

Government Deposit Guarantees

What does the law about deposit guarantees say?

The law states that the Latvian state guarantees compensation up to a certain amount for people who have deposited money in:

- Banks registered in Latvia and their branches;
- Savings and loan associations;
- The branches of foreign banks in Latvia (apart from those of banks which are registered in European Union member states if the laws of those countries provide for deposit guarantees related to branches abroad, including Latvia, cover all of the deposits referred to in the law, and offer guarantees that are not lesser than those which are stated in Latvia's law on deposit guarantees).

These guarantees apply to cases in which one of the following things has happened:

- The relevant recipient of deposits has been declared by a court to be insolvent;
- The Finance and Capital Markets Commission has annulled the license of the lending institution or savings-and-loan association;
- The Finance and Capital Markets commission has found that the recipient of deposits has not been able to repay the depositor's guaranteed deposit and has taken a decision to ban the withdrawal of deposits.

Here is what you should remember:

- As of January 1, 2011, the guaranteed sum of deposits in Latvia is equal to the sum of the deposit, but no more than EUR 100,000, as calculated in lats in accordance with the currency exchange rate stated by the Bank of Latvia on the day when withdrawal of deposits is no longer possible;
- If your money is deposited in more than one account, all of the sums are added up and considered to be a single deposit;
- Guarantees are paid out in lats;
- The guaranteed sum is paid out no later than 20 working days after the date upon which deposit withdrawals have become unavailable.