



What's New at IADI?

Volume 2, Issue 3, October 2003

The Chair of the 2003 IADI Conference Task Force is ready to welcome you to Seoul!



Mr Won-Keun Yang

Executive Director, KDIC

Conference fees are US\$500 for Members, Associates and Observers of IADI (US\$750 for all others). Registration information can be obtained from Kim Utnegaard at kim.utnegaard@iadi.org.

IADI's Second Annual General Meeting will take place in Seoul at 3 pm on October 22, 2003 in the Crystal Ballroom of the Lotte Hotel, Seoul, Korea. Information on travel to Korea can be found at:

http://www.mofat.go.kr/en/visa/e_visavisa.mof and
<http://english.tour2korea.com/coming/essential/entry.asp>

The Second Annual IADI Conference will be held in Seoul, Korea on October 23 and 24, 2003. The Conference will be preceded by meetings of IADI's Executive Council and the Second Annual General Meeting of IADI.

Presentations will cover deposit insurance as an integral part of the financial safety net, strategies to promote effective deposit insurance systems, interrelationships among banking safety-net players, guidance on differential premiums and lessons learned from dealing with problem institutions.

Deputy Prime Minister & Minister of Finance and Economy Jin-Pyo Kim will deliver the Keynote Speech for the Conference.

The Conference Program can be found at: <http://www.iadi.org/html/>

Details on the Second Annual IADI Conference Program

Keynote address by J.P. Sabourin, Chair of the Executive Council and President, IADI

Session I: Deposit Insurance – An Integral Part of the Financial Safety Net

This session will focus on financial stability assessments and the implications for deposit insurance arrangements as an integral part of the banking system safety net. There will also be a special presentation on interrelationships among safety net players.

Session II: Strategies to Promote Effective Deposit Insurance Systems

This session will discuss what was learned from the IADI country reports on deposit insurance system design, examine CDIC's Standards of Sound Business and Financial Practices and then focus on strategies to promote confidence in developing countries banking system.

Luncheon Presentation:

“Managing Risk in Turbulent Times” by Jung-Jae Lee, Chairman, Financial Supervisory Commission & Governor, Financial Supervisory Service, Korea

Session III: Key Issues for Deposit Insurers

This session will examine information needs of deposit insurers, management of funds of deposit insurers and transitioning issues for systems with state-owned banks.

Session IV: IADI Guidance on Differential Premiums

This session features the guidance that is being developed and approaches now being taken in Brazil and Turkey

Keynote Speech:

“Managing Financial Crisis and Financial Reform in Korea” by

Jin-Pyo Kim, Deputy Prime Minister & Minister, Ministry of Finance and Economy, Korea

Session V: Lessons Learned from Dealing with Institutional Failures

This session will provide an opportunity for experts to share their experiences and lessons learned in dealing with institutional failures. A panel will discuss what was done, what were the results, what might have been done better in retrospect and what role can regional co-operation play in dealing with financial system problems.

Special Session “Deposit Insurance: Present and Future”

This session will include remarks by WonKeun Yang of the Korea Deposit Insurance Corporation and David Walker of Canada Deposit Insurance Corporation.

IADI Regional Chairs Panel

Chairs will update the attendees on work plans and future meetings of the IADI Regional Committees.

Update on IADI Activities by Secretary General John Raymond LaBrosse.

You can still register. Please contact Kim Utnegaard, Office Manager, IADI at:
kim.utnegaard@iadi.org.

Member Profile – Korea Deposit Insurance Corporation

The National Assembly of Korea enacted the Depositor Protection Act (DPA) on December 29, 1995 amid concerns over growing financial instability resulting from deregulation and globalization of the Korean financial market. Accordingly, the Korea Deposit Insurance Corporation (KDIC) was established in June 1996 and began official operation on January 1, 1997 with the aim to sustain stability and safeguard public confidence through an explicit deposit protection system in respect of bank deposits.



Mr In-Won Lee, President and Chairman of KDIC



KDIC building

The financial crisis of 1997, which occurred less than a year into the KDIC's operation, functioned as an impetus for the KDIC to grow very rapidly in many respects. First, the DPA was amended on December 31, 1997 to expand the deposit insurance system (DIS) into a more comprehensive mechanism in order to maintain the stability of the nation's financial system as a whole. Consequently, all sector-specific deposit insurance funds, which had served as deposit insurance mechanisms for the non-bank financial sectors, were consolidated into the KDIC by April 1, 1998. It duly assumed the operating responsibilities of the unified DIS for the six major financial industries: banks, securities companies, insurance companies, merchant banking corporations, mutual savings banks, and credit unions. Due to the crisis, the KDIC temporarily adopted blanket guarantee system until the end of 2002. Today, the protection limit is 50 million won (approximately USD 41,666 at the exchange rate of 1200won/US\$1) per depositor per institution.



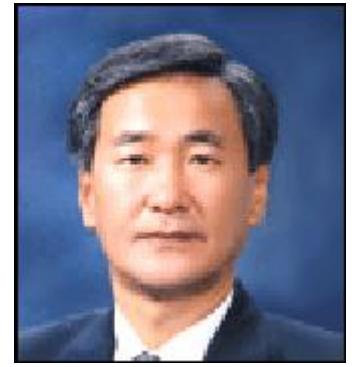
Mr In-Won Lee
Chairman and President



Mr Seok-Won Kim
Vice President



Mr Bang-Kil Son
Auditor



Mr Seung-Hee Park
Executive Director



Mr Won-Keun Yang
Executive Director



Mr Yeon-Soo Yoo
Executive Director



Mr Ki-Jin Kim
Executive Director



The KDIC's paramount objective is to protect small depositors by prudently managing the Deposit Insurance Fund (the Fund). As all financial institutions selling "deposit" pursuant to the DPA are required to be insured by the KDIC, the Fund is mobilized through collection of insurance premiums from insured financial institutions. The premium rates differ by sector, but are flat within each sector. The Fund is mainly used to resolve insolvent financial institutions and pay back depositors when insured financial institutions become unable to pay back their depositors due to insolvency or bankruptcy.

As a key axis of the Korean financial safety net, the KDIC is closely monitoring the health of financial institutions and looking for ways to effectively manage both financial and non-financial risks posed by insured financial institutions. The KDIC conducts on/off-site examinations and also strives to develop and utilize risk assessment models. In particular, it has been working to complete the preparation for adopting risk-based weighted premium system in the recent periods.

In terms of international cooperation, the KDIC has been entertaining visitors from a variety of organizations in Southeast Asia including, Thailand, Indonesia, and Vietnam to share knowledge and provide guidance on adopting and/or developing deposit insurance systems. In particular, the KDIC has signed an MOU with CDIC of Taiwan and a letter of cooperation with DCIJ of Japan to enhance cooperation and closely work together for sound management of deposit insurance systems.

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This newsletter was issued on October XX, 2003. Want to share your expertise? To submit articles or items for consideration for the next issue please send them to info@iadi.org, by October 30, 2003.