



DEPOSIT INSURANCE AND YOU

JAMAICA DEPOSIT INSURANCE CORPORATION
Financial Markets Fair, St. William Grant Park, Kingston
August 30, 2013

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Monitoring and Risk Assessment, JDIC*



What You Should Know About Deposit Insurance



- What is Deposit Insurance?
- Why is Deposit Insurance Important?
- How Does it Work?
- Who Pays For Deposit Insurance?
- How Do You Access Deposit Insurance?
- What is Not Insured by the JDIC?





What is Deposit Insurance

- Deposit Insurance is a system that protects depositors in the case that their bank or other insured financial institution fails or is unable to make payments on deposits.



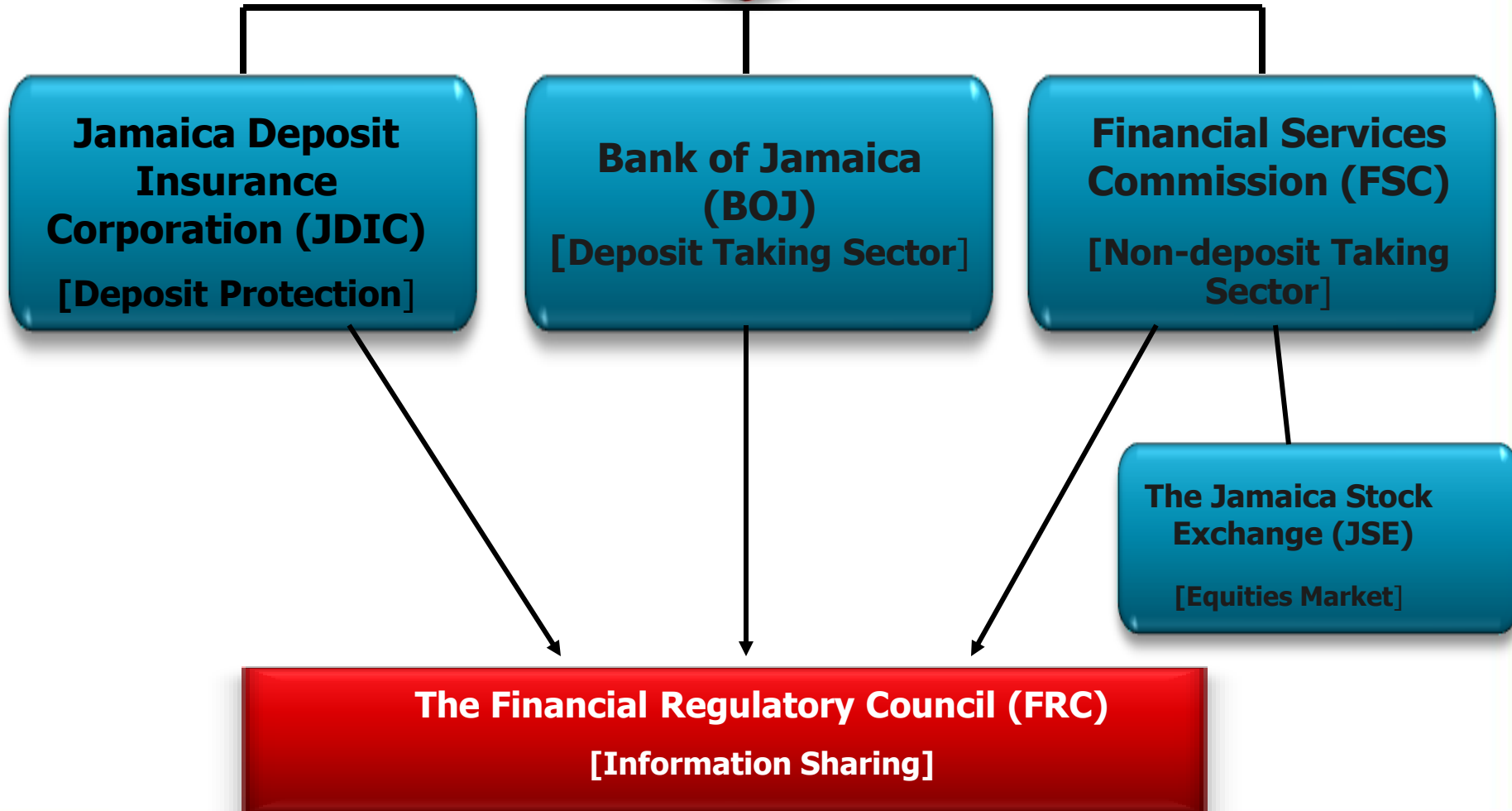
What is Deposit Insurance (cont'd)



- In Jamaica, deposit insurance is governed by the Deposit Insurance Act, 1998 which established the Jamaica Deposit Insurance Corporation (JDIC).
- The JDIC is part of the wider financial regulatory system



MINISTRY OF FINANCE AND PLANNING



JAMAICA'S FINANCIAL SYSTEM SAFETY NET

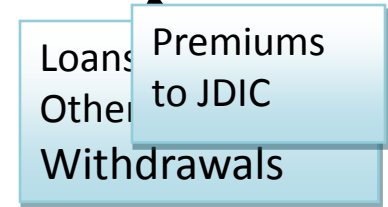
WHY IS DEPOSIT INSURANCE IMPORTANT?



- To **protect small depositors** who are less likely to be in a position to assess the financial risk of deposit-taking institutions.
- Deposit Insurance helps to **build confidence in the financial system** as it provides certainty to depositors regarding their exposure in bank insolvency.



How Does Deposit Insurance Work?



How Does Deposit Insurance Work? (cont'd)



- JDIC will pay depositors up to the maximum coverage limit of **\$600,000 per depositor, per institution.**
- Separate deposit insurance coverage based on the ownership category.



JDIC

Protecting Deposits for You and Me



Ownership Categories



✓ Individual Accounts

✓ Joint Accounts



✓ Business Accounts – sole trader, partnership, company, unincorporated association

✓ Trust Accounts

✓ Nominee Accounts



CALCULATING DEPOSIT INSURANCE PAYMENTS



Account Name: John Brown (*Individual Accounts*)

#1. Chequing Account	\$100,000
#2. Savings Account	\$700,000

TOTAL

\$800,000

DEPOSIT INSURANCE PAYS **\$600,000**

INDIVIDUAL ACCOUNTS AND JOINT ACCOUNTS



#1. Account Name: John Brown (Individual Accounts)

■ Chequing Account	\$100,000
■ Savings Account	<u>\$700,000</u>
TOTAL	\$800,000

#2. Account Name: John Brown and Mary Brown (Joint Account)

■ Savings Account	<u>\$900,000</u>
TOTAL	\$900,000

#1. DEPOSIT INSURANCE PAYS John Brown **\$600,000**

#2. DEPOSIT INSURANCE PAYS John Brown and Mary Brown **\$600,000**

How Does Deposit Insurance Work? (cont'd)



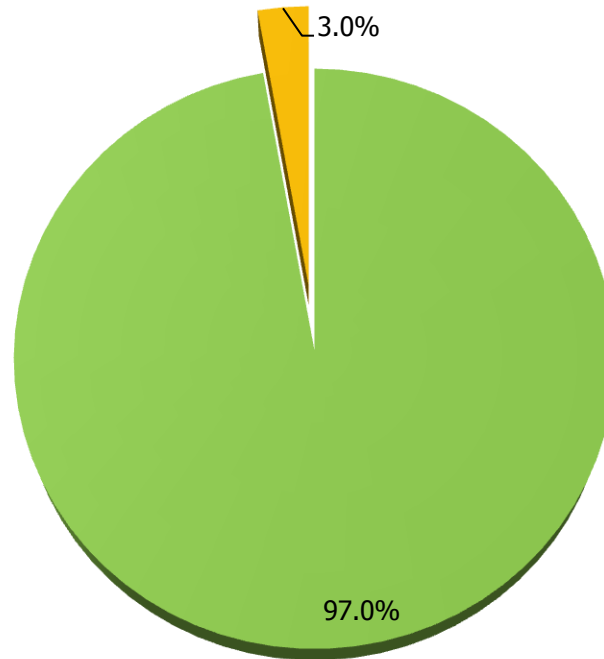
Separate deposit insurance coverage for each institution/Policyholder

The following are the JDIC's Policyholders:

- Commercial Banks (7)
- Building Societies (3)
- Trust and Merchant Banks (2)



PROFILE OF ACCOUNTS COVERED AT THE \$600,000 LIMIT (DECEMBER 2012)



- Number of Fully Insured Accounts
- Number of Account not fully Insured



How Does Deposit Insurance Work? (cont'd)



Examples of Deposits Covered

- ❑ Savings Accounts
- ❑ Chequing Accounts
- ❑ Certificates of Deposits
- ❑ Money Orders
- ❑ Foreign Currency Deposits



Who Pays Deposit Insurance?



\$9.1 Billion



Who Pays? How is Deposit Insurance Accessed?




- Deposit insurance is **free** to the depositor.
- Deposit insurance is **automatic**.
- No requirement to make a claim for deposit insurance.



How Do You Access Deposit Insurance?



- Deposit insurance payment is based on the records of the Policyholder. 
- Deposit Insurance Payments will be made as soon as possible.
- Interest will accrue on deposit insurance payments if payments have not commenced after 90 days



WHAT IS NOT INSURED BY JDIC



Products offered by the following institutions are not covered under the deposit insurance scheme:

- ❑ Credit Unions
- ❑ Money Market Brokers
- ❑ Investment Firms
- ❑ Insurance Companies
- ❑ Pension Funds



Who should guard the financial system



- Boards and Management of financial institutions – proper running of institutions
- Savers and Investors – best guardians; gain knowledge about financial products and services
- Safety Net Players – proper regulation and monitoring and promotion of confidence in the financial system





THANK YOU!!!!!!

