



**Each Depositor in each
Member Institution is
Insured Up to a
Maximum of P250 000**

What is the Deposit Insurance Scheme of Botswana?

Deposit Insurance Scheme of Botswana (DISB/ Scheme) is a public scheme set up for purposes of compensating depositors' money when a bank or deposit taking institution has failed. The Scheme is established under the Bank of Botswana (Amendment) Act 2022 and operationalised through the Bank of Botswana (Deposit Insurance Scheme) Regulations 2023, that came into effect on July 21, 2023. The Scheme is administered by staff seconded from the Bank of Botswana. It operates from the Bank of Botswana Head Office.

What are the functions of DISB?

Premium Collections

DISB is responsible for regular collection of insurance premiums from member institutions in order to build a fund to meet its future financial commitments.

Public Awareness

DISB is responsible to educate the public about the Scheme, its benefits and limitations. It is also responsible for publishing the characteristics of the Scheme on a regular basis.

Payout and Liquidator

DISB is responsible for depositor payout in the event of the failure of a member institution. Additionally, DISB may act as a liquidator (an official person or organisation that is given the job of closing a bank/ deposit taking institution by selling its assets so that its debts could be repaid) of a failed member institution if appointed by the Bank of Botswana.

Data Collection, Risk Analysis and Surveillance

DISB is responsible for the collection and analysis of data on member institution customer deposits. The analysis of the data helps the DISB determine, among

others, risk exposure to the Deposit Insurance Fund (Fund), coverage limit, estimated insured deposits and amounts to be paid to depositors in the unlikely event of failure of a member institution. The DISB also carries out surveillance and continuous monitoring of member institution performance to enable early identification of possible risks that could lead to member institutions failure. Further, the DISB collaborates with other safety net participants (i.e. Financial Stability Council member institutions) on policy formulation, financial crisis preparedness and in the determination of the most appropriate resolution method of a failing or failed member institution.

Administration of the Fund

The DISB has opened a Fund account with the Bank of Botswana for purposes of depositing premiums contributed by member institutions. The DISB is required to invest monies paid into the Fund in low-risk liquid assets, such as, Government treasury bills and bonds to preserve the Fund capital and for maintenance of liquidity. The monies in the Fund may also be invested in other securities, as may be determined by the Deposit Insurance Committee.

Who are the member institutions of DISB?

All commercial banks licensed by Bank of Botswana are member institutions of DISB, as well as the Botswana Savings Bank. The membership is compulsory by law. Any newly licensed commercial banks and deposit taking institutions automatically become members of DISB.

How are member institutions identified?

Member institutions of DISB can primarily be identified by a membership certificate that is visibly displayed in all their respective head offices, branches and outlets.

Sample of the membership certificate is shown below:



In addition, member institutions will indicate their membership to DISB in their ATM screensavers, and when making website, radio, television or podcast advertisements.

When does DISB compensate depositors?

As soon as a member institution fails, and is unable to repay its depositors, DISB steps in to pay eligible customers of the failed member institution.

DISB will announce how and when compensation of insured deposits will be made, and the compensation will be based on the record of depositors obtained from member institutions. Therefore, it is very important for the depositors to keep their records updated at their banks or deposit taking institutions.

How much is coverage limit?

DISB insures up to a maximum of P250 000 per depositor per member institution in the event that a member institution fails (see examples below).

It insures deposits held by member institutions for natural persons as well as legal entities, whether they are from Botswana or from any other country.

Funds deposited in separate branches of the same member institution are not insured separately but are added and insured up to a maximum of P250 000.

Example 1 - If a depositor owns a single account in a member institution			
Depositor	Amount of deposits	Maximum coverage limit	Amount repaid to the depositor in the unlikely event of failure of the member institution
A	P 20 000	P250 000	P 20 000
B	P250 000	P250 000	P150 000
C	P300 000	P250 000	P250 000

Example 2 - If a depositor owns more than one account in the same member institution				
Depositor	Amount of deposits	Total amount of deposits for the customer	Maximum coverage limit	Amount repaid to the depositor in the unlikely event of failure of the member institution
A	Current account: P 20 000 Notice deposits: P200 000 Fixed deposits: P350 000	P165 000	P250 000	P165 000
B	Current account: P 20 000 Notice deposits: P200 000 Fixed deposits: P350 000	P570 000	P250 000	P250 000

If someone is a depositor in more than one member institution, how does coverage limit apply?

Deposits in each member institution are insured up to the maximum limit of P250 000 per depositor. A depositor is therefore entitled to compensation by DISB whenever one or more member institutions that hold his/her deposits fails.

Which types of deposits are eligible for insurance by DISB?

All ownership categories (i.e. individual, corporate, trust, etc) of deposit accounts are eligible for compensation by DISB, except the following:

- Deposits of the Government or institutions wholly or partly owned by the Government.
- Deposits of banks and non-bank financial institutions.
- Deposits of owners, directors and senior management of a failed member institution.
- Deposits of a subsidiary or associate company of a member institution.
- Deposits held by International Financial Services
- Centre licensed banks.

- Negotiable certificates of deposits or any other tradable debt funding instrument.
- Deposits arising from transactions that are linked to financial crime.

Where does DISB get funds for its operations?

DISB maintains a Deposit Insurance Fund that consists of seed capital from Government, membership fees from each member institution, as well as annual insurance premiums paid by member institutions. DISB also invests the money it collects in government treasury bills and government bonds to earn interest. In addition, DISB has powers to borrow for emergency liquidity needs.

Do depositors have to pay money to DISB?

The cover is free for all eligible depositors. Only member institutions pay contributions in the form of insurance premiums to DISB.



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