



Payout simulation exercise conducted by the Albanian Deposit Insurance Agency on 21 – 28 September 2018

The Albanian Deposit Insurance Agency conducted a payout simulation exercise which started on the 21st and ended on the 28th September 2018. The main aim of this simulation exercise was to emulate a compensation process of insured deposits in the event of a bank failure.

The main processes tested in this exercise were the payout of depositors according to the payment list prepared by the liquidator of the failed bank, the operational and procedural readiness of the Agent Bank to pay out depositors, as well as the preparedness of the Agency's official website as the main means of information and communication with depositors and the wider public.

Unlike the past exercises conducted by ADIA, this simulation involved the active participation of other institutions, such as the Bank of Albania and the Deposit Insurance Fund of Kosovo in their capacity ADIA's close collaborators and observers of the exercise, two member banks of the deposit insurance scheme in the capacity of ADIA's Agent Bank responsible for paying out depositors and in the role of the failed bank through which the Agency tested the preparation of the payout list of depositors and the unique identification of each and every depositor entitled to a payout. Another party tested throughout this exercise, among others, was the Agency's IT support company which is responsible for the maintenance of the IT System for Reporting and Compensation and the Agency's official web page. Lastly, the exercise involved all sectors of the Agency, each of which performed their respective duties and responsibilities in a payout event, as well as special roles as envisaged by the simulation script.

The main objectives of the simulation exercise were to:

- Train and test the Agency's staff in carrying out a deposit compensation process;
- Test the technical readiness and consolidate operational procedures in a payout event;
- Test the reaction and conduct of the simulated failed bank and agent bank for paying out insured depositors.

Furthermore, the exercise identified the major issues and obstacles that the management will most likely face in an insurance event. Such experiences gained by the Agency will increase its awareness and preparedness to face similar situations in practice. It will also serve as a basis for conducting other simulation exercises as a tool for further improving the institutional readiness to fulfil the Agency's mission. In addition, the simulation exercise served as a good test for the effectiveness of the Agency's existing regulative and operational framework for managing crises and identified areas for improvement.

Overall, the simulation exercise was very productive for the Agency. Apart from testing its existing capacities, important lessons were learned as to how and where further improvement is needed in order to increase the operational and institutional preparedness for a payout event. Above all, the outcomes of this exercise emphasised on the importance of effective cooperation



and teamwork as essential elements for the administration of an insurance event in the best way possible.

