

GUYANA ASSOCIATION OF BANKERS INC.

Important Information for **YOU** to know about **DEPOSIT INSURANCE**



**Participating Licensed
Depository Financial Institutions**

DEPOSIT INSURANCE

Q What is Deposit Insurance?

A Deposit Insurance is a form of protection for small depositors in the event of a bank failure. It works similar to regular insurance in that when a bad/loss event occurs, the insured person (in this case the depositor) has a claim. The major difference between deposit insurance and regular insurance is that the financial institution, rather than the depositor, pays the premiums.

Q What is the Deposit Insurance Scheme?

A The Deposit Insurance Scheme is a mechanism set up under the Deposit Insurance Act 2018 to foster financial stability by protecting depositors of licensed depository financial institutions (LDFIs) operating in Guyana. As members of the Scheme, LDFIs contribute to a Deposit Insurance Fund by making regular premium payments into the Fund. The monies accumulated in the Fund will be used to reimburse insured depositors if the LDFI enters into liquidation.

Q What is the Deposit Insurance Corporation (DIC)?

A The Deposit Insurance Corporation (DIC) is an independent entity that is tasked with carrying out the provisions of the Deposit Insurance Act 2018. The DIC is responsible for managing the deposit insurance fund and reimbursing depositors in the event of the liquidation of a bank or deposit-taking financial institution operating in Guyana.

INSURED DEPOSITS

Q Which financial institutions have deposit insurance?

A **All** financial institutions which **engage in the business of receiving deposits** and **which are licensed** under the Financial Institutions Act 1995 have deposit insurance.

Currently, eligible deposits in the following financial institutions are insured:

- 1.) Republic Bank (Guyana) Limited
- 2.) Guyana Bank for Trade & Industry Limited
- 3.) Bank of Nova Scotia (Guyana branch)
- 4.) Demerara Bank Limited
- 5.) Citizens Bank Guyana Inc.
- 6.) Bank of Baroda (Guyana) Inc.
- 7.) The New Building Society Limited
- 8.) Hand-in-Hand Trust Corporation Inc.

Q **Which deposits are not covered under this Scheme?**

A The following deposits are not covered by the Scheme and will not be reimbursed:

- The deposits (the portion of) above the insured limit;
- deposits of financial institutions, including insurance companies and pension funds;
- deposits of central and local government authorities;
- deposits of branches of financial institutions which operate outside Guyana;
- deposits of members of the Supervisory Board or the Executive Board of a

Financial Institution under resolution or liquidation, or their relatives, or third parties acting on their behalf;

- deposits of shareholders, their relatives, or third parties acting on their behalf, owning at least 5 percent of the capital of a financial institution under liquidation or resolution; and
- deposits of persons under criminal investigation or who are suspected of being involved in money laundering or terrorist financing.

Q How can a depositor get deposit insurance?

A As a depositor, you do not need to apply for deposit insurance. Depositors (individuals or businesses) are automatically covered when they open a deposit account at a financial institution which is a member of the Deposit Insurance Scheme.

Q What categories of deposits are insured?

A All deposits with member financial institutions listed in question 4 are insured up to a limit. Generally, these include demand deposit or chequing accounts, savings deposits and time deposits or certificates of deposit.

INSURED LIMIT

Q What is the deposit insurance limit?

A The insurance limit is two million Guyana dollars (\$2,000,000) per depositor per member financial institution. This limit is generally applied in the following way:

- If you have deposit accounts with Bank A and Bank B, your deposit in Bank A will be insured up to \$2,000,000 and your deposit in Bank B will be insured up to \$2,000,000.
- If you have multiple deposit accounts in the same bank, let's say Bank A, then the combined value of those accounts is insured up to \$2,000,000.

Q **Does the deposit insurance limit include interest?**

A Yes, the limit of \$2,000,000 is inclusive of any interest received on the deposit.

MAKING CLAIMS

Q Who has a claim in the event of a liquidation?

A Persons or entities that have insured deposits with the member financial institution which has entered into liquidation have a claim.

Q When does a depositor have a claim?

A When a financial institution which is a member of the Scheme has entered into liquidation, a claim is originated.

Q How would a depositor know if they are entitled to a claim?

A In the event of the liquidation of a financial institution, the depositor will receive written notification from the Deposit Insurance Corporation (DIC). This notification will be sent to the address that the financial institution has listed for the depositor. Notice of the liquidation will also be published in the Gazette and in local newspapers or on this website, or other such communication channels.

REIMBURSEMENT OF DEPOSITS

Q Who will be reimbursed?

A All insured depositors who have claims under the Deposit Insurance Scheme are eligible for reimbursement.

Q What is the maximum amount that a depositor can be reimbursed?

A After combining the deposits of the individual, the maximum amount an insured depositor can receive is two million Guyana dollars (\$2,000,000).

Q What happens if the depositor has more than \$2,000,000 in their deposit account?

A If the insured depositor has funds above the insured limit of \$2,000,000 in a deposit account, the depositor would have to claim the excess value from the Liquidator. E.g. if you have a deposit account with a balance of \$5,000,000, the Deposit Insurance Corporation (DIC) will reimburse you for \$2,000,000. For the remaining balance of \$3,000,000, you will have to make a claim to the Liquidator of the financial institution. The same applies if the depositor has multiple accounts with the financial institution and the combined value of these accounts exceeds \$2,000,000.

Q When will the insured depositor receive reimbursement?

A The Deposit Insurance Corporation (DIC) will reimburse the depositor within thirty (30) calendar days after the financial institution's entry into liquidation.

Q Through what method will the insured depositor receive reimbursement?

A As an insured depositor you may be paid directly by cash (physical or in electronic form), through a payment agent, or other approved payment method.

However, note that in cases where the Deposit Insurance Corporation (DIC) facilitates a transfer of your deposit from the troubled financial institution to a purchaser or **bridge bank**, you will not receive reimbursement from the DIC. You will instead have access to your deposit through the deposit account with the purchaser or bridge bank.

A bridge bank is an entity which is established to temporarily take over the assets and liabilities of the troubled bank.

Q Will the insured depositor receive the full amount of the reimbursement at once?

A The Corporation may reimburse you in a single payment or a series of payments as long as these payments, totalling the full amount of your reimbursement, are received within 30 calendar days after the financial institution enters into liquidation.

Q Will the insured depositor have to provide any documents for reimbursement?

A The records of the financial institution will be held as evidence of the ownership of the account. However, the depositor will be asked to provide an acceptable form of identification.

Q How is the reimbursement calculated?

A Subject to a maximum amount of two million Guyana dollars (\$2,000,000), the reimbursement is calculated based on the combined amount of insured deposits that a person or incorporated business has at the financial institution and includes the interest accrued until the time of the entry into liquidation.

Q If the insured depositor has a joint account, how will the reimbursement be calculated?

A A joint account will be treated as one account and is insured up to two million Guyana dollars (\$2,000,000). The reimbursement will be divided equally among the account holders unless otherwise justified by the member financial institution through proper documentation.

Q In what currency will the reimbursement be made?

A All insured depositors will be reimbursed in Guyana dollars. If you hold a foreign currency account, your deposit account will be converted to Guyana dollars using the exchange rate set by the Bank of Guyana at the date of the liquidation.

**Contact information for the
Deposit Insurance Corporation:**

[https://www.bankofguyana.org.gy/bog/
deposit-insurance-corporation-of-guyana](https://www.bankofguyana.org.gy/bog/deposit-insurance-corporation-of-guyana)

**Contact information for members
of the deposit insurance scheme:**

Republic Bank (Guyana) Limited
Tel: 223-7938-49

Guyana Bank for Trade & Industry Limited
Tel: 231-4400

Demerara Bank Limited
Tel: 226-0601/05/09 & 226-0629/32

Citizens Bank Guyana Inc.
Tel: 226-1705

Bank of Nova Scotia
Tel: 223-4357

Bank of Baroda (Guyana) Inc.
Tel: 226-4005

New Building Society
Tel: 227-4444

Hand in Hand Trust Corporation
Tel: 226-9781