

Deposit Guarantee Fund: One Perspective

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Abstract : The Deposit Guarantee Fund (DGF) and its communication with the Society, in general, and with the deposit client of Financial Institutions, in particular, is discussed through the challenges of the accounting and financial report. The Bank of Portugal promotes the Portuguese Deposit Guarantee Fund (PDGF) as a financial institution that enhanced the market confidence and stability on the deposit-insurance system. Due to the nature of their functions, it must be subject to regulation and supervision that provides a first line of defense against adversely affect confidence on the Portuguese financial market. First, this research provides evidence of the effectiveness of the protection mechanisms on the deposit insurance system, which provides high and equal protection to all stakeholders. Second, it emphasizes the need of requirements of rigorous accounting process and effective financial report to reduce the moral hazard implications. Third, this research focuses on the need of total disclosure of the financial information which gives higher transparency and protection to deposit client of financial institutions.

Keywords : deposit guarantee fund, Portugal, accounting, financial report

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