

DEPOSIT GUARANTEE FUND

What is the Deposit Guarantee Fund?

The Deposit Guarantee Fund (FDG) is a mechanism that guarantees the reimbursement of bank deposits made in credit institutions with their headquarters in Cape Verde. It was established by Law No. 07/IX/2017 of 27 January, as a built-in feature of the guarantee system envisaged in Article 51 of Law No. 61/VIII/2014 of 23 April, and regulated by the Central Bank of Cabo Verde n° 8/2017 of October 3th

What is the purpose of the Deposit Guarantee Fund?

The Deposit Guarantee Fund (FDG) is a security guarantee to protect depositors and ensure the reimbursement of deposits in credit institutions authorised to take deposits and subject to the supervision of the Bank of Cape Verde, in the following situations:

- a) An order for intervention or receivership of participating institutions;
- b) Recognition by the Bank of Cape Verde of the bankruptcy of the participating institution that under the legislation in force is not subject to the procedures referred to in the preceding paragraph.

The Fund may also intervene in the implementation of resolution measures, in accordance with Article 166 to 171 of Law No. 62/VIII/2014 of 23 April.

Who are the participants in the Deposit Guarantee Fund?

Participation in the fund is mandatory and automatic for all credit institutions authorised to take deposits and subject to prudential supervision by the Bank of Cape Verde.

What types of deposits that are covered by the Deposit Guarantee Fund?

- a) The guarantee covers demand deposits, deposits redeemable at notice, time deposits, time deposits that cannot be mobilized in advance under special arrangements, emigrant savings, other savings deposits, deposits represented by deposit certificates and compulsory deposits.
- b) The deposits referred to in the preceding paragraph include those secured by resident and non-resident natural persons, expressed in national currency or in foreign currency as well as Private Institutions of Social Solidarity.

What is the amount guaranteed by the Deposit Guarantee Fund?

The Deposit Guarantee Fund guarantees the reimbursement, per institution, of the total value of the cash credit balances of each account holder, up to CVE 1,000,000.00 (one million escudos). For this purpose, the credit balances existing at the date on which the deposits became unavailable shall be taken into consideration.

What is the maximum guaranteed limit in the case of omnibus accounts?

In the case of omnibus accounts, a limit of CVE 1,000,000.00 applies to each depositor.

In the absence of any provision to the contrary, it shall be presumed that the balances of omnibus, joint or several accounts belong to the account holders in equal shares.

However, deposits in an account to which several persons have access as members of an association or a special committee without legal personality are combined as if made by a single depositor for the purpose of calculating the limit of CVE 1, 000,000.00.

What are the cases in which the CVE 1,000,000.00 limit does not apply in this context of protection of the Deposit Guarantee Fund?

The Fund does not reimburse depositors who are responsible for circumstances that have caused or aggravated the financial difficulties of the depositary institution, or that have benefited directly or indirectly from these circumstances.

What types of deposits are excluded from the scope of protection of the Deposit Guarantee Fund?

1. The following are excluded from the reimbursement guarantee:

- Deposits held by legal persons, with the respective exceptions;
- Deposits held by individuals which have as their holders:
 - ✓ members of the governing, management or supervisory bodies of the participating institution concerned, chief accountants or equivalent at their service, external auditors that provide them with audit services or persons of similar status in other companies with which it is in a control or group relationship;
 - ✓ spouses, relatives or the like in the first degree or third parties acting on behalf of depositors;
 - ✓ shareholders who hold a direct or indirect shareholding of no less than 2% of the respective share capital.

2. The following are also excluded from the guarantee:

- Deposits which, in a final decision, have been declared lost in favour of the State for committing a crime;
- Deposits arising from operations in respect of which a final criminal conviction has been issued for the practice of money laundering acts;
- Deposits in respect of which the holder has obtained financial advantages, in such a way as to be out of line with those prevailing on the market for identical conditions, which have contributed to aggravate the financial situation of the participating institution.

How is the refund made when deposits are made in a currency other than CVE?

The balances of deposits denominated in foreign currency are converted into Cape Verdean escudos at the exchange rate as of the same date.

When should the Deposit Guarantee Fund be repaid?

1. Reimbursement shall take place within the following time limits:
 - A portion up to CVE 200,000. 00 (two hundred thousand escudos) of all deposits covered, within a maximum period of seven business days;
 - The remainder within a maximum period of 30 business days;
2. The time limits shall be counted from the date on which the deposits became unavailable.
3. If the holder of the account or of the right to the amounts deposited has been pronounced for the practice of money laundering or terrorist financing, the Fund shall suspend reimbursement of the amount owed until such time as the final sentence is passed.

What is the Key Information Document (KID)?

Credit institutions holding deposits in Cape Verde shall provide to the public, in an easily understandable manner, all relevant information concerning the guarantee schemes they receive, including the respective identification and provisions, and the respective amounts, scope of coverage and maximum repayment term.

This information shall be provided in a separate document, called 'Information Sheet on the Protection of Deposits'.

When is the Information Document on the Protection of Deposits (KID) provided?

The Information Document on the Protection of Deposits is provided when the account is opened and must be signed by all of the account holders.

How do customers know if their deposit(s) are included in the protection of the Deposit Guarantee Fund?

Credit institutions must confirm to depositors that the deposits they hold are guaranteed by the Deposit Guarantee Fund by including a reference to the Key Information Document (KID) in the account statements.

How do customers know if their deposits are excluded from the protection of the Deposit Guarantee Fund?

Credit institutions shall inform their depositors whenever deposits are excluded from the guarantee.



Where can I find more information about the Deposit Guarantee Fund?

Further information on the Deposit Guarantee Fund can be found at www.bancobai.cv.

The Deposit Guarantee Fund provides all the information deemed necessary for depositors on its website (www.bancobai.cv), in particular information on the amount, scope of cover and procedure for the reimbursement of deposits.

Learn more at www.bancobai.cv