Regulation concerning Operations of the Deposit Guarantee Fund for Banks and Microfinance Institutions
Regulation 1 of 2016
Legislation as at 25 July 2016
FRBR URI: /akn/rw/act/reg/2016/1/eng@2016-07-25

There may have been updates since this file was created.
PDF created on 21 February 2024 at 16:48.

About this collection
The legislation in this collection has been reproduced as it was originally printed in the Government Gazette, with improved formatting and with minor typographical errors corrected. All amendments have been applied directly to the text and annotated. A scan of the original gazette of each piece of legislation (including amendments) is available for reference.

This is a free download from the Laws.Africa Legislation Commons, a collection of African legislation that is digitised by Laws.Africa and made available for free.

www.laws.africa
info@laws.africa

There is no copyright on the legislative content of this document.
This PDF copy is licensed under a Creative Commons Attribution 4.0 License (CC BY 4.0). Share widely and freely.
Regulation concerning Operations of the Deposit Guarantee Fund for Banks and Microfinance Institutions

Contents

Chapter One – General provisions ......................................................................................................................................................... 1
  Article one – Purpose of the Regulation ............................................................................................................................................. 1
  Article 2 – Definitions ........................................................................................................................................................................ 1

Chapter II – Deposit insurance coverage ....................................................................................................................................... 2
  Article 3 – Amount of deposit covered by the Fund ...................................................................................................................... 2
  Article 4 – Currency coverage ................................................................................................................................................................. 2

Chapter III – Contribution of premiums and assessment rate ......................................................................................................... 2
  Article 5 – Calculation of premium ....................................................................................................................................................... 2
  Article 6 – Notice of premium amount ................................................................................................................................................ 2
  Article 7 – Period of payment of premiums and delays sanctions ........................................................................................................ 3

Chapter IV – Pay off of insured depositors ........................................................................................................................................ 3
  Article 8 – Pay off modalities .................................................................................................................................................................. 3
  Article 9 – Pay off for single account .................................................................................................................................................. 3
  Article 10 – Pay off for trust accounts ................................................................................................................................................. 3
  Article 11 – Pay off of e-money users accounts ............................................................................................................................... 3
  Article 12 – Pay off for joint accounts ................................................................................................................................................. 4
  Article 13 – Pay off of an insured depositor residing abroad ......................................................................................................... 4
  Article 14 – Proof of entitlement to payment ................................................................................................................................... 4
  Article 15 – Period of claiming payment to the Fund ...................................................................................................................  4

Chapter V – Miscellaneous provisions .................................................................................................................................................. 5
  Article 16 – Discharge of liability .......................................................................................................................................................... 5
  Article 17 – Merger or acquisition of contributing banks or micro finance institutions ................................................................. 5
  Article 18 – Freezing of accounts ......................................................................................................................................................... 5
  Article 19 – Reporting requirements ............................................................................................................................................... 5

Chapter VI – Transitional and final provisions ................................................................................................................................... 6
  Article 20 – Starting period of contribution to the Fund ..................................................................................................................... 6
  Article 21 – Repealing provision ............................................................................................................................................................. 6
  Article 22 – Commencement ................................................................................................................................................................... 6
Pursuant to Law no 55/2007 of 30/11/2007 governing the Central Bank of Rwanda, especially in Articles 5, 6, 9, 56 and 58;

Pursuant to Law no 007/2008 of 08/04/2008 concerning organization of banking, especially in Articles 63, 64 and 95;

Pursuant to Law no 40/2008 of 26/08/2008 determining the organization of Micro Finance activities, especially in Articles 38, 39 and 79 as modified and complemented to date;

Pursuant to Law no 31/2015 of 05/06/2015 determining the organization and functioning of the deposit guarantee fund for banks and microfinance institutions, especially in Articles 6, 9 and 11;

The National Bank of Rwanda hereinafter referred to as the "Central Bank" decrees:

Chapter One
General provisions

Article one – Purpose of the Regulation

This regulation aims at determining the operations of the Deposit Guarantee Fund for banks and microfinance institutions.

Article 2 – Definitions

In this Regulation, the following terms shall mean:

1° **Insured deposit**: the amount of eligible deposit up to the prescribed coverage limit due to any *bona fide* depositor for legitimate deposits in a contributing bank or contributing microfinance institution;

2° **Eligible deposit**: deposits of *bona fide* depositors which are not excluded from protection by the Fund and held in a contributing bank or a contributing microfinance institution;

3° **Fund**: Deposit Guarantee Fund for banks and microfinance institutions;

4° **Insured depositor**: depositor who is a natural person or legal entity other than uninsured depositor;

5° **Uninsured depositor**: depositor who is:
   a. bank or micro finance institution;
   b. Insurance company, pension fund, or collective investment scheme;
   c. Government or any Government agency;
d. Person holding shares of more than five percent (> 5%) of voting rights in the contributing bank or contributing micro finance institution.

6° **Single account**: account owned solely by a depositor, being a natural person or legal entity who will operate it alone except where the account owner gives authority to another person to act in his/her name and for his/her account;

7° **Trust account**: account held by a person for another named person, called the beneficiary.

8° **Joint account**: account jointly owned by two (2) or more natural persons or legal entities equally to operate only the account as if it were the sole holder and the death or winding up of one of the joint holders of the joint account does not result in the blocking of the account.

---

**Chapter II**

Deposit insurance coverage

**Article 3 – Amount of deposit covered by the Fund**

The maximum amount of deposit covered by the Fund shall be five hundred thousand Rwanda Francs (FRW 500,000) per insured depositor in aggregate with all eligible deposits accounts held in the same right or capacity including interests accrued until the date of the declaration of liquidation.

All types of deposits received by a contributing bank or a contributing micro finance institution in its usual course of business shall be covered by the Fund. They include current accounts, savings and time deposits, and any other deposits for which a bank or a micro finance institution is primarily liable.

**Article 4 – Currency coverage**

An account opened in foreign currency is insured up to the prescribed insurance coverage ratio and compensation of such deposit by the Fund shall be paid in Rwandan Francs.

The exchange rate used shall be the average exchange rate published by the Central Bank on the date of the declaration of liquidation.

---

**Chapter III**

Contribution of premiums and assessment rate

**Article 5 – Calculation of premium**

The annual premiums paid by contributing banks and contributing microfinance institutions to the Fund shall be un tenth per cent (0.1%) of eligible deposits.

In calculating the annual premium indicated in Paragraph One (1) of this Article, the aggregate of deposits that are held by uninsured depositors are excluded.

**Article 6 – Notice of premium amount**

The Central Bank shall serve on every contributing bank and contributing Micro Finance Institution a notice specifying the premium amount to be paid.

The Fund shall not accept any premium by a bank or microfinance institution if reduced or otherwise adjusted on the basis of any claim by the bank or micro finance institution against the Fund.
Article 7 – Period of payment of premiums and delays sanctions

The prescribed annual premium to be paid by a contributing bank or contributing microfinance institution shall be payable in quarterly installments, within 20 days following notification by the Central Bank.

Where a bank or a contributing microfinance institution fails to pay any premium due according to the notice specifying the amount and the period of payment, it shall pay the penalty interest rate of zero point five per cent (0.5%) of the unpaid amount for every day beyond the notice period on which the amount remains unpaid.

Chapter IV
Pay off of insured depositors

Article 8 – Pay off modalities

Any declaration of liquidation of contributing bank or contributing microfinance institution shall cause the pay-off of its insured depositors by the Fund under modalities prescribed in this Regulation.

All insured deposit shall be paid out within sixty (60) working days from the date of the declaration of liquidation of the contributing bank or the contributing microfinance institution.

The Central Bank may assign a transferee contributing bank or microfinance institution which will service the payment of insured deposits for the Fund.

The Fund also may directly pay to depositors the insured amounts.

The Central Bank shall provide guidelines for the pay out of depositors.

Article 9 – Pay off for single account

Where a depositor owns more than one single deposit account with a contributing Bank or microfinance institution, the aggregate of those deposits including interests accrued until the date of the declaration of liquidation shall be insured in respect of the consolidated amount to the coverage level.

Article 10 – Pay off for trust accounts

In paying insured depositors, the deposit held by a depositor as a trustee shall be deemed to be a separate account from any other deposit of that depositor acting on his/her own behalf or acting in another trust or joint capacity in the same bank or microfinance institution.

A deposit held in trust shall be deemed separate from any other deposit held in trust by another trustee for the beneficiary in the same bank or microfinance institution.

In paying insured deposits in trust accounts, the interest of a beneficiary in all trust accounts shall be added to any other single ownership interest of such individual and the Fund shall cover the aggregate up to the coverage level.

Article 11 – Pay off of e-money users accounts

The balances in the e-money accounts of all individual customers of e-money issuers shall be afforded equal protection as deposits held in bank accounts subject that the balance is on the trust account in the contributing bank or contributing microfinance institution.

For the purpose of Paragraph one (1) of this Article, the limit on the deposit insurance coverage shall be calculated on the balances of the individual e-money accounts held by the respective e-money users rather than the single pooled float account held by the e-money issuer.
In the calculation of the total payout due to the depositors, balances in e-money accounts owned by a given e-money user will be treated identically to any named accounts in the same bank or microfinance institution held by the e-money user. The total balances of the user in the e-money accounts in a bank or microfinance institution shall be added together with the deposits held by him/her on others accounts in the same bank or microfinance institution and the aggregate shall be covered up to the coverage level prescribed by this Regulation.

In order to give electronic money holders prompt access to their insured funds, the Deposit Guarantee Fund may authorize the transferee bank to enter in agreement with insured depositor in order to hold the reimbursable funds in trust account.

The trust account specified under the paragraph (4) of this Article shall include only the funds that were held for eligible electronic money holders for reimbursement by the Fund.

Every e-money issuer is obligated to provide its float holding to banks or microfinance institutions with account data sufficiently regular and detailed for those banks and microfinance institutions to fulfil their obligations of reporting and premium calculation associated with their participation in the Fund so as to make such data available with utmost expediency in the event of a payout from the Fund.

A contributing bank or contributing microfinance institution shall, at all times, ensure records on e-money accounts are accurate and dully submitted to the Central Bank.

**Article 12 – Pay off for joint accounts**

In paying insured depositors for compensation of funds held on joint accounts, each joint account individual holder or entity’s interest shall be added to any other single ownership interest of such individual or other account of such entity and the Fund shall cover the aggregate up to the coverage level.

The portion of the co-owners of joint accounts, held in common, shall be deemed equal, unless otherwise stated in the depository institution’s deposit accounts records submitted to the Central Bank and the Fund will split funds in the joint account evenly unless the bank or microfinance institution under liquidation has provided records that show otherwise.

**Article 13 – Pay off of an insured depositor residing abroad**

The Fund or a transferee bank may, upon written request from an insured depositor residing abroad during the pay off period, transfer the amount due to the address specified by the depositor provided that this depositor pays the involved transfer fee.

Prior to operating such a transfer, transferee bank shall satisfy itself that the address to be used in such a transfer is provided by the depositor him/herself and shall maintain all records thereof.

In any case, the Central Bank may not be held liable for any error or fraud that may arise in such a transfer.

**Article 14 – Proof of entitlement to payment**

Where the Fund is obliged to commence payments, it shall make payment to the depositors of the failed bank or microfinance institution based on the depositors’ records of that bank or microfinance institution submitted to the Central Bank.

When records held by the Fund are doubtful, before payment, the Fund may require the claimant to provide documentary proof to justify his/her entitlement to payment. The Central Bank may issue guidelines to depositors on which documentary proof may be needed.

**Article 15 – Period of claiming payment to the Fund**

All insured deposits shall be claimed within the period of two (2) years counted from the declaration of liquidation.
The period provided in Paragraph one (1) of this Article shall not apply to a person who has, for reasons beyond his/her control and proved to the satisfaction of the Central Bank, been unable to make his/her claim.

Chapter V
Miscellaneous provisions

Article 16 – Discharge of liability
Upon payment of insured deposits, the Fund shall be discharged from all liabilities to the extent of the amount of the payment made.

Article 17 – Merger or acquisition of contributing banks or micro finance institutions
Where two (2) or more contributing banks or microfinance institutions merge and continue to operate as a new bank or micro finance institution, deposits from the merged banks or micro finance institutions are separately insured in the new bank or micro finance institution for at least six (6) months after the merger.

Where a contributing bank or contributing microfinance institution acquires the deposits of another insured bank or micro finance institution, deposits of the acquired bank or micro finance institution, less any withdrawal continue to be insured separately for a period of six (6) months following the acquisition.

The grace period provided in paragraphs (1) and (2) gives a depositor the opportunity to restructure his/her accounts, if necessary.

The merging or acquiring contributing banks or contributing micro finance institutions are responsible for notifying the affected depositors, including informing them of the dates on which the separate insurance will expire.

Article 18 – Freezing of accounts
Declaration of liquidation of a bank or microfinance institution by the Central Bank shall cause all accounts in the failed bank or microfinance institution to be frozen and interests on deposits accounts therewith immediately cease to accrue, whether or not the date of maturity was beyond the date of closure of the bank or micro finance institution.

For the purpose of Paragraph one (1) of this Article, the Central Bank shall keep proper accounts of all transactions on the date of the bank or micro finance institution closure for consideration in the pay-off of insured depositors.

Article 19 – Reporting requirements
A contributing bank or a contributing microfinance institution shall submit to the Central Bank information in relation to deposits and depositors in the formats prescribed by the Central Bank.

The reporting period of the information stated in paragraph one (1) of this Article shall be on quarterly basis and the deadline for submission is set on the 10th day of the following quarter or at any time it is requested by the Central Bank.

Any contributing bank or any contributing micro finance institution which for any reason fails to provide information within the period specified by the Central Bank shall be liable to pay to the Fund a fine in accordance with the relevant regulation of the Central Bank.
Chapter VI
Transitional and final provisions

Article 20 – Starting period of contribution to the Fund

Contributing banks and contributing microfinance institutions shall start contributing to the Fund in the first quarter of 2017.

Article 21 – Repealing provision

All prior regulatory provisions contrary to this Regulation are hereby repealed.

Article 22 – Commencement

This Regulation shall come into force on the date of its publication in the official gazette of the Republic of Rwanda.