



**International Association  
of Deposit Insurers**

**2012/2013 ANNUAL REPORT**



About IADI	ii
President's Message	1
Letter from the Secretary General	3
Strategic Priorities of the Association	4
<i>Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary</i>	14
<i>Emphasize opportunities for partnering and collaborating with BIS partner organizations, other standard setting bodies, and international organizations on safety-net-related matters of mutual interest</i>	17
<i>Conduct Research and Develop Guidance to Further Promote Effective Deposit Insurance Systems, and Support Operational Improvements and Developments</i>	18
<i>Continue to Expand IADI's Membership in the Coming Years, and Strengthen and Deepen IADI's Secretariat in order to Support the Membership and Objectives of the Association</i>	19
IADI Leadership	21
<i>Members of the Executive Council</i>	21
<i>Standing and Regional Committees</i>	22
Report from the Auditors and Audited Financial Statements	28
Annex I – Participants in the International Association of Deposit Insurers as of 31 March 2013	37
Annex II – Executive Summary of the Proceedings from the 11th IADI Annual Conference and Annual General Meeting, London, UK (24–25 October 2012)	40
Annex III – Research and Guidance Committee Advisory Panel	43
Annex IV – New Participant Profiles	44

---

## About IADI

The International Association of Deposit Insurers (IADI or Association) provides a forum for deposit insurers, central banks and international organizations to enhance the effectiveness of deposit insurance and bank resolution systems and cooperate on related financial stability issues. As of the date of this report, 89 organizations – including 67 deposit insurers – are IADI Members or Participants. IADI draws upon its membership to provide guidance on the establishment or enhancement of effective deposit insurance systems as well as on training, outreach, educational programs and research.

Founded in 2002, IADI is a non-profit organization constituted under Swiss law and domiciled at the Bank for International Settlements (BIS) in Basel, Switzerland. IADI contributes to the stability of financial systems by promoting international cooperation in the field of deposit insurance, and encouraging ongoing interaction among deposit insurers and other interested parties.

The IADI organization is hosted by the BIS, which also supports several other groups that seek to promote and strengthen national and international financial stability. These organizations include the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the Central Bank Governance Forum, and the Financial Stability Board. The Financial Stability Institute, also located at the BIS, provides training to financial institution supervisors and deposit insurers. These organizations share common goals and similar constituents – including financial supervisors, deposit insurers, and monetary authorities – that participate in jurisdictional financial safety-nets. These organizations provide resources and services to ensure that jurisdictions' financial systems operate effectively, support economic growth, and interact in a global environment increasingly characterized by cross-border interests. Being grouped with similar organizations enables IADI to engage in partnerships and collaborations to achieve its objectives and increase its value to its Members.

In addition to advising on the establishment or enhancement of effective deposit insurance systems, IADI has identified five major goals for the Association. As set out in its statutes, IADI strives to:

- Advance the understanding of common interests and issues related to deposit insurance;
- Provide guidance to enhance the effectiveness of deposit insurance systems and structures;
- Facilitate the sharing and exchange of expertise and information on deposit insurance issues through training, development, and education programs;
- Undertake research and provide guidance on issues relating to deposit insurance; and
- Take such other actions as may be necessary or useful for its objectives and activities.

IADI is governed by an Annual General Meeting (AGM) of Members, and its Executive Council (EXCO). The AGM elects the officers of the Association, including the President and Treasurer. At the 11th Annual General Meeting held in London, UK in October 2012, Mr. Jerzy Pruski, President of the Management Board, Bank Guarantee Fund of Poland, was elected by the AGM to serve as the new President of IADI and Chair of the Executive Council. Mr. Pruski replaced FDIC Chairman Martin J. Gruenberg, whose term was expiring. The AGM also appointed Rose Detho (Director, Deposit Protection Fund Board Kenya) as Treasurer of the Association, replacing Bakhyt Mazhenova, Chairman of the Kazakhstan Deposit Insurance Corporation, whose term had expired.

IADI's AGM is also responsible for approving the annual budget and business plans, including the annual fees and initial fund contributions of Participants; approving the IADI Annual Report and audited financial statements; releasing EXCO members from all responsibility in respect of the past financial year; appointing an independent external auditor; and approving the process for developing guidance to enhance the effectiveness of deposit insurance systems (DIS).

EXCO ensures the sound functioning of the Association's affairs, and its responsibilities and powers are defined in the statutes and by-laws of the Association. EXCO is structured as an inclusive organization to ensure active and maximum participation, and the number of its members is approved by the AGM. There are 25 EXCO members and they are elected by the AGM, typically to serve three-year terms.

EXCO establishes committees to support IADI's objectives. As of 31 March 2013, there were seven standing committees and eight regional committees. Terms of reference for each committee are approved by EXCO, and include objectives and responsibilities. For information on EXCO and its standing and regional committees, please see the "Leadership" section, which includes organization charts.

In the 11 years since its founding, IADI has grown from 26 to 67 Members as of 31 March 2013. IADI is funded by initial fund contributions and annual fees, which vary depending on the type of Participant. The BIS provides office space and meeting facilities for IADI. In addition, the BIS provides valuable support in accounting, legal services, information technology and human resources, as well as a financial contribution to IADI's operations. IADI also receives significant donations from individual Members for staffing through secondments, sponsoring of meetings, hosting of seminars, and other contributions to support the Association's initiatives. Numerous IADI Participants, including many IADI Partners, co-sponsor meetings and contribute subject-matter experts to address issues related to deposit insurance and financial stability. A list of IADI Participants is included in Annex I.



## President's Message

I am convinced that with the invaluable assistance of IADI Members we will together continue to serve IADI ideals and objectives. This will contribute to the stability of financial systems and will increase IADI's role in the global financial safety net. It is my great pleasure to deliver my first message as the President and Chair of the Executive Council of IADI. On this occasion let me thank all IADI Members, who put their trust in me by selecting me to perform these challenging duties. This is an honorable role, especially now, when the Association has become internationally recognized as an important contributor to global financial stability.

### Crisis experience

IADI is entering an important post-crisis period, critical for some IADI Members and for the Association itself. A fundamental asset of having experienced the economic turmoil from the perspective of deposit insurance, is the growing role of our industry in the global financial landscape. The recent experiences have made it clear that financial crisis management regimes are enhanced when they include robust systems for depositor protection and effective resolution regimes. The crisis also demonstrated the critical importance of full integration of all elements of the safety net - including depositor protection - into an internally coherent crisis management regime. Hence, further strengthening of deposit insurers in local financial safety nets should become of utmost importance for our industry.

Beyond a few isolated cases, the recent crisis did not cause retail bank runs, and I believe strong deposit insurance systems, equipped with an effective resolution toolkit, have contributed to that effect substantially. However, concerns about possible chain reactions resulting in global distress of the banking sector and further economic turbulence still remain. Given the strong interconnectedness of the banking sector, as well as the complexity and cross border nature of systemically important financial institutions, deposit insurance systems must be further strengthened so as to enable them to perform as important and rightful players in the financial safety net. A key component of a robust financial safety net architecture should also be an effective resolution framework. Otherwise, the overall cost of tackling the problem of distressed banks would be considerably higher and the engagement of public money would become inevitable.

### IADI's contribution to global financial stability

IADI has unique experience in and extensive knowledge of the resolution process due to the membership of experienced loss and risk minimizers. Therefore, it seems evident that IADI's contribution to the construction of a strong resolution framework has yet to be fully realized. Up until now, IADI has participated in the Financial Stability Board's (FSB) Resolution Steering Group, whose aim was to develop a Methodology and corresponding guidance for the Key Attributes of Effective Resolution Regimes for Financial Institutions (Key Attributes). Endorsement of the Key Attributes defined a financial stability architecture capable of managing the failure of large, complex and international financial institutions in a way which minimizes systemic disruption and avoids taxpayer exposure. At the recent request of the

FSB Chairman, IADI provided its contribution to the Assessment Methodology of Key Attributes, outlining the role of deposit insurance systems in the resolution process, including depositor preference and the conditions of potential use of DIS funds in resolution and bail-in, in particular. Apparently, aligning the deposit insurance mandate with resolution capacities makes the aforementioned domains less problematic.

The Association was also deeply involved in work being carried out under the FSB Cross-Border Crisis Management Group, with a particular focus on the concept of a resolution tool in terms of triggers and stress testing scenarios, which would constitute part of recovery and resolution planning. More explicitly, addressing the problem of resolution strategies for global systemically important financial institutions is critically important for the effectiveness of strategies adopted within the crisis management framework and it must be stressed that IADI should contribute substantially to the development of these strategies.

Furthermore, it is my sincere hope that the working relationship between IADI and the FSB becomes a solid foundation for the continued integration of IADI into the international regulatory architecture, which would be an important step towards greater cooperation and coordination of best practices for the most effective management of future financial crises.

### Collaboration with the IMF and World Bank under FSAP

To foster the process of buttressing financial stability, IADI has come into close collaboration with the International Monetary Fund and the World Bank in assessment of deposit insurance systems under the Financial Sector Assessment Program (FSAP). This is a unique opportunity for IADI to further solidify its position within the international standard-setting community, as the collaboration under the FSAP puts IADI on par with other recognized regulators. At the same time this puts the Core Principles for Effective Deposit Insurance Systems (Core Principles) on equal footing with all other standards, reinforcing their prior recognition by the FSB Compendium of Standards.

### IADI's strategic directions

The critical importance of IADI Members in crisis management and robust safety net structures, as evidenced by the crisis, clearly supports the conviction that the strategic priorities identified by IADI are relevant and timely. This is in large part due to the strong leadership of the Association over the past five years by Martin Gruenberg, IADI's President and Chair of the Executive Council from 2007 to 2012, who developed them and conferred ownership of this process to the entire Association. The strategic areas outlined in the Business Plan include advancing Deposit Insurance Systems by promoting compliance with the Core Principles, providing appropriate training and technical assistance to promote guidance and technical knowledge, enhancing IADI's role as a global financial architecture standard setter and evaluator, conducting research in key deposit insurance areas, and expanding IADI membership and IADI Secretariat capacities.



---

## President's Message

---

### Core Principles revision and update

A key component of the strategic direction for IADI is the advancement of the Core Principles. One of the highlights of the reporting period was official commencement of on the process of revising and updating the Core Principles. The revision aims to take into account the multiple lessons learned about effective deposit insurance resulting from the global crisis. The key inputs in this process encompass the lessons learned from workshops, self-assessments, the FSB Peer Review on Effective Deposit Insurance Systems and collaboration with IMF/WB under FSAP Reviews. This initiative envisages a broad consultation with other safety net players and international organizations including the FSB, BCBS, IMF/WB, EFDI and the EC. The revised Core Principles will not only instrumentally contribute to improving the operational capacity of deposit insurers, but also to enhancing their positions in their respective financial safety nets. We anticipate completion of the process of updating the Core Principles in mid-2014.

---

### Strong IADI Secretariat

Given IADI's growing role in the global financial architecture, it goes without saying that we would not have ended up where we are now without the magnificent efforts made by the Secretariat - the operational arm of the Association. The term of IADI's current Secretary General, Carlos Isoard, concludes at the end of September 2013. IADI's Executive Council has approved Carlos' successor – Gail Verley – to serve as IADI's Secretary General for a three-year term, effective from the 1st of October 2013. I would like to express my acknowledgement to the leadership Carlos Isoard contributed to IADI. His open mindedness provided direction for the Association and his ever-willingly given assistance has been invaluable to IADI during the process of its rapid

development over the last years. He has worked diligently to advance IADI's objectives and has performed his role in an outstanding manner. Under his guidance, the membership of IADI grew substantially and IADI gained recognition not only as the international voice of deposit insurers, but also as an international standard setter. As Carlos vacates the post of Secretary General, he leaves the Association with a solid grounding established over years of his tenure.

---

### Gratitude to IADI Members

To close, it has to be remembered that the success of IADI's undertakings depends ultimately on the active commitment of its Members. Let me therefore cordially thank all of them, and particularly the active and engaged Councilmembers, for their strong commitment to performing their responsibilities in an outstanding manner. It has to be remembered that your precious engagement is key for the realization of IADI's strategic priorities.

Let me conclude with saying that I do hope that the oft-repeated refrain that we must learn appropriate lessons from the economic crisis, must not remain an empty cliché within our industry. IADI should continue to take advantage of the momentum brought about by the crisis and strengthen its position in the reframed global financial architecture. We are fortunate that IADI enters this period as an already strong association, capable of effectively promoting guidance and international cooperation within the deposit insurance community. I look forward over the next year to further advancing the important objectives of our mission and vision via the realization of IADI priorities.

### **Jerzy Pruski**

*President and Chair of the Executive Council  
International Association of Deposit Insurers*



## Letter from the Secretary General

This has been another successful year for our Association with several important milestones on the road towards fulfilling our mission. IADI is now recognized as the standard setter in deposit insurance and also as evaluator of compliance with those standards. The Secretariat's work during the year helped to coordinate and advance the Association's efforts in achieving its worthwhile objectives.

During the reporting period the Secretariat contributed to the successful transition of IADI leadership. At the 11th IADI AGM held in London, Jerzy Pruski, President of Bank Guarantee Fund (Poland), was elected President and Chair of the Executive Council of IADI and replaced outgoing President and Chair of the EXCO, FDIC Chairman Martin Gruenberg (U.S.). At the same meeting Rose Detho, Chairman of the Deposit Protection Fund Board (Kenya) was appointed Treasurer of the Association, replacing Bakhyt Mazhenova, Chairman of the Kazakhstan Deposit Insurance Fund.

In continuing IADI's business model, the Secretariat maintained its close collaboration with the Standing and Regional Committees and contributed to the Association's success in several areas. The joint work between the Membership and Communications Committee, the corresponding Regional Committees and the Secretariat assisted in growing the number of Participants to 88: 67 Members, 9 Associates and 12 Partners.

The close collaboration of the Secretariat with the Finance and Planning Committee, Audit Committee, as well as the Treasurer, guaranteed the sound management and efficient use of resources in the Association. The Secretariat, in collaboration with the Data and Survey Committee and technical support from the Bank for International Settlements (BIS), launched eBIS as IADI's new internal site. The migration of documents from the previous site was seamlessly accomplished with over 335 registered users.

The Secretariat assisted in the production and release by the Research and Guidance Committee of several research and guidance papers. Among these were four enhanced guidance papers as requested by the Financial Stability Board in their Peer Review of Deposit Insurance Systems. Moreover, the Secretariat provided assistance to the Subcommittee on Financial Inclusion and Innovation, including the analysis of the data collected in their survey. The Secretariat also worked with the Training and Conference Committee (TCC) to organize several events which involved efforts and resources provided by Members hosting EXCO meetings, the Annual Conference and AGM, regional meetings, seminars and workshops. In particular, the Secretariat provided key support to the 2012 FSI-IADI Seminar and to the biannual 2013 IADI Research Conference. Working with FSI and the TCC, the Secretariat launched new offers for on-line training to Members and Associates with three FSI Connect licences for each entity and more than 150 subscriptions in total. Other Secretariat endeavours involved supporting capacity building opportunities.

IADI would not be where it is without the valuable support provided by the BIS. IADI offers its utmost gratitude to the BIS for their continued material and strong financial support. The location of IADI at the BIS

facilitates the direct interaction with our host, along with the other organizations that participate in the Basel Process, including the Basel Committee on Banking Supervision, Financial Stability Board, Financial Stability Institute and International Association of Insurance Supervisors.

The Secretariat is comprised of myself, the Deputy Secretary General Kim White, and three Senior Policy Analysts funded by their respective Member organizations: Michiyo Yonei from the Deposit Insurance Corporation of Japan, JungSuk Kim from the Korean Deposit Insurance Corporation, and Tom Murray from the U.S. Federal Deposit Insurance Corporation. Administrative assistance is provided on a part-time basis by Jocelyne Amourette and remote support on IADI Data Base by a dedicated FDIC employee, Delia Lasconia. I am grateful and honoured to be part of the team that contributed to the many noteworthy achievements described in this report.

The Secretariat assisted the Association President and the Executive Council in the selection process for the appointment of a new Secretary General. With my three year term coming to an end in September 2013, the Executive Council appointed Mrs Gail Verley as my successor. I look forward to the continuing success of IADI under Gail's leadership.

I extend my sincere gratitude to my hardworking colleagues for their dedicated efforts and involvement, to Chairman Jerzy Pruski and his team for their leadership and to all IADI Participants for their support and enthusiastic collaboration in making IADI stronger and more effective with each passing year. It has been a rewarding experience to have known and worked with each of you and I express my best wishes for our Association's and your individual deposit insurance systems' continued successes.

Sincerely,  
**Carlos Isoard**

# Strategic Priorities of the Association

## Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary

### IADI's Evolution as a Standard Setter and Standard Evaluator

Founded in 2002, IADI strengthens financial safety-net regimes around the world by providing guidance for effective deposit insurance systems, conducting research, and promoting collaboration among the key players in the financial safety-net.

The Association is funded primarily by annual fees and donations from sponsors and Participants.

### Lessons Learned from Recent Developments

The most recent financial crisis and its outcomes reinforced the fact that traditional safety-nets – comprised of strong supervision and regulation, lenders of last resort, early intervention, and resolution tools – although crucial and necessary, are not sufficient for effective and cost-effective financial crisis management. Today, enhanced financial crisis management includes effective systems for depositor protection as well as coherent and robust systems for resolution regimes. Additionally, the crisis demonstrated the critical importance of ensuring that all elements of the safety-net – including depositor protection – are fully integrated into an internally coherent crisis management regime.

The global nature of the recent crisis also shed light on the importance of international cooperation among safety-net members. The high degree of financial interconnectedness in a cross-border environment, compounded by the existence of Globally Systemically Important Financial Institutions (G-SIFIs), points to the need for greater cooperation among national safety-net players that host global institutions. In a cross-border context, effective systems for deposit insurance and resolution are now at the forefront of discussions on financial stability.

Since its founding, IADI has evolved into an international standard setter, strengthening safety-net regimes around the world by providing guidance for effective and efficient deposit insurance systems and promoting cooperation among the key players in the global financial safety-net. These actions

have helped address the vulnerabilities in global and domestic financial markets during economic crises. Further integration of IADI into the international regulatory architecture is occurring, and serves as an important component to facilitate greater cooperation and coordination of best practices for the most effective management of future financial crises.

IADI and its Members continue to strengthen their deposit insurance systems (DIS) through numerous reforms and improvements. Reforms include: the ability to fund the cost of bank insolvencies and reimburse depositors quickly; elimination of co-insurance; identification and analysis of cross-border deposit insurance issues; and higher premiums paid by insured financial institutions to cover increases in coverage limits and guarantees for bank liabilities.

The financial crisis also served as the impetus for more DIS to establish or refine risk-based insurance pricing, so as to better reflect the risks posed to the deposit insurance funds. DIS in many jurisdictions are also working in closer participation through collaboration and enhanced information sharing with their supervisory and regulatory counterparts. Additionally, the proportion of deposit insurers with resolution responsibilities has grown as many jurisdictions have implemented powers to enable deposit insurers to perform this integral role in the resolution framework, thereby ensuring orderly resolutions, maintaining public confidence and avoiding the exacerbation of systemic risk.

In June 2009, IADI and the Basel Committee on Banking Supervision (BCBS) published the Core Principles for Effective Deposit Insurance Systems (Core Principles). The Core Principles were developed for the benefit of jurisdictions considering the adoption, or reform, of a deposit insurance system. The Core Principles are based on IADI research and guidance papers and on IADI-endorsed guidance developed by several founding IADI Members and other organizations, including the Financial Stability Forum (now Financial Stability Board, or FSB), the Working Group on Deposit Insurance in 2001 and the Asia Pacific Economic Cooperation (APEC) Policy Dialogue on Deposit Insur-

ance in 2005. In developing the Core Principles, IADI drew heavily on the experience of its Members, Associates and Observers. The Core Principles are reflective of, and designed to be adaptable to, a broad range of jurisdiction circumstances, settings, and structures. The Core Principles are intended as a voluntary framework for effective deposit insurance practices. The FSB welcomed the Core Principles at its inaugural meeting in June 2009.

An assessment of a jurisdiction's compliance with the Core Principles is a useful tool for jurisdictions that are implementing, reviewing or actively reforming a deposit insurance system. During 2010, representatives of the BCBS, IADI, the European Forum of Deposit Insurers (EFDI), the European Commission (EC), the International Monetary Fund (IMF) and the World Bank jointly developed a methodology for assessing compliance with the Core Principles (Assessment Methodology). Four working groups were established in February 2010 to draft the Assessment Methodology, with membership from IADI, the BCBS, EFDI, the EC, the IMF, and the World Bank. The draft Assessment Methodology was developed and three pilot field tests were conducted during September–October 2010 in the Czech Republic, India, and Mexico.

After revisions based on these field tests had been incorporated, the Assessment Methodology was made available for public consultation in November 2010. Following this consultation, the Assessment Methodology was approved by the IADI and BCBS executives and submitted to the FSB on 27 December 2010. In April 2011, the FSB included the Core Principles in its Compendium of Key International Standards for Sound Financial Systems.

IADI's Guidance Group worked with the IADI Training and Conference Committee and with the BCBS, EFDI, IMF and World Bank to disseminate the Assessment Methodology for use with the IMF/World Bank Financial Sector Assessment Program (FSAP), the FSB peer and thematic reviews, and other forms of assessment. An Assessor's Handbook was also developed to assist in utilizing the Assessment Methodology. The



# Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary

Handbook provides a tool for helping achieve consistency among assessors, so that they have a common framework to perform their work.

The Core Principles are now recognized by the IMF and the World Bank for use in FSAP reviews. This is a welcome recognition of the value of the Core Principles and the contributions of IADI Members, and is the culmination of several collaborative sessions with IMF and World Bank staff.

Following the Core Principles' official recognition for use in the FSAP process in early 2012, the IMF and World Bank expressed their interest in having IADI as an active collaborator in the assessment of DIS, and in incorporating IADI's unique experience in this respect. The collaboration calls for the active participation of IADI in assessing DIS as part of ongoing FSAPs. Collaboration with the IMF and World Bank is a crucial step forward in enhancing the strength of deposit insurance frameworks, and is a broad opportunity for IADI to further promote the Core Principles and resolution regimes.

The objectives of training going forward will be to share experiences of past assessments, ensure consistency of interpretation and develop a core group of assessors. Under the IMF and World Bank collaboration proposal, IADI will provide a roster of experts who may join regular FSAP missions. To facilitate this process, IADI will conduct workshops to identify and train potential assessors, ensuring consistency in assessment methodologies. In addition, IADI will develop and maintain an open channel of communication with the IMF and World Bank to provide technical assistance to the institutions undergoing FSAP reviews, particularly on specific issues related to deposit insurance.

## IADI's evolution as a Core Principle Standard Evaluator

In order to carry out an effective Core Principles compliance assessment process and to participate in FSAPs with the World Bank and IMF, IADI has developed an extensive training strategy along with a continuation of the program to conduct self-assessments of jurisdictional compliance with the Core Principles. The recipients of ongoing juris-

ditional compliance training include individuals with a background in deposit insurance, bank supervision, liquidation/receiver-ship, and related areas. The goals for training and the respective objectives are to: (i) provide IMF and World Bank staff with general guidance and an overview for conducting FSAP reviews; (ii) teach Compliance Assessment Methodology seminars to an instructor group, and (iii) train IADI and EFDI staff to conduct self-assessments and prepare experts to work with the IMF and World Bank to conduct FSAP reviews.

To disseminate the Methodology among potential users, IADI has conducted training sessions in Albania, Colombia, Kenya, Malaysia, Nigeria, Switzerland, Trinidad and Tobago, Turkey and the USA. These activities reflect the evolving role of IADI in the international financial structure. IADI has been at the core of developing internationally accepted standards, and fostering their implementation and practical enhancement. As a result of IADI's work, these standards have been disseminated widely and have become part of the core safety-net features of both emerging and G20 jurisdictions. IADI continues to be a central player in identifying lessons from the recent crisis and ensuring that the Core Principles are consistent with the emerging consensus on appropriate safety-net features and their application.

## Annual Conferences

Since its establishment, IADI has held widely attended annual conferences around the globe. Annual conferences have been held in Basel (2002), Seoul (2003), Brunnen (2004), Taipei (2005), Rio de Janeiro (2006), Kuala Lumpur (2007), Washington, DC (2008), Basel (2009), Tokyo (2010), Warsaw (2011), and London (October 2012). IADI's 2013 annual conference will be held in Buenos Aires, Argentina.

## Seminars and Training Facilities

IADI supports the collective and regional training needs of its Members and assists in developing future deposit insurance leaders and evaluators to work with the IMF and World Bank to perform FSAP reviews.

IADI has strengthened its efforts to collabo-

rate with other organizations to increase the number of seminars and other training opportunities. A partnership with the Financial Stability Institute (FSI) of the BIS has been implemented to jointly sponsor seminars/conferences and to provide e-learning to Members through the FSI's web-based application "FSI-Connect". IADI and the FSI have collaborated to develop the following online tutorials on deposit insurance:

- Deposit Insurance – An Introduction;
- Core Principles for Effective Deposit Insurance Systems;
- Deposit Insurance – Liquidation of Failed Bank Assets;
- Deposit Insurance – Premiums and Fund Management;
- Reimbursing Depositors – Part 1;
- Reimbursing Depositors – Part 2; and
- Resolution and Bridge Banking.

Each IADI Member has three subscription licenses to FSI-Connect as part of their annual fee. The licenses provide access to all FSI tutorials, including tutorials on financial institution supervision, risk management, resolutions, and deposit insurance.



# Strategic Priorities of the Association

## Strategic Priority One:

### Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary

#### Advancing Strong Deposit Insurance Systems

Building sound deposit insurance systems for the purpose of becoming constructive elements of the financial safety-net, and contributing significantly to the stability of financial systems. IADI, an organization bringing together 67 deposit insurance agencies from across the world, fosters this goal by combining several efforts, including:

#### Enhancing DIS in broadening their mandates

As a consequence of the recent financial crisis, a number of DIS have broadened their mandates from pure paybox systems to those with greater responsibilities for resolution and, in some cases, even supervisory functions. This trend is observable – not only among G20 jurisdictions, as confirmed by the FSB’s Peer Review Report “Thematic Review on Deposit Insurance Systems”, – but in other jurisdictions as well.

Further, and as described below and under Strategic Priority Three, IADI’s Guidance Group (GG) reviews draft research papers, and provides guidance on promoting effective deposit insurance systems. The GG is in the process of enhancing the existing joint BCBS-IADI Core Principles for Effective Deposit Insurance.

#### Providing training and guidance to promote compliance with the Core Principles

In order to carry out an effective Core Principles implementation process, IADI developed a training strategy and program to conduct assessments of jurisdictional compliance with the Core Principles. The recipients of the training include individuals with a background in deposit insurance, bank supervision, liquidation/receivership, and related areas.

#### IADI Capacity Building Program Initiative

IADI continues to enhance its Capacity Building Program to provide technical assis-

tance to its Members. The first step established a clearing house for matching Members’ needs with organizations that have the capacity to provide technical assistance. A survey of Member’s training needs – aimed at developing the IADI training program – also served to identify Members’ capacity building expertise or requirements, in order to match them with skills needed or available from other Members. Examples include technical expertise for payout systems, data management, legal issues, and bank resolutions. The Capacity Building Program on the IADI website allows for easy identification of potential providers who have various levels of expertise in deposit insurance and provide tools to enable Members, Associates, or other non-Participant entities to identify Members that may provide needed and timely assistance.

IADI’s Capacity Building Program was used extensively in this reporting period. Many Members have implemented refinements for their offerings to tailor programs to the specific needs of requesting entities. The Bank Guarantee Fund (BFG), Poland, has developed a formula for bilateral capacity building events based on the assumption that both sides of the process exchange knowledge and experience on a mutual basis, and on equal footings. In this reporting period, the BFG hosted capacity building visits for delegations of experts from other DIS and financial safety-net members, including: the Bulgarian Deposit Insurance Fund; the Hungarian National Deposit Insurance Fund; the Czech Deposit Insurance Fund and the Deposit Insurance Agency of the Russian Federation. The Kazakhstan Deposit Insurance Fund (KDIF) initiated and held the seminar on bank resolution and liquidation on February 11-12, 2013 in Almaty. The seminar was conducted for KDIF’s employees and the National Bank of Kazakhstan and Financial Supervision Committee under the close cooperative relationships between the KDIF and the Deposit Insurance Agency of the Russian Federation (DIA). The Korea Deposit Insurance Corporation also was a valuable contributor to IADI’s capacity building efforts during this reporting period (as further discussed under “Deposit Insurer of the Year Award 2012”).

#### FSI-Connect – Provision of e-training opportunities:

FSI-Connect is the leading online learning tool and information resource for financial sector supervisors worldwide. In collaboration and partnership with the FSI, IADI is jointly developing and providing deposit insurance e-learning tutorials and modules which are available to all FSI-Connect subscribers, including IADI Members. To date, IADI has partnered with the FSI to develop several tutorials on various deposit insurance topics, with the eighth tutorial on Resolution from a Deposit Insurer’s Perspective released in August 2012.

IADI Members use FSI-Connect as a training supplement to seminar and conference participation and three FSI-Connect subscriptions are available for each Member. These tutorials provide our Members with extremely powerful state-of-the-art learning tools for building institutional capacity, as well as complementing their own in-house training programs.

Beyond the tutorials specifically pertaining to deposit insurance, many of FSI-Connect’s other tutorials (of which there are over 200) are also relevant for the broader deposit insurance community, as they cover a range of critical topics, including: capital adequacy (Basel I, Basel II, and Basel III); key risks such as credit, liquidity, market, operational, and insurance risk, and their management; various accounting issues; and other areas of supervisory concern, such as risk-based supervision, dealing with problem banks, and macroprudential supervision.

IADI responds to recommendations identified in the FSB’s Thematic Peer Review on DIS and embarks upon updating the Core Principles.

IADI and the BCBS jointly developed the first internationally recognized guidance on deposit insurance. They were designed to serve as a benchmark for jurisdictions to strengthen existing, or to develop new, systems of deposit insurance, and were later incorporated by the FSB into its Compendium of Key Standards for Sound Financial Systems. The Core Principles

# Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary

were subsequently recognized by the IMF and World Bank for use in FSAP reviews.

Based on the Core Principles, IADI and the BCBS, in collaboration with the IMF, World Bank, EFDI and EC, developed specific and practical guidance for the assessment of compliance with the Core Principles. Following development of this Assessment Methodology, the FSB undertook its peer review program, which resulted in recommendations for IADI to assess and update the Core Principles.

IADI embraced the FSB recommendations and is now developing further guidance on the Core Principles. In this reporting period, IADI prepared and submitted to the FSB the first four in a series of updated guidance papers on public awareness, reimbursement systems and process, mitigating moral hazard and deposit insurance coverage. IADI will complete the remaining two papers on multiple DIS and deposit insurance funding in the course of calendar year 2013.

## IADI Evolves as a Standard Evaluator

IADI is preparing to work alongside the IMF and World Bank on FSAP missions as a standard evaluator. Following the Core Principles' official recognition for use in the FSAP process in early 2012, the IMF and World Bank expressed their interest in having IADI as an active collaborator in the assessment of DIS, and in incorporating IADI's unique experience in this respect. The collaboration calls for the active participation of IADI in assessing DIS as part of ongoing FSAPs. Under the collaboration proposal, IADI's experts will join regular FSAP missions. To facilitate this process, IADI will conduct workshops to identify and train potential assessors, ensuring consistency in assessment methodologies. In addition, IADI will maintain open channels of communication with the IMF and World Bank to provide technical assistance on FSAP reviews, particularly on specific issues related to deposit insurance. Collaboration with the IMF and World Bank is a crucial step forward in enhancing the deposit insurance framework, and is a broad opportunity for IADI to further promote the Core Principles, build stronger and more effective DIS, and strengthen resolution regimes. The updated Core Principles are due in 2014.

## IADI's Contribution to Global Financial Stability

IADI has been at the core of developing internationally accepted standards for deposit insurance, and fostering their implementation and practical enhancement. As a result of IADI's work, these standards have been disseminated widely and are now part of the core safety-net features of both emerging and G20 jurisdictions. IADI has also been a central player in identifying lessons from the recent crisis and ensuring that the Core Principles are consistent with the emerging consensus on appropriate safety-net features and their application.

The following events to advance strong deposit insurance systems were held in the 2012/2013 financial year:



## Europe Regional Committee Technical Seminar on "Key Legal Modalities for Assisting Cooperation among DGS in Europe", Sofia, Bulgaria, 19–21 April 2012

The Bulgarian Deposit Insurance Fund hosted the third regional, results-focused seminar, organized by the IADI Europe Regional Committee on 19–21 April 2012. The event drew more than 40 attendees including: representatives of deposit guarantee schemes (DGS) from Europe, Asia and the USA, along with representatives of the Bulgarian National Bank, the Ministry of Finance and leading Bulgarian lawyers with expertise in international law.

The seminar addressed timely practical issues and key legal technicalities routinely applied by financial institutions, and ensuing

from the new EU Directive on DGS, which is still under discussion by EU legislators. Its theme was prompted by the closer cooperation among DGS, and by the ever-growing and more complex operations of cross-border banking groups.

During the event, participants discussed the design of multilateral, as well as bilateral agreements (MoUs) among DGS with financial obligations, such as lending/borrowing, claims handling or other rendered services (cross-border money transfers to failed institutions' depositors). Jurisdiction solutions to insolvency regimes, with a focus on the appointment of liquidators, were presented and selected legal issues of resolution frameworks were addressed. The seminar paid special attention to back-up funding agreements with the state/central bank, with a focus on repurchase agreements for government securities in the event of market disruptions.

The seminar included high-profile lectures with moderators from around the globe: European DGS, the US Federal Deposit Insurance Corporation (FDIC), and the Kazakhstan Deposit Insurance Fund.



## Training Seminar on "Deposit Insurance Schemes: A Well Developed Legal Framework and Selected Legal Issues", May 2012, Washington, D.C., USA

This IADI training seminar was hosted by the FDIC, and provided overviews and discussions of key topics critical to effective depos-



## Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary



it insurance organizations and systems. Many opportunities for formal and informal discussions arose among the 49 participants representing 28 jurisdictions.

### Workshop on “Self-Assessment of Compliance with Core Principles for Effective Deposit Insurance Systems”, Bogotá, Colombia, 15–18 May 2012

The fourth Regional Workshop on Compliance Assessment took place in Bogotá, Colombia, on 15–18 May 2012. 43 participants from 10 South American jurisdictions participated in the workshop, using Colombia’s deposit insurance agency – the Fondo de Garantías de Instituciones Financieras (FOGAFIN) – as a case study. The Toronto Centre provided partial funding for the workshop, and presented on “An Overview of Stakeholder Management and Action Planning”. An aide-memoire, including compliance ratings and recommended corrective actions, was presented to the Executive Director of FOGAFIN and her senior staff.

### Seminar on Core Principles, Buenos Aires, Argentina, May 2012

In preparation for the upcoming self-assessment of Argentina’s deposit insurance agency (Seguro de Depósitos Sociedad Anónima (SEDESA)), Vijay Deshpande of the FDIC provided a comprehensive one-day IADI seminar in Buenos Aires. Key topics including the history and general concepts of the Core Principles, as well as the Methodology for Assessing Compliance with the Core Principles, were presented to over 100 representatives from SEDESA, the Central Bank of Argentina, and the Ministry of Finance.



### 10th Asia-Pacific Regional Committee Annual Meeting and Conference on “Bank Resolution and Public Awareness on Deposit Insurance”, Moscow, Russia, 4–6 June 2012

The Deposit Insurance Agency (DIA), Russia, hosted the 10th Annual Meeting of IADI’s Asia-Pacific Regional Committee, and the International Conference on “Bank Resolution and Public Awareness on Deposit Insurance” on 4–6 June 2012.

The event was attended by more than 70 participants from 24 jurisdictions. They represented both deposit insurers and international financial organizations including the IMF and the FSF.

Opening remarks at the conference were delivered by the Agency’s General Director Alexander Turbanov; Vice Chair of the Executive Council of IADI, Mr. Jerzy Pruski (Poland); and Chairperson of the IADI Asia-Pacific Regional Committee Mr. Hiroyuki Obata (Japan).

The conference participants were informed about recent international initiatives in such areas as regulation of systemically important financial institutions and enhancement of bank resolution regimes, and shared their practical experience in promoting public awareness about deposit insurance and financial inclusion. They also discussed a number of other issues with a focus on the challenges facing the economies and banking

systems of the Asia-Pacific jurisdictions as a result of the Eurozone debt crisis.



### MDIC Open House for the Africa Region, Kuala Lumpur, Malaysia, 2–6 July 2012

The Malaysia Deposit Insurance Corporation (MDIC) hosted its first Open House for the Africa Region on 2–6 July 2012, in Kuala Lumpur, Malaysia. The main objective of the Open House was to enable Malaysia to share experiences with deposit insurers from the Africa region.

The workshop was attended by 15 delegates from Kenya, Tanzania, Nigeria, and Zimbabwe. MDIC officials presented various papers on the Islamic financial industry in Malaysia, key design features of Islamic deposit insurance, supervision of Islamic banking and the MDIC’s payout system.

The discussion of the papers explored some of the major issues and challenges confronting Islamic DIS, including: an absence of guiding principles; dealing with assets of failed Islamic member banks; resolution of conventional banks with Islamic banking

# Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary

windows; and a lack of Shariah-compliant instruments for investment purposes.

In addition, the workshop featured two knowledge sharing sessions on bank resolution experiences and the regulation of mobile banking products.

## Feedback Session on “Core Principles, Compliance Assessment Methodology and the Overall Assessment Process”, Washington, D.C., USA, 1–2 August 2012

The FDIC organized and the World Bank hosted this IADI Feedback Session on 1–2 August 2012 at the World Bank Headquarters in Washington, D.C. Twenty-three senior staff members from IADI jurisdictions participated, sharing experiences and insights about the Core Principles, the Compliance Assessment Methodology and the overall assessment process. Participants had previously presented at one or more of the regional self-assessment workshops and the pilot compliance assessment sessions during 2011–2012. Their observations and recommendations were also shared during the 37th EXCO meeting on 23 October 2012 in London, UK.



## Seminar on “Bank Resolutions and Liquidations”, Kiev, Ukraine, 2–3 August 2012

The seminar on the practical aspects of bank liquidations and rehabilitation seminar was initiated by Ukraine’s Deposit Guarantee Fund (DGF), within the framework of the Memorandum of Understanding and Cooperation with the State Corporation DIA of the Russian Federation, on 2–3 August 2012 in Kiev, Ukraine. Specialists from the DGF and DIA participated in the event.

At the seminar, the representatives of the DIA shared their practical experience in the field of rehabilitation and liquidation of prob-



lem banks in Russia. The DGF specialists gave a presentation on the new powers of the Fund under the Ukrainian law on household deposit guarantee systems, and also briefed the participants on the procedures for deposit payouts in line with the new extended powers. Special attention was paid to the issue of the resolution of insolvent banks.

## Eurasia Regional Committee Meeting and Seminar on “Self-Assessment of the Deposit Insurance Systems in the EARC Jurisdictions”, Baku, Azerbaijan, 27–28 August 2012

The fifth Annual Meeting of the Eurasia Regional Committee (EARC) was hosted by the Azerbaijan Deposit Insurance Fund on 27–28 August 2012 in Baku, Azerbaijan. The topic of the seminar was “Self-assessment of the deposit insurance systems in the EARC jurisdictions”. Representatives from IADI, top executives of EARC deposit insurer

members, and deposit insurers from other CIS jurisdictions attended the seminar.

## Joint Seminar with FSI on “Bank Resolution: Current Developments, Challenges and Opportunities”, Basel, Switzerland, 28–30 August 2012

The FSI and IADI co-hosted a seminar on bank resolution on 28–30 August, in Basel. The program focused on the Core Principles for Effective Deposit Insurance Systems, the key attributes of the resolution process, and current challenges and opportunities. The 74 participants represented central bankers, bank supervisors and deposit insurers. The three-day seminar provided an opportunity to consider macro issues as well as current operational challenges of bank resolution for traditional, Systemically Important Financial Institutions (SIFIs), and Global Systemically Important Financial Institutions (G-SIFIs).





## Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary



**International Workshop on “Integrated Deposit Insurance Systems”, Langkawi, Malaysia, 4–8 September 2012**

The MDIC held an International Workshop on Integrated Deposit Insurance Systems with the theme “Integrating Insurance Protection within Deposit Insurance”. The workshop, held on 4–8 September in Langkawi, Malaysia, was attended by 61 participants and eight speakers from 20 different jurisdictions. The objective of the workshop was to provide a platform for members of the deposit insurance agencies, insurance guarantee schemes and other interested parties to share knowledge and discuss current developments in their respective industries.

Part of the program involved the sharing of experiences by a few jurisdictions, including Malaysia, Canada, Korea, Chinese Taipei and the UK, in implementing their insurance compensation schemes, the key features, and the related challenges in managing such schemes. Some of the speakers also shared their experiences on the various methods employed to resolve an insurance company in their jurisdictions. In addition to the presentations, participants were given the opportunity to provide a brief update on their respective insurance guarantee schemes.

### **Africa Workshop on “Developing Effective IT Systems for Deposit Insurers”, Dar-es-Salaam, Tanzania, 17–18 September 2012**

The Deposit Insurance Board (DIB) of Tanzania and the Korea Deposit Insurance Corporation (KDIC) co-hosted a workshop on



developing effective IT systems for deposit insurers. The workshop was held in Dar-es-Salaam on 17–18 September 2012 and drew participants from Sudan, Tanzania, Zimbabwe, Kenya, and Korea. The main objective of the workshop was to enable the KDIC to share its experiences in systems development with its African counterparts.

The workshop consisted of eight sessions of presentations and discussions that took place after the DIB director’s congratulatory remarks and the Deputy Governor of the Bank of Tanzania’s opening speech.

The KDIC was established in 1996. It currently utilizes a flat-based premium assessment system, and plans to launch a risk-based differential premium system in 2014. The main tasks of the KDIC include insurance, risk assessments, resolutions, recoveries, and investigations. Its IT department has automated all the key functions of the KDIC, from examinations and risk surveillance up to insolvency, investigations and lawsuit management. The KDIC’s systems are linked with those of the financial institutions and the government. Some systems are developed in-house, while others are outsourced or contracted to third parties. The KDIC has a team of IT advisors, who are not permanent staff,

but are hired on contract as needed. The KDIC has proposed different levels of payout automation, including: offline systems, where depositors have to visit agent banks for reimbursement – this may be ideal for newly established or underfunded deposit insurers; online systems, where depositors and agent banks can apply online and funds can be transferred in real time; and integrated systems, where data from banks are collected in real time, which may minimize disruptions. These latter systems are connected to recovery and investigations.

The workshop noted that there were only a few events on IT held under the auspices of IADI, and the participants encouraged the KDIC and other deposit insurers to organize more IT seminars of this nature.

The workshop was attended by major stakeholders of the DIB, including officials of the Ministry of Finance, the Ministry of Constitutional and Legal Affairs, and the Bank of Tanzania. Also at the workshop were other representatives from deposit insurers in the Africa Region, including Kenya and Zimbabwe.



### **Joint Africa Regional Committee, and Middle East North Africa Regional Committee Annual Conference, Khartoum, Sudan, 25–27 September 2012**

The Africa Regional Committee and the Middle East North Africa Regional Committee jointly held their Annual Conference in Khartoum, Sudan, on 25–27 September 2012. The conference was attended by about 60 delegates from Nigeria, Kenya, Tanzania, Malawi, Lesotho, Zimbabwe, Algeria, Morocco, Sudan, Libya, Jordan, Turkey, India, and Lebanon.

The theme of the conference was “Challenges of Financial Inclusion in Africa”. Some of the major topics of discussion included: financial inclusion from an African and global per-



# Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary

spective, key design features of Islamic deposit insurance systems, and emerging issues in Africa from a deposit insurance perspective.

The conference urged deposit insurers to play a more meaningful role in expanding financial access to the marginalized members of society through the extension of deposit insurance protection to deposit-taking microfinance banks. Efforts related to public awareness and promoting financial literacy were advocated, as part of strategies to inform small savers about safe methods of keeping money and promoting the use of the mainstream banking system for transactions. In the wake of innovations, there is a need for deposit insurers to develop consumer protection frameworks or regulations.

The conference also underscored the need for enhanced cross-border cooperation among regulators and deposit insurers in Sub-Saharan Africa and the MENA region, in light of the rapid growth of Pan-African banking institutions and consolidated entities.

## IADI 11th Annual General Meeting and Conference, and 37th EXCO Meeting, London, UK, 22–26 October 2012

The UK's Financial Services Compensation Scheme (FSCS) hosted the 11th IADI Annual Conference and Annual General Meeting on 22–26 October in London. The first two days of the event were reserved for IADI Members to attend standing and regional committees, as well as the EXCO meeting held on the afternoon of 23 October. The conference, with the theme of "Deposit Insurers and the Financial Safety-Net", invited delegates to explore the relationships between deposit insurers and other financial safety-net players. For more on this conference, please see Annex II.



## Workshop on "Self-Assessment of Compliance with the Core Principles for Effective Deposit Insurance Systems", Nairobi, Kenya, 5–9 November 2012

The fifth Regional Workshop on Compliance Assessment, organized by the Kenya Deposit Protection Fund Board (DPFB), took place in Nairobi, Kenya, on 5–9 November 2012. The workshop was hosted by the Kenya School for Monetary Studies. 50 participants from Kenya, Ghana, India, Luxemburg, Malawi, Mauritius, Nigeria, Russia, Tanzania, the Philippines, Canada, Switzerland, the USA and Zimbabwe attended the workshop, and Kenya's Deposit Insurance Agency – the DPFB – served as the case study. The workshop was partially funded by the World Bank's Financial Legal Systems Technical Assistance Program. An aide-memoire, including compliance ratings and recommended corrective actions, was presented to the Director of the DFPB, the Board of Directors, and her senior staff.

The training workshop was led by an international team of facilitators. The workshop did not conduct a comprehensive or rigorous assessment of compliance, but rather was used to provide training purposes on how to apply the Core Principles Assessment Methodology, using the DPFB as a case study.

Accordingly, the workshop participants conducted a compliance assessment of the current DPFB organization, structure, mandate and operational features, noting any significant changes that are expected as a result of the new legislation. The DPFB has undertaken

to use the assessment as a basis for initiating reforms, in an effort to enhance its legal framework and design.

In May 2012, Kenya's Parliament enacted new legislation. The Kenya Deposit Insurance Act, 2012 replaces the provisions of the Banking Act that have hitherto governed the operations of the Kenyan deposit insurance system. The new Act expands the current mandate of DPFB, transforming it from a paybox (with the additional mandate of liquidation as directed by the Central Bank of Kenya (CBK)) to a loss-minimizer, and provides for independence from the CBK. It is expected that the new Act will come into force in 2013.



## IADI Executive Training Seminar: "Deposit Insurance: A Well Developed Legal Framework", Seoul, Korea, 13–15 November 2012

The KDIC hosted an IADI Executive Training Seminar entitled "Deposit Insurance: A Well Developed Legal Framework". Held on 13–15 November 2012 in Seoul, Republic of Korea, the seminar was attended by 38 participants and 13 speakers from 25 jurisdic-



## Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary

tions. The seminar focused on the components of a well-developed legal framework for a DIS – which includes the legal structure for the deposit insurer and the insolvency framework within which it needs to operate. Speakers discussed how various laws and regulations are part of the broader legal framework, both in theory and in practice, within their own organizations. Participants, working in small groups during the final day, engaged in lively discussions about the presentations, and shared experiences and best practices.



### Fourth Seminar on Islamic Deposit Insurance: “Promoting Financial Stability through Effective Islamic Deposit Insurance Coverage”, Yogyakarta, Indonesia, 26–27 November 2012

The Indonesia Deposit Insurance Corporation (IDIC) held the Fourth Seminar on Islamic Deposit Insurance, with the theme “Promoting Financial Stability through Effective Islamic Deposit Insurance Coverage”, on 26–27 November 2012 in Yogyakarta, Indonesia.

Day one was a full-day seminar and was attended by 135 participants, 10 speakers, and three moderators from 15 jurisdictions. The seminar was aimed at sharing knowledge and understanding among IADI Members and non-Members, regarding the effectiveness of Islamic deposit insurance coverage. Areas covered in the seminar were deposit insurance coverage, Islamic deposits and investment accounts, protection of Islamic deposits and investment accounts under a deposit insurance system from the Shariah

perspective, and deposit insurance coverage in jurisdictions providing protection for Islamic deposits and investment accounts.

On day two of the seminar, additional attendees included 100 graduate students from universities in Yogyakarta. Among the topics discussed were the global development of Islamic finance, Indonesian Islamic banking and its dynamics, and the Islamic deposit insurance system. The objective of the seminar was to share knowledge and to deepen

participants’ understanding of Islamic finance and banking, as well as the Islamic deposit insurance system.

Alongside the seminar, the Islamic Deposit Insurance Group (IDIG) met in Yogyakarta to discuss the first draft discussion paper on “Insurability of Islamic Deposits and Investment Accounts” and the second draft paper on “Shariah Approaches for the Implementation of Islamic Deposit Insurance Systems”, as well as to update the final draft Core Principle 19 on Shariah-compliant design insurance systems and discuss the strategic plan for 2013–2015 for the IDIG.



### APEC Financial Regulators’ Training Initiative (FRTI) Regional Seminar on “Crisis Preparedness for Banking Regulators”, Kuala Lumpur, Malaysia, 3–7 December 2012

The MDIC hosted a Regional Seminar on “Crisis Preparedness for Banking Regulators”, in collaboration with the APEC FRTI, on 3–7 December 2012 in Kuala Lumpur. The seminar was presented by the Toronto Centre. The aim of the Seminar was to provide participants with a better understanding of the roles and specific functions of supervisory authorities, central banks and deposit insurers in managing a crisis arising from problems in a potentially systemically important financial institution.

The seminar also included a one-day simulation exercise, which tested the participants’ contingency plans; a few case studies were also shared. 44 participants, comprising central bankers, supervisors and deposit insurers from 15 jurisdictions attended this Seminar. Mr. Allen Chen, Director of the Business Department from the Central Deposit Insurance Corporation, Chinese Taipei, provided valuable insights on the issue of “Effective Communications in Time of Crisis”; Mr. JP Sabourin, Chief Executive Officer of the MDIC and Chair of the APEC FRTI Advisory Group for Banking Supervisors, shared his expertise on “The Role of Deposit Insurance in Crisis Preparation and Management”.

### Africa Regional Committee Workshop: “Deposit Insurance Systems and Designs”, Lagos, Nigeria, 4–7 December 2012

The Nigeria Deposit Insurance Corporation (NDIC) hosted an Africa Regional Commit-

## Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary



tee Workshop in Lagos, Nigeria on 4–7 December 2012. The theme of the workshop was “Deposit Insurance Systems and Designs”. It drew 49 participants from Kenya, Ghana, Nigeria, Tanzania, Uganda, Korea, Senegal, and Zimbabwe.

The workshop featured a series of capacity building sessions on bank closure and liquidation procedures, risk management frameworks for deposit insurance systems, public awareness strategies for deposit insurance systems, DIS funding and funds management, legal framework for DIS, and determination of deposit insurance coverage levels.

It was noted that the role of an explicit deposit insurance system as a safety-net player continues to evolve, with more assuming responsibilities beyond a paybox function to include involvement in the resolution process. Irrespective of its design features, an explicit DIS will still require some form of implicit guarantee or protection by the state in the event of a systemic crisis. Sound funding arrangements are also critical for the effectiveness of DIS. DIS should have available all funding mechanisms necessary to ensure prompt reimbursement of depositors’ claims.

It was also noted that public awareness is essential for the attainment of the DIS objectives of protecting depositors, building public confidence in the banking system, and thus contributing to financial system stability. Effective resolution regimes should maintain public confidence and stability in the banking system as well as instill market discipline to minimize disruption to the payment system.

African jurisdictions were urged to look at the feasibility of setting up integrated protection schemes in response to changes in the financial landscape.



### 26th Meeting of the Europe Regional Committee (ERC), Český Krumlov, Czech Republic, 22 January 2013

The Annual General Meeting of the ERC was hosted by the Czech Deposit Guarantee Scheme and held in Český Krumlov, Czech Republic, on 22 January 2013. Representatives of 15 member schemes attended the meeting. The main issues discussed were: the ERC’s new terms of reference, the submission to the IADI Secretariat of the Deposit Insurance Fund of Kosovo’s application for membership, accompanied by a motivation letter; and the election to the ERC leadership for the next two years of Eugen Dijmărescu (Romania) as Chairperson, and Karen Gibbons (UK) as Vice Chairperson.

The participants gave presentations on resolution through bail-in (Kazakhstan) and on the findings of depositor satisfaction surveys (Hungary).

The ERC’s members were updated on: the overview of IADI’s vision and work in the upcoming years, the ongoing Core Principle Enhancement process stemming from the FSB Peer Review, and the status of the EU’s Bank Recovery and Resolution Directive.

### IADI 38th EXCO Meeting, Regional Committee of North America Meeting, and Conference on “Cross-Border Resolutions”, Ottawa, Canada, 4–7 February 2013

The Regional Committee of North America (RCNA) hosted the 38th EXCO Meeting and the RCNA Inaugural Conference on “Cross-Border Resolutions” and Meeting on 4–7 February 2013, in Ottawa, Canada.

The conference and associated meetings brought together 117 guests from more than 30 jurisdictions to discuss progress in their planning for large bank failures and to promote cross-border cooperation in the resolution of these complex financial institutions. “We all learned a great deal from each other’s experience”, said Michèle Bourque, Canada Deposit Insurance Corporation (CDIC) President and CEO, who chairs the RCNA. “Strategies of resolution have evolved with time and from the hard-won experience from around the world, and this will inform our complex resolution planning.”





## Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary

RCNA members also announced the signing of two memoranda of understanding to provide for closer collaboration. On 2 July 2012, the Instituto para la Protección al Ahorro Bancario of Mexico (IPAB) and the CDIC signed a cooperation agreement to enhance information sharing and coordination on deposit insurance and bank resolution matters. On 12 June 2013, the FDIC and CDIC signed memoranda of understanding to formalize and strengthen cross-border cooperation in the event of the failure of a large, complex financial institution operating in both jurisdictions.

### Joint IADI-Deposit Insurance and Credit Guarantee Corporation, India (DICGC) Technical Seminar on “Investment Management for Deposit Insurance Agencies”, Mumbai, India, 20–22 February 2013

The DICGC hosted an international technical seminar in collaboration with IADI on “Investment Management for Deposit Insurance Agencies” on 20–22 February 2013. Topics included fund management, investment management, fixed income analysis, dealing room operations, risk measurements and case studies in treasury activity.

The speakers at the seminar included the Executive Director and Director of DICGC India, investment-side representatives of deposit insurance agencies from Canada, Japan, Malaysia and the Philippines, and private sector investment and risk management professionals from India. The seminar was attended by 35 participants from deposit insurance agencies representing 19 jurisdictions, and senior officials from DICGC. Very positive feedback was received for the conference as well as for the speakers.



### 10th Annual Latin America Regional Meeting and Conference: “Enhancing the Capacity of the Deposit Insurance Systems for an Effective Bank Resolution”, 6–7 March 2013



The 10th Annual Regional Meeting of the Latin America Regional Committee (LARC) and international conference on “Enhancing the Capacity of Deposit Insurance Systems for an Effective Bank Resolution” took place on 6–7 March 2013 in San Salvador, El Salvador. The sessions emphasized the recent improvements in the area of bank resolutions, the optimal target level for reserves and for the DI fund, the importance of conducting simulations, the analysis of regional compliance with the Core Principles, and the level of applicability of the Key Attributes. In relation to the Core Principles, a workshop was held in which members presented their respective cases and the results of self-assessments. The President of IADI, Mr. Jerzy Pruski, attended the Conference.

Among topics discussed during the 10th Annual Meeting, the Chairperson of the Committee presented the Business Plan for 2013/2015. This plan emphasizes the need for continuing efforts to expand membership to other jurisdictions in the region, noting as an example of this initiative the attendance of invitee FOSEDE (Honduras) at the conference.

As regards the Core Principles, another objective proposed in the plan is the drafting

of a document that portrays the regional vision about the level of compliance. This will also serve to promote regional identity, and reflect the difficulties encountered during self-assessments.

The Committee also discussed the importance of having a digital repository of the group’s information in order to provide access to all the archives and related information from past meetings, as part of the process of unifying historical documents.

Finally, it was proposed and agreed that the Committee members would promote Cooperation Agreements in order to provide help and exchange of information among all the jurisdictions when required.

The event was attended by representatives from: Argentina, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Paraguay, Peru and Uruguay – as well as Honduras, which accepted the invitation to attend as a guest.



### 7th DICJ Round Table, Tokyo, Japan, 6–7 March 2013

The Deposit Insurance Corporation of Japan (DICJ) hosted the seventh DICJ Round Table on 6–7 March 2013 in Tokyo, with the theme of “New Development in Resolution Regimes”. The conference focused on the recent developments in resolution regimes in the USA, Canada, Europe and Japan, as well as the expansion of protection to non-deposit-taking financial institutions in Asia. The conference was attended by a total of 109 participants, including 7 speakers and 31 participants from overseas representing deposit insurers and other relevant organizations in 17 jurisdictions.

## **Strategic Priority One: Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary**

### **Regional Workshop on “Assessment of Compliance with the Core Principles for Effective Deposit Insurance Systems”, Port of Spain, Trinidad and Tobago, 18–22 March 2013**

The sixth Regional Workshop for Assessment of Compliance with the Core Principles for an Effective Deposit Insurance System was held in Port-of-Spain, Trinidad, on 18–22

March 2013. It was hosted by the Deposit Insurance Corporation of Trinidad and Tobago. 32 participants from 12 jurisdictions attended the workshop. An aide-memoir, including compliance ratings and recommended corrective actions, was presented to Trinidad’s Governor of the Central Bank, General Manager of the Deposit Insurance Corporation and Chief Bank Inspector.





**SAVE THE WEEK!**  
**20-24 OCTOBER 2014**  
**13th IADI ANNUAL CONFERENCE AND AGM**  
PORT OF SPAIN, TRINIDAD AND TOBAGO  
THE WARMTH AND FRIENDLINESS OF OUR TWIN ISLAND STATE AWAITS YOU!





## Strategic Priority Two: Emphasize opportunities for partnering and collaborating with BIS partner organizations, other standard setting bodies, and international organizations on safety-net-related matters of mutual interest.

### Collaborations with IADI Sponsors and Partners

Throughout the reporting period, there were several mutual collaborations with constituents that provided financial and other assistance to facilitate seminars, workshops or other services for IADI and its Members. Beyond the BIS-sponsored and related entities mentioned below, other sponsors whose roles and support are also greatly appreciated include the World Bank, the Toronto Leadership Centre and the USAID Partners for Financial Stability Program. Each of them also provided generous assistance in connection with Strategic Priority One (see above).

### Partnering and collaborating with international organizations and standard setting bodies

IADI's objective is to maintain effective relationships with key international financial organizations and other standard-setting bodies in order to share deposit insurance expertise and promote knowledge on DIS. Therefore, continued collaboration with BIS-hosted organizations, including the FSB, BCBS, FSI, and International Association of Insurance Supervisors (IAIS), is of the utmost importance. Moreover, IADI also looks forward to the recently initiated collaboration with the IMF and World Bank under the FSAP and Reports on the Observance and Standards of Codes (ROSC) analysis.

### Work alongside the IMF and World Bank on FSAP missions as a standard evaluator

As previously discussed, following the Core Principles' official recognition for use in the FSAP process in early 2012, the IMF and World Bank expressed their interest in having IADI as an active collaborator in the assessment of DIS, and in incorporating IADI's unique experience in this respect. The collaboration calls for the active participation of IADI in assessing DIS as part of ongoing FSAPs.

### Other Collaborations

During the reporting period, IADI collaborated with other organizations to further

enhance and support financial stability. These organizations have contributed knowledge, experience and financial resources to many events, including the IADI Annual Conference, and numerous regional conferences and seminars. IADI Partners and Sponsors include the BIS, BCBS, FSI, IMF, World Bank, Financial Services Volunteer Corps (FSVC), and US Treasury Office of Technical Assistance.

IADI has undertaken numerous initiatives to increase international recognition of the importance of DIS in maintaining financial stability, and in helping policymakers develop and implement effective deposit insurance systems. These initiatives involve interaction among deposit insurers, financial sector supervisors, and central banks.

### Additional ongoing collaboration with FSB, BIS, FSI, BCBS

Over the years, IADI has worked with the BIS, FSB and FSI on a number of initiatives, research activities and training programs. Some of these include: jointly sponsored FSI/IADI training seminars on topics related to deposit insurance, collaboration with the BIS on the development of databases, the development of FSI online tutorials, and participation in the FSB Thematic Peer Review of deposit insurance systems. IADI collaborated with the BCBS in formulating the Core Principles and the subsequent design of the Compliance Assessment Methodology.

### Contribution to the resolution process

Certain IADI Members have unique experience in, and extensive knowledge of, the resolution process as a result of their expanded roles as loss- or risk-minimizers. IADI is utilizing its Members' experience – along with the findings of the FSB Thematic Review on Resolution Regimes led by FDIC Chairman Martin Gruenberg – to incorporate findings and recommendations into further research efforts, and to thereby contribute to the construction of strong resolution frameworks. IADI is a participant in the FSB's Resolution Steering Group (ReSG), which worked to develop the Key Attributes of Effective Resolution Regimes. Endorsement of the Key Attributes by the FSB in late 2011 articulated a financial stability architecture

capable of managing the failure of large, complex and international financial institutions in a way which minimizes systemic disruption and avoids taxpayer exposure. Most recently IADI, along with a number of FSB member jurisdictions and international organizations such as the IMF, World Bank and EC, has been actively participating in the revision of the Assessment Methodology for the FSB's Key Attributes.

Moreover, given the extensive experience of IADI Members, the Association is also deeply involved in work being carried out under the FSB Cross-Border Crisis Management Group, with a particular focus on the concept of a resolution tool in terms of triggers and stress-testing scenarios, which would constitute part of the resolution and recovery plan. More explicitly, in addressing the problem of resolution strategies for G-SIFIs, IADI's involvement is instrumental.

In August 2012, a seminar titled "Bank Resolution: Current Developments, Challenges and Opportunities", organized jointly by IADI and the FSI, provided a valuable opportunity for information exchange amongst all safety-net organizations. A similar event was held in August 2013.

### Updating the Core Principles

IADI is revisiting and updating the Core Principles and the Compliance Assessment Methodology. A broad consultation in this process involves the FSB, BCBS, IMF, World Bank, EFDI and EC, and will draw on all crisis-related experiences, including the knowledge of IADI Members and the outcome of workshops, self-assessments, the FSB Peer Review and collaboration with the IMF and World Bank on FSAPs. The updated and revised Core Principles are due in mid-2014 and will prove instrumental in building strong and effective DIS and resolution authorities.



---

## Strategic Priority Three: Conduct Research and Develop Guidance to Further Promote Effective Deposit Insurance Systems, and Support Operational Improvements and Developments

---

### IADI's Extensive Research Initiatives

IADI remains very active in research initiatives related to events stemming from the financial crisis and having implications for deposit insurance. Such research activities include those conducted in collaboration with other international organizations. IADI's Research and Guidance Committee (RGC) is mandated to conduct research and develop guidance for establishing new and enhancing existing DIS. The Committee is dedicated to supporting IADI in contributing to the goals of financial stability and the enhancement of deposit insurance effectiveness by conducting research, and developing and promoting guidance and core principles.

IADI has undertaken a number of research efforts aimed at strengthening DIS and contributing to effective bank resolution and crisis management. During the last few years IADI has developed several research and guidance papers on topics of the utmost importance to the deposit insurance industry. Recently, IADI's RGC has become active in the broad area of effective bank resolution and crisis management.

In response to the findings and recommendations issued in the FSB's "Thematic Review on Deposit Insurance Systems" in February 2012, the RGC, under the instruction of IADI's EXCO, has been working to produce a set of papers to update and enhance existing guidance, with the aim of addressing areas where the Core Principles may need more precision to achieve effective compliance, or to better reflect leading practices. Four enhanced guidance papers covering issues

relating to reimbursement, public awareness, coverage and moral hazard were completed in this reporting period.

In addition, during the fiscal year, three papers on "Transitioning from a Blanket Guarantee or Extended Coverage to a Limited Coverage System", "Effective Reimbursement Systems and Processes"; and "Handling of Systemic Crises" were formally released as IADI research papers, discussion papers or guidance papers. Papers on "Early Detection and Timely Intervention" and "Financial Inclusion and Deposit Insurance" were completed and are under review by the Guidance Group and the Advisory Panel. Five additional papers are underway.

---

### Contributing to the Work of Various FSB Steering/Working Groups

IADI contributes to the stability of financial systems by promoting international cooperation in the field of deposit insurance, and encouraging ongoing interaction between deposit insurers and other interested parties. A subgroup of the Guidance Group was formed to represent IADI in the FSB's ReSG, which is tasked with drafting an Assessment Methodology for the Key Attributes of Effective Resolution Regimes for Financial Institutions, as well as to participate in the work of the Cross-border Crisis Management Committee. In addition, the Financial Inclusion and Innovation Subcommittee under the RGC was engaged on issues related to the G20 financial inclusion initiative along with other standard setting bodies and international organizations.

# Strategic Priority Four: Continue to Expand IADI's Membership in the Coming Years, and Strengthen and Deepen IADI's Secretariat in order to Support the Membership and Objectives of the Association

## New Members and Outreach Activities

IADI is increasing its funding of activities that reach out to potential Members and serve to retain existing Members. Providing greater value to Members and other Participants is an ongoing priority. Enhancing research and guidance, expanding training programs geared to the Core Principles, and providing access to other experts continues to produce a greater return on Members' investments in IADI.

IADI approved a strategy prepared by its MCC to leverage the Association's resources to retain and attract new Participants. The IADI outreach strategy, "Fostering Growth", includes a plan to enhance the value of IADI membership by increasing the number of deposit insurers in the Association. As part of the Strategy, new materials have been developed to promote participation in the Association and a half yearly profile prepared with key information about the Association.

A high priority for the Secretariat is member communications: keeping Members and other interested parties informed of IADI activities and events. During the year, the Secretariat announced future IADI-sponsored events on the Association's external website and, jointly with IADI's MCC, issued an IADI semi-annual newsletter, which provides information on initiatives and updates on Members' activities, as well as weekly deposit insurance headline updates on the internal website.

## Deposit Insurance Organization of the Year Award 2012

The Korea Deposit Insurance Corporation (KDIC) received the Deposit Insurance Organization of the Year Award 2012. The KDIC, a risk-minimizer, was established in 1998 and protects six financial sectors – banks, life insurers, non-life insurers, merchant banks, financial investment firms, and savings banks.

The award recognized the achievements of the KDIC. It successfully carried out prompt resolution of 16 failures in 2011 and another four failures in 2012. To minimize hardship to depositors, the period for provisional deposit payments (and advanced payment of

deposits not exceeding the coverage limit) was shortened from two weeks to four days, while the limit was increased from KRW 10 million to KRW 20 million. The KDIC has an enhanced role in the early detection of troubled member institutions, carrying out joint examinations of insured financial institutions with the financial supervisory service. The KDIC has signed memoranda of understanding for information sharing with the Financial Supervisory Service and the Bank of Korea. Further, the KDIC has carried out public awareness campaigns, reinforcing public confidence.

As an active Member of IADI, the KDIC serves as a member of the Executive Council and its representatives are involved with Standing and Regional Committees. The KDIC chaired two IADI sub-committees: the sub-committee on handling of systemic crises, and the sub-committee on integrated protection schemes. It has regularly seconded staff to the IADI Secretariat to support its operations. The KDIC has participated as a host, speaker, or moderator in international conferences, seminars and workshops. Further, it has provided extensive capacity building assistance to other deposit insurers, recently working with representatives from Mongolia, Nepal, Bhutan, Tanzania, Vietnam, China, and Nigeria. The award is a well-deserved recognition of the KDIC's achievements.

Following extensive analysis and work carried out by the MCC, the Executive Council has approved changes to the Deposit Insurance Organization of the Year Award, with effect from Autumn 2013.



## The Secretariat and its Staff

The BIS hosts IADI at its headquarters in Basel, Switzerland, and in accordance with the terms of a hosting agreement. The BIS-IADI hosting agreement was renewed and

extended, thereby maintaining the ongoing arrangement for IADI to interact with other organizations located at the BIS that also contribute to financial stability.

The hosting agreement provides facilities and other support for five full-time staff at the BIS. The Secretariat is composed of the Secretary General, Deputy Secretary General, and three secondees. The current secondees are sponsored by the DICJ, the FDIC, and the KDIC, each appointed to serve for a specified term.

## Use of Technology in Furthering IADI's Objects

Beyond the regular EXCO meetings and the AGM, the Association's business and affairs are largely conducted through Internet communications. This approach enables more frequent discussions without the need for additional physical meetings and the associated costs of both time and travel. The Association's website is an important tool used by Members and other Participants. In 2008, the Association implemented an end-to-end survey process to ensure the quality of deposit insurance surveys, and limit the burden on respondents. In 2010, the internal Members-only website was enhanced to provide a complete archive of IADI's internal documents, to organize materials allowing more efficient updating of internal work products, and to enable Members to more quickly locate historical materials and governance documents – including Committee terms of reference and new or updated policies. In 2011, a Database of Deposit Insurers was launched on the IADI internal website. This tool provides opportunities for Members to view, query, and download past survey information. The Bibliography of Deposit Insurance was also updated. Further enhancements to the Database are under active consideration, and the annual survey to update DIS data as of year-end 2012 is underway.

## IADI Leadership

The Association is governed by the AGM and an elected EXCO. EXCO is a working body and it has established several standing and regional committees to help fulfill its responsibilities. Committee terms of reference require that committees be largely self-reliant in achieving their mandates, and Mem-



---

## Strategic Priority Four: Continue to Expand IADI's Membership in the Coming Years, and Strengthen and Deepen IADI's Secretariat in order to Support the Membership and Objectives of the Association

bers at large are encouraged to actively participate in committees and to provide valuable input. EXCO sessions are held at least three times annually, and in order to maximize the benefits of those meetings, they are structured to encourage participation by Members, so as to foster the exchange and sharing of their knowledge and expertise. Currently, EXCO is comprised of 25 members as approved by the Association's Members at the 2012 AGM.

---

### President of the Association and Chair of the Executive Council

Jerzy Pruski, President of the Management Board, Bank Guarantee Fund (Poland), was elected President of IADI and Chair of EXCO on 25 October 2012, and replaced outgoing IADI President and Chair of EXCO, FDIC Chairman Martin Gruenberg (USA). Mr. Pruski had previously held the position of Vice Chair of EXCO since February 2012. Since September 2009, Mr. Pruski has held the position of President of the Management Board of the BGF and since October 2010, he has served as a member of IADI's EXCO.

---

### Treasurer of the Association

Rose Detho, Director of the Deposit Protection Fund Board (Kenya), was elected Treasurer of the Association, replacing Bakhyt Mazhenova, Chairman, Kazakhstan Deposit Insurance Corporation, whose term had expired.

---

### Composition of the Executive Council

IADI Members elected the following Designated Representatives as Executive Council members for three-year terms at the 11th AGM in London, UK, in October 2012:

**András Fekete-Győr**, National Deposit Insurance Fund of Hungary,

**María Inés Agudelo Valencia**, Fondo de Garantías de Instituciones Financieras, Colombia,

**Thomas M. Hoening**, Federal Deposit Insurance Corporation, USA.

The Members also expressed their gratitude to the following Designated Representatives who concluded their service as officers of the

Association and/or Executive Council members during the year as a result of retirement, reassignment within their home jurisdiction organizations, or other circumstances:

**Martin J. Gruenberg**, Chairman, Federal Deposit Insurance Corporation, USA, as former IADI President and EXCO Chair;

**Bakhyt Mazhenova**, Chairman of Kazakhstan Deposit Insurance Corporation, as former Treasurer of the Association.

**Earl Boodoo**, former General Manager, Deposit Insurance Corporation, Trinidad & Tobago;

**G. Gopalakrishna**, former Executive Director, Deposit Insurance and Credit Guarantee Corporation, India;

**José Luis Ochoa Bautista**, former Executive Secretary, Instituto para la Protección al Ahorro Bancario, Mexico;

**Josef Tauber**, Chairman of the Board of Administration, Deposit Insurance Fund, Czech Republic;

**Mónica Aparicio Smith**, former Executive Director of Fondo de Garantías de Entidades Financieras, Colombia;

**Silvana Sejko**, former General Manager, Albanian Deposit Insurance Agency, Albania; and

**Won-Tae Yi**, former Executive Vice President, Korea Deposit Insurance Corporation, Korea.

---

### Secretary General

Carlos Isoard, IADI's third Secretary General, has served in this position since being appointed by EXCO on 9 June 2010 for a three-year term starting 15 September 2010. Prior to this, Mr. Isoard worked as an independent professional, a member of the Audit Committee of Banco Nacional de Obras y Servicios Públicos, S.N.C. and a member of the Board of Financiera Mexicana para el Desarrollo Rural, S.A de C.V., SFP. Mr. Isoard also served as a Member of the Governing Board of the Instituto para la Protección al Ahorro Bancario (IPAB), Mexico, from May 1999 through December 2008. Mr. Isoard holds an MA in Economics from the University of Chicago and a BA in the same field

from the Instituto Tecnológico Autónomo de Mexico.

The responsibilities of the Secretary General are set out in the IADI Statutes, and include: acting as Secretary to EXCO; managing the Secretariat and providing services to the Association; processing applications for participation in the Association; maintaining appropriate records and registers of IADI Participants; and executing other functions assigned by EXCO.

Mr. Isoard is employed by the BIS on a full-time basis on behalf of IADI, and his office is located on the BIS premises in Basel, Switzerland. He reports to the IADI President.

Having a full-time Secretary General posted at the BIS enables IADI to interact more extensively with other safety-net organizations that also conduct activities through the BIS. The European location is central to the Association's Member jurisdictions, and enables the Secretary General to more readily participate in the Association's regional activities.

The Secretary General is supported by the Deputy Secretary General, Kim Peeters White, who has been at the BIS for over 12 years, and employed by IADI since 2002. She has served as IADI Deputy Secretary General since 2004.

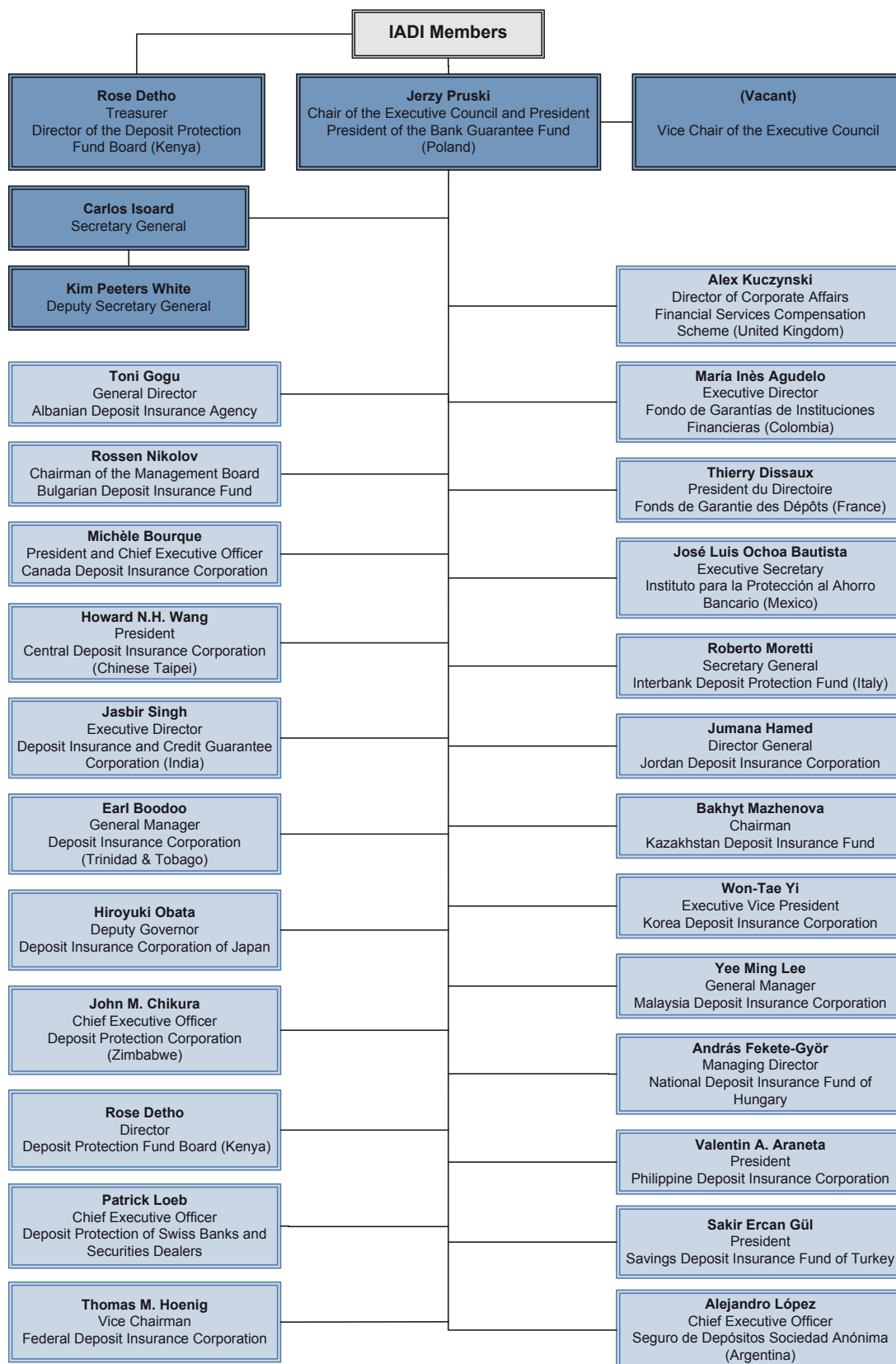
---

### Enhanced outreach activities

A defined procedure is in place to allocate and reallocate unused funds to the outreach efforts of IADI's regional committees. For costs associated with such activities, IADI allocates a set amount for each committee, and provides a process for reallocating unused funds (if any) to any regional committee seeking additional funds. In October 2012, EXCO approved the reallocation process, which is performed by the Secretary General in response to reallocation requests received from the regional committees.

# Leadership

## Executive Council (as of 31 March 2013)





## Standing Committees as of 31 March 2013

### Standing Committees as of 31 March 2013

<b>Governance</b>		Chairperson: Jerzy Pruski <i>Bank Guarantee Fund, Poland</i>
Valentin A. Araneta <i>Philippine Deposit Insurance Corporation</i>	Azad Javadov <i>Azerbaijan Deposit Insurance Fund</i>	
Earl Boodoo <i>Deposit Insurance Corporation, Trinidad and Tobago</i>	Alex Kuczynski <i>Financial Services Compensation Scheme, UK</i>	
Michèle Bourque <i>Canada Deposit Insurance Corporation</i>	Hiroyuki Obata <i>Deposit Insurance Corporation of Japan</i>	
Fred Carns <i>Federal Deposit Insurance Corporation, USA</i>	Alejandro López <i>Seguro de Depósitos Sociedad Anónima, Argentina</i>	
John M. Chikura <i>Deposit Protection Corporation, Zimbabwe</i>	Abdel Gadir Mohamed Ahmed Salih <i>Bank Deposit Security Fund of Sudan</i>	
Eugen Dijmărescu <i>Bank Deposit Guarantee Fund, Romania</i>	Gail Verley <i>Federal Deposit Insurance Corporation, USA</i>	
Yvonne Fan <i>Central Deposit Insurance Corporation, Chinese Taipei</i>		
<b>Audit</b>		Chairperson: Valentin A. Araneta <i>Philippine Deposit Insurance Corporation</i>
María Inés Agudelo Valencia <i>Fondo de Garantías de Instituciones Financieras, Colombia</i>	Patrick Loeb <i>Deposit Protection of Swiss Banks and Securities Dealers, Switzerland</i>	
Earl Boodoo <i>Deposit Insurance Corporation, Trinidad and Tobago</i>	Jasbir Singh <i>Deposit Insurance and Credit Guarantee Corporation, India</i>	
Umaru Ibrahim <i>Nigeria Deposit Insurance Corporation</i>	Rose Detho (Observer) <i>Deposit Protection Fund Board, Kenya</i>	
Yee Ming Lee <i>Malaysia Deposit Insurance Corporation</i>	Hiroyuki Obata (Observer) <i>Deposit Insurance Corporation of Japan</i>	
<b>Finance and Planning</b>		Chairperson: Hiroyuki Obata <i>Deposit Insurance Corporation of Japan</i>
Alejandro López <i>Seguro de Depósitos Sociedad Anónima, Argentina</i>	Renata Kadlecova <i>Deposit Insurance Fund, Czech Republic</i>	
András Fekete-Győr <i>National Deposit Insurance Fund of Hungary</i>	Rossen Nikolov <i>Bulgarian Deposit Insurance Fund</i>	
Andrey Melnikov <i>Deposit Insurance Agency, Russian Federation</i>	Toni Gogu <i>Albanian Deposit Insurance Agency</i>	
Fred Carns <i>Federal Deposit Insurance Corporation, USA</i>	Won-Tae Yi <i>Canada Deposit Insurance Corporation</i>	
John M. Chikura <i>Deposit Protection Board, Zimbabwe</i>	Rose Detho (Observer) <i>Deposit Protection Fund Board, Kenya</i>	

## Standing Committees as of 31 March 2013

### Data and Survey

Chairperson: Gail Verley  
*Federal Deposit Insurance Corporation, USA*

Vice Chairperson: Ricardo Velázquez  
*Instituto para la Protección al Ahorro Bancario, Mexico*

Joshua Lattimore  
*Canada Deposit Insurance Corporation*

International Survey Coordinator: Dolores Garcia-Cuerva  
*Seguro de Depósitos Sociedad Anónima, Argentina*

Jumana Hamed  
*Jordan Deposit Insurance Corporation*

IT Coordinator: JungSuk Kim  
*IADI Secretariat*

María Inés Agudelo Valencia  
*Fondo de Garantías de Instituciones Financieras, Colombia*

Database Administrator: Delia Lasconia  
*Federal Deposit Insurance Corporation, USA*

Patrick Loeb  
*Deposit Protection of Swiss Banks and Securities Dealers*

Aya Fujiki  
*Deposit Insurance Corporation of Japan*

José Luis Ochoa Bautista  
*Instituto para la Protección al Ahorro Bancario, Mexico*

Bakhyt Mazhenova  
*Kazakhstan Deposit Insurance Fund*

Romuald Szymczak  
*Bank Guarantee Fund, Poland*

Catherine Chou  
*Central Deposit Insurance Corporation, Chinese Taipei*

Rose Kushmeider  
*Federal Deposit Insurance Corporation, USA*

Christine Blair  
*Federal Deposit Insurance Corporation, USA*

Roumyana Markova  
*Bulgarian Deposit Insurance Fund*

David Walker  
*Canada Deposit Insurance Corporation*

SungHyun Yun  
*Korea Deposit Insurance Corporation*

Dirk Cupei  
*Deposit Protection Fund of the Association of German Banks*

Yee Ming Lee  
*Malaysia Deposit Insurance Corporation*

Fiona Yeh  
*Central Deposit Insurance Corporation, Chinese Taipei*

Yvonne Fan  
*Central Deposit Insurance Corporation, Chinese Taipei*

Jorge Sánchez  
*Corporación de Protección del Ahorro Bancario, Uruguay*

### Membership and Communication

Chairperson: Alex Kuczynski  
*Financial Services Compensation Scheme, UK*

Vice Chairperson: Roumyana Markova  
*Bulgarian Deposit Insurance Fund*

Hiroyuki Obata  
*Deposit Insurance Corporation of Japan*

Abdel Gadir Mohamed Ahmed Salih  
*Bank Deposit Insurance Fund, Sudan*

José Luis Ochoa Bautista  
*Instituto para la Protección al Ahorro Bancario, Mexico*

Alejandro López  
*Seguro de Depósitos Sociedad Anónima, Argentina*

John M. Chikura  
*Deposit Protection Board, Zimbabwe*

Ana Graciela Trejo Padilla  
*Instituto de Garantía de Depósitos, El Salvador*

Jumana Hamed  
*Jordan Deposit Insurance Corporation*

András Fekete-Györ  
*National Deposit Insurance Fund of Hungary*

María Inés Agudelo Valencia  
*Fondo de Garantías de Instituciones Financieras, Colombia*

Azad Javadov  
*Azerbaijan Deposit Insurance Fund*

Michèle Bourque  
*Canada Deposit Insurance Corporation*

Bakhyt Mazhenova  
*Kazakhstan Deposit Insurance Fund*

Patrick Loeb  
*Deposit Protection of Swiss Banks and Securities Dealers, Switzerland*

Earl Boodoo  
*Deposit Insurance Corporation, Trinidad and Tobago*

Thierry Dissaux  
*Fonds de Garantie des Dépôts, France*



## Standing Committees as of 31 March 2013

### Training and Conference

Chairperson: Fred Carns  
*Federal Deposit Insurance Corporation, USA*

Alex Kuczynski  
*Financial Services Compensation Scheme, UK*

András Fekete-Györ  
*National Deposit Insurance Fund of Hungary*

Howard N. H. Wang  
*Central Deposit Insurance Corporation, Chinese Taipei*

John M. Chikura  
*Deposit Protection Corporation, Zimbabwe*

Masami Yasuda  
*Deposit Insurance Corporation of Japan*

Maria Inés Agudelo Valencia  
*Fondo de Garantías de Instituciones Financieras, Colombia*

José Antonio Meza Cáceres  
*Fondo de Garantía de Depósitos – Banco Central del Paraguay*

Richard Malisa  
*Deposit Insurance Board of Tanzania*

Romuald Szymczak  
*Bank Guarantee Fund of Poland*

Rose Detho  
*Deposit Protection Fund Board, Kenya*

Toni Gogu  
*Albanian Deposit Insurance Agency*

Sunghyun Yun  
*Korea Deposit Insurance Corporation*

Thierry Dissaux  
*Fonds de Garantie des Dépôts, France*

Umaru Ibrahim  
*Nigeria Deposit Insurance Corporation*

Yee Ming Lee  
*Malaysia Deposit Insurance Corporation*

Yvonne Fan  
*Central Deposit Insurance Corporation, Chinese Taipei*

### Research and Guidance

Chairperson: Yvonne Fan  
*Central Deposit Insurance Corporation, Chinese Taipei*

Jacob Ade Afolabi  
*Nigeria Deposit Insurance Corporation*

Alejandro López  
*Seguro de Depósitos Sociedad Anónima, Argentina*

András Fekete-Györ  
*National Deposit Insurance Fund of Hungary*

Andrey Pekhterev  
*Deposit Insurance Agency, Russian Federation*

Bakhyt Mazhenova  
*Kazakhstan Deposit Insurance Fund*

Barbara Ryan  
*Federal Deposit Insurance Corporation, USA*

David Walker  
*Canada Deposit Insurance Corporation*

Earl Boodoo  
*Deposit Insurance Corporation, Trinidad and Tobago*

Fabio Mentone  
*Fundo de Garantidor de Créditos, Brazil*

Hiroyuki Obata  
*Deposit Insurance Corporation of Japan*

Jasbir Singh  
*Deposit Insurance and Credit Guarantee Corporation*

Jerzy Pruski  
*Bank Guarantee Fund, Poland*

José Luis Ochoa Bautista  
*Instituto para la Protección al Ahorro Bancario, Mexico*

Julien Reid  
*Autorité des Marchés Financiers, Québec*

Jumana Hamed  
*Jordan Deposit Insurance Corporation*

Karen Gibbons  
*Financial Services Compensation Scheme, UK*

Kyoung Ho Kim  
*Korea Deposit Insurance Corporation*

Mohamed Mahraoui  
*Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts, Morocco*

Patrick Loeb  
*Deposit Protection of Swiss Banks and Securities Dealers, Switzerland*

Rossen Nikolov  
*Bulgarian Deposit Insurance Fund*

Thierry Dissaux  
*Fonds de Garantie des Dépôts, France*

Valentin A. Araneta  
*Philippine Deposit Insurance Corporation*

## Regional Committees as of 31 March 2013

### Regional Committees as of 31 March 2013

<b>Africa</b>	Chairperson: John M. Chikura <i>Deposit Protection Board, Zimbabwe</i>
Vice Chairperson: Rose Detho <i>Deposit Protection Fund Board, Kenya</i>	Nkosana Mashiya <i>National Treasury, South Africa</i>
Abdel Gadir Mohamed Ahmed Salih <i>Bank Deposit Security Fund of Sudan</i>	Umaru Ibrahim <i>Nigeria Deposit Insurance Corporation</i>
Abraham M. Rasmini <i>Deposit Insurance Board of Tanzania</i>	Yandraduth Googoolye <i>Bank of Mauritius</i>
Justine Bagyenda <i>Bank of Uganda</i>	
<b>Asia-Pacific</b>	Chairperson: Hiroyuki Obata <i>Deposit Insurance Corporation of Japan</i>
Acting Vice Chairperson: Hyo Soon Choi <i>Korea Deposit Insurance Corporation</i>	Sorasit Soontornkes <i>Deposit Protection Agency, Thailand</i>
Azad Javadov <i>Azerbaijan Deposit Insurance Fund</i>	Tracy Chong Kun Ling <i>Brunei Darussalam Deposit Protection Corporation</i>
Bakhyt Mazhenova <i>Kazakhstan Deposit Insurance Fund</i>	Valentin A. Araneta <i>Philippine Deposit Insurance Corporation</i>
David Rush <i>Australian Prudential Regulation Authority</i>	Yee Ming Lee <i>Malaysia Deposit Insurance Corporation</i>
Howard N. H. Wang <i>Central Deposit Insurance Corporation, Chinese Taipei</i>	Yury Isaev <i>Deposit Insurance Agency, Russian Federation</i>
Jasbir Singh <i>Deposit Insurance and Credit Guarantee Corporation, India</i>	Batbaatar Batjargal <i>Bank of Mongolia</i>
Khac Son Bui <i>Deposit Insurance of Vietnam</i>	Hookyu Rhu <i>The SEACEN Centre</i>
Meena Datwani <i>Hong Kong Deposit Protection Board</i>	Masahiro Kawai <i>Asian Development Bank Institute</i>
Mirza Adityaswara <i>Indonesia Deposit Insurance Corporation</i>	Nestor A. Espenilla Jr. <i>Bangko Sentral ng Pilipinas</i>
Ooi Sin Teik <i>Singapore Deposit Insurance Corporation</i>	Siriporn Eamrunroj <i>Bank of Thailand</i>
S.K. Sur Chowdhury <i>Bangladesh Bank</i>	
<b>Caribbean</b>	Chairperson: Earl Boodoo <i>Deposit Insurance Corporation, Trinidad and Tobago</i>
Antoinette McKain <i>Jamaica Deposit Insurance Corporation</i>	Jenifer C. O'Neal <i>Ministry of Finance Government of the Virgin Islands</i>
Cassandra Nottage <i>Deposit Insurance Corporation, Central Bank of the Bahamas</i>	Justice W. LeRoy Inniss <i>Barbados Deposit Insurance Corporation</i>

## Regional Committees as of 31 March 2013

<b>Eurasia</b>	Azad Javadov <i>Azerbaijan Deposit Insurance Fund</i>	
Andrey Melnikov <i>Deposit Insurance Agency of the Russian Federation</i>		Olena Sharova <i>Deposit Guarantee Fund of Ukraine</i>
Bakhyt Mazhenova <i>Kazakhstan Deposit Insurance Fund</i>		
<b>Europe</b>	Eugen Dijmărescu <i>Bank Deposit Guarantee Fund, Romania</i>	
Vice-Chairperson: Karen Gibbons <i>Financial Services Compensation Scheme, UK</i>		Jerzy Pruski <i>Bank Guarantee Fund, Poland</i>
Alex Kuczynski <i>Financial Services Compensation Scheme, UK</i>		Josef Tauber <i>Deposit Insurance Fund, Czech Republic</i>
András Fekete-Győr <i>National Deposit Insurance Fund of Hungary</i>		Josip Nevjestic <i>Deposit Insurance Agency of Bosnia and Herzegovina</i>
Andrea Brüllmann <i>Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association</i>		Milorad Džambić <i>Deposit Insurance Agency of Serbia</i>
Andrey Melnikov <i>Deposit Insurance Agency, Russia</i>		Olena Sharova <i>Deposit Guarantee Fund, Ukraine</i>
Ayla Kucukoglu Keles <i>Savings Deposit Insurance Fund of Turkey</i>		Patrick Loeb <i>Deposit Protection of Swiss Banks and Securities Dealers, Switzerland</i>
Ben Dunning <i>Guernsey Banking Deposit Compensation Scheme</i>		Roberto Moretti <i>Interbank Deposit Protection Fund, Italy</i>
Daniel Barr <i>Swedish National Debt Office</i>		Rossen Nikolov <i>Bulgarian Deposit Insurance Fund</i>
Dirk Cupei <i>Deposit Protection Fund of the Association of German Banks</i>		Thierry Dissaux <i>Fonds de Garantie des Dépôts, France</i>
Herman Debremaeker <i>Deposit and Financial Instrument Protection Fund, Belgium</i>		Toni Gogu <i>Albanian Deposit Insurance Agency</i>
James Mews <i>Jersey Bank Depositors Compensation Board</i>		Violeta Arifi-Krasniqi <i>Deposit Insurance Fund of Kosovo</i>
<b>Latin America</b>	Alejandro López <i>Seguro de Depósitos, S. A., Argentina</i>	
Vice Chairperson: María Inés Agudelo Valencia <i>Fondo de Garantías de Instituciones Financieras, Colombia</i>		Juan Klingenberger <i>Fondo de Seguro de Depósitos, Peru</i>
Adela Hounie <i>Corporación de Protección del Ahorro Bancario, Uruguay</i>		José Luis Ochoa Bautista <i>Instituto para la Protección al Ahorro Bancario, Mexico</i>
Ana Graciela Trejo Padilla <i>Instituto de Garantía de Depósitos, El Salvador</i>		Miguel Ruiz <i>Corporación de Seguro de Depósitos, Ecuador</i>
David Alastre <i>Fondo de Protección Social de los Depósitos Bancarios, Venezuela</i>		Rolando José Sevilla Boza <i>Fondo de Garantía de Depósitos de las Instituciones Financieras, Nicaragua</i>
Fabio Mentone <i>Fundo Garantidor de Créditos, Brazil</i>		Sergio Francisco Recinos Rivera <i>Banco de Guatemala como administrador del Fondo para la Protección del Ahorro, Guatemala</i>
José Antonio Meza Cáceres <i>Unidad Administradora del Fondo de Garantía de Depósitos, Banco Central del Paraguay</i>		



## Regional Committees as of 31 March 2013

### Middle East and North Africa

Chairperson: Abdel Gadir Mohamed Ahmed Salih  
*Bank Deposit Security Fund of Sudan*

Vice-Chairperson: Jumana Hamed  
*Jordan Deposit Insurance Corporation*

Abderrahim Bouazza  
*Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts, Morocco*

Al Musbah Dardug  
*Bank Deposit Security Fund of Sudan*

Ayla Kucukoglu Keles  
*Savings Deposit Insurance Fund of Turkey*

Choaib El-Hassar  
*Bank of Algeria*

Khater Abi Habib  
*Institut National de Garantie des Dépôts, Lebanon*

Mohamed Mahraoui  
*Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts, Morocco*

Mohammed Manasrah  
*Palestinian Deposit Insurance Association*

Osama Naas  
*Depositor's Insurance Fund of Libya*

### North America

Chairperson: Michèle Bourque  
*Canada Deposit Insurance Corporation*

Secretary: Joshua Lattimore  
*Canada Deposit Insurance Corporation*

Fred Carns  
*Federal Deposit Insurance Corporation, USA*

José Luis Ochoa Bautista  
*Instituto para la Protección al Ahorro Bancario, Mexico*

Julien Reid  
*Autorité des Marchés Financiers, Québec, Canada*

To the General Meeting of  
International Association of Deposit Insurers, Basel

Zurich, 13 June 2013

## Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of International Association of Deposit Insurers for the financial year ended 31 March 2013.

These financial statements are the responsibility of the Executive Council. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of the Association's personnel and analytical procedures as well as detailed tests of the Association's documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law (art. 957 et seqq. Code of Obligations (CO)) and the articles of association.

Ernst & Young Ltd



Rolf Bächler  
Licensed audit expert  
(Auditor in charge)



Andreas Imbach  
Licensed audit expert

### Enclosure

- Financial statements (balance sheet, income statement, cash flow statement and notes)

**INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")****Statement of Financial Position**

As at 31 March 2013

(in Swiss Francs)

		31 March 2013	31 March 2012
<b>ASSETS</b>			
Cash	6	2'078'982	1'653'231
Prepayments	7	4'964	
Accounts receivable	7	52'497	104'958
		<u>2'136'443</u>	<u>1'758'189</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable	8	204'087	50'190
Deferred revenue	9	8'543	
		<u>212'630</u>	<u>50'190</u>
<b>Unrestricted Net Assets</b>			
Capital - Initial Fund contributions	10	681'216	652'741
Retained unrestricted assets		1'055'258	755'217
Unrestricted assets for the current year		187'340	300'041
		<u>1'923'814</u>	<u>1'707'999</u>
		<u>2'136'443</u>	<u>1'758'189</u>



# INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

## Statement of Activities

For the year ending 31 March 2013

(in Swiss Francs)

	For the period ended 31 March 2013	For the period ended 31 March 2012
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b><u>Operating revenue</u></b>		
Members Fees	740,350	720,418
Associates Fees	72,611	64,069
BIS Contribution	400,000	400,000
<b>Total operating revenue</b>	<b>1,212,961</b>	<b>1,184,486</b>
<b><u>Operating Expenses</u></b>		
Salaries	(657,500)	(645,586)
Conferences, Seminars and Meetings	(90,978)	(96,265)
Training Initiatives	(107,271)	(47,413)
Travel	(59,412)	(46,433)
Administration	(24,129)	(15,026)
Audit	(3,656)	(4,010)
IT and Communications	(2,433)	(1,130)
Membership & Outreach support	(80,000)	(28,267)
Publications and Research	(1,400)	(2,080)
<b>Total operating expenses</b>	<b>(1,026,780)</b>	<b>(886,210)</b>
<b>CHANGES IN OPERATING UNRESTRICTED NET ASSETS</b>	<b>186,181</b>	<b>298,276</b>
Interest Income	1,572	1,649
Other Income		129
Exchange Difference	(414)	(13)
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	<b>187,340</b>	<b>300,041</b>

# INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

## Statement of cash flows

For the period ending 31 March 2013

(in Swiss Francs)

	Notes	For the period ended 31 March 2013	For the year ended 31 March 2012
<b>Cash flow from / (used in) operating activities</b>			
Operating unrestricted net assets		187'340	300'041
<b>Net change in operating assets and liabilities</b>			
Deferred revenue		8'543	(11'390)
Accounts receivable		52'461	(87'317)
Prepayments		(4'984)	
Accounts payable		153'897	(32'524)
<b>Net Cash flow from / (used in) operating activities</b>		<u>397'276</u>	<u>168'811</u>
<b>Cash flow from / (used in) financing activities</b>			
Capital contributions from new members	10	28'475	11'390
<b>Net Cash flow from / (used in) financing activities</b>		<u>28'475</u>	<u>11'390</u>
<b>Net Increase / (decrease) in cash</b>		425'751	180'201
Cash at beginning of accounting period		1'653'231	1'473'031
Cash at end of accounting period	6	<u>2'078'982</u>	<u>1'653'231</u>

# International Association of Deposit Insurers

## DRAFT Notes to the Financial Statements

Year Ended 31 March 2013

---

### 1. NATURE OF ORGANIZATION

The International Association of Deposit Insurers (IADI, "the Association") is a non-profit organization organized under Swiss Law, domiciled in Basel, at the Bank for International Settlements.

Its Objects are to contribute to the stability of financial systems by promoting international cooperation in the field of deposit insurance and to encourage wide international contact among deposit insurers and other interested parties.

The Association receives annual Member, Associate and Observer fees from its participants:

**Members:** Entities that, under law or agreements, provide deposit insurance, depositor protection or deposit guarantee arrangements as set out in Article 5 of the Statutes.

**Associates:** Entities that do not fulfill all the criteria of Members, but who are considering the establishment of a deposit insurance system or other entities that are part of a financial safety net and have a direct interest in the effectiveness of a deposit insurance system.

**Observers:** Other interested parties such as international organizations, financial institutions, or not-for-profit professional firms. At the AGM of 24 September 2009, IADI Members amended the Statutes to eliminate the participation of for-profit Observers in the Association.

**Partners:** Entities who enter into cooperative arrangements with the Association in the pursuit and furtherance of the Objects of the Association. They may be involved in the activities of the Association in a manner determined by the Executive Council.

#### **Annual Fees:**

**Members:** CHF 11,390 fee with an initial fund contribution of CHF 11,390 payable over two years, have a right to vote at meetings and hold office.

**Associates:** CHF 8,542.50 fee, no vote but may participate in the activities of IADI.

**Observers:** CHF 5,695 fee, no vote but may participate in the activities of IADI.

**Partners:** No fees due.

**The governing bodies** of the Association are the General Meeting of Members and the Executive Council. The Executive Council has established Standing Committees covering Audit, Data and Survey, Training and Conferences, Research and Guidance, Membership and Communications, Finance and Planning, and Governance. Eight regional committees have been established (Africa, Asia Pacific, the Caribbean, Eurasia, Europe, Latin America, and the Middle East & North Africa, and North America). The Secretary General acts as the Secretary to the Executive Council supported by the Deputy Secretary General.

**The Executive Council** is composed of duly elected members who govern the business and affairs of the IADI. Jerzy Pruski, President of the Management Board of the Bank Guarantee Fund of Poland, is the Chair of the Executive Council and acts as



President of the Association. The Treasurer is Rose Detho, Director of Deposit Protection Fund Board of Kenya.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounts of IADI are drawn up on an historical cost basis and income and expense items are recorded on the accrual basis.

### **A. Scope of the financial statements**

These financial statements contain all assets and liabilities that are controlled by the Association and in respect of which the economic benefits as well as the rights and obligations lie predominantly with the Association.

### **B. Functional and presentation currency**

Being an international organization, the Association is exposed to various currencies when conducting its activities. The main currencies the Association deals in are CHF and EUR.

All transactions are recorded in CHF at the exchange rates prevailing at the date of the transaction.

Exchange differences arising from the retranslation of monetary assets and liabilities are included as net foreign exchange gains or losses in the statement of activities.

### **C. Cash**

The Association considers cash to be current bank accounts.

### **D. Investments held to maturity**

Investments are made in accordance with the investment policy, which was approved by the Executive Council in 2005 amended in 2009 and which is reviewed periodically. All revenues from cash and investments are accounted for in Interest Income.

### **E. Accounts Receivable and Accounts Payable**

Accounts receivable and accounts payable are principally short-term amounts relating to the settlement of transactions as a result of activities of the organization. They are included in the balance sheet at nominal value.

### **F. Uncollected Annual Fees**

Provisions are recognized, as a charge to the statement of activities, if the Association has a concern over the recovery of outstanding accounts receivable.

### 3. SENSITIVITY TO FOREIGN EXCHANGE MOVEMENTS

Trading activity in the year was predominantly denominated in CHF, but the financial statements have been slightly affected by fluctuations in EUR.

At the Executive Council Meeting on 11 June 2008, it was agreed to change the Association's official currency to Swiss Francs (previously U.S. dollars) to reduce sensitivity to foreign exchange movements. As of the financial year ending 31 March 2009, IADI collects its Annual Fees in CHF, and most expenses are in CHF.

### 4. BENEFITS RECEIVED

The Association is hosted by the Bank for International Settlements, Basel, and benefits from administration, meeting facilities, IT services, accounting, a contribution to its operations and other advisory services provided by the Bank for International Settlements. IADI's members also contribute resources to support the strategic objectives of the Association, including staff seconded to IADI and support for regional conferences and Executive training.

The total amount of these benefits has not been determined.

### 5. INCOME TAXES

The Association is exempt from income tax.

### 6. CASH

	Exchange rates at 31 March 2013	31 March 2013 CHF Value	Exchange rates at 31 March 2012	31 March 2012 CHF Value
CHF Current Accounts		2,078,286		1,651,890
EUR Current Accounts	CHF / EUR: 1.216114	696	CHF / EUR: 1.203699	1,341
		<b>2,078,982</b>		<b>1,653,231</b>

### 7. ACCOUNTS RECEIVABLE

	31 March 2013 CHF Value	31 March 2012 CHF Value
Membership fees	0	2,848
Other receivables	52,497	2,110
Contribution to operations	0	100,000
	<b>52,497</b>	<b>104,958</b>



## 8. ACCOUNTS PAYABLE

Accounts payable mainly consists of year-end accruals for transactions incurred as a result of the Association's activities during March 2013. These amounts are payable to the Bank for International Settlements, the Auditors and other parties who have performed services for the benefit of the Association.

	<b>31 March 2013</b>	<b>31 March 2012</b>
	CHF Value	CHF Value
Audit	4,200	4,400
Salaries	127,343	25,729
Regional Outreach Funding	33,320	
Conferences, Seminars and Meetings	2,923	
Travel	19,782	5,531
Administration, IT and Communications	16,519	14,530
	<b>204,087</b>	<b>50,190</b>

## 9. DEFERRED REVENUE

Deferred Revenue relates to the prepayment of a Member's fee for the financial year 2013/14.

	<b>31 March 2013</b>	<b>31 March 2012</b>
	CHF Value	CHF Value
Members	8,543	-
Associates	-	-
Observers	-	-
	<b>8,543</b>	<b>-</b>

## 10. CAPITAL: Initial Fund Contributions

	<b>31 March 2013</b>	<b>31 March 2012</b>
	CHF Value	CHF Value
Initial Fund Contributions	698,301	664,131
Less: unpaid Initial Fund Contributions	(17,085)	(11,390)
Paid up Initial Fund Contributions	<b>681,216</b>	<b>652,741</b>
Number of Members	67	64

The unpaid Initial Fund Contributions relate to payments due in future accounting periods.



## 11. INTEREST INCOME

	<b>31 March 2013</b>	<b>31 March 2012</b>
	CHF Value	CHF Value
Bank accounts	<u>1,572</u>	<u>1,649</u>

# Annex I: Participants in the International Association of Deposit Insurers as of 31 March 2013

IADI's Participants include Members, Associates, Observers and Partners.

**Members** are entities that, under law or agreement, have a deposit insurance system, and have been approved for membership in the Association. An **Associate** is an entity that does not fulfill all of the criteria to be a Member, but which is considering the establishment of a deposit insurance system, or is part of a financial safety-net and has a direct interest in the effectiveness of a deposit insurance system. **Observers** are interested parties that are not-for-profit entities which do not fulfill the criteria to be an Associate, and **Partners** are not-for-profit entities that enter into a cooperative arrangement with the Association.

For complete definitions, please see the **Statutes of the International Association of Deposit Insurers**.

## Members

*Albanian Deposit Insurance Agency*

Toni Gogu

**General Director**

*Australian Prudential Regulation Authority*

David Rush

**General Manager, Crisis Resolution and Support**

*Autorité des Marchés Financiers (Québec, Canada)*

Julien Reid

**Senior Director, Standards and Deposit Insurance Section**

*Azerbaijan Deposit Insurance Fund*

Azad Javadov

**Executive Director**

*Banco de Guatemala como Administrador del Fondo para la Protección del Ahorro*

Sergio Francisco Recinos Rivera

**General Manager**

*Bangladesh Bank*

S.K. Sur Chowdhury

**Deputy Governor**

*Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts (Morocco)*

Abderrahim Bouazza

**Head of the Banking Supervision Department**

*Bank Deposit Guarantee Fund (Romania)*

Eugen Dijmărescu

**Chief Executive Officer**

*Bank Deposit Security Fund (Sudan)*

Abdel Gadir Mohamed Ahmed Salih

**General Manager**

*Bank of Uganda*

Justine Bagyenda

**Executive Director Supervision, BOU**

*Bank Guarantee Fund (Poland)*

Jerzy Pruski

**President of the Management Board**

*Barbados Deposit Insurance Corporation (BDIC)*

Justice W. LeRoy Inniss Q. C.

**Chairman**

*Brunei Darussalam Deposit Protection Corporation*

Tracy Chong Kun Ling

**Senior Manager, BDPC**

*Bulgarian Deposit Insurance Fund*

Rossen Nikolov

**Chairman of the Management Board**

*Canada Deposit Insurance Corporation*

Michèle Bourque

**President and Chief Executive Officer**

*Central Deposit Insurance Corporation (Chinese Taipei)*

Howard N.H. Wang

**President**

*Corporación de Protección del Ahorro Bancario (Uruguay)*

Jorge Sánchez

**General Manager**

*Corporación del Seguro de Depósitos (COSEDE) Ecuador*

Miguel Ruiz

**President**

*Deposit and Financial Instrument Protection Fund (Belgium)*

Herman Debremaeker

**Secretary General**

*Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association*

Andrea Brüllmann

**Legal Council / International Affairs**

*Deposit Guarantee Fund (Ukraine)*

Olena Sharova

**Managing Director**

*Deposit Insurance Agency (Russian Federation)*

Yury Isaev

**General Director**

*Deposit Insurance Agency (Serbia)*

Milorad Džambić

**Acting Director**

*Deposit Insurance Agency of Bosnia and Herzegovina*

Josip Nevjestic

**Director**

*Deposit Insurance and Credit Guarantee Corporation (India)*

Jasbir Singh

**Chief Executive Officer**

*Deposit Insurance Board of Tanzania*

Abraham Rasmini

**Director**

*Deposit Insurance Corporation (Trinidad and Tobago)*

Earl Boodoo

**General Manager**

*Deposit Insurance Corporation of Japan*

Hiroyuki Obata

**Deputy Governor**

*Deposit Insurance Corporation, Central Bank of The Bahamas*

Cassandra Nottage

**Board Member**

*Deposit Insurance Fund (Czech Republic)*

Josef Tauber

**Chairman of the Board of Administration**

*Deposit Insurance Fund of Kosovo*

Violeta Arifi-Krasniqi

**Managing Director**

*Deposit Insurance of Vietnam*

Khac Son Bui

**General Director**

*Deposit Protection Agency (Thailand)*

Sorasit Soontornke

**President**

*Deposit Protection Corporation (Zimbabwe)*

John M. Chikura

**Chief Executive Officer**

## Annex I: Participants in the International Association of Deposit Insurers as of 31 March 2013

*Deposit Protection Fund Board (Kenya)*

Rose Detho

**Director**

*Deposit Protection of Swiss Banks and Securities Dealers (Switzerland)*

Patrick Loeb

**Chief Executive Officer**

*Depositor's Insurance Fund (Libya)*

Osama Naas

**General Manager**

*Federal Deposit Insurance Corporation (USA)*

Thomas Hoenig

**Vice Chairman**

*Financial Services Compensation Scheme (UK)*

Alex Kuczynski

**Director of Corporate Affairs**

*Fondo de Protección Social de los Depósitos Bancarios (Venezuela)*

David Alejandro Alastre

**President**

*Fondo de Garantía de Depósitos de las Instituciones Financieras (Nicaragua)*

Rolando Sevilla Boza

**President**

*Fondo de Garantía de Depósitos – Banco Central del Paraguay*

José Antonio Meza Cáceres

**Deputy**

*Fondo de Garantías de Instituciones Financieras (Colombia)*

María Inés Agudelo

**General Director**

*Fondo de Seguro de Depósitos (Peru)*

Juan Klingenberg

**President**

*Fonds de Garantie des Dépôts (France)*

Thierry Dissaux

**Chief Executive Officer**

*Fundo Garantidor de Créditos (Brazil)*

Fabio Mentone

**Director**

*Guernsey Banking Deposit Compensation Scheme*

Charles Tracy

**Chairman of the Board**

*Hong Kong Deposit Protection Board*

Meena Datwani

**Chief Executive Officer**

*Indonesia Deposit Insurance Corporation*

Mirza Adityaswara

**Chief Executive Officer**

*Institut National de Garantie des Dépôts (Lebanon)*

Khater Abi Habib

**Chairman and General Manager**

*Instituto de Garantía de Depósitos (El Salvador)*

Ana Graciela Trejo Padilla

**President**

*Instituto para la Protección al Ahorro Bancario (Mexico)*

José Luis Ochoa Bautista

**Executive Secretary**

*Interbank Deposit Protection Fund (Italy)*

Roberto Moretti

**Secretary General**

*Jamaica Deposit Insurance Corporation*

Antoinette McKain

**Chief Executive Officer**

*Jersey Bank Depositors Compensation Board*

James Mews

**Director, Finance Industry Development, Economic Development Department**

*Jordan Deposit Insurance Corporation*

Jumana Hamed

**General Director**

*Kazakhstan Deposit Insurance Fund*

Bakhyt Mazhenova

**Chairman**

*Korea Deposit Insurance Corporation*

Won-Tae Yi

**Executive Vice-President**

*Malaysia Deposit Insurance Corporation*

Yee Ming Lee

**General Manager, Policy & International Division**

*National Deposit Insurance Fund of Hungary*

András Fekete-Györ

**Managing Director**

*Nigeria Deposit Insurance Corporation*

Umaru Ibrahim

**Managing Director & Chief Executive**

*Philippine Deposit Insurance Corporation*

Valentin A. Araneta

**President**

*Savings Deposit Insurance Fund of Turkey*

Sakir Ercan Gül

**President**

*Seguro de Depósitos Sociedad Anónima (Argentina)*

Alejandro López

**Chief Executive Officer**

*Singapore Deposit Insurance Corporation*

Ooi Sin Teik

**Chief Executive Officer**

*Swedish National Debt Office*

Daniel Barr

**Head of the Financial Stability & Consumer Protection Department**

*The Association of German Banks –*

*The Deposit Protection Fund of German Banks (Germany)*

Dirk Cupei

**Managing Director, Financial Stability**

---

### Associates

*Bangko Sentral ng Pilipinas*

Nestor A. Espenilla, Jr

**Deputy Governor**

*Bank of Algeria*

Choaib El-Hassar

**Deputy Governor**

*Bank of Mauritius*

Yandraduth Googoolye

**First Deputy Governor**

*Bank of Mongolia*

Batbaatar Batjargal

**Supervisor of Policy and Restructuring Division of Supervision Department**

*Bank of Thailand*

Siriporn Eamrungrroj

**Director, Fund Management Office**

*Central Bank of Lesotho*

Dr. Ret'selisitsoe Adelaide Matlanyane

**Governor**



## Annex I: Participants in the International Association of Deposit Insurers as of 31 March 2013

*Ministry of Finance*

*Government of the British Virgin Islands*

Neil M. Smith

**Financial Secretary, Ministry of Finance**

*National Treasury*

Ingrid Goodspeed

**Chief Director, Financial and Market**

**Conduct**

*South African Reserve Bank*

Dr. Nicola Brink

**AGM, Financial Stability Unit**

*The Palestine Monetary Authority*

Riyad Mustafa Abu Shehadeh

**Director of Supervision and Inspection**

**Department**

*The Toronto International Leadership Centre  
for Financial Sector Supervision*

Chris Cardoza

**Program Director**

*US Department of the Treasury Office of  
International Affairs Technical Assistance*

Vilma Rosa Leon-York

**Adviser – Deposit Insurance Systems**

*Union of Arab Banks*

Mr. Wissam Fattouh

**Secretary General**

*The World Bank*

Claire McGuire

**Financial and Private Sector Development**

---

### Partners

*Asian Development Bank Institute*

Masahiro Kawai

**Dean and Chief Executive Officer**

*Association of Supervisors of Banks of the  
Americas (ASBA)*

Rudy V. Araujo Medinacelli

**Secretary General**

*Centro de Estudios Monetarios Latinoameri-  
canos (CEMLA)*

NAME TO BE CONFIRMED

*European Bank for Reconstruction and  
Development*

Alan Popoff

**Deputy Director, Financial Institutions**

*European Forum of Deposit Insurers*

Roberto Moretti

**Chairman**

*Inter-American Development Bank (IADB)*

Kurt Focke

**Division Chief Capital Markets and  
Financial Institutions**

*International Monetary Fund*

Ceyla Pazarbiasoglu

**(title not available)**

*The SEACEN Centre*

Hookyu Rhu

**Executive Director**

## Annex II: Executive Summary of the Proceedings from the 11th IADI Annual Conference and Annual General Meeting, London, UK (24–25 October 2012)

### Executive Summary of the Proceedings from the 11th IADI Annual Conference and Annual General Meeting, London, UK (24–25 October 2012)

The events were hosted by the Financial Services Compensation Scheme (FSCS) at the Tower Hotel in London, UK, and chaired by Mr. Mark Neale, Chief Executive of the FSCS.

#### Opening Remarks

The conference was opened by Mark Neale, Chief Executive of the FSCS, UK. Mr. Neale acknowledged contributions made by Mr. Martin J. Gruenberg, President and Chair of the Executive Council of IADI and Chairman of the Federal Deposit Insurance Corporation (FDIC), USA, with regard to deposit insurance systems and IADI. He then reported on the lessons learned in the UK as a result of the financial crisis of 2007/2008; stated his views on the essential characteristics of successful deposit insurance regimes; and shared aspects of the FSCS's public awareness campaign and their payout plan.

#### Welcoming Remarks

**Martin J. Gruenberg**, Chairman, Federal Deposit Insurance Corporation (FDIC), welcomed the participants to IADI's 11th Annual Conference and the celebration of its 10th anniversary. Mr. Gruenberg thanked Mark Neale, CEO of the FSCS, and the FSCS staff for hosting the conference. He emphasized that the theme of this year's conference, "Deposit Insurers and the Financial Safety-Net", recognized the significant lessons of the financial crisis, including the important role of deposit insurance – not only for the security of individual depositors, but also for global financial stability. He noted that IADI is now recognized as the standard-setting body for deposit insurance by all major public international financial organizations, including the Financial Stability Board (FSB) of the Group of 20 (G20), the Basel Committee on Banking Supervision (BCBS), the International Monetary Fund (IMF), and the World Bank.

#### Opening Address

**Greg Clark MP**, Financial Secretary to Her Majesty's Treasury, UK, noted that lessons learned from the recent global financial crisis include: the essential need for a credible regime for the protection of depositors to ensure financial stability; good regulations to support financial stability; and open and competitive markets to help underpin consumers' confidence in and their good relationship with financial institutions. Mr. Clark expects that the reforms in the UK, Europe and around the world in months to come will shape the landscape of financial services sectors.

#### Bank Resolution – Eurozone Focus

**Nathalie de Basaldúa**, Head, Financial Stability Unit, European Commission, reviewed the European framework for a more resilient banking system and discussed the proposed new Capital Requirements Directive (CRD IV) and its key elements regarding capital, liquidity and leverage. She referred to the Bank Recovery and Resolution (BRR) Directive proposal to maintain financial stability, minimize costs to taxpayers, and avoid disorderly insolvency. She discussed the Liikanen Group (European Commission's High-Level Expert Group on Reforming the Structure of the EU Banking Sector).

**Aerdt Houben**, Director, Financial Stability Division, De Nederlandsche Bank, focused on the role of resolution and deposit guarantee schemes in the Banking Union from a jurisdiction perspective. Mr. Houben underlined the conditions for European resolution funding: an effective resolution regime – including bail-in to minimize taxpayer costs; along with necessary steps towards a European deposit guarantee scheme.

#### Session 1

**Government, Legislation and International Bodies** was moderated by **Jerzy Pruski**, Vice Chair of the Executive Council of IADI and President of the Management Board, Bank Guarantee Fund, Poland. Mr. Pruski stated that the topics of this panel included the global macroeconomic environment and its impact on financial stability in the aftermath of the crisis; the role played by deposit

guarantee schemes; IADI's research papers prepared in response to the FSB's Peer Review recommendations; and the moral hazard issue.

**Philip Turner**, Deputy Head of the Monetary and Economic Department and Director of Policy, Coordination and Administration at the BIS, began by portraying the linkages between the BIS, IADI, the macroeconomic environment and financial stability. He then turned to the connections between the different parts of the financial safety-net, and emphasized the role of international cooperation in light of the lessons learnt from the FSB Peer Review on Deposit Insurance Systems.

**Arthur Yuen**, Deputy Chief Executive, Hong Kong Monetary Authority, spoke on the issues of the FSB Peer Review, and explained that the main objectives of the report were to take stock of deposit insurance systems in FSB member jurisdictions and to draw lessons from reforms implemented in response to the crisis. Mr. Yuen said that the report has shown room for improvement in achieving full and consistent implementation of the Core Principles, highlighting the areas for further research and guidance.

**David Walker**, Managing Director, Policy and International Department, Canada Deposit Insurance Corporation (CDIC), explained that IADI has been developing guidance papers to address the recommendations of the FSB's Peer Review. Mr. Walker reported that drafts of papers on coverage, payout, moral hazard and public awareness have been completed and the work on the remaining two – funding and multiple deposit insurance systems – will be conducted in the course of 2013. He added that the papers provide additional guidance in areas where the Core Principles require greater precision to achieve effective compliance with leading practices.

**Thomas Hoenig**, Vice Chairman, FDIC, USA, observed that even while the benefits of deposit insurance systems in the financial safety-net and the financial system are recognized by all, the establishment of guarantee programs is always accompanied by moral hazard. Mr. Hoenig further pointed to three important issues: coverage limits, capital levels, and a strong supervisory framework. He

## Annex II: Executive Summary of the Proceedings from the 11th IADI Annual Conference and Annual General Meeting, London, UK (24–25 October 2012)

concluded by stating that it is appropriate to have the three aspects in mind when introducing and implementing deposit insurance systems.

### Keynote Speaker I

**Andrew Bailey**, Managing Director, Prudential Business Unit, Financial Services Authority (FSA), UK, began by pointing out how the UK entered the crisis with an underdeveloped deposit insurance scheme without proper integration into the crisis management and resolution framework, and also without adequate public awareness. Several changes have since been made to address the problems with the aim of making the UK arrangements very much like other successful regimes, and providing a simple, clear and effective message to depositors.

### Session 2

**Relationship with Regulators** was moderated by **Patrick Loeb**, CEO, Deposit Protection of Swiss Banks and Securities Dealers, Switzerland. Mr. Loeb gave an overview of the concept of the financial safety-net and emphasized the importance of maintaining regular and formal interaction between the deposit insurance agencies and other financial regulators.

**G. Gopalakrishna**, Executive Director, Deposit Insurance and Credit Guarantee Corporation (DICGC), India, noted that each jurisdiction has its unique safety-net framework, with varying authorities assigned to each participant. Mr. Gopalakrishna observed that a deposit insurer's relationships with other regulators could be informal or formal, enshrined in legislation, or provided for in a memorandum of understanding. He also described the financial regulatory architecture in India and its challenges.

**Michèle Bourque**, President and Chief Executive Officer, Canada Deposit Insurance Corporation (CDIC), focused on the deposit insurer's relationship with the prudential supervisor and noted that an effective relationship is one that supports both organizations in meeting, their respective mandates. Ms. Bourque shared the CDIC's experience and highlighted key ingredients that contribute to a successful relationship.

**Daniel Barr**, Head of the Financial Stability & Consumer Protection Department, Swedish National Debt Office, started with a brief history of the Swedish deposit guarantee program. He then discussed the existing safety-net framework in Sweden. The Swedish Stability Council, based on an MoU between four financial safety-net players, provides for exchange of information, coordination and consultation, but has no decision-making powers. In addition, a Nordic Baltic Stability Group has been established based on an MoU between authorities in Sweden, Denmark, Norway, Finland, Estonia, Lithuania, and Latvia for various purposes such as information sharing, burden sharing and crisis management.

### Keynote Speaker II

**Anthony Browne**, Chief Executive, British Bankers Association, UK, emphasized the importance of re-establishing consumer confidence in the banking sector, which was lost as a result of the recent financial crisis. Mr. Browne noted that part of the reason people lost trust was that the UK's deposit guarantee scheme arrangements at the time did not provide depositors with the guarantee they needed, and the public did not know when they would recover their money. He said that the FSCS is committed to reimbursing customers within seven days of a bank failure and 20 days in the most complex cases, and has conducted a large-scale public awareness campaign supported by the government and the industry to enhance public confidence. Finally, he mentioned ongoing discussions regarding a pre-funded deposit guarantee scheme.

### Session 3

**Relationships with Central Banks** was moderated by **Earl Boodoo**, General Manager, Deposit Insurance Corporation, Trinidad and Tobago. Dr. Boodoo commented on the importance of a harmonious relationship between the central bank, the regulator and the deposit insurer. He noted that the issue of efficiency in resolutions, and particularly in payouts, demands a collaborative effort on the part of all to ensure timely intervention and limit exposures to the deposit insurance fund.

**Peter Brierley**, Head of Policy, Special Resolution Unit, Bank of England, discussed the relationship among the safety-net players and said that, in the UK, the Bank of England plays the lead role, and the FSCS is a member of the safety-net. The decision to place a financially distressed bank into insolvency rests with the Bank of England, and is carried out under a Bank Insolvency Procedure (BIP). He explained the workings of the BIP using the example of Southsea Mortgage and Investment Company Limited, a Havant-based bank that went into insolvency on 16 June 2011.

**JP Sabourin**, Chief Executive Officer, Malaysia Deposit Insurance Corporation (MDIC), focused on the Strategic Alliance Agreement (SAA) between Bank Negara Malaysia (central bank) and the MDIC. Mr. Sabourin discussed a template outlining early detection and a timely intervention framework. He commented on the triggers for early intervention and stated the need for safety-net players to know their specific roles and when to act. He concluded that, among other things, safety-net players have different mandates, but share the common goal of maintaining financial stability.

**Rose Detho**, Director, Deposit Protection Fund Board, Kenya, noted that central banks and deposit insurance schemes are critical players in the financial safety-net and, despite having differing mandates, may have functions that are interrelated, co-dependent or complementary to each other. Ms. Detho then stated that the core objective of central banks and deposit insurers is to instill public confidence and foster financial stability. Their mandates and functions must be consistent with public policy objectives.

### Keynote Speaker III – Dinner Speech

**Martin J. Gruenberg** began his speech by focusing on the advances IADI has made in providing a forum for sharing knowledge and experiences, as well as providing the international standards for effective deposit insurance systems. Mr. Gruenberg stated that IADI's set of Core Principles for Effective Deposit Insurance Systems were completed in June 2009 – in line with the request from the FSB's predecessor, the FSF – and were prepared in collaboration with the Basel



## Annex II: Executive Summary of the Proceedings from the 11th IADI Annual Conference and Annual General Meeting, London, UK (24–25 October 2012)

Committee on Banking Supervision (BCBS). Representatives of IADI, the BCBS, the IMF, the World Bank, the European Forum of Deposit Insurers (EFDI) and the European Commission (EC) formed a task force to develop and test the methodology (a formalized process to assess Core Principles compliance); this was approved by IADI and the BCBS in December 2010. The IMF and World Bank also officially recognized the principles for use in their Financial Sector Assessment Program (FSAP) Reviews. IADI's collaboration with the FSB includes participation in thematic peer reviews of the G20 jurisdictions utilizing the Core Principles, as well as involvement in the FSB's Resolution Steering Group. IADI has now been tasked to work in consultation with the BCBS and other relevant bodies to produce a set of focused papers. Finally, Mr. Gruenberg commented that, as his tenure as IADI President and Chair of the Executive Council comes to an end, it has been a great privilege to help advance IADI's mission and vision in the last five years.

### Keynote Speaker IV

**Martin Lewis**, Creator of MoneySavingExpert.com, UK, began by mentioning the role of deposit insurers in public awareness. Mr. Lewis noted the importance of mitigating moral hazard and providing confidence to the public. He concluded that, in essence, it is important to reduce the existing complexities in public awareness messages and to make messages clearer. He reiterated the importance of constant communication since it is the only means to provide confidence and safety.

### Session 4

**Consumer Expectations and Awareness** was moderated by **Fred Carns**, Director, Office, International Affairs, FDIC, USA. Mr. Carns highlighted the importance of the public awareness work in supporting a successful deposit insurance mechanism – which was also the central theme of this panel.

**Howard Wang**, President, Central Deposit Insurance Corporation (CDIC), Chinese Taipei, shared with the audience his deposit insurance agency's experience in communi-

cating with consumers and promoting public awareness. Mr. Wang then addressed the key factors for a successful and effective public awareness program, including “objectives”, “strategy” and “The three Ms”: Message, Media and Money. He concluded that, to maintain a high level of public awareness, based on the CDIC's experience the secrets is to “Keep on Doing” and “Keep on Watching”.

**José Luis Ochoa Bautista**, Executive Secretary, Instituto para la Protección al Ahorro Bancario (IPAB), Mexico, gave a brief overview of the deposit insurance system in Mexico and then presented the public awareness and consumer expectation challenges that IPAB currently faces. He concluded that, as a lesson from the recent international financial crisis, savers and consumers have a heightened need and greater expectations of the deposit insurer and the financial safety-net, including: certainty, trust, guarantee, information and financial education – and, if required, a prompt reimbursement process.

**Andrew Campbell**, Professor, International Banking and Finance Law, University of Leeds, UK, explained that consumer expectations and awareness include two components: the awareness of bank depositors; and what their expectations in this regard actually are. Mr. Campbell then presented some background and referenced the USA, EU and UK. He concluded that some of the design features of EU protection schemes lead to consumer doubt about whether they will be able to meet expectations. In his view, the EU needs to adopt new strategies – perhaps a pre-funded pan-European deposit guarantee scheme – to deliver a realistic level of consumer expectation.

### Keynote Speaker V

**Carol Sergeant**, CBE, Member, European Commission's High-Level Expert Group on Reforming the Structure of the EU Banking Sector (Liikanen Group), began with a discussion of the establishment of the Liikanen Group and its mandate. Ms. Sergeant highlighted the main recommendations of the Liikanen Report published on 2 October 2012. She concluded by noting that the Liikanen Report recommendations are complementary to and consistent with the current reforms and proposals. They aim at mak-

ing banks less risky, more resilient, more transparent, and easier to manage, monitor, supervise and resolve. The recommendations will help to make the system more stable and compatible, and contribute to better outcomes for consumers.

### Keynote Speaker VI – Closing Speech of the Conference

**Paul Tucker**, Deputy Governor, Financial Stability, Bank of England, emphasized the key role played by the deposit insurer in maintaining financial stability. He then discussed the development of resolution regimes for coping with the failure of complex banks and the role of deposit insurance in this matter. He also provided an explanation of the bail-in concept, which applies losses upfront based on a valuation rather than at the end of a liquidation of assets. In conclusion, Mr. Tucker reiterated that international authorities are committed to maintaining global finance without trying to create a new order that incorporates financial protectionism. The FSB's global agenda will significantly reduce, if not remove, the need for some of the balkanizing tendencies.

### Closing Remarks

**Mark Neale**, on behalf of the FSCS, expressed his appreciation to all attendees and presenters for their participation, and for having shared their experience and expertise on all aspects of financial safety-nets.

## Annex III: Research and Guidance Committee Advisory Panel

### Research and Guidance Committee Advisory Panel

Since 2008, IADI's Research and Guidance Committee (RGC) has had in place an Advisory Panel consisting of experts on deposit insurance and financial stability issues, to provide advice and independent reviews of IADI research papers and proposed guidance. The Advisory Panel currently has 17 members:

**Mr. Andrew Campbell**

*Professor of International Banking and Finance Law  
School of Law, University of Leeds  
Leeds, UK*

**Dr. Louis Chen**

*Dean and professor of Law  
Chung Hua University  
Dean's Office of the College of Humanities and Social Science  
Taipei, Chinese Taipei*

**Mr. David Hoelscher**

*Financial Sector Consultant  
Financial Stability Board, USA  
Washington D.C., USA*

**Dr. Pongsak Hoontrakul**

*A member of International Advisory Council  
Schulich School of Business,  
York University, Toronto, Canada.  
Sasin of Chulalongkorn University  
Bangkok, Thailand*

**Dr. Eva Hüpkles**

*FSB Adviser on Regulatory Policy and Cooperation  
Financial Stability Board  
Basel, Switzerland*

**Dr. Małgorzata Iwanicz-Drozdowska, Ph. D.**

*Head of Centre for Financial Services Market Research, Professor of Finance  
Warsaw School of Economics  
Warsaw, Poland*

**Prof. George G. Kaufman**

*College of Business Administration  
Chicago, Illinois, USA*

**Dr. Masahiro Kawai**

*Dean and Chief Executive Officer  
Asian Development Bank Institute  
Tokyo, Japan*

**Mr. John Raymond LaBrosse**

*Honorary Visiting Fellow  
School of Law  
University of Warwick  
and Partner  
Patterson & LaBrosse Financial  
Consultants Ltd.  
Ottawa, Ontario, Canada*

**Dr. Rosa M. Lastra**

*Professor of International Financial and Monetary Law  
Centre for Commercial Law Studies  
Queen Mary College, University of London  
London, UK*

**Professor David G. Mayes**

*Director  
Europe Institute  
University of Auckland  
Auckland, New Zealand*

**Mr. Gordon S. Roberts**

*CIBC Professor of Financial Services  
Schulich School of Business  
York University  
Toronto, Ontario, Canada*

**Mr. Jean Roy**

*Professor of Finance  
HEC Montréal  
Montreal, Quebec, Canada*

**Dr. Dalvinder Singh**

*Associate Professor of Law  
School of Law,  
University of Warwick  
Coventry, UK*

**Dr. Sergey Smirnov**

*Department of Risk Management and Insurance, State University  
Higher School of Economics  
Moscow, Russia*

**Mr. Bent Vale**

*Assistant Director  
Norges Bank  
Oslo, Norway*

**Mr. Larry D. Wall**

*Financial Economist and Policy Adviser  
Research Department  
Federal Reserve Bank of Atlanta  
Atlanta, Georgia, USA*

## Annex IV: New Participant Profiles

### New Participant Profiles

During 2012/13, three new Members joined IADI – the Depositor's Insurance Fund of Libya, Bank of Uganda, and the Deposit Insurance Fund of Kosovo. Further, Central Bank of Lesotho and the Palestine Monetary Authority joined as Associate. IADI's membership now comprises 67 full Members and nine Associate.

### New Members

#### Depositor's Insurance Fund of Libya



The Depositor's Insurance Fund of Libya (DIF) joined the IADI as Member in September 2012.

#### Establishment and aims

The DIF is a financial institution, administratively and financially independent, supervised by the Central Bank of Libya. It was established under Law No (1) of 2005, amended by Law No. (46) of 2012. Its articles of association were issued based to this law in order ensure that they are in line with best practice in the banking sector in Libya and with global developments in this field.

#### Subscription fees

Upon joining the system as a compulsory membership, member bank has to pay 100,000 LYD – Exchange rate is about 1.00\$ = 1.25LYD–, The central bank also contributed five million Libyan Dinars seed capital, also the member bank liable for an annual fee amounting to 0.002% of the full discount interest rate on deposits of the bank at the end of the fiscal year, minus reserves deposited with the central bank.

#### Eligible deposits

Currently, the Fund's guarantee coverage is restricted to deposits in Libyan dinars (deposits in other currencies are excluded), and covers deposits on credit, demand deposits and savings accounts. It is planned to expand coverage to include foreign currencies and Islamic banking deposits.

#### Limits of the Fund

According to the article No. (28) of the Fund's articles of the association, the guarantee is as follows:

The whole amount of the deposit, if equal to or less than LYD 10,000.

Half of the deposit amount, for deposits of more than LYD 10,000 and less than LYD 100,000.

One-quarter of the deposit amount, for deposits of more than LYD 100,000 and less than LYD 400,000.

One-eighth of the deposit amount, for deposits of more than LYD 400,000 and less than LYD 1 million.

One-tenth of the deposit amount, for deposits of more than LYD 1 million, provided that the maximum guarantee does not exceed LYD 250,000.

#### Bank of Uganda



Bank of Uganda (BOU) joined the IADI as Member in January 2013.

BOU is the Central Bank of the Republic of Uganda. The *primary purpose* of the Bank is to foster price stability and a sound financial system. Together with other institutions, it also plays a pivotal role as a centre of excellence in upholding macroeconomic stability.

BOU conducts all its activities in close association with the *Ministry of Finance, Planning and Economic Development (MoFPED)* of the Republic of Uganda, and is responsible for monetary policy and maintaining price stability.

BOU is the statutory manager of the Deposit Protection Fund (DPF) in Uganda. The DPF was established on 1 July 1994 to make payments to depositors of financial institutions closed under a winding-up order by the central bank, and to contribute to financial stability through confidence building and protection of deposits.

Membership is compulsory for all Bank of Uganda Supervised Financial Institutions. The coverage limit is currently UGX 3 million (USD 1,200) per depositor. Covered deposits include: savings deposits, current account deposits, fixed term deposits and foreign currency deposits.

The protected deposit amount is the aggregate credit balance of any accounts main-

tained by a customer at a financial institution, less any liability of the customer to the financial institution.

As per the law on the DPF (Financial Institutions Act, 2004), BOU is obliged to make payment of the protected deposit to customers within 90 days after closure of the financial institution.

The DPF is pre-funded with annual premiums collected from member institutions and income from investments. However, BOU may borrow such amounts as it may require in order to temporarily make up any shortfall in the Fund pending collection of contributions.

#### Deposit Insurance Fund of Kosovo



The Deposit Insurance Fund of Kosovo (DIFK) joined the IADI as Member in February 2013.

The DIFK is a public independent institution established by the Law on Deposit Insurance, with the objective of protecting small depositors from loss in case of a bank failure, as well as to support the Central Bank of Kosovo in meeting its aim of fostering the soundness, solvency and efficient functioning of a stable, market-based financial system.

The DIFK's main mandate is to insure deposits of natural and legal persons in each member institution and compensate insured deposits within thirty (30) days up to the coverage level of EUR 2,000, in case of a bank failure, as per limits and criteria defined in the Laws on Deposit Insurance. The coverage limit will increase gradually to EUR 5,000 effective January 2018.

The establishment of the "ex ante" scheme was initiated by the Central Bank of the Republic of Kosovo with the support from the German Government (through the KfW) and Government of the Republic of Kosovo, which provided a capital contribution of EUR 15.5 million. In addition, the German Government (through the KfW) will be providing a further contribution of EUR 2 million in support of the coverage increase.

The deposit insurance scheme in Kosovo became effective in May 2011, and currently insures deposits in eight banks licensed to



## Annex IV: New Participant Profiles – Associate

take deposits in Kosovo. Membership in the scheme is mandatory for these banks. As of 31 December 2012, the DIFK insured just over 910,000 deposit accounts (or 93% of total deposit accounts in the banking sector), accounting for a total deposit amount of EUR 321.5 million (or 14% of total deposits in the banking sector).

As a narrow mandate (“paybox”) scheme, the DIFK has additional responsibilities, including: setting and collection of insurance premiums; investment of collected funds; cooperation with the Central Bank of Kosovo and other deposit insurers. The DIFK applies a system of risk-based premiums using the examination ratings provided by the supervisors, with insured deposits as the basis for assessment.

Despite being the newest institution in the region, the DIFK aspires to become an advanced deposit insurance system embracing international best practice, but at the same time also striving to tailor its services to Kosovo’s specific situation and to the needs of Kosovan depositors.

DIFK welcomes membership in IADI, as a way to increase its expertise in the field of deposit insurance.

### New Associates

#### Central Bank of Lesotho



The Central Bank of Lesotho (CBL) joined the IADI as Associate in June 2012.

The CBL established a Deposit Protection Division in March 2011. The division is mandated to look into the modalities of establishing a Deposit Insurance System (DIS) for Lesotho. It has finalized a policy proposing the system and the proposal is going through various structures until when it will be finally approved by the Cabinet. Once approved by the Cabinet the legislation establishing and governing the Lesotho Deposit Protection Agency (LDPA) will be drafted for consideration by the Parliament.

As a starting point, the DIS will be an agency within the structures of the CBL.

The agency will be established through an Act that will give it powers to carry out its mandate accordingly. The governing and highest body of agency will be the Board of Directors responsible for its affairs and formulation as well as implementation of its policies.

#### Palestine Monetary Authority



The Palestine Monetary Authority (PMA) joined the IADI as Associate in October 2012.

The PMA is an independent public institution responsible for the formulation and implementation of monetary and banking policies, with the objective of safeguarding the banking sector and ensuring balanced growth of the national economy. The PMA aims to maintain monetary and financial stability and to promote sustainable economic growth through the following:

Effective and transparent regulation and supervision of banks, specialized lending institutions and money changers operating in Palestine.

Overseeing the establishment and operation of modern, efficient payment systems.

Development and implementation of a monetary policy designed to achieve price stability.

The PMA operates under Palestine Legislative Council PMA Law No. 2 of 1997, which outlines the full authority and autonomy of the PMA, and Banking Law No. 9 of 2010.

The PMA became a member of IADI in November 2012 in order to learn from other Members’ experiences. In a first step, the Palestine Deposit Insurance Corporation Law was issued on 29 May 2013. This legislation, which has been signed into law by the President of Palestine, aims to enhance the financial safety-net.

Safeguarding depositors, maintaining the stability of the banking system, and thus mobilizing more savings. This would enhance the role of banks in intermediation. The Corporation will minimize the likelihood of financial crises by insuring 1.2 million depositors, representing 93% of depositors at licensed banks in Palestine. Under the law, a

quarterly fee amounting to a percentage of the insured deposits will be paid by the licensed banks. The government will also contribute to the Corporation’s capital.

The establishment of the Palestine Deposit Insurance Corporation comes just at the right time, as the banking system is strong, stable and sound, with high levels of equity, and capital adequacy higher than recommended by the Basel Committee.



**International Association of Deposit Insurers**  
c/o Bank for International Settlements  
Centralbahnplatz 2  
CH-4002 Basel, Switzerland

October 2013