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**Proceedings from the  
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## Foreword

The Fifth Annual **IADI** Conference was hosted by **Fundo Garantidor de Créditos (FGC)** at the very beautiful Copacabana Palace Hotel in Rio de Janeiro from 15 to 17 November 2006. It was chaired by Antonio Carlos Bueno de Camargo Silva, CEO of **FGC**, Chair of 2006 Conference Task Force, and member of the Executive Council of **IADI**.

The Conference was held under the theme “**Raising the Bar**” and the program featured presentations by internationally recognized experts and deposit insurance practitioners, regulators, policymakers and academics. The presentations covered the discussion papers produced by **IADI**’s Research and Guidance Committee, namely, governance, funding, claim and recoveries, mandates, as well as an important new training initiative for deposit insurance executives. The attendees were provided with an update on **IADI**’s activities and significant accomplishments over the past four years. The audience of 175 was truly international in scope as 50 countries or areas were represented at the conference.

Other highlights of the activities during the week of the Conference were a **Special Workshop on Latin America Issues** which provided an opportunity for the Latin American participants to share knowledge and expertise, and an **International Exhibition on Deposit Insurance**.

These proceedings were prepared by an international team of writers organized by the International Relations and Research Office of **Central Deposit Insurance Corporation** (Taiwan). The writers included: Wai Keen Lai, Wai Lin See, Sejal Mehta, and Khairuddin HJ. Arshad, **Malaysia Deposit Insurance Corporation**; Barbara A. Ryan, **Federal Deposit Insurance Corporation**; Yvonne Fan, Fiona Yeh, and Vanessa Lin, **Central Deposit Insurance Corporation**; Shinichi Sakai, **Deposit Insurance Corporation of Japan**; Renata Cechova, **Deposit Insurance Fund** (Czech Republic); David Walker, **Canada Deposit Insurance Corporation**; Jeremy Tan, **Singapore Deposit Insurance Corporation**; M. P. Kothari, **Deposit Insurance & Credit Guarantee Corporation** (India); Maria Leonida Fres-Felix, **Philippine Deposit Insurance Corporation**, and myself. I take responsibility for any errors that emerged in the editing process.

Copies of the PowerPoint presentations are located at:

The [IADI Site](#):

<http://www.iadi.org/Lists/Announcements/DispForm.aspx?ID=26&Source=http%3A%2F%2Fwww%2Eiadi%2Eorg%2Fdefault%5Fe%2Easpx>, and the [Fifth Annual Conference Website](#):

[http://www.iadi2006.org.br/ing/img/pres\\_conference.htm](http://www.iadi2006.org.br/ing/img/pres_conference.htm)



Secretary General

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## Executive Summary

The conference was opened by Antonio Carlos Bueno de Camargo Silva, CEO, **Fundo Garantidor de Créditos – FGC** (Brazil) and Chair, 2006 Conference Task Force. Mr. Bueno thanked all the participants for attending this meaningful event and hoped them to learn and exchange the expertise and experience from this conference as well as had an enjoyable stay in beautiful Rio de Janeiro. Gabriel Jorge Ferreira, Chair of the **FGC** Board, gave an introduction on the background of the establishment of the Fund in Brazil as a private entity, and its role and administrative structure. Gustavo Loyola, former Governor of **Central Bank of Brazil**, stated the challenges for **FGC** in the next few years and the role of the central bank in the banking system.

Jean Pierre Sabourin, Chair of the Executive Council of **IADI**, highlighted the importance of governance of an organisation in general, in line with the conference theme of “Raising the Bar” which is aptly centred on governance, and went on to discuss three aspects of governance from the **IADI**’s perspective. Furthermore, Mr. Sabourin touched on the Association’s priorities over the last four years and under the future strategic direction for next 3 to 5 years.

The second session, moderated by Gregor C. Heinrich, addressed the guidance paper on governance. Guy Saint-Pierre’s presentation summarized the key elements of the discussion paper on governance, set out 14 suggested guidance points, and invited the comments of all interested parties on how to improve the discussion paper and guidance points. David G. Mayes stressed that “getting the framework right” for deposit insurance is a prerequisite for governance” and also highlighted the necessity of setting out the features that situate deposit insurance in the spectrum and that make it unique. Dalvinder Singh focused on how some of the issues in the proposed guidance are addressed in the UK and elsewhere. Paulo Sergio Cavalheiro provided a number of recommendations to further improve the paper including that the guidance points be separated out into high level guidance principles followed by more detailed good practices.

The luncheon address by Martin J. Gruenberg, Vice Chairman of **Federal Deposit Insurance Corporation (FDIC)**, focused on three topics: (1) the recent significant deposit insurance reforms enacted by the U.S. Congress which the **FDIC** will begin to implement in 2007, (2) the important role that deposit insurance plays in maintaining the stability of banking systems around the world, and (3) the critical role

that **IADI** plays in supporting deposit insurance agencies through information sharing, training, and guidance.

The third session, chaired by Maïke B. Luedersen of the **IMF**, discussed the discussion paper on funding for deposit insurance systems. Dong Il Kim presented 12 suggested guidance points in relation to funding for deposit insurance systems, and the importance of adequate funding to be in place so that a deposit insurer can meet its objectives of protecting small depositors and maintaining public confidence in deposit insurance. Bakhyt Mazhenova shared the experience of the **Kazakhstan Deposit Insurance Fund** in the area of funding of the deposit insurance system. Jean Roy underscored his support to the conclusions of the funding paper and hoped the quest for finding optimal funding arrangements for deposit insurers would be an on-going process. Michael Wilson discussed the management of deposit insurance funds which would entail taking into consideration investment management goals, risk management and benchmark selection.

The last session of the day was about training for Members and the need to develop leaders for deposit insurance organisations. Ferruh Tunc introduced the session by highlighting the importance of sharing deposit insurance expertise and knowledge worldwide. Winston Carr stated that the first **IADI** executive training program would be held in mid-July 2007 at the **FDIC** facilities in Arlington, Virginia. He emphasized that topics selected are unique for deposit insurers and cannot be easily studied elsewhere. Fred Carns mentioned that Training and Conference Committee would assess training needs of its members on an ongoing basis. He indicated that the first program would be designed for executive level and tailor-made training courses could be designed upon request to suit the training needs of operational level staff.

The dinner speech speaker, Jaime Caruana of the **IMF**, addressed the positive developments for financial stability of the global financial system during the current period of significant changes in the financial markets. Mr. Caruana also encouraged **IADI** and **IMF** to work closely to see appropriate responses to the changes of the changing financial environment.

Salvatore Milanese delivered the special presentation on the second conference day, talking about the transactions involving non-performing loans. Michael A. Osmeña turned the conference's attention to the discussion paper on Claims and Recoveries. Fred Carns presented the suggested guidance on paying claims when banks fail and recovering

value from a failed bank's assets. He stated that the draft guidance is designed to be broad and flexible. The effectiveness of the processes must be measured within the constraints of those country-specific conditions. Andrew Campbell addressed his observations on maximizing recoveries. Dong-II Kim provided some comments on the discussion paper on Claims and Recoveries and shared the Korean case with **KDIC** as a receiver.

The final session of the conference discussed a guidance paper on designating effective mandates and it was presided over by Mutsuo Hatano. Mohammed Al-Ja'fari defined deposit insurance mandates and stated different mandates of a number of countries, including the limitations of the classification and three basic types of deposit insurance systems—pay box, pay box with extended powers and risk minimizing deposit insurance systems. He also highlighted the general guidance points for designing effective deposit insurance mandates. Alexander V. Turbanov shared the Russian experience in managing membership where banks need to go through special procedures prior to their entry into the system, so as to control the insurance risks and contribute to effective deposit insurance system. Antoinette McKain underscored the significance of a mandate to be aligned to public policy objectives and that it should be publicly disclosed in legislation. The presentation of Richard J. Osterman, Jr. focused on resources availability in designing an effective deposit insurance mandate. He underlined that funding, human resource and information technology are all vital issues to support the mandate of a deposit insurer.

**IADI**'s Secretary General provided an update on the activities of the Association, including an increase of the number of members from 25 at its inception to 46 presently and significant accomplishments over the past four years. Wai Keen Lai of **Malaysia Deposit Insurance Corporation** then invited all deposit insurers and other participants to Malaysia to attend the next year's conference. Antonio Carlos Bueno de Camargo Silva was called upon to bring the conference to a close. Afterwards, **FGC** team was invited and thanked by Jean Pierre Sabourin and John Raymond LaBrosse for their great organization of the conference along with all the related events and the hospitality that was extended to all attendees. The conference came to a close under the beautiful melody of a famous Brazilian bossa nova song "The girl from Ipanema".

## Welcome Dinner on 15 November 2006

**Remarks by *Paulo Sergio Cavalheiro, Director of Supervision, Central Bank of Brazil and Chairman, Association of Supervisors of Banks of the Americas - ASBA***

**Paulo Sergio Cavalheiro** expressed his gratitude for having the Annual General Meeting in Rio de Janeiro and acknowledged the efforts made by **Fundo Garantidor de Créditos (FGC)** as host. He then described the roles of ASBA whose aim is to promote banking supervisory practices throughout the Americas in line with international standards. Mr. Cavalheiro then touched on the current state of bank supervision and deposit insurance system in Brazil.

## Session I: Official Conference Opening and Welcome Speeches

*John Raymond LaBrosse, Secretary General, International Association of Deposit Insurers (IADI)*

Mr. LaBrosse acted as the Master of Ceremonies for the conference and outlined the program and events that were scheduled to take place over the two days.

### Opening Session

Dr. Bueno thanked the attendees who came from all parts of the world, thus showing the significance of the world banking safety net, of which, deposit insurers are an important component. He then extended his thanks to the **IADI** for their reliance in choosing the Brazilian **Fundo Garantidor de Créditos** to host the Fifth Annual General Meeting and Conference. It was hoped that all would enjoy a happy and profitable participation in the event and may return home feeling personally satisfied, not only due to the charms and hospitality of Brazil but especially enriched and gratified with the results of the conference.

*Gabriel Jorge Ferreira, Chairman of the Board, Fundo Garantidor de Créditos (FGC), Brazil*

**Gabriel Jorge Ferreira** welcomed the participants and provided background on the establishment of **FGC** as a private entity eleven years ago. In 1994/95, there was a clear need to strengthen and protect the stability of the Brazilian financial system. The focus was to minimise the economic and social costs arising from the transitional period of a high inflationary environment. Banks' income then had been

largely derived from inflationary effects, as opposed to revenue from the mainstream banking business.

The authorities, in changing the supervisory regime, adopted a number of measures. Firstly, the establishment of strict legislation that provides the Central Bank with extreme powers to adopt measures to deal with weak banks or those that do not comply with best practices. Secondly, changes were made to the supervisory focus and training programs were put in place for general inspection. The Central Bank also conducted an extensive diagnosis on all processes and examinations to ensure that the Brazilian financial system is strong enough to proceed with complementary measures. A requirement for independent audits was imposed. In addition, auditors were no longer allowed to be consultants for banks. For medium to large banks, the Central Bank requires that they form their respective Audit Committees and implement measures to strengthen corporate governance and internal controls.

Mr. Ferreira then explained the role and administrative structure of **FGC**. The Board establishes guidelines and policies. In terms of premium contributions, the rate was reduced from 0.4% to 0.3% and it is only 0.15% for banks that have high capitalisation level. Re-payments to depositors is an important role of **FGC**. Two banks failed before the Fund was established. Nonetheless, losses from these two banks were covered with the assistance of the Central Bank whereby penalties on returned cheque offences were set aside and used to fund these losses.

In conclusion, Mr. Ferreira stated that **FGC** is a guarantee fund and not an insurance fund as it covers the losses from bank failures. Therefore, it is important for **FGC** to be aware and be in dialogue with the Central Bank on the development of the financial system, to suggest measures to minimise risks and to build better systems.

#### *Gustavo Loyola, former Governor, Central Bank of Brazil*

**Gustavo Loyola** thanked **FGC** for the invitation to speak at the Conference. He started by drawing attention to the institutional structure of **FGC** which is a private institution without any interference from the public sector. The government authorised the establishment of the **FGC** fund to restrict public resources being used for deposit insurance purposes. By-laws and rules were also established to govern this fund.

Dr. Loyola stated that state-owned institutions have a strong participation in the banking system with approximately one-third share and exhibit impressive performance. Premium contribution is mandatory irrespective of the origin of the capital and there is no differentiation of premium contribution from private and public banking institutions. It was also explained that **FGC** is a very unique institution as it is responsible for claims in liquidated banks which arose before its establishment. The Fund was part of a restructuring process which encompassed the supervision of banks with new parameters, revamped standards for financial institutions, the privatisation of federal banks and the entry of foreign banks into the Brazilian banking system.

Challenges for **FGC** in the next few years include that of the institutional evolution process, the strengthening of monetary and fiscal policies and legislative changes with respect to new bankruptcy laws. In particular, the bankruptcy provisions will provide new perspectives to recoveries of banks although the main principles have not been transformed into legislative amendments. Another challenge for **FGC** lies in the creation of new financial products. Some new products tend to evolve from financial assets that are covered by **FGC** whilst the evolution of certain financial products may necessitate the adjustment of premiums charged. Premium contributions have to be adequate to finance the fund with regard to the obligations that **FGC** needs to honour. Differential premiums provide incentives for financial institutions to increase transparency in order to avoid higher premiums arising from higher risks. However, risks are measured in different ways by rating agencies and supervisory agencies.

Dr. Loyola explained that the role of the Central Bank in the banking system is that of an arbitrator in a systemic crisis and for systemic prevention. It is increasingly difficult, he said, for the Central Bank to provide loans for liquidity purposes in its role as the lender of last resort. On the broader economy, he spoke about Brazil's capital account that is relatively closed currently whilst the global trend is towards liberalisation of the capital account. The main challenge would lie in managing the capital flow.

## Keynote Address

*Jean Pierre Sabourin, Chair of the Executive Council and President, International Association of Deposit Insurers( IADI)*

**Jean Pierre Sabourin** warmly welcomed all participants to the conference and thanked the **FGC** for their excellent hospitality and splendid arrangements. In line with the conference theme of *“Raising the Bar”* which is aptly centred on governance, Mr. Sabourin highlighted strong governance which in the broadest sense embodies the philosophy and operations culture of an organisation. He emphasised that good governance is best seen when it is practised! The important part of this practice is for organizations to conduct regular reviews of their governance performance and to assess, on an ongoing basis, its strategic direction. He then went on to discuss three aspects of governance from **IADI**'s perspective.

The first issue was **IADI**'s mission to share deposit insurance expertise with the world and in the last 4 years, the Association organised or co-hosted 23 conferences, seminars and workshops to share knowledge and expertise on deposit insurance issues among its members, associates, observers, partners and relevant policy makers. There are three approaches that could be considered in the future; they are training, secondments amongst deposit insurers and advancing best practices or standards.

Mr. Sabourin touched on **IADI**'s priorities. The Association has prided itself on building with the best governance practices which are stipulated in its Governance Policy. The policy also reflects the Statutes and By-laws of the **IADI**. He further explained the **IADI**'s practices in terms of governance, transparency and accountability, and then moved on to the **IADI**'s new priorities; the first important initiative is to build a comprehensive database on deposit insurance and related information for deposit insurers and other interested parties to use as their reference. The second important initiative is the training program, due to the fact that **IADI** has an ageing population of experienced deposit insurers who might retire before they transfer and share their expertise with others. That is an important issue that **IADI** should address in order to prevent a talent vacuum in the future. He was pleased that the **Federal Deposit Insurance Corporation (FDIC)** had agreed to pilot a training programme in July 2007 and collaboration with **FDIC** to design a range of comprehensive deposit insurance courses to meet the special needs of the Members will be a goal of this initiative.

The last important initiative is the funding issue as the present level of funding is only sufficient to meet the current operational needs. As a growing association, the **IADI** needs to seek additional funding to address future workload. Hence, a committee has been established to explore several options. Their views and feedback are essential before the **IADI** brings any recommendations to the 2007 AGM.

Mr. Sabourin went on to explain how **IADI** stacks up against other safety net players and how it fits in with other financial standard setters. The Association was built on a strong foundation and its governance practices are “best of breed”. The objective is 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 ultimate goal is to build a critical mass of well-governed and well-managed deposit insurers to contribute to the overall stability of the financial system.

Lastly, Mr. Sabourin underscored **IADI**'s future strategic direction. The form and type of guidance to be issued so as to meet the mandate and legal framework of different countries is still a matter for debate. However, there can be specific guidance issued applicable to deposit insurers with their mandates. The Executive Council will deliberate on the matter of issuing best practices and standards, funding and a number of other important matters, as that will be the strategic direction of the **IADI** for next 3 to 5 years. Recommendations will be brought forward as part of a Business Plan which will be addressed at the 2007 October AGM in Kuala Lumpur.

In closing, Mr. Sabourin said that the **IADI** as a pioneer readily took on the challenge and began the first of many steps in its journey of development. It has laid the foundation. Now it is ready for its next stage of growth. The opportunity to make things happen has been presented. He believes the strong foundation laid will enable them to build on their strengths. It is indeed an intrinsic part of a sound governance process to advance **IADI**'s mission and vision.

## **Session II: Discussion Paper on Governance** **Has the Bar Been Raised High Enough?**

**Moderator:** *Gregor C. Heinrich, Office for the Americas, Bank for International Settlements (BIS), Switzerland*

**Presentation : Governance of Deposit Insurance Systems: Discussion Paper**

*Guy Saint-Pierre, President and Chief Executive Officer, **Canada Deposit Insurance Corporation (CDIC)***

Speaking as the Chair of the **IADI** Research and Guidance Subcommittee on Governance of Deposit Insurance Systems, **Guy Saint-Pierre** thanked his committee members for their valuable work and for their submissions to the committee. His presentation summarized the key elements of the discussion paper on governance. He then defined governance and added that it is also about the importance of the relationship between the deposit insurance system and the authority from which it obtains its mandate. Four critical elements of good governance that deposit insurance systems should address are: operational independence, accountability, integrity, transparency and disclosure.

Mr. Saint-Pierre articulated 14 suggested guidance points designed to bolster these four critical elements of a sound governance framework. He illustrated the guidance points by using examples from his own organization –**Canada Deposit Insurance Corporation**. The deposit insurer should have a governing body and be structured in such a way as to prevent undue influence from political forces, the financial services industry, or other safety-net participants. Furthermore, a deposit insurance system should be structured such that the potential for conflicts of interest respecting members of the governing body and management be minimized.

Other suggested guidance include the suggestion that the governing body should have a charter or policy in place that lays out the governing body's responsibilities. And, governing body members, senior officers and employees of a deposit insurance system should be provided with legal protection for decisions made, omissions, and actions taken in good faith. The last issue addressed was transparency and Mr. Saint-Pierre recommended that the deposit insurer should be as transparent as possible and disclose appropriate information on. In closing he invited the comments of all interested parties on how to improve the discussion paper and guidance points.

## **Discussant I: The Governance of Deposit Insurance**

*David G. Mayes, Senior Advisor, **Bank of Finland***

**David G. Mayes** addressed the discussion paper stressing that “getting the framework right” for deposit insurance is a prerequisite for governance. He also highlighted the necessity of setting out the features that situate deposit insurance in the spectrum and that make it unique.

In Mr. Mayes’s view, the appropriate governance framework covers a range because deposit insurers vary from being a simple pay-box with virtually no staff and a simple mandate to a large organization that is responsible not just for managing risks but also for supervising financial institutions. The **IADI** recommendations start with a simple requirement – set out a clear mandate. But, this is often beyond the ability of the deposit insurer to do so.

Regarding conflicts and coordination problems with governance, and inconsistent mandates among financial safety net players and deposit insurers, one way of handling these is to have memorandums of understandings among the parties as to what their roles are and how they will co-operate in the event of difficulties.

Additionally, there are three steps that need to be assessed. The first is how the appropriate level of risk of the deposit insurer should be determined; the second is the extent of the effort that should be expended in achieving that level and not under or over-shooting it and the third is the assessment of whether the deposit insurer’s systems relate to prevention or rectification of risks in the event of problems. Furthermore, governance can be enhanced by ensuring strong risk management both at the level of the deposit insurer and of those institutions it insures. A strong disclosure regime can also add a strong impetus to prudent risk management by banks.

With respect to potential conflicts of interest, Mr. Mayes believes it is not so much that there should be no conflicts of interest but that such interest relationships as do exist should be public and that the rules under which the board operates should be transparent and the proceedings adequately open. Hence, where interests are represented on the Board, the onus is on the deposit insurer to have internal procedures in place to ensure careful balance. He also emphasized the importance of transparency in the board operations and that a deposit insurer must have internal procedures to ensure potential conflicts are well balanced among members and parties.

In closing, Mr. Mayes said his comments are only a scratch on the surface of a substantial and welcome piece of work by **IADI**. The formalized requirements in the **IADI** guidelines on governance show excellent precepts. However, their success, as revealed in moments of crisis, will depend more on the relationship among agencies and how their interactions have been sorted out, than simply on the formal rules within the single agency. Much of this may be beyond the deposit insurer's direct control but nevertheless it has to be addressed.

## **Discussant II:**

*Dalvinder Singh, Senior Lecturer in Law, Department of Law – Financial Institutions and Infrastructure, **Oxford Brookes University**, United Kingdom*

**Dalvinder Singh** addressed the paper by demonstrating how some of the issues in the proposed guidance are handled in the UK and elsewhere. Professor Singh indicated that the responsibilities of the various components of a nation's safety net are broad and far reaching. The exercise of these functions requires the individuals to exercise their responsibilities with integrity and utmost care to avoid exacerbating a problem into a crisis. Thus, the need to develop codes of conduct for employees is proposed by the **IADI** discussion paper.

Mr. Singh commented that express immunity articulated in the **IADI** guidance provides needed safeguards to ensure individuals are not operating in an environment where litigation is always looming. But this immunity should not be a complete shield against certain legal actions namely those in bad faith and indeed criminal offences. The most significant exception is actions in bad faith which no responsible regulatory authority should be exempt from. Using the failure of BCCI as an example, he demonstrated the extreme difficulty of establishing misfeasance in public office against a regulator.

Mr. Singh ended by looking at alternative mechanisms for those seeking redress from wrongdoing such as the U.K. Independent Complaints Commissioner as useful bridges between the official safety net, regulated firm and consumer to address issues of maladministration.

### **Discussant III:**

*Paulo Sergio Cavalheiro, Director of Supervision, Central Bank of Brazil and Chairman of the Board of Directors, Association of Supervisors of Banks of the Americas –ASBA*

**Mr. Cavalheiro** welcomed the paper and its proposed guidance points. He provided a number of recommendations to further improve the paper including that the guidance points be separated out into high level guidance principles followed by more detailed good practices.

In the area of training of governing body members, Mr. Cavalheiro suggested that this be revised to stress that the key emphasis should be on attracting experienced and skilled people in the first place and that additional training be used to supplement their skill sets. On the organization of the paper, he pointed out that the audit and legal protection sections of the paper should be separated.

Mr. Cavalheiro's final comment was that the paper should acknowledge that in most cases the deposit insurer is dependent on the regulatory authorities for information on its membership. Therefore, the issue of encouraging transparency between deposit insurers and regulators needs to be addressed in the guidance.

**Luncheon Address:** [Differential Premiums - The New FDIC Approach](#)

*Martin J. Gruenberg, Vice-Chairman, Federal Deposit Insurance Corporation (FDIC), USA*

**Martin J. Gruenberg** thanked Ray LaBrosse for his kind introduction and expressed his pleasure in visiting Rio de Janeiro to attend **IADI**'s Fifth Annual Conference. He also thanked Gabriel Jorge Ferreira and Antonio Carlos Bueno and the staff from **FGC** for their warm and generous hospitality in hosting the event, as well as Jean Pierre Sabourin and Ray LaBrosse for providing the leadership for the conference.

His remarks focused on three things: (1) the recent significant deposit insurance reforms enacted by the United States (U.S.) Congress which the **FDIC** will begin to implement in 2007, (2) the important role that deposit insurance plays in maintaining the stability of banking systems around the world, and (3) the critical role that **IADI** plays in supporting deposit insurance agencies through information sharing, training, and guidance.

Mr. Gruenberg introduced the topic of the recent deposit insurance reform by mentioning the key role the **FDIC** has played in maintaining public confidence in the U.S. banking system for the past 70 years and briefly reviewing the history of deposit insurance reform in the U.S.

Mr. Gruenberg reviewed the key elements of the U.S. 2006 deposit insurance reform act, focusing on the two most critical reforms -- the new law gives the **FDIC** flexibility to raise premiums during good economic times, strengthening the **FDIC's** ability to manage the fund and promoting a stable and strong banking system. The new law also authorizes the **FDIC** to charge all banks for the risk they pose to the system. He reviewed the recent adoption of the new risk-based deposit insurance premium system and premium rate schedule which would take effect in January 2007. The rule reflects the intent of Congress to build up the deposit insurance fund in good economic times so that higher premiums do not have to be imposed during economic downturns, thus providing for long-term stability in premiums.

Mr. Gruenberg then turned to the role that well-designed deposit insurance systems can play in strengthening financial stability globally. History has shown (particularly the U.S. experience with deposit insurance) that well-designed and explicit deposit insurance systems that are understood by the public help prevent bank runs, limit the severity and the resolution costs of financial crises, and contribute significantly to overall financial stability. The worldwide evolution toward explicit and well-designed deposit insurance systems is a positive development, but the critical challenge is to ensure that deposit insurance systems are well-designed and maintained properly to keep pace with the rapidly evolving financial marketplace. A well-designed deposit insurance program can enhance the discipline in the financial system by establishing standards for institutions to qualify for insurance. But, where the legal or accounting infrastructure is lacking or prudential supervision is lax, deposit insurance will not be effective in playing this role. The specific design features that work best will vary from country to country, but these key challenges always have to be addressed.

Next Mr. Gruenberg discussed the critical role **IADI** plays in strengthening the contribution of explicit deposit insurance systems in maintaining the stability of banking systems around the world. He shared the view that **IADI** is well-positioned to play a leadership role by integrating the collective experience and expertise of its members into the larger set of international efforts to ensure safe and sound banking

systems worldwide, including working through and alongside multilateral organizations. He recognized the extraordinary leadership of Jean Pierre Sabourin in building a solid foundation for the Association and his role. Looking forward, he emphasized the role **IADI** can play to support the development of guidance on deposit insurance and a comprehensive training program to cover all aspects of deposit insurance design, operations and crisis management. The **FDIC** views training as a key function of **IADI** and are committed to helping establish a strong program that would be available to all Members. Mr. Gruenberg also discussed the steps **IADI** is taking to forge a stronger working partnership with the **European Forum of Deposit Insurers (EFDI)**. An important facet of this partnership will include joint work on cross-border issues and international crisis management, which will be the topic of discussion at an event in May 2007. He encouraged deposit insurers to take the lead in developing effective processes and protocols for international crisis management and expressed the view that collaboration between **IADI** and **EFDI** is a very good place to start.

### **Session III: Discussion Paper on Funding for Deposit Insurance Systems. Sustaining the Credibility of Deposit Insurance Arrangements**

**Moderator:** *Maike B. Luedersen, Senior Counsel, International Monetary Fund (IMF)*

#### **Presentation:**

*Dong Il Kim, Executive Director, Korea Deposit Insurance Corporation (KDIC) and David Walker, Director, Policy and International, Canada Deposit Insurance Corporation (CDIC)*

**Dong Il Kim** presented the twelve suggested guidance points in relation to funding of deposit insurance systems, summarized as follows:

1. A deposit insurance system must have ready access to adequate funds.
2. Policy makers can choose among *ex-ante*, *ex-post* and combined (i.e. hybrid) approaches. An *ex-ante* approach is preferable in most circumstances particularly for newly established systems.
3. The cost of a DIS should be borne by its member banks.
4. In assessing premiums, the assessment base and the criteria used must be clear to all participants.

5. It is important for policy makers to take into account the impact of the establishment and operation of the deposit insurance fund on the capital base and lending capacity of member banks.
6. Two of the means to build up and maintain the deposit insurance reserve fund are: (a) steady premium rate over a lengthy period; or (b) premium system designed to maintain a sufficient target reserve ratio or range.
7. A wide range of factors needs to be considered for the target reserve ratio approach.
8. In cases when target reserve approach generates more funds than required, it is advisable to have a disbursement mechanism to handle such a situation.
9. It is possible to have one fund for all deposit-taking institutions or a separate one for each category of institution.
10. A deposit insurer should ensure that its funds are well managed and readily available to cover losses as they arise.
11. The accountability and integrity of a DIS can be enhanced by ensuring that the system is transparent and information on its funding is disclosed in a timely, consistent and accurate basis.
12. The deposit insurer may not have sufficient resources to handle all situations. Ways of obtaining supplementary funding to handle contingencies should be considered.

Mr. Kim discussed the rationale for each guidance point, touching on issues associated with mandates, evaluation of different funding approaches in terms of efficiency and effectiveness, various sources of funds, possibility that excess premiums could lead to instability of the financial system, adequacy of target funds, the need for clear oversight, and possible use of alternative funding such as catastrophe bonds, credit derivatives and the like.

Mr. Kim concluded by saying that a well-designed deposit insurance system can contribute to the integrity of a country's financial system, and thereby promote financial and economic stability. Adequate funding has to be in place so that a DIS can meet its objective of protecting small depositors and maintaining public confidence in deposit insurance.

#### **Discussant I:**

*Bakhyt Mazhenova, General Director, Kazakhstan Deposit Insurance Corporation (KDIF)*

**Bakhyt Mazhenova** shared her experiences in the area of funding by noting that the **KDIF** has contingency funding to deal with deficits by

collecting additional premiums from member banks when making payouts to depositors. **KDIF** in accordance with the *Law on Mandatory Deposit Insurance* has a right to borrow from the National Bank of Kazakhstan. However, the central bank has no obligation to provide the loan.

There are also other sources of funding such as credit derivatives, reinsurance of risks, and issuance of bonds. Ms. Mazhenova also discussed the advantages and disadvantages of alternative sources of funds. For credit derivatives, the advantages are lower credit default swap's cost, quick access to required funds and less operating cost. However, the disadvantages include inability to define an occurrence time of risk event and absence of credit ratings.

With regard to the issuance of bonds, a major drawback is the absence of mandate for the **KDIF** to issue bonds. For reinsurance of risks, it is the fact that direct reinsurance at foreign insurance companies is under a ban. Ms. Mazhenova also suggested that perhaps it may be time to develop some **IADI** standards on the matter.

#### **Discussant II:**

*Jean Roy, Professor, Ecole des Hautes Etudes Commerciales, Canada*

**Jean Roy** stated that he supported the conclusion that *ex-ante* funding is preferable by saying that historically, most disbursements have been of systemic origin, and that *ex-post* funding works well when disbursements are non-systemic in origin. Hence, since *ex-ante* is a better solution for systemic disbursements, it should be preferred.

Professor Roy said that a good case can be made for hybrid funding. He said that some points in Mr. Kim's presentation could pave the way for further research such as those relating to determining the optimal size of a deposit insurance fund. With regard to other types of funding arrangements, he raised the issue of whether it is appropriate and potentially advantageous for deposit insurers to become active risk managers also in the area of financing.

Mr. Roy concluded by saying that he hopes the quest for finding optimal funding arrangements for deposit insurers will be an on-going process leading to adaptation, innovation and dynamic efficiency.

### **Discussant III:**

*Michael Wilson, Managing Director and Head, JP Morgan Asset Management Global Applied Research Group*

**Mr. Wilson** discussed the management of deposit insurance funds. He said that this would entail taking into consideration investment management goals, risk management, and benchmark selection.

The investment management goals of capital preservation and maximization of returns can be contradictory. However, Mr. Wilson said goals may be refined by addressing the issues of the time period and probability in relation to capital preservation. As to returns maximization, considerations will be the amount of risks involved and in what currency.

Fund managers often face a number of risks including interest rate risk, currency risk, credit risk, and liquidity risk. All these risks need to be recognized, so that they may be properly addressed. Mr. Wilson also mentioned the importance of benchmarking for risks and returns. He noted that as portfolios grow, broader benchmarks are usual.

Mr. Wilson concluded by saying that there is a need to precisely define the contradictory goals of capital preservation and returns maximization. Also, that most risk is from benchmark. For benchmark selection therefore, un-hedged returns are historically more volatile than single currency US\$ indices, and that one to three year indices offer good protection against annual negative returns.

### **Session IV: Training: Developing Leaders for Deposit Insurance Organizations**

Moderator: *Ferruh Tunc, Vice President, Savings Deposit Insurance Fund of Turkey*

**Ferruh Tunc** introduced the session by highlighting the importance of sharing expertise and knowledge worldwide and confirming that this is one of the core objectives of **IADI**. He stressed that the Association is focusing its activities on developing training initiatives where deposit insurance professionals will provide knowledge to other deposit insurance practitioners. Mr. Tunc then introduced the speakers and discussants and reminded the audience that the session was planned to be interactive and so questions and comments were most welcome.

## **Presentation:**

*Winston Carr, Chair, Training and Conference Committee, and CEO, Jamaica Deposit Insurance Corporation (JDIC)*

**Winston Carr** stated that the first **IADI** executive training program will be held in mid-July 2007 in the **FDIC** facilities in Arlington, Virginia. He emphasized that the topics selected are unique to deposit insurers and cannot be easily studied elsewhere. The training program will utilize work already done by **IADI** and the participants will share their experiences by studying and discussing real cases. Issues related to design, organization and governance of a deposit insurance system were chosen as the first topic for discussion and experts from Bosnia and Herzegovina, El Salvador and Taiwan will share their experiences with participants. The second topic will focus on claims and recoveries which will be presented by professionals from the UK and Korea. In conclusion, Mr. Carr expressed his thanks for **FDIC**'s support of the training program.

## **Discussant:**

*Fred Carns, Director, Office of International Affairs, Federal Deposit Insurance Corporation (FDIC), USA*

**Fred Carns** began by congratulating Mr. Carr on his work and the efforts devoted to this initiative. Mr. Carns then underlined that this would not be a single event but the beginning of a long-term training program for deposit insurers. The **IADI** Training and Conference Committee will assess training needs of its members on an ongoing basis and the first summary report for Executive Council will be finalized by the end of February 2007. He then explained that the first program is designed for the executive level, and tailor-made training courses can be designed upon request to suit the training needs of operational level staff. He added that the case studies approach was chosen to be the main training method as the experience can be easily transferred to a participant's (participants') home country system.

## **Dinner Speech, 16 November 2006**

**Keynote Address by Jaime Caruana, Director, Capital Markets, International Monetary Fund (IMF)**

**Jaime Caruana** expressed a pleasure and challenge to address the distinguished group of **IADI** delegates meeting in the beautiful city, Rio de Janeiro. He spoke of the positive developments for stability of the

global financial system during the current period of significant changes in the financial markets. He further elaborated on two important examples of these positive developments: first, the improvement in risk management practices in financial institutions over the past few years. And second, the significant improvement in debt management in many emerging countries. The main point that he made was the need to ensure that the two critical features of the financial safety net, i.e. supervision and deposit insurance, evolve to meet the challenges of this new world of changing financial environment. In this regard, he discussed the evolving role of banks and the change in the traditional arrangements among members of the safety net.

The Basel Committee on Bank Supervision has established the Basel Accord Implementation Group to strengthen cooperation among supervisors in response to these challenges. As for deposit insurance, Mr. Caruana related the measures taken by European countries in allowing “top up” protection so that all depositors in a country will have the same level of protection. He further mentioned three additional concerns when an institution fails, such as adequate information sharing with deposit insurance agencies, effects on the home and host economies, and burden-sharing arrangements between home and host countries. This, he said, underlines the important role that **IADI** can play. A brief description of **IMF** newly established Monetary and Capital Markets Department’s activities then ensued.

In conclusion, Mr. Caruana looked forward to the **IMF** working closely with **IADI** to seek appropriate responses to the challenges of the changing financial environment.

### **Special Presentation:** [Non-Performing Loans](#)

#### *Salvatore Milanese, KPMG International*

The presentation by **KPMG** of Brazil covered transactions involving non-performing loans (NPL). The market for non-performing loans has been active for over 20 years and currently the most active centers include China, Turkey, Mexico, Philippines, Germany, and Japan. Brazil is among the emerging markets. The NPL in Brazilian financial system aggregated more than 30 billion Reals. The advantages inherent in selling of NPLs are to reallocate resources and to utilize manpower of financial institutions for further improvement in terms of costs reduction and better liquidity.

The process of sale includes three stages: first, NPL sale preparations will include analysis and review of information on the portfolio and organizations for investors to use. Second, discussions are held with investors on issues like provisions of the contract for granting, guarantees and other legal terms. Third, sale processes will include bidding, interaction with investors and negotiations, etc.

The factors that influence the value of the portfolio will include the discount rate, quality of credit, transference issues and financing costs. Maximizing the NPL price will be a strategic objective of a seller and the average return rate on assets and recovery cost and due diligence are the factors which will also affect the price.

There was an immediate need for Brazil to tackle the NPL due to the influence of past financial crises. Lately, the legal framework and the protection of creditors' rights had been improved in Brazil but there was further scope for judicial requirements to facilitate sale of NPL. In Brazil, outright sale was not possible. Joint venture companies may agree to share ownership and recovery in agreed proportions. However, the most important requirement was a helpful judicial system for buyers to speed up recovery from acquired NPL. Hence, there was need for outright sale NPL portfolios to Specialized Asset Recovery Companies.

## **Session V: Discussion Paper on Claims and Recoveries Hard Lesson on getting Your Money Back**

Moderator: *Michael Osmeña, Acting President, Philippine Deposit Insurance Corporation (PDIC)*

Presentation:

*Fred Carns, Director, Office of International Affairs, Federal Deposit Insurance Corporation (FDIC)*

**Fred Carns** stated that the purpose of this session is to discuss suggested guidance on paying claims when banks fail and recovering value from a failed bank's assets, because the timely and accurate payout of insured depositors is one of the most important functions of the deposit insurer. It is hoped to help countries that want to create or enhance deposit insurance systems.

Mr. Carns noted that the draft guidance is designed to be broad and flexible. The effectiveness of the processes must be measured within the constraints of those country-specific conditions. He outlined the key

factors to consider when setting claims and indicated that, before the bank is closed, maintaining interrelationships is critical and the deposit insurer needs information about its deposit obligations as quickly as possible once it has been determined that a bank is in trouble or likely to fail. After the bank is closed, it is very important to reinforce public awareness and information campaign and to reconcile depositor accounts immediately. Regarding the steps in the claims process, establishing a clear claims plan is essential. Fostering and maintaining effective working relationship between the deposit insurer and other relevant safety net players is imperative. Besides, deposit insurer needs to begin the claims process immediately upon closure of an insured institution.

Mr. Carns then turned to recovering asset values in failed banks. He stated that, once a bank has failed, disposition of its assets should be pursued by an appointed receiver who markets and liquidates assets and distributes the proceeds to creditors. The general goal of an effective asset disposition strategy is to maximize the return to the receivership. Transparency and access to information are critical to obtaining maximum value for assets. Disposing of assets quickly and achieving maximum value are two main goals of recovery efforts. And these competing goals must be balanced by the receiver in its decisions regarding asset sales.

Mr. Carns concluded that the application of guidance will vary among countries; cooperation, communication, and coordination between supervisors is paramount; availability of information to deposit insurer and stakeholders is critical; establishing and testing a Resolutions Plan is important; efficiency in the claims process will be helped by managing expectations of the public, depositors, and creditors; when disposing assets, the market discounts for unclear or imperfect information; where there is room for a country to change law, the change should be pursued.

In the discussion session, **Andrew Campbell** noted that banks can and do fail. In fact, in recent times bank failure has been very common in many countries throughout the world. He stated that to give the deposit insurance agency a role in the bankruptcy proceedings should assist in maximising value, including involvement prior to the commencement of bankruptcy proceedings. In addition, there is a need to have a policy in place for dealing with non-performing loans. If the bank is not being sold as a going concern, removing the bad assets and selling off the good ones as soon as possible is recommended.

Professor Campbell also indicated that most of the cases depend on the market for the sale of such assets. If there is little hope of selling distressed debt, holding it and attempting to increase value may be the only realistic option. Besides, as the Claims and Recoveries Paper noted, there are various factors which affect the management and disposition of such assets.

**Dong II Kim** then commented that claims take several forms, but only the claims of insured depositors are discussed in the discussion paper. In addition, Mr. Kim stressed that deposit insurer's access to deposit data before closure and strict securities rules excluding pre-closure data access may have both costs and benefits.

Moreover, Mr. Kim pointed out that the role of receiver and whether the deposit insurer can be appointed legally or not are essential to maximize recoveries. He recommended that the issue of conflicts of interests and efficiencies of recovery could be further discussed. In the meantime, he also shared with the audience the Korean cases—the **KDIC** as a receiver.

## **Session VI: Discussion Paper on Designing Effective Mandates: Measures to Improve the Deposit Insurance Systems**

**Moderator:** *Mutsuo Hatano, Deputy Governor, Deposit Insurance Corporation of Japan*

**Presentation:** General Guidance for Effective Deposit Insurance Mandate

*Mohammed Al' Jafari, Managing Director, Jordan Deposit Insurance Corporation*

**Mohammed Al' Jafari's** began by outlining of the methodologies used to develop a general guidance for the effective mandate of deposit insurance schemes. Dr. Al-Ja'fari's stated that the different mandates of a number of countries were covered, including the three basic types of deposit insurance systems and the limitations of the classification. A thorough description was given on the pay box, pay box with extended powers and risk minimizing deposit insurance systems.

The important considerations for effective implementation were also discussed broadly. Dr. Al-Ja'fari emphasized the roles of other safety net participants. He then highlighted the general guidance points for designing effective deposit insurance mandates which included many

relevant sub-topics such as the mandate of deposit insurance systems, interrelationship with other safety net participants, organizational aspects, membership policy, resources and staff training.

**Discussant I: Comments on General Guidance for Effective Deposit Insurance Mandate**

*Alexander V. Turbanov, General Director, Deposit Insurance Agency, Russia*

**Alexander V. Turbanov** began by expressing his pleasure in addressing such a distinguished conference which housed so many representatives of the financial sector. Mr. Turbanov started by touching on the key issue from the standpoint of deposit insurance mandate. He explained that the FSF and The World Bank, through a number of research projects, confirmed the assumption of compulsory membership of financial institutions in the system as stated in the draft **IADI** Guidance. He emphasized that establishing adequate policy for banks admittance to the system and defining membership granting is also important to promote long-term DIS financial soundness and public confidence.

Mr. Turbanov then went on to share the Russian experience in managing the membership where banks needed to go through special procedures prior to their entry into the system. This approach made it possible to control the risks assumed by the system. In conclusion, he said that adequate entry procedures contribute to effective Deposit Insurance System operations and maintain public confidence.

**Discussant II: Commentary on the General Guidance for Effective Deposit Insurance Mandate**

*Antoinette McKain, Jamaica Deposit Insurance Corporation (JDIC)*

**Antoinette McKain** provided an overview about the general guidance for effective deposit insurance mandate. She then underscored the significance of a mandate to be aligned to public policy objectives and that it should be publicly disclosed in legislation. She also discussed the roles and responsibilities of a deposit insurance system which depends on the mandate of either pay box, pay box with extended powers or risk minimizer.

The topic of optimal deposit insurance mandate was also covered as part of the commentary's objective. In addition, the mandate can be

determined and the specific roles, responsibilities, powers and authorities can be publicly disclosed once the public policy objectives are agreed upon by the proper authorities. In closing, Ms. McKain once again questioned the criteria in achieving the deposit insurance mandate at an optimal level.

**Discussant III: Resource Availability for an Effective Deposit Insurance System: Funding, Human Resources, Information Technology**

*Richard J. Osterman, Jr., Assistant General Counsel, **Federal Deposit Insurance Corporation (FDIC), USA***

**Richard J. Osterman** focused on one of the important considerations in designing an effective deposit insurance mandate which is resources availability. This area specifically includes Funding, Human Resource and Information Technology (IT). He also underlined the policy objectives of Deposit Insurance Systems which highlight the two main areas—to protect depositors and to contribute to the financial stability. Under the key area of Funding, he elaborated on the mechanisms necessary for an effective deposit insurance system. Mr. Osterman then went on to share the **FDIC** experience on the issue of Funding with the audience. Another key area explained was Human Resources. The last key area discussed was an Information technology and the need for it to be in place in all deposit insurance systems. This is because every system needs IT support in all functional areas. The quality of the technology is also a crucial element to the successful fulfillment of the system's mandate.

In his concluding, Mr. Osterman mentioned that the broader the objectives or mandates are, the more resources would be required. Therefore adequate funding, a dedicated workforce and quality information technology are vital support to the mandate of a deposit insurer.

**Update on IADI Activities and Closing Session**

*John Raymond LaBrosse, Secretary General, **International Association of Deposit Insurers (IADI)***

The Secretary General provided an update on the activities of the International Association of Deposit Insurers. Mr. LaBrosse began with a review of the mission and nature of the Participants in IADI. He then presented a series of maps of the world which showed what had changed with the creation of the Study and Working Groups on Deposit

Insurance. A map showing the 25 jurisdictions of IADI when it was incorporated was displayed and he showed how it has evolved to the 46 members that are now part of the Association.

The Secretary General then turned to some of the significant accomplishments of the Association over the past four years – outlining the training activities and development of guidance. He then turned to the structure of the organization and the nature of the activities at the regional level.

Mr. LaBrosse noted that he had been invited to submit papers from the Fourth Annual Conference to the *Journal on Banking Regulation* and a special issue of the JBR would be available shortly.

Wai Keen Lai was then invited to make a presentation including a DVD on Kuala Lumpur, the next venue of the 2007 Annual Conference. On behalf of the **Malaysia Deposit Insurance Corporation**, Ms. Lai invited all deposit insurers and other participants to Malaysia to attend the conference and enjoy the beauty that the country in the celebration of its 50<sup>th</sup> Anniversary.

Antonio Carlos Bueno was called upon to bring the conference to a close. He again thanked everyone for their participation that made this conference fruitful, informative and successful. Jean Pierre Sabourin and John Raymond LaBrosse asked him to assemble the **FGC** team and they were for their great organization of the conference along with all the related events and the hospitality that was extended to all attendees.

The conference came to a close with the sounds of a beautiful melody of a famous Brazilian bossa nova song “The girl from Ipanema”.



<b>Annual General Meeting and Fifth Annual IADI Conference "Raising the Bar"</b> <b>15 - 17 November, 2006</b> <b>Copacabana Palace Hotel - Rio de Janeiro, Brazil</b> <b>Schedule and Program</b>				
Date	Time	Event	Location	
15 Nov, Wednesday	08:30 - 09:00	Opening - International Exhibition on Deposit Insurance	Noble Room	
	08:00 - 09:45	Registration for the AGM	Drawing Room	
	10:00 - 12:00	Fifth Annual General Meeting	Golden Room	
	08:00 - 12:00	Registration for the Conference	Drawing Room	
	12:00 - 13:30	Lunch	Special participation of ASBA, BID, BIS, CEMLA, Central Bank of Brazil and IMF	Visitors, Draw. and Read.RoomS
	14:00 - 15:45	<b>Seminar on Latin American Issues</b> 14:00 - 14:10 - Opening Carlos Enrique Isoard y Viesca, Chair of Latin America Regional Committee and Member of the Board of Instituto para la Protección al Ahorro Bancario, Mexico 14:10 - 14:30 - Keynote speaker Joaquim Vieira Ferreira Levy, Vice President for Finance and Administration, Inter-American Developing Bank – BID		Golden Room
		<b>Session I</b> <b>Moderator:</b> Sidinei Corrêa Marques, Advisor of Board of Directors, Central Bank of Brazil		
		14:30 - 14:50	<b>The regulatory efforts to create a better &amp; more efficient Safety Net. The Latin American experience</b> Antonio Gustavo Matos do Vale, Director of Bank Liquidation and Privatization, Central Bank of Brazil	
		14:50 - 15:10	<b>To Guarantee beyond the Deposits. The Argentine experience</b> Irene Ulnik, Chairwoman, SEDESA, Argentina	
15:10 - 15:30		<b>Overview of Deposit Insurers in Latin America</b> Lic. Oscar Armando Pérez Merino, President of the Instituto de Garantía de Depositos - IGD, El Salvador		
15:30 - 15:45		Question and Answer		
15:45 - 16:15	Coffee Break	Noble Room		
16:15 - 17:30	<b>Session II</b> <b>Moderator:</b> José Linaldo Gomes de Aguiar, Centre for Latin American Monetary Studies – CEMLA			
	16:15 - 16:35	<b>Building a Plan: Elements in a good negotiation. The Brazilian experience</b>		

		<p>Jairo Saddi, Professor of Oxford University and IBMEC São Paulo, Brazil; lawyer of Saddi Advogados Associados, Brazil</p> <p><b>Legal Protection to Officers of the Safety Net. Brazilian and Mexican experiences</b></p> <p>16:35 -16:55 - Brazilian experience</p> <p>Francisco José de Siqueira, General Attorney, Department in Law, Central Bank of Brazil</p> <p>16:55 - 17:15 - Mexican experience</p> <p>Mario Beauregard, Executive Secretary, Instituto para la Protección al Ahorro Bancario - IPAB, Mexico</p> <p>17:15 - 17:30 - Question and Answer Session</p>	
15 Nov, Wednesday	19:00 - 21:00	<p>Opening Reception</p> <p><b>Welcoming Remarks:</b></p> <p>Paulo Sérgio Cavalheiro, Director of Supervision, Central Bank of Brazil; Chairman, Association of Supervisors of Banks of the Americas - ASBA</p>	Balcony
		<p><b>Conferring of "Deposit Insurance Organization of the Year" Award</b></p> <p>Jean Pierre Sabourin, Chair of the Executive Council, International Association of Deposit Insurers</p>	
16 Nov, Thursday	08:30 - 09:30	<p><b>Session I: Official Opening</b></p> <p>Gabriel Jorge Ferreira, Chair of Fundo Garantidor de Créditos - FGC Board, Brazil</p> <p>Gustavo Loyola, former Governor, Central Bank of Brazil</p>	Golden Room
		<p>Welcoming Remarks:</p> <p>Antonio Carlos Bueno de Camargo Silva, CEO, Fundo Garantidor de Créditos - FGC and Chair of the IADI 2006, Brazil</p> <p>Jean Pierre Sabourin, Chair of the Executive Council, International Association of Deposit Insurers</p>	
		<p>Outline of Conference Program</p> <p>John Raymond LaBrosse, Secretary General</p>	
	09:30 - 10:00	Coffee Break	Noble Room
	10:00 - 12:30	<p><b>Session II: Discussion Paper on Governance</b></p> <p><b>Has the Bar Been Raised High Enough?</b></p> <p>Moderator:</p> <p>Gregor C. Heinrich, Office for the Americas, Bank for International Settlements (BIS), Switzerland;</p> <p>Presenter:</p> <p>Guy Saint-Pierre, President and Chief Executive Officer, Canada Deposit Insurance Corporation</p> <p>Discussants:</p> <p>David Mayes, Senior Advisor, Bank of Finland</p> <p>Dalvinder Singh, Senior Lecturer in Law, Department of Law - Financial Institutions and Infrastructure, Oxford Brookes University, United Kingdom</p> <p>Paulo Sérgio Cavalheiro, Director of Supervision, Central Bank of Brazil; Chairman, Association of Supervisors of Banks of the Americas - ASBA</p> <p>Question and Answer Session</p>	Golden Room
12:30 - 13:45	Lunch	Visitors, Draw. and	

		Speaker: Martin J. Gruenberg , Vice Chairman, FDIC, Differential Premiums - The New Approach in the USA	
	13:45 - 15:15	<b>Session III: Discussion Paper on Funding for Deposit Insurance Systems</b> <b>Sustaining the Credibility of Deposit Insurance Arrangements</b> Presenters: Dong Il Kim, Executive Director, Korea Deposit Insurance Corporation Discussants: Bakhyt Mazhenova, General Director, Kazakhstan Deposit Insurance Fund ; Jean Roy, Professor, Ecole des Hautes Etudes Commerciales, Montreal Michael Wilson, Managing Director, Head of JP Morgan Asset Management Global Applied Research Group Question and Answer Session	Golden Room
	15:15 -15:45	Coffee break	Noble Room
<b>16 Nov, Thursday</b>	15:45 - 16:45	<b>Session IV: Training</b> <b>Developing Leaders for Deposit Insurance Organizations</b> Presenter: Winston Carr, Chair, IADI Training and Conference Committee and CEO, Jamaica Deposit Insurance Corporation Discussants: Fred Carns, Director, Office of International Affairs, Federal Deposit Insurance Corporation, USA Question and Answer Session	Golden Room
	17:00	Group Photo	Balcony
	19:00 - 22:00	Keynote Speaker: Jaime Caruana, International Monetary Fund	Visitors, Drawing and Reading Rooms
	08:00 - 09:00	Breakfast sponsored by KPMG International Non Performance Loans. Presenter: Salvatore Milanese	Visitors, Drawing and Reading Rooms
<b>17 Nov, Friday</b>	09:00 - 10:15	<b>Session V: Discussion Paper on Claims and Recoveries</b> <b>Hard Lesson on Getting Your Money Back</b> Presenter: Fred Carns, Director, Office of International Affairs, Federal Deposit Insurance Corporation Discussants: Andrew Campbell, Director of the Centre for Business Law and Practice School of Law, University of Leeds; Dong Il Kim, Executive Director, Korea Deposit Insurance Corporation Alexandre Antonio Tombini, Director of Financial System Regulation and Organization, Central Bank of Brazil. Question and Answer Session	Golden Room
	10:15 - 10:45	Coffee Break	Noble Room
	10:45 - 12:30	<b>Session VI: Discussion Paper on Designating Effective Mandates</b> <b>Measures to Improve the Deposit Insurance Systems</b> Presenter: Mohammed Al'Jafari, Managing Director, Jordan Deposit Insurance Corporation Moderator: Mutsuo Hatano, Deputy Governor, Deposit Insurance Corporation of Japan Discussants:	Golden Room

		Alexander V. Turbanov, General Director of Deposit Insurance Agency of Russia; Doctor of Law Antoinette McKain, Jamaica Insurance Corporation Richard J. Osterman, Jr, Assistant General Counsel, Federal Deposit Insurance Corporation, USA;	
		Question and Answer Session	
	12:30 - 14:00	Lunch Speaker: J. R. .LaBrosse, Update on IADI Activities Closing Remarks: Antonio Carlos Bueno and Jean Pierre Sabourin	Visitors, Drawing and Reading Rooms
<b>17 Nov, Friday</b>	14:30 - 18:00	City Tour to Christ the Redeemer on Corcovado Hill	
	19:20	Departure to Porcao Rio's Restaurant	Lobby
	20:00 - 23:00	Closing Dinner - Brazilian Show	Porcao Rio's Restaurant