I. BASIC PROVISIONS

Article 1

This law regulates the statutory insurance of deposits of natural persons, entrepreneurs, and micro, small and medium-sized legal entities in banks for the purpose of protection of deposits of these persons and entities in case of bankruptcy or liquidation of banks and maintaining financial stability in the Republic of Serbia.

Article 2

For the purpose hereof, specific terms will have the following meanings:

1) Agency is the Deposit Insurance Agency established by the law governing Deposit Insurance Agency;
2) Bank has the meaning determined by the law governing banks;
3) Deposit is an RSD or F/X cash claim which arises from cash deposit, savings deposit, current account or any other account, as well as from any other temporary situation that occurs due to doing regular banking business, based on which a bank has the legal or contractual obligation to repay the funds;
4) Deposit Insurance Fund is a special fund established in accordance with the Deposit Insurance Law ("Official Gazette of the Republic of Serbia", No. 61/05, 116/08 and 91/10) for provision of assets for deposit insurance and payout of insured amounts;
5) Entrepreneur, micro, small and medium-sized legal entity shall have the meanings set by the law governing accounting;
6) Insured Deposit is the deposit of an individual, entrepreneur, micro, small and medium-sized legal entity, insured with the Agency, and does not include the deposits:

(1) of legal entities or individuals connected with a bank, within the meaning of the law governing banks,
(2) coded or bearer deposits,
(3) arisen from money laundering or terrorism financing, in accordance with the law governing prevention of money laundering and terrorism financing,
(4) of large legal entities, within the meaning of the law governing accounting,
(5) of state bodies and institutions, bodies of the autonomous province or bodies of local governments,
(6) of investors, whose assets are protected in accordance with the law governing capital market,
(7) that constitute contractual collateral, if the amount of the claim of a bank towards a depositor, which is guaranteed with that deposit, is larger than or equal to the size of that deposit,
(8) bankruptcy and liquidation estates;
7) Insured Amount is the amount of an insured deposit up to EUR 50,000 per depositor in a bank, based on the following deposits:

(1) insured RSD deposits – in RSD equivalent at the official middle RSD/EUR exchange rate applicable on the day of initiation of the bankruptcy (insolvency) or liquidation procedure over the bank,
(2) insured F/X deposits held in EUR,
(3) insured F/X deposits held in currencies other than EUR – recalculated into EUR, at EUR/each specific currency exchange rate, calculated on the basis of RSD/EUR official middle exchange rate and official middle RSD/specific currency exchange rate, applicable on the day of initiation of the bankruptcy or liquidation procedure over the bank;

8) payout (agent) bank is a bank which, on behalf and to the benefit of the Agency, carries out payment of insured amounts to depositors of the bank over which the bankruptcy or liquidation procedure was initiated.

Article 3

Agency insures deposits of individuals, entrepreneurs, micro, small and medium-sized legal entities held with banks.
A bank shall insure all deposits of individuals, entrepreneurs, micro, small and medium-sized legal entities with the Agency.
A branch of a local bank shall, on the basis of decision of the National Bank of Serbia, insure the deposits of individuals, entrepreneurs, micro, small and medium-sized legal entities if:
1) those deposits are not insured in the country in which the branch is located; or
2) those deposits are insured in the country in which the branch is located, but the National Bank of Serbia determines and announces on its website that such system is less favorable to depositors than the deposit insurance system set hereby.

Article 4

Agency insures deposits up to the level of insured amount.
Liabilities referred to in paragraph 1 of this Article are guaranteed by the Republic of Serbia.

Article 5

Agency and National Bank of Serbia shall enter into an agreement which shall govern their cooperation and information exchange regarding banks and deposit insurance.
The cooperation referred to in paragraph 1 of this Article shall encompass particularly the exchange of information and opinions regarding the option to initiate resolution procedure over certain bank in accordance with the law governing banks.
National Bank of Serbia shall timely notify the Agency of measures within the procedure of control of creditworthiness and lawfulness of operations, taken due to deterioration of the financial position of a bank, and provide its view to the Agency about the draft least cost test report, in accordance with the law governing banks.
Agency and the National Bank of Serbia shall keep the obtained information referred to in this Article, and use it solely for the intended purposes, in accordance with the provisions of the law governing
secrecy, i.e. confidentiality of this information, as well as in accordance with the provisions of the law governing protection of personal information. Agency shall, at minimum once per quarter, submit the report on the balance of the deposit insurance fund to the ministry in charge of finance, as well as the assessment of the deposit insurance fund balance in the following twelve months.

II. DEPOSIT INSURANCE FUND

Article 6

To provide assets for deposit insurance, the Agency manages the Deposit Insurance Fund. Deposit Insurance Fund is comprised of:
1) premiums payable by banks;
2) revenue from investments of the Deposit Insurance Fund assets;
3) assets gained through recovery of claims of the Agency from the bankruptcy or liquidation estate of the bank on the basis of payment of insured deposits together with associated costs regarding provision, management and payout of the Deposit Insurance Fund assets (costs related to services, interest, fees and taxes, as well as all other actual costs incurred by the Agency when obtaining assets to pay out the insured deposits, conduct the payout and recover the assets from the bankruptcy or liquidation estate of the bank), i.e. assets gained in the course of a bank resolution process in accordance with the law governing banks;
4) assets based on borrowings;
5) assets from the state budget;
6) grants; and
7) other assets, pursuant to the Law.
The Deposit Insurance Fund assets are used for:
1) payout of insured amounts of deposits together with associated costs in the case of bank bankruptcy or liquidation (costs related to services, interest, fees and taxes, as well as all other actual costs incurred by the Agency when obtaining assets to pay out insured deposits, conduct the payout and recover the assets from the bankruptcy or liquidation estate of the bank);
2) funding of bank resolution processes, to the extent and on conditions set by the law governing banks;
3) funding costs of the Deposit Insurance Fund management and covering of operating costs incurred by the Agency when carrying out activities related to deposit insurance, up to the amount set by the law governing Deposit Insurance Agency;
4) repayment of borrowed assets used for the purposes referred to in this paragraph (repayment of principal amount and all related liabilities based on interest, fees, taxes and other costs).
The assets of the Deposit Insurance Fund cannot be the subject of execution, forced collection, foreclosure or lien.

Article 7

The Agency shall keep the assets of the Deposit Insurance Fund in a special account held with the National Bank of Serbia. The Agency invests the RSD assets of the Deposit Insurance Fund, based on decisions of the Managing Board, in debt securities issued by the Republic of Serbia or the National Bank of Serbia.
Based on the decision of the Managing Board of the Agency, the contract concluded with the Agency and at the order of the Agency, the National Bank of Serbia shall invest foreign currency assets of the Deposit Insurance Fund into foreign securities or deposit them with foreign banks, on its own behalf and to the benefit of the Agency, in accordance with the policy of foreign currency reserve management. Deposit Insurance Fund assets shall be invested in a way that would help mitigate risk, maintain liquidity of this Fund and generate adequate revenue.

III. INSURANCE PREMIUMS

Article 8

Banks shall pay insurance premiums (hereinafter: ‘the premium’) to the Agency in the manner and within time frames prescribed by the Agency. Banks shall deliver to the Agency monthly reports on total and insured deposits as well as other data the Agency may need for performing its activities determined by the law, in the manner and within time frames prescribed by the Agency. At all times a bank must submit to the Agency or a person acting on behalf and to the benefit of the Agency or make available in any other way the information on depositors and their deposits. Information on individual depositors and their deposits, in terms of Article 2, item 3) hereof, which a bank must submit to the Agency, are: personal identification number of citizens, i.e. any other identification number in the case of non-resident, permanent and current address, ID document number and date and place of its issuance, size of deposit, deposit date, deposit currency, data on changes in its balance, date of entering into agreement with a depositor (or of any other way of regulating mutual relations between a depositor and a bank related to a deposit) and provisions of the contract on deposit signed between the bank and the depositor, or of any other document regulating the mutual relationship between the depositor and the bank (including the data related to changes in and additions to that agreement, or document).

The Agency or a person acting on behalf and to the benefit of the Agency may directly review the documentation of the bank in order to verify the accuracy of the submitted reports and data referred to in paragraph 2 of this Article. Banks shall enable insight into their documentation deemed relevant by the Agency for verifying accuracy of submitted reports and data referred to in paragraph 2 of this Article to the authorized persons referred to in paragraph 4 of this Article and cooperate with them.

Article 9

Each bank shall pay the premiums as from the day of its registration into the Register of Business Entities until the day when the National Bank of Serbia issues a ruling on withdrawal of its operating license.

Article 10

Banks shall pay the initial premium, regular premium and extraordinary premium.

Article 11

The bank shall pay the initial premium by the one-off payment within 45 days from the date of its registration into the Register of Business Entities.
The initial premium shall amount to 0.3% of the cash portion of the minimum initial capital of the bank.

Article 12

The regular premium rate for the following year shall be determined by the Agency no later than 30 September of the current year, taking into account the situation in the banking and overall financial system of the Republic of Serbia, the level of its risk exposure, as well as the size of available assets in the Deposit Insurance Fund and estimated size of assets necessary for payment of insured amounts in the case of simultaneous bankruptcy or liquidation of three middle-sized banks.

The regular premium rate shall amount to maximum 0.2% per quarter of total insured deposits held with banks.

The Agency shall assess and collect the regular premium quarterly, on the basis of average balance of total insured deposits held with a bank in the previous quarter to be set on the basis of report of the bank on total and insured deposits referred to in Article 8 paragraph 2 hereof, at the level of regular premium rate referred to in paragraph 2 of this Article, on the determined amount of total and insured deposits held with the bank, in the manner and within time frames prescribed by the Agency in accordance with Article 8 paragraph 1 hereof.

The Agency shall calculate and collect the regular premium in RSD for RSD deposits. For F/X deposits held in EUR and F/X deposits held in currencies other than EUR, the regular premium shall be assessed and collected in EUR. For F/X deposits held in currencies other than EUR, the regular premium shall be calculated at EUR/specific currency exchange rate, calculated on the basis of the official middle RSD/EUR exchange rate and official middle RSD/specific currency exchange rate applicable on the day of premium calculation (last day of a quarter).

If the assets in the Deposit Insurance Fund reach 5% of total insured deposits, the Agency may discontinue the calculation and collection of the regular premium.

Article 13

If the funds in the Deposit Insurance Fund are insufficient for payout of the insured amounts or for other purposes set in Article 6 hereof, the additional funds may be provided by collecting the extraordinary premium, based on the decision of the Agency.

The sum of extraordinary premium rates within a calendar year shall be maximum 0.4%.

The Agency shall calculate and collect the extraordinary premium based on the most recent determined average balance of the total insured deposits referred to in Article 12 paragraph 3 hereof, in the manner referred to in paragraph 4 of that Article.

Article 14

If the Agency assesses that the Deposit Insurance Fund assets are insufficient for the payout of insured amounts or for other purposes set in Article 6 hereof, the Agency may obtain additional funds:

1) from the state budget;
2) from domestic and international borrowings with the sovereign guarantee;
3) by issuing debt securities with the sovereign guarantee;
4) from other sources specifically allotted for this purpose by the Republic of Serbia.

Decision on provision of the funds referred to in paragraph 1 of this Article shall be made by the Government, on request of the Agency, with the obligation to previously obtain positive view of the ministry in charge of finance.

IV. REIMBURSEMENT

Article 15

The Agency shall pay out the insured amounts in the event of initiation of bankruptcy or liquidation procedure over a bank, in compliance with the law governing bankruptcy and liquidation of banks.

Article 16

On the basis of data referred to in Article 8 paragraph 3 hereof, the Agency shall determine the level of insured amount per depositor on the basis of balance of all deposits of that depositor held with the bank on the day of initiation of the bankruptcy or liquidation procedure over the bank, including accrued contractual interest calculated up to that date.

When calculating the insured amount of the deposit constituting the contractual collateral, the payment shall be made if the claim of the depositor is higher than the amount of his/her liabilities towards the bank based on the contract, up to the level of insured amount.

Within the shortest possible time frame, and based on the public tender conducted in line with the decision of the Managing Board, the Agency shall decide which bank shall, as payout (agent) bank, on behalf and to the benefit of the Agency, pay out the insured amounts and enter into agreement with that bank.

The law governing public procurement shall not apply to selection procedure of the payout bank referred to in paragraph 3 of this Article.

Within three days from the day on which the competent court issues the ruling on initiation of bankruptcy or liquidation procedure over the bank, the Agency shall, via mass media and its website, notify the depositors of their rights and obligations, date of beginning of reimbursement process, selected payout bank referred to in paragraph 3 of this Article and payout locations and enable the depositors to have available the deposited funds up to the insured amount within seven weekdays from the day of issuance of the ruling referred to in this paragraph.

The obligation imposed on the payout bank and Agency to pay out the deposited funds up to the insured amount shall cease on expiry of the three-year period as from the day when the competent court issued a ruling on initiation of bankruptcy or liquidation procedure over the bank.

Article 17

Agency shall, via payout bank, pay out the insured amount in RSD for RSD deposits. For F/X deposits in EUR and F/X deposits other than EUR, the insured amount shall be paid out in EUR. The insured amount of F/X deposits other than EUR shall be calculated at EUR/specific currency exchange rate, calculated on
the basis of the official middle RSD/EUR and official middle RSD/specific currency exchange rates applicable on the day of initiation of the bankruptcy or liquidation procedure over the bank.

In case a depositor holds deposits both in RSD and foreign currency, the Agency pay the insured amount proportionally to the currency structure of the depositor’s total deposits held with the bank in RSD and F/X.

A depositor who dissents the calculation of the level of insured amount may send a request to the Agency in writing for review of the determined insured amount.

Agency shall regulate in more details the manner and time frame for submission of requests referred to in paragraph 3 of this Article and actions of the Agency based on requests, as well as the procedure of reimbursement.

Article 18

The claims of depositors based on insured deposits are assigned to the Agency.

The claims of the Agency referred to in paragraph 1 of this Article shall be recovered from the bankruptcy or liquidation estate, in accordance with the law governing bankruptcy/liquidation of banks.

The depositors whose claims against a bank exceed the insured amount shall settle the difference between the claim and that amount within the bankruptcy, i.e. liquidation procedure.

Article 19

The bank must provide the information on deposit insurance set hereby and especially the information on the level of insured amount and manner of its payment to depositors and all interested parties.

The information referred to in paragraph 1 of this Article must be comprehensible and available in writing.

The information referred to in paragraph 1 of this Article may not be used by a bank for advertising purposes or in a manner jeopardizing the banking system stability and depositors’ confidence.

The Agency shall set the manner of dissemination and content of information referred to in paragraph 1 of this Article by a special regulation.

V. REPORTS OF THE AGENCY

Article 20

Agency shall keep separate bookkeeping and financial statements of the Deposit Insurance Fund and make available this information to internal and independent auditors hired by the Agency.

Within the audit of its annual report, the Agency must provide for the audit of the statements referred to in paragraph 1 of this Article.

The annual report of the Agency for the previous year shall include the report on the Deposit Insurance Fund.

Article 21
If a bank fails to fulfill its obligations in a timely manner as prescribed hereby or by the Agency regulation enacted on the basis hereof, the Agency shall notify the National Bank of Serbia thereof, which shall take appropriate measures as per the law.

VI. PENALTY PROVISIONS

Article 22

A bank may be fined from RSD 100,000 to 2,000,000 for an offence if:

1) it fails to pay the premium in the manner and within the time frames set by the Agency (Article 8, paragraph 1);
2) it fails to submit monthly reports on total and insured deposits or any other data that the Agency may require to carry out its activities as per the law, in the manner and within the time frames prescribed by the Agency (Article 8, paragraph 2);
3) it fails to provide direct insight into the bank’s documentation to the authorized persons of the Agency, for the purpose of verifying the accuracy of the submitted reports and data referred to in Article 8 paragraph 2 hereof or fails to cooperate with those persons (Article 8, paragraph 4);
4) it fails to provide the information about deposit insurance to depositors and any other interested parties as prescribed herein, in accordance with the regulation determined by the Agency (Article 19, paragraph 1);
5) it uses the information related to deposit insurance set hereby for advertising purposes in a way that may jeopardize the stability of the banking system and depositors’ confidence (Article 19, paragraph 3).

The responsible person in the bank may also be fined from RSD 50,000 to 500,000 for any of the offences referred to in paragraph 1 of this Article.

VII. TRANSITIONAL AND FINAL PROVISIONS

Article 23

The Agency shall ensure that, until 1 January 2025 inclusive, the size of assets on the account of the Deposit Insurance Fund reaches at least 5% of total insured deposits in the banking system and to set subsequently the regular premium rate accordingly.

Article 24

The Deposit Insurance Law (“Official Gazette of the Republic of Serbia”, No. 61/05, 116/08 and 91/10) shall cease to be applicable as from the day of implementation hereof.

Article 25

This Law shall enter into force on the eighth day from the date of its publication in "Official Gazette of the Republic of Serbia", and be applied as from 1 April 2015.