

High Representative issues Decision allowing payment to small-deposit holders of banks under Provisional Administration

The High Representative, Wolfgang Petritsch, yesterday issued a Decision amending the Law on Banks of the Federation of Bosnia and Herzegovina. This Decision will allow the Provisional Administrator of a bank to pay out funds on deposit up to 5000 KM, subject to the availability of funds, and, if necessary, on a pro rata basis, before a completed report on the bank has been sent by the Administrator to the Banking Agency. Such pay-outs will be made at the discretion of the Provisional Administrator, and arrangements for such pay-outs will be the responsibility of the Provisional Administrator.

The Decision does not affect accounts whose ownership is not transparent, or deposits other than cash deposits, or assets kept in a bank's safe-deposit box. Nor does this Decision enable the payment of deposits or loans which have been subject to special rates or other financial concession that may have helped aggravate a bank's financial condition.

Management, and shareholders of at least five percent of a bank's capital, and persons responsible for carrying out statutory audits of a bank's accounting documents are not entitled to this discretionary pay-out, and payments cannot be made to the relatives or proxies of such persons.

The High Representative has amended the law since in its existing form it does not allow the payment of funds to small-deposit holders while a bank is under Provisional Administration. This Decision may thus reduce the time that small-deposit holders must wait before getting their deposits back.

The amendment comes into force immediately, and will be published in the Official Gazette of the Federation of BiH.