

### 1. What is Deposit Guarantee Fund?

Deposit Guarantee is a mechanism established to protect depositors against loss of their insured deposits in the event of failure of a bank or microfinance institution.

### 2. What are the main functions of the Deposit Guarantee Fund?

- (i) To assess and collect premium from banks and microfinance institutions,
- (ii) To manage the collected premium of the Fund,
- (iii) To reimburse depositors their insured deposits in case of a bank or microfinance institution failure,

### 3. What are the benefits of deposit guarantee to depositors?

Protection of insured deposits in member banks and microfinance institutions at no cost to the depositors and reimbursement of the insured deposits in case the respective bank or microfinance institution fails.

### 4. What is the benefit of deposit guarantee to the financial system?

Deposit guarantee promotes public confidence in the financial system by protecting depositors against the loss of their deposits and therefore contributes to financial stability.

### 5. How does DGF contribute to the stability of the financial system?

By protecting depositors against the loss of their insured deposits and making prompt reimbursement of the insured deposits, the DGF promotes public confidence and therefore contributes to the financial stability.

### 6. Which banks and microfinance institutions are members of the Deposit Insurance Fund?

In accordance with the Banking Law, 2008 and DGF Law, 2015 every bank and microfinance institution licensed by the National Bank of Rwanda to operate in the country of Rwanda is a member and contributor to the Deposit Guarantee Fund (DGF). The contribution is made in form of premium.

### 7. How do you identify if a bank is a member institution of the Deposit Guarantee Fund?

- All banks and Microfinance institutions licensed by the National Bank of Rwanda to carry out banking business in Rwanda are automatic members of the Deposit Guarantee Fund.

- A list of banks and microfinance institutions certified as Deposit Guarantee Fund's members can be obtained by accessing BNR's website at [www.bnr.rw](http://www.bnr.rw)

### 8. What is the Deposit Guarantee Fund coverage base?

DGF insures all eligible deposits at each member Bank and microfinance institutions including principal and any accrued interest through the date of the insured bank's closing, up to the coverage limit.

### 9. Which types of deposits are eligible to be covered by DGF?

DGF protects/covers all types of individuals and entities' deposits received at any bank or microfinance institutions, but does not cover the investments even when they are purchased at an insured /guaranteed bank or microfinance institution

**Note:** Such deposits may be denominated in local or foreign currency.

### 10. How would depositors know if their deposits are eligible for deposit guarantee fund?

Banks and microfinance institutions should inform depositors whether a deposit product is eligible or not eligible for deposit insurance protection by DGF before the deposits of money are made.

### 11. Are deposits in branches and subsidiaries of domestic banks outside Rwanda protected?

Deposits in subsidiaries of domestic banks outside Rwanda are not protected by the Deposit Guarantee Fund.

### 12. Does the Deposit Guarantee Fund cover all types of deposits?

No. Not all deposits are protected. The following deposits are excluded from protection by DGF under Chapter 4, Article 9 of the DGF Law No 0031/2015:

- (i) Banks and microfinance (Interbank) deposits
- (ii) Government or public agency deposits
- (iii) Insurance companies, pension funds and collective investment schemes
- (iv) Person holding shares of more than five percent 5% of voting rights in a contributing bank or microfinance.

### 13. What is the deposit guarantee fund coverage limit?

Currently, the DGF protects eligible deposits up to Rwf 500,000 per depositor per member bank and microfinance institution.

### 14. When does the DGF reimburse the insured deposits?

Whenever a bank or microfinance institution is closed on account of insolvency and liquidation is determined as a resolution option, payment of insured deposits of such bank or microfinance institution shall be made by DGF.

### 15. Why is the coverage limit Rwf 500,000?

The primary objective of deposit protection is to cover small depositors. The limit was set based on analysis conducted showing that 90% of all deposit accounts are fully covered at that limit.

### 16. Can I purchase additional coverage if my deposit amount is more than Rwf 500,000?

No. The Deposit Guarantee Fund does not provide additional cover to deposits in excess of the set limit.

### 17. What if a depositor has several deposit accounts with the same member bank?

The balance of all deposit accounts including the accrued interest amount ( if any ) held by the same depositor will be added aggregated and the maximum protected amount is Rwf 500,000.

### 18. What about deposits held by sole proprietorships, partnerships or companies?

Deposits held under a sole proprietorship, partnerships or companies benefit from the deposit insurance, provided that they do not fall under the category of excluded deposits. As indicated earlier, not all deposits are protected.

The maximum protection for sole proprietorships, partnerships, and company accounts is the same as that of individuals which is currently Rwf 500,000 per person per bank.

**19. Is the depositor liable to pay insurance premium to DGF?**

No. The depositor is not required to pay any premium instead; the bank or microfinance institution where deposits are maintained bears the cost instead, by paying the insurance premium.

**20. How is the Annual Premium Paid by Member Institutions Calculated?**

The annual premium is calculated on quarterly basis by considering total amount of eligible deposits per depositor's times 0.025 percent which is the current prescribed premium rate. Annual premium = total amount of eligible deposits per depositor at the assessment date (Q1, Q2, Q3, Q4)X the Prescribed Premium Rate.

**21. How are premiums paid by member banks / MFIs utilized?**

Premiums paid by member banks/MFIs are used to build reserves for reimbursing depositors in the event of a failure of a member bank or microfinance institution and to fund the operations of DGF.

**22. In what circumstances are payments made to depositors?**

Reimbursement to depositors is made in the event of a failure of a member bank or microfinance institution. The DGF will reimburse depositors up to the maximum protected amount.

**23. How and when will reimbursements be made?**

DGF will make public announcements to notify depositors on how and when reimbursement of insured deposits will be made. DGF will also make available communications channels for the general public to find out about the status of their insured deposits.

**24. When should the depositor of a closed bank file a claim with DGF?**

The depositor of a closed bank should file a claim of the insured deposit within a reasonable time following a closure order issued by the National Bank of Rwanda and liquidation has been determined to be the resolution option on account of insolvency. Normally the time of the claim will be announced together with the notice calling for depositor's claims.

**25. How long does it take for DGF to settle claims for insured deposits?**

Claims for insured deposits are settled within a short reasonable period of time provided that the claim is submitted within the prescribed time and the required documentation is duly completed.

**26. What is the meaning of "Claim settlement"?**

"Claims settlement" means the actual payment of claims due to the claimants as determined by DGF. However, it is important for the claimant to ensure correctness and completeness of documentation to minimize delays on reimbursement.

**27. What identification documents should the depositor present for ensuring the settlement?**

The depositor to ensure a unique identification it is important that he/she provides, besides any identification document (ID, passport), the deposit contract or any other document proving its ownership on the deposits.

**28. How does a depositor recover deposits in excess of the insured amount of Rwf 500,000?**

This is paid as liquidation dividend after the liquidator has recovered sufficient funds from the sale of the institution's assets and recovery of debts.

In such case depositors are required to file a claim with the liquidator of the failed bank or microfinance institution to recover any amount in excess of the reimbursable amount.

**CONTACT DETAILS**

National Bank of Rwanda,  
KN 6 Av.4,  
P.O. Box 531, Kigali-Rwanda.  
Telephone: +250788199000  
Twitter: @CentralBankRw  
Email: info@bnr.rw  
Website: www.bnr.rw



**NATIONAL BANK OF RWANDA  
BANKI NKURU Y'U RWANDA**

# DEPOSIT GUARANTEE FUND

## FREQUENTLY ASKED QUESTIONS

