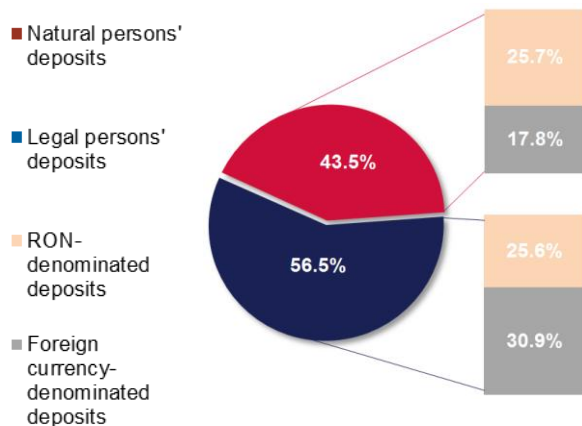
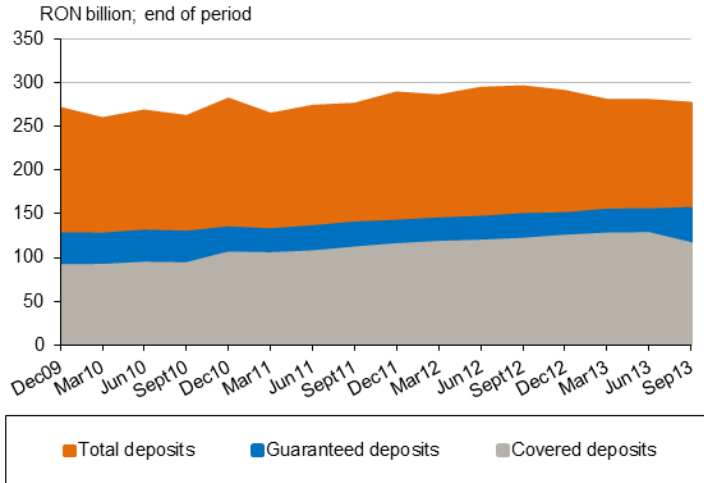
- Denominated in lei and in foreign currency
- Time deposits, current accounts, savings accounts, nominative certificates of deposits, joint accounts, card accounts and similar products

**Member credit institutions**

All credit institutions licensed by the National Bank of Romania  
(31 as at end-October 2013)



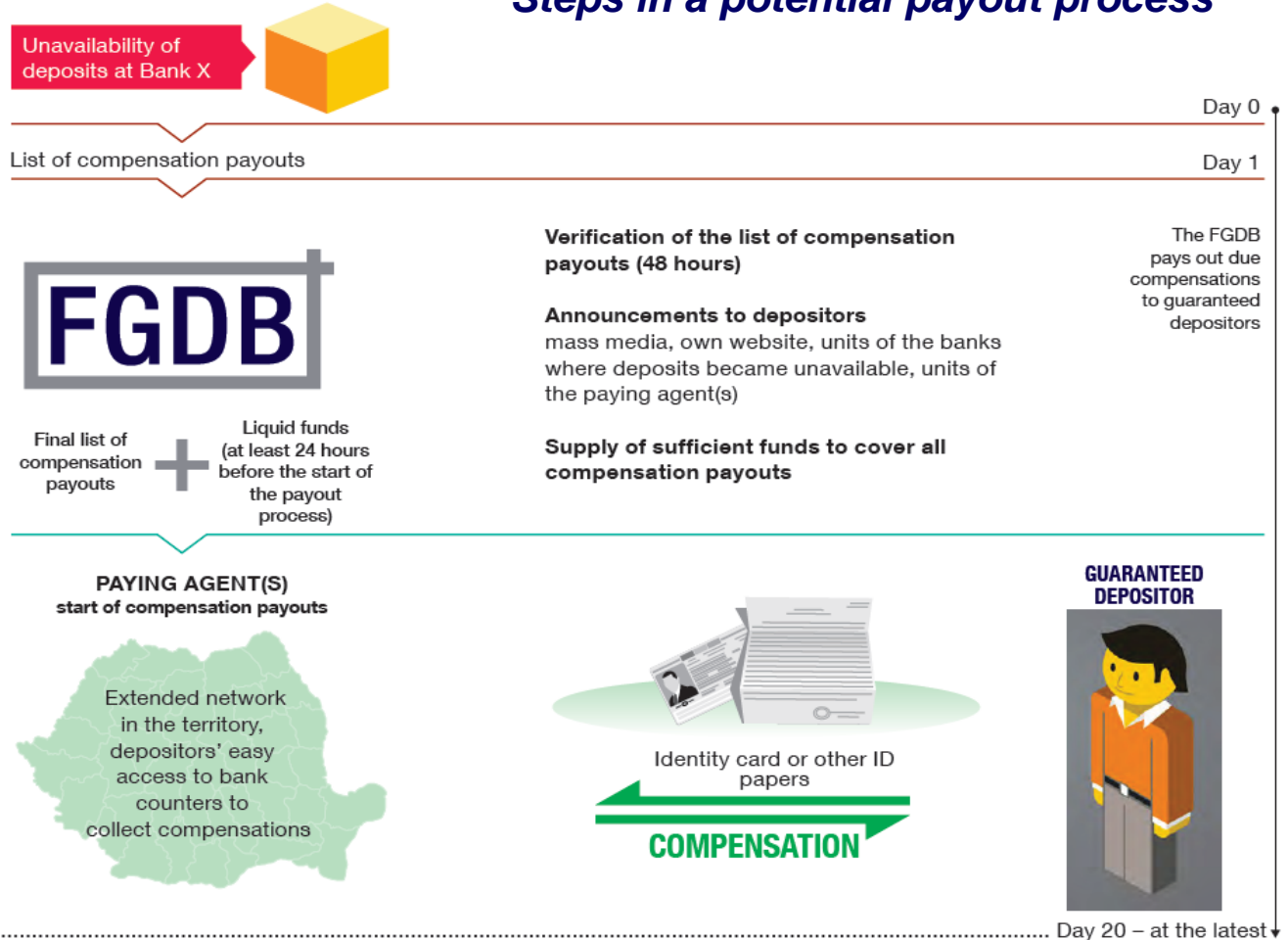
## Deposits with FGDB member credit institutions as at 30 September 2013

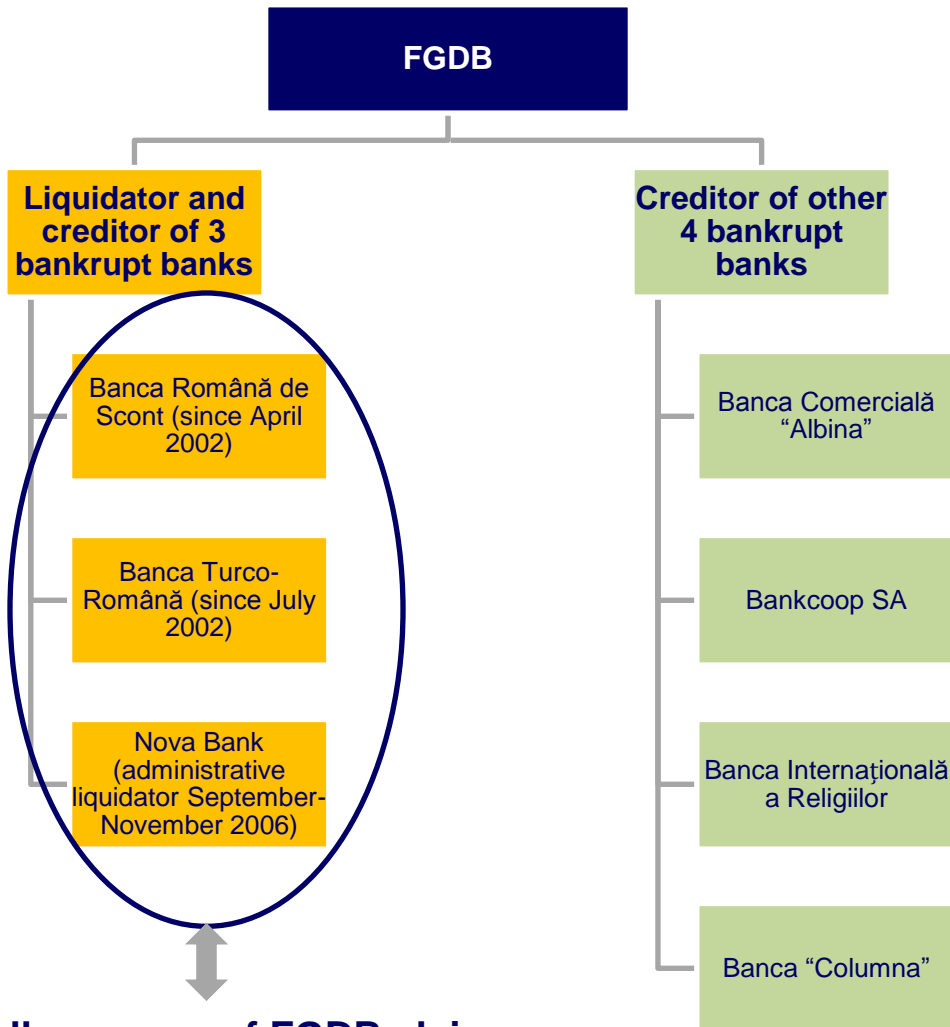


- **Deposits with FGDB member credit institutions:** EUR 61.8 billion (90.9% of the total deposits in the banking system in Romania (EUR 68 billion))
- **Deposits guaranteed by FGDB (eligible deposits):** EUR 34.7 billion (56.1% of the total deposits with FGDB member credit institutions), out of which:
  - ✓ EUR 26.8 billion natural persons' guaranteed deposits
  - ✓ EUR 7.9 billion legal persons' guaranteed deposits
- **Covered deposits** (eligible deposits after applying the coverage level): EUR 25.7 billion, out of which:
  - ✓ EUR 22.9 billion natural persons' covered deposits
  - ✓ EUR 2.8 billion legal persons' covered deposits
- **Guaranteed depositors:** 14,965,911, out of which 14,057,087 natural persons (99.9% fully covered) and 908,824 legal persons (98.6% fully covered)
- **Natural persons' average guaranteed deposit:** EUR 1,909
- **Legal persons' average guaranteed deposit:** EUR 8,680

Past interventions (1999-2006)  
7 payouts (327,465 reimbursed depositors, RON 512.2 million paid compensations)

### Steps in a potential payout process





The cumulative funds allotted for distribution to the bankrupt banks' creditors accounted for a recovery ratio of 35.1%.

- Enacted in 2012
- Triggered by threats to the financial stability
- 3 types of stabilisation measures applicable by the National Bank of Romania to problem credit institutions:
  - ✓ total or partial transfer of a credit institution's assets and liabilities to one or several eligible institutions
  - ✓ designation of the FGDB as delegated administrator of a credit institution in difficulty and, as the case may be, as shareholder after subscribing for newly issued shares following a rise in the share capital of the credit institution in question and provided that the voting rights of the major shareholders were previously suspended
  - ✓ transfer of a credit institution's assets and liabilities to a bridge bank created for this particular purpose
- Consequently, the FGDB was assigned new powers and responsibilities enabling it:
  - ✓ to be a delegated administrator and, as the case may be, a shareholder of a credit institution going through the stabilisation measures decided by the National Bank of Romania
  - ✓ to be the sole shareholder of bridge banks and to exercise the duties of their supervisory boards
- Moreover, the FGDB finances the stabilization measures.

### Bank resolution fund

- The former special indemnification fund earmarked for compensating persons who were prejudiced by measures taken as part of special administration procedures
- Currently intended for financing the stabilisation measures and indemnifying persons prejudiced by measures taken as part of special administration procedures

### Deposit guarantee fund

- If the bank resolution fund is depleted, resources will be provided from the deposit guarantee fund as long as its resources do not drop below a threshold of 0.5% of the total value of guaranteed deposits

### Loans

- When FGDB's resources prove insufficient to fund stabilisation measures, the difference will be covered from loans given to the FGDB by the Government through the Ministry of Public Finance within 5 working days at the latest.



Frame from the animated short film on deposit guarantee, available at [www.fgdb.ro](http://www.fgdb.ro)



FGDB's INFO, available at [www.fgdb.ro](http://www.fgdb.ro)



Page from the bank deposit protection brochure

**FGDB garantează depozitele dumneavoastră la băncile participante**

**Banca noastră este participantă la Fondul de Garantare a Depozitelor în Sistemul Bancar**

**PLANULUI DE GARANTARE 100 000€ echivalent în lei** este suma maximă plătită de FGDB per deponent, per instituție de credit.

**ÎN MAXIMUL 20 ZILE** lucrătoare de la indisponibilizarea depozitelor FGDB pune la dispoziția deponentilor, prin intermediul băncilor mandatate, compensațiile cuvenite.

**COMPENSAȚIA** se plătește în limita plafonului și se obține prin însumarea depozitelor la care se adaugă dobânda la data indisponibilizării lor, din care se scad ratele scadente la momentul respectiv și comisionul către bancă.

**COMPENSAȚIA = SUMA DEPOZITELOR + DOBÂNDA - (RATE SCADENTE REPLĂTITE + COMISIUNEA BANCII)**

FGDB's poster distributed to member banks for display in their units.



Costin Murgescu Contest for Economic Research Awarding Ceremony, Bucharest



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