



IADI Newsletter Volume 9, Issue 1, 15 September 2010

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Carlos Isoard, New Secretary General



At its 30th meeting, on 9 June 2010, the Executive Council appointed Carlos Isoard to succeed Don Inscoe as Secretary General of IADI, effective 15 September 2010 for a three-year term.

Carlos Isoard is known to many of you. He is returning to IADI following his retirement from the Governing Board of Mexico's deposit insurance agency, Instituto para la Protección al Ahorro Bancario (IPAB). In that capacity he was a founding member of IADI, serving on the Financial Stability Forum Working Group on Deposit Insurance that recommended the creation of IADI in 2002. Prior to his service on the Governing Board of IPAB, Mr. Isoard worked for over twenty five years for the Banco de México (Central Bank) in several capacities. In his roles with IPAB, he had extensive interactions with the BIS.

In order to assure a smooth transition, Don Inscoe will continue as an advisor to Carlos until after the 28 October Annual Meeting for a period ending no later than 31 December 2010.

Other Secretariat Staff Changes

Senior Policy Analysts are seconded to IADI, for two-year terms. These staff support the operations of the Secretariat, performing many tasks, including providing support to Members, financial management and reporting, research for Secretariat deliverables, and website maintenance. This year, there has been a transition for our two Secondees from the Korea Deposit Insurance Corporation (KDIC) and the Deposit Insurance Corporation of Japan (DICJ). Mr. Norimitsu Takada has concluded his term and is assisting DICJ with logistics for the upcoming meetings in Tokyo next month. He has been replaced by Mr. Kazuaki Hara, who held the position of Inspector, DICJ Monitoring and Analysis Division. Mr. Taewook Chang has returned to the KDIC Risk Management Department, and has been replaced by Mr. Siyul Sung from the KDIC International Affairs Team.

You will have the opportunity to meet and welcome the new Secretary General and his Secretariat staff at the Annual Conference and AGM in October.

Membership Continues to Grow

The Executive Council has approved applications from two Members in this new fiscal year, which began 1 April 2010. Moreover, nine new Members joined the previous year, bringing the total number of deposit insurers in the Association to 62. Please welcome these new Members at the upcoming meetings.

Name of organizations	Representative	Homepage
Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association	Ms. Andrea Brüllmann (andrea.brueellmann@bankenverband.li)	http://www.einlagensicherung.li/
Jersey Bank Depositors Compensation Board	James Mews (j.mews@gov.je)	http://www.gov.je/Industry/InternationalFinance/Pages/DepositProtection.aspx

The information on governing statutes of these organizations can also be found on IADI website, <http://www.iadi.org/di.aspx?id=69>.

Please click [here](#) to see the current IADI Participants directory.

Core Principles Compliance Methodology

The Basel Committee on Bank Supervision (BCBS) and IADI jointly issued in June 2009 Core Principles for Effective Deposit Insurance Systems (<http://www.bis.org/publ/bcbs156.pdf>).

Since then IADI has been working with the BCBS, International Monetary Fund (IMF), World Bank, the European Commission (EC) and the European Forum of Deposit Insurers (EFDI) to develop a compliance methodology. The compliance methodology will be used to assess compliance with the deposit insurance core principles. A draft compliance methodology was collaboratively developed in the first quarter of 2010, and shared with more than 120 members from the organizations noted above.

A pilot test of the compliance methodology is currently being conducted in three countries. The pilot test countries were selected to ensure a good mix of geographic location, mandate, and the age of the respective deposit insurance systems.

The following countries have agreed to participate in the pilot test:

- Deposit Insurance Fund – Czech Republic, September 13 – 17, 2010
- Deposit Insurance and Credit Guarantee Corporation of India September 28 - October 4, 2010
- Instituto para la Protección al Ahorro Bancario (IPAB) – México October 13 – 20, 2010

An assessment team will conduct each of the three pilot tests on-site , and will typically include 3 - 4 persons from the following list:

- David Walker, Canada Deposit Insurance Corporation
- David Hoelscher, US Federal Deposit Insurance Corporation (formerly, Assistant Director, Monetary and Capital Markets Department, IMF)
- Luis Cortavarria, IMF
- David Parker, IMF
- Claire McGuire, World Bank
- Dirk Cupei, the Deposit Protection Fund of the Association of German Banks

Based on the results of the field testing, the compliance methodology will be revised as appropriate, and made available for a 30-day public consultation process in November. After approval by IADI and BCBS, the final transmission of the Methodology to the Financial Stability Board is expected before the end of December 2010.

Save the Date for IADI Ninth Annual Conference and AGM

The [IADI 9th Annual Conference and Annual General Meeting](#) will be hosted by the **Deposit Insurance Corporation of Japan** in Tokyo on 24 - 29 October 2010. Please refer to [2010 AGM homepage](#) and the IADI [website](#) for more details including registration information.

9th Annual IADI Conference and AGM
Tokyo, Japan

Save the Week 25-29 October 2010



Hosted by Deposit Insurance Corporation of Japan

■ **Schedule of AGM and Annual Conference**

	AM	PM
October 24 (Sun)		Standing Committees
October 25 (Mon)	Standing Committees	
October 26 (Tue)	Executive Council	Regional Committees
October 27 (Wed)	International Conference	
October 28 (Thu)	International Conference	Annual General Meeting
October 29 (Fri)	Excursion	

Other Upcoming Conferences, Training, and E-learning

IADI participants are actively supporting, sponsoring and organizing a growing number of conferences and seminars. The seminars provide opportunities to collaborate and learn from the experience of others, and improve deposit insurance organizations. These events are widely attended by deposit insurers, bank supervisors, and central bankers.

Several programs are planned for 2010. IADI-sponsored events are typically open to all IADI participants. Other organizations may participate by arrangement.

Here is a summary of upcoming meetings, conferences and training seminars. Please refer to the IADI [website](#) for updates and current information.

■ Joint Conference of IADI and EFDI

The European Forum of Deposit Insurers (EFDI) and IADI will host a Conference on "*Strengthening Financial Stability – Deposit Insurance Contributions*" on 30 September – 1 October 2010 at the Bank of Italy (Banca d'Italia) Via Nazionale, 91 00184, Roma.

The conference will highlight the importance of deposit insurance in promoting and maintaining financial stability. Participants will discuss: the checks and balances of the financial stability roles; new approaches that strengthen financial stability and the public policy objectives; the powers and mandates that must exist for these approaches to be effective; relationships between decision makers and funding mechanisms that support the financial safety net; and recent legislative initiatives and institutional arrangements that promote financial stability and cross-border crisis cooperation.

For more information contact Silvia Lazzarino De Lorenzo at slazzarino@fitd.it. Please click here for [Event Registration Form](#), [Hotel Reservation Form](#), [Hotel list](#) and [Tentative Program](#)

■ Recent and Upcoming Deposit Insurance E-learning Releases

The IADI and FSI are engaged in ongoing collaboration on the development of a series of on-line tutorials addressing deposit insurance issues. The tutorials are available via [FSI Connect](#). As part of this collaboration, the following e-learning tutorials are currently available: Basics of Deposit Insurance; Premiums and Fund Management; Deposit Insurance – Reimbursing Depositors – Parts 1 and 2; and Liquidation of Failed Bank Assets.

Plans are underway for the development of a fifth tutorial on the Core Principles for Effective Deposit Insurance Systems by the end of the next fiscal year. Each of IADI's members is provided one subscription license to FSI Connect as part of their Annual Fee. The license provides access to over 170 FSI tutorials, including tutorials on financial institution supervision, risk management, resolutions, and deposit insurance.

IADI Research, Surveys and Database

IADI and the IMF recently issued a report titled "Update on [Unwinding Temporary Deposit Insurance Arrangements](#)" (Unwinding Report).

The Unwinding Report was prepared in response to a request from the Financial Stability Board (FSB) to update the September 2009 report on actions taken to strengthen deposit insurance in response to the financial crisis. It draws on survey of jurisdictions that enhanced deposit insurance conducted jointly by IADI and the IMF, with the assistance of the European Forum of Deposit Insurers (EFDI). The Unwinding Report discusses the progress of regional efforts to coordinate unwinding efforts, initiation of deposit insurance protection reforms, regional variations in coverage resulting from the actions taken, and implications and conclusions.

The Research and Guidance Committee conducts research on deposit insurance. Its publications, research plans, and Advisory Group are provided on www.iadi.com.

Two public consultation papers were published on the IADI website in August:

- DIS Coverage
- Organizational Risk Management for Deposit Insurers.

Several Public Consultation Research Plans were also updated recently. These topics include:

- Islamic Deposit Insurance
- Handling of a Systemic Crisis
- Cross-Border Issues
- Public Policy Objectives
- Payout Process
- Transitioning Issues

IADI Surveys

In 2008, the Association implemented an end-to-end survey protocol to ensure the quality of surveys and limit burden on respondents. Since establishing this process, IADI has initiated or completed several surveys. Members should contact the Secretariat if they would like to survey other IADI members.

During the past year at the request of the FSB, IADI collaborated with the IMF and EFDI to survey jurisdictions which had enhanced depositor protection in response to the financial crisis. The survey documents the changes adopted, and provides information on plans for unwinding the protection as the financial crisis has subsided.

Additionally, IADI has conducted: a payout survey to identify jurisdictions that have conducted a payout, and either have or developing payout systems; a survey on changes to member deposit insurance systems to respond to the financial crisis; a survey to research issues on transitioning out of blanket guarantees and increased level or scope of coverage; and a survey of member's training needs. The results of these surveys will be available on the member-only website.

The following surveys are currently being circulated for member input: Handling a Systemic Crisis; Early Detection and Timely Intervention; and Contingency Funding Option Arrangements.

Please contact the IADI Secretariat at IADI.Service@bis.org if you would like to participate in the current surveys and have not responded to the prior request.

Research database

IADI's Research and Guidance Committee is working with the BIS to develop a database system for IADI surveys, to support research priorities. In November 2009, IADI and the BIS Monetary and Economic Department entered into a memorandum of understanding for IADI to use a custom-designed database application developed by the BIS to manage IADI's survey data on worldwide deposit insurance systems. IADI Members will have access to the data base of information in the next calendar year.

Capacity building

Work continues on developing the IADI Capacity Building Program (ICBP) first phase, which will provide a clearing house website to identify available resources. A training-needs survey has been conducted to determine Members' needs for capacity building assistance, and how these needs can be provided using skills available from other Members. The Secretariat is working with the Training and Conference Committee to launch the information on the IADI website in 2010.

Member News

15th Anniversary of the Bank Guarantee Fund (BGF), Poland



On 21st May, 2010 in Warsaw the BGF organized the international conference entitled "Global Financial Crisis: Lessons for the Stability of the Financial Sector" as a part of the celebration of 15th Anniversary of its inception. The conference gathered over 150 participants, including outstanding world class economists and finance experts.

Topics discussed during the conference covered the key issues related to financial stability and included institutional arrangements in domestic and international settings.

During the session devoted to cross-border stability framework Mr. Jerzy Pruski, President of the BGF delivered a speech entitled "[Cross-Border Stability Framework: Lessons from the Global Financial Crisis](#)".

15th Anniversary of the Seguro de Depósitos Sociedad Anónima (SEDESA), Argentina

On 7 – 13 August 2010, SEDESA and the Latin America Regional Committee (LARC) organized the LARC Annual Meeting with a seminar highlighting cross-border issues

in the region, including the role of deposit insurance and effective crisis management.



Eugenio C. Gallegos del Santo, Chairman, noted that the event celebrated the 15th anniversary of SEDESA. The primary objective of SEDESA, as a member of the financial safety net in Argentina, is to strengthen and maximize the resources of the deposit insurance fund. Since its founding, SEDESA has assisted 29 banking resolution processes.

András Fekete-Györ Promoted

András Fekete-Györ has been promoted to Managing Director of the National Deposit Insurance Fund of Hungary (NDIF). Previously, he served as its Deputy Managing Director and Chief Economist. Congratulations András!



New Designated Representatives to IADI

The following changes have recently taken place during IADI's new fiscal year starting on 1 April 2010:

Fonds de Garantie des Dépôts (France): Charles Cornut, Président du Directoire, has retired. Thierry Dissaux is the new IADI designated representative.

Korea Deposit Insurance Corporation (KDIC): Dr. Sung Hwan Bae, KDIC Executive Vice President and former member of the IADI Executive Council, has left the KDIC, and he has been succeeded by Mr. Won Tae Yi.

Deposit Guarantee Fund, Ukraine: Mr. Valeriy I. Ogiyenko has left the fund, and he has been replaced by Mr. Vasyl Pasichnyk.

Bank Deposit Security Fund of Sudan (BDSF): Mr. Ezeldin Mirghani Yasein, General Manager BDSF, retired on 8 August 2010. Dr. Abdel Gadir Mohamed Ahmed Salih will represent the BDSF at the upcoming AGM.

Fondo de Garantía de Depósitos de las Instituciones Financieras (FOGADE) (Nicaragua): FOGADE President Vilma Rosa León-York term has concluded, and she has been replaced by President Rolando Sevilla Boza.

Philippine Deposit Insurance Corporation (PDIC) to Assist Rural Banks Raise Capital

The PDIC, in collaboration with the Bangko Sentral ng Pilipinas (BSP) has recently embarked on a proactive *Strengthening Program for Rural Banks* to help maintain stability in its insured banks and banking system. The program is aimed at helping small banks regain financial viability through initiatives to provide funds and regulatory relief to assist mergers and consolidations.

The PDIC has also recently provided an Investor-Investee Help Desk on its website to provide an electronic match making facility for small banks in need of a white knight, and financially viable banks looking for strategic expansions. According to PDIC, 28 banks have already registered in the facility.

Proposal to amend the European Deposit Guarantee Scheme Directive

The European Commission just published its proposals to amend the Deposit Guarantee Scheme Directive.

In its press release the Commission has highlighted the main proposals as:

- **Better Coverage:** The upgrade to € 100 000 by the end of this year is now confirmed. This means that 95% of all bank account holders in the EU will get all their savings back if their bank fails. Coverage now includes small, medium and large companies as well as all currencies. Excluded are all deposits of financial institutions and public authorities, structured investment products and debt certificates.
- **Faster payouts:** Bank account holders will be reimbursed within seven days. This will be a major improvement as today many account holders wait weeks, even months, before getting their money back. In order to facilitate such a short payout, managers of Deposit Guarantee Schemes will have to be informed early about problems at banks by supervisory authorities. Banks will have to specify in their books whether deposits are protected or not.

- **Less red tape:** For example, if you live in Portugal and have your account at a failing bank whose headquarters are based in Sweden, the Portuguese scheme would repay you on its own initiative and act as your contact point. The Swedish scheme would then reimburse the Portuguese scheme. This would be a strong improvement over the current situation, where all correspondence has to be done via the scheme of the country where the bank's headquarters are located. The new approach will mean less bureaucracy and faster payouts.
- **Better information:** Bank account holders will be better informed on the coverage and functioning of their scheme by a new, easy to understand standard template and on their account statements.
- **Long-term and responsible financing:** Concerns have been expressed that existing Deposit Guarantee Schemes are not well funded. The new proposals will ensure that they are now more soundly financed following a four-step approach. First, solid ex-ante financing provides for a solid reserve. Second, if necessary, this can be supplemented by additional ex-post contributions. Third, if this is still insufficient, schemes can borrow a limited amount from other schemes ("mutual borrowing"). Fourth, as the last resort, other funding arrangements would have to be made as a contingency. Contributions will, as is currently the case, be borne by banks. However, they will be calculated in a fairer way since they will be adjusted to the risks posed by individual banks.

The proposals are now forwarded to the European Parliament and the Council of Ministers for consideration and final approval.

A link for the proposals in full and with accompanying press release, impact assessments and frequently asked questions:

http://ec.europa.eu/internal_market/bank/guarantee/index_en.htm

Please provide your feedback to the Secretariat

This newsletter was issued on 28 September 2010. To submit articles or items for consideration for a future issue, please send them to kim.white@iadi.org.

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