



# Deposit protection

**Since 27 October 2008 deposits protected to the full amount**

## **What is the deposit protection?**

The deposit protection is the system which ensures the owner of the deposit in the bank from losing his deposit if the bank goes bankrupt.

This system is applied in Montenegro since 1 January 2006. By the ***Law on the Protection of the Banking System***, from 27 October 2008, the state of Montenegro guaranteed the full amount of deposits, and the Deposit Protection Fund is obliged to pay the guaranteed deposit to the full amount within 90 days since the day of introducing the bankruptcy in the bank.

## **Is my bank involved in the deposit protection system?**

All banks in Montenegro are involved in the deposit protection system. There is a sticker of the Deposit Protection Fund on the door of your bank signalling your deposits in that bank are protected.

## **How to calculate the amount of the guaranteed deposit for payment?**

The amount for payment is calculated by adding the balances on all accounts which are kept in your name in a bankrupt bank and by subtracting your total liabilities towards the bank, on the day the bankruptcy is declared.

## **The way of determining of this amount is the following:**

$$\mathbf{GD=TD+ AI-TL,}$$

Where, **GD = guaranteed deposits**; **TD = total deposits** by a deponent in a bankrupt bank (on the current, giro-account, savings book, etc); **AI = accrued interest** (until the day of the bankruptcy of the bank); **TL = total liabilities** of deponents towards the bankrupt bank (loans, "minus" on the current account, interests and alike).

## **Are deposits of all deponents protected?**

The deposit protection system in Montenegro includes all types of deposits of legal and natural persons, residents and non-residents, opened on behalf of the owner. Deposits which are exempt from protection are mostly related to deposits of the state, local governments, funds as well as persons related to the bankrupt bank.

## **How guaranteed deposits are paid in case the bank goes bankrupt?**

When a protected event occurs, or when a bankruptcy proceeding starts over a bank, the **Fund** pays guaranteed deposits over the payout bank.

After determining the amount of total guaranteed deposits and the number of deponents the Fund starts the payment procedure. The payment must start within 60 days and be finished within 90 days at the latest after starting the bankruptcy proceeding.

The payment is performed in Eur (€) regardless in which currency was the deposit of the deponent.

## **How the deponents are informed?**

**The Fund** shall inform the public, or deponents of the bankrupt bank, on terms and way of payment of guaranteed deposits, through public announcements in the media.

After providing information about the date of starting the payment, the deponent shall come (with his personal documents) to the bank which is determined to execute the payment and from that moment he may dispose of his guaranteed deposit.

***The detailed information about the deposit protection in Montenegro is available on the website of the***

***Deposit Protection Fund:***

***[www.fzdcg.org](http://www.fzdcg.org)***

***We are available for all your questions, opinions and comments***

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