



Coverage of bank accounts of payment and e-money institutions and some other institutions

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Scope of coverage

Funds entrusted by a client to a payment institution for effecting a payment transaction

Funds provided by a client to an e-money institution in exchange for e-money obtained

Funds of a client of an investment firm situated in a bank account of the investment firm

Funds to be distributed to creditors by a licenced execution (enforcement) authority in execution (enforcement) proceedings

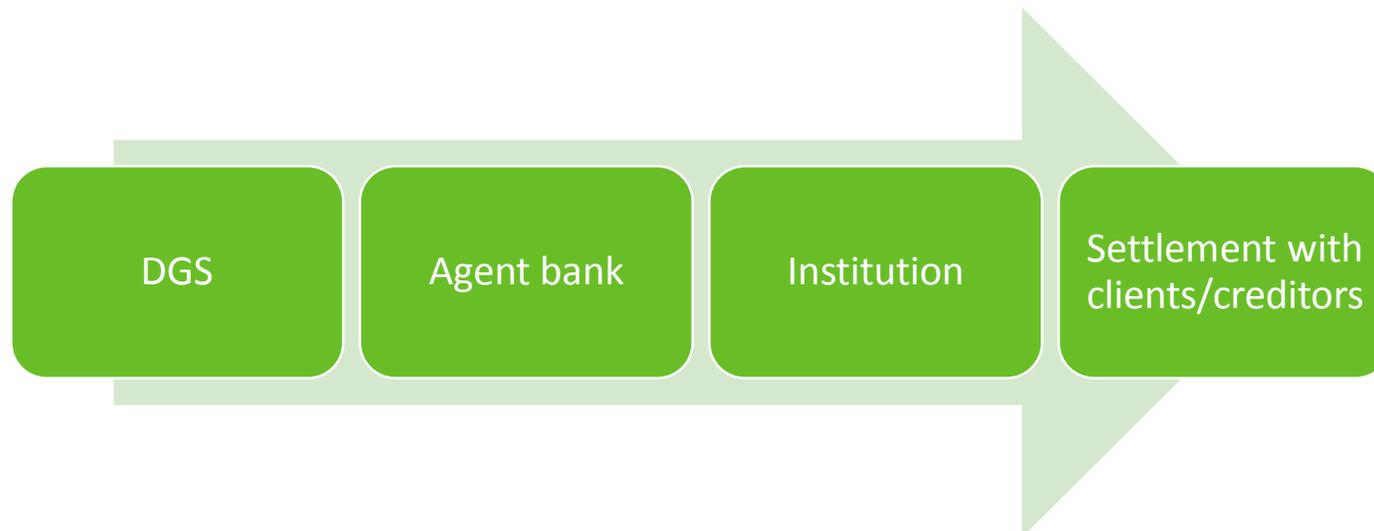
Payout event

- ▶ Payout event means the failure of a bank in which a payment/e-money institution, investment firm or execution authority has an account with funds of its clients/creditors
- ▶ Failure of payment/e-money institution, investment firms or execution authorities is NOT a payout event (in case of investment firms – another law - IPS)



Reimbursement

- ▶ Reimbursement is provided by the DGS via an agent bank to the payment institution, e-money institution, investment firm, execution authority
- ▶ Those institutions then can settle their obligations with their clients (creditors)
- ▶ There is a special time-limit for commencement of compensation – 15 working days after the payout event (not 7 working days as in „ordinary“ compensation)



Calculation of reimbursement

- ▶ Reimbursement is considered to be the reimbursement of clients of payment institutions, e-money institutions, investment firms, and creditors in execution proceedings (despite being repaid to the institution) ↓
- ▶ The repayment is calculated within 100 000 EUR limit per entitled person (client, creditor) together with his/her/its other deposits in the bank

Example:

He has 90 000 EUR as a deposit in his account in the bank.

He entrusts 20 000 EUR to a payment institution which has its account also in the same bank and the money is there at the moment of the payout event. →

He will be directly reimbursed by the amount of 90 000 EUR and the payment institution will receive 10 000 EUR as compensation for settlement with him.

100 000 EUR



Data flows

Obligations of payment/e-money institutions, investment firms, execution authorities:

- ▶ If they have such funds on their account – prior notification to the bank of that fact
- ▶ Keeping records on the funds in the structure of SCV file
- ▶ At request of the bank (in the case of a payout or testing), provide the SCV files to the bank within 5 working days

Obligations of banks:

- ▶ If they have been notified of the existence of such account – conclude an agreement with the institution on the provision of data
- ▶ Provide the SCV files to the DGS within 10 working days after the payout event



Challenges

► *For institutions:*

Especially in payment institutions and e-money institutions the money flow is very fast and complex - it is sometimes difficult to distinguish where money of a particular person is at the moment

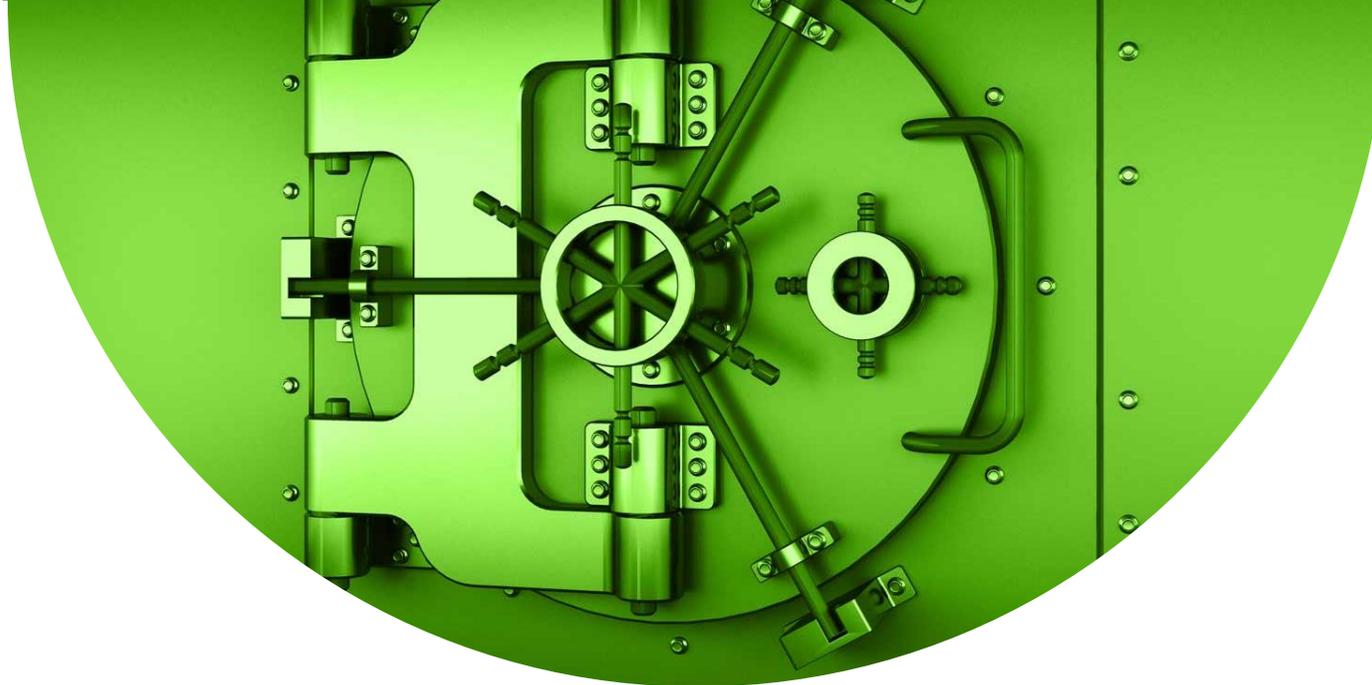
► *For banks:*

Under penalties from the central bank, they should force their (VIP) clients to provide the information (clients may escape to a branch of a foreign bank).

► *For DGS:*

Calculate this money within the 100 000 EUR coverage limit per client together with „ordinary“ deposits of the client (IT solution)





Thank you

Questions?

