



Protecting Your Deposits

Deposit Protection Scheme

Highlights

CORE PRINCIPLE 6 - DEPOSIT INSURER'S ROLE IN CONTINGENCY PLANNING AND CRISIS MANAGEMENT

According to the International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance, a deposit insurance agency should develop effective contingency planning and crisis management policies and procedures. The contingency planning and crisis management policies assist the deposit insurance agency to effectively deal with risks associated with bank failures.

All financial safety net players should be responsible for the development of system-wide crisis preparedness strategies and management policies. In order to have effective communication and coordination for safety net participants, the deposit insurer should be an active member of any institutional framework related to system-wide crisis preparedness and management.

It is imperative to note that the deposit insurer:

- Must have its own effective contingency planning and crisis management policies and procedures in place to ensure that it is able to effectively respond to the risk of, and actual, bank failures and other events. This is over and above the framework that may exist for the entire financial system;
- Develops and regularly tests its own contingency planning and crisis management plans. There is need for regular simulation exercises to test the systems and improve when gaps are detected in the system;
- Is a member of any institutional framework for ongoing communication and coordination involving safety-net participants related to system-wide crisis preparedness and management;
- Participates in regular contingency planning and simulation exercises related to system-wide crisis preparedness and management involving all safety-net participants; and
- Participates in the development of pre- and post-crisis management communication plans involving all safety-net participants to ensure comprehensive and consistent public awareness and communications.

In Zimbabwe, the Deposit Protection Corporation (DPC) is part of the financial safety-net and participates in crisis preparedness simulations.

Up Next: Core Principle 7 – Membership

For more information on the Deposit Protection Scheme contact:

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