Proceedings from the Third Annual IADI Conference Brunnen, Switzerland 26-27 October 2004

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Foreword

The Third Annual IADI Conference was held in Brunnen, Switzerland on beautiful Lake Lucerne from 25-27 October 2004. Consistent with **IADI**'s vision "to share deposit insurance expertise with the world," the Association invited expert practitioners from around the world to make presentations and participate in the conference. The theme of the conference was "*Assembling the Tool Kit for Deposit Insurers*" and it was chaired by Charles Cornut, Président du Directoire, Fonds de Garantie des Dépôts of France; Mr. Cornut is also the Treasurer of **International Association of Deposit Insurers** and Chairman of the Finance and Planning Committee.

Presentations covered recent developments and issues of interest to deposit insurers flowing from a recent APEC Policy Dialogue, insolvency issues and the role of deposit insurance, case studies of bank failures, guidance on bank resolutions, enterprise risk management, technical assistance and where to get it, strategic planning, cross-border issues and the attendees were provided with an update on **IADI**'s activities and what to expect in 2005. The audience of 145 was truly international in scope as 48 countries were represented at the conference.

These proceedings were prepared by an international team of writers organized by the International Affairs Division of **Central Deposit Insurance Corporation**. The writers included: Claude Rollin, **Federal Deposit Insurance Corporation**; Shinichi Sakai, **Deposit Insurance of Japan**; Sung Han Jie, **Korea Deposit Insurance Corporation**; Yvonne Fan and Fiona Yeh, **Central Deposit Insurance Corporation**; Renata Cechova, **Deposit Insurance Fund** (Czech Republic); Wai-Keen Lai, **Bank Negara Malaysia**; David Walker, **Canada Deposit Insurance Corporation**, Ade Afolabi, **Nigeria Deposit Insurance Corporation,** and myself. I take responsibility for any errors that emerged in the editing process.

Copies of the PowerPoint presentations and a picture gallery are located on the Internet at: **http://www.iadi.org./**

Secretary General

28 February 2005

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Executive Summary

The Conference was opened by Charles Cornut and the Keynote Address was delivered by Jean Pierre Sabourin, Chair of the Executive Council and President of the **International Association of Deposit Insurers**. Mr. Sabourin reviewed the origins and mandate of the **Canada Deposit Insurance Corporation** (CDIC) as well as the innovative techniques CDIC has implemented over the years. Mr. Sabourin further emphasized IADI's role in international cooperation and as a contributor to financial stability.

The first session focused on the APEC Policy Dialogue on Deposit Insurance and provided an opportunity for experts to share "country experiences" with the single regulator model in the UK, Germany and Japan. Insolvency issues were addressed in the next session, moderated by Christine Cumming, who also outlined the different stages in the decline of a troubled bank. Philip Wood traced "World Trends in Bank Insolvencies" and he was followed by Robert Sanderson and Gale Rubenstein who focused on loss minimizing for deposit insurers in the event of insolvency and they also spoke about some recent work being undertaken by INSOL.

The first afternoon session dealt with bank failures and what could be learned from recent experiences. Ernesto Aguirre discussed the internationally agreed principles to deal with banking resolution and insolvency being developed by the World Bank. Issues associated with large banks were addressed by Fred Carns and Juan Pablo Cordoba Garces presented a case study of a small bank. The discussant was Dong Il Kim who looked at recent experiences in Korea.

Chin-Tsair Tsay of **Central Deposit Insurance Corporation** turned the conference's attention to the work on Guidance on Bank Resolutions. This session began with a presentation on "The Exit Mechanism and Resolution of Problem Financial Institutions" by Ganiyu Ogunleye, which was followed by a look at "Disposition of Problem Financial/Non-performing Assets Based on Market Mechanisms" by Michael Mackey. Carlos Isoard reviewed handling a systemic financial crisis and interrelationships, while Daniel Jánossy focused on reimbursement and liquidation issues.

The dinner speaker was Otbert de Jong of ABN AMRO who addressed the conference participants on "Basel II: Raising the Global Risk Bar".

The second day opened with a presentation on "where deposit insurers can get help for technical assistance" with a discussion by James Rives on the missions and activities of several international funding institutions and it was followed by a presentation by Chris Barltrop from USAID. Session VI took a look at the issue of Strategic Planning and it was moderated by Ray LaBrosse. Keith Adam examined the techniques now in use by **Canada Deposit Insurance Corporation** and he underscored that this knowledge has been shared with **Deposit Insurance Corporation** (Trinidad and Tobago) through Junior Frederick and Winston Carr of the **Jamaica Deposit Insurance Corporation** who were also on the panel.

Cross-border issues and their implications for deposit insurers was the topic of final session moderated by Gavin Bingham of the Bank for International Settlements. Anthony Beaves spoke about the challenges that result, whereas Neil Cooper and Eva Hupkes reviewed the General Principles of a Functional Approach to Regulation, and the objectives of deposit insurers, the challenges of foreign branch deposits and cross-border cooperation.

IADI's Secretary General, Ray LaBrosse, provided the conference participants with an update on recent and planned activities for the Association and Yvonne Fan of **Central Deposit Insurance Corporation** invited everyone to next year's conference in Taipei.

Opening Session

*Charles Cornut, Président du Directoire, **Fonds de Garantie des Dépôts***

Charles Cornut opened the conference and said that it was an honour to welcome the participants to the 2004 Annual Conference of the **International Association of Deposit Insurers** at such a beautiful location. Mr. Cornut noted that the conference program was designed to help everyone to share their knowledge and expertise. He was confident that all of the moderators, presenters, and discussants, as well as the distinguished speakers, would exert their best efforts to meet that objective.

Mr. Cornut then introduced **Jean Pierre Sabourin**, the Chair of the Executive Council and President of the **International Association of Deposit Insurers**.

Keynote Address

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

Jean Pierre Sabourin welcomed the participants to historic Brunnen, the birthplace of Switzerland, and thanked Charles Cornut for the introduction and Ray LaBrosse and his team for their efforts in organizing the conference. His remarks began with a quote from H.L. Menchen, "For every complex problem, there is a solution which is simple, neat, and wrong". He then confirmed that his term as President and Chief Executive Officer of the **Canada Deposit Insurance Corporation** (CDIC) would be soon coming to an end and he wanted to use the occasion of this conference to reflect on CDIC's development over the years and how its evolution relates to the experience of other deposit insurers.

First, and foremost, he addressed the "Can't fail syndrome" which is creating some important public-information challenges for deposit insurers. He asked, how in more or less stable economies do you properly instil an awareness of potential failure without causing unnecessary alarm or being perceived as crying wolf? In today's world the conjunction of powerful forces such as globalization, technological innovation and financial liberalization are creating newer forms of risk. Indeed, events in one remote corner can have immediate financial consequences elsewhere. One of the functions of a deposit insurance system, as with a fire department, is to help keep this destruction from getting out of hand.

Mr. Sabourin recalled that CDIC was established for the same basic reason that most deposit insurance arrangements are created – to protect the deposits of ordinary citizens held in financial institutions in case of their failure. It was established also to prevent contagion of the fire, or runs on other deposit taking institutions, thereby contributing to the stability of the financial system as a whole.

But, the events in the 1980s brought about some changes. All told, CDIC has dealt with a total of 43 failures in its entire history, 23 of which occurred in the decade of the 1980s. Mr. Sabourin reiterated that we recognize now that bank failures are normally not isolated incidents, but tend to arrive in waves. As a result, some institutional changes were made and CDIC's mandate was expanded. Since Canada's system has socialized the losses resulting from a failure across CDIC's membership, it obviously should be of more than passing interest to the member institutions that CDIC really does minimize its exposure to loss and its losses.

It is instructive to take a look back, Mr. Sabourin said. The failures of the 1980s led to CDIC having to borrow $3.7 billion and this led to CDIC increasing its premium rate charged to financial institutions to a high of almost 17 basis points and in the cost of the 43 failures was $4.7 billion. The good news was that the loss from failures has been reduced from an average of 52 cents on the dollar for failures prior to 1987 to 17 cents on the dollar during the 1990s. As a result, CDIC has calculated that they have saved approximately $5 billion by intervening early and finding solutions at least cost to the Corporation. Perhaps surprisingly, CDIC's operating expenses are now less than the income it makes on its investments. There have been various reasons for this rather dramatic improvement, he noted. But, he noted that a primary reason is that CDIC has been given a proactive mandate. Another was the degree of independence that came with it and other innovations (differentiated premiums, *Standards*, lower operating costs, etc.)

Mr. Sabourin then turned to the international financial crises of the 1990s. The need for increased financial stability in the face of such challenges gave rise to the Financial Stability Forum in the late 1990s. The main objective of the FSF, he underscored, was to bring together those responsible for different elements of financial stability. An essential component of the modern financial safety net is sound deposit insurance arrangements. Out of the deliberations of the FSF'as Working Group on Deposit Insurance evolved the notion of an international association the purpose of which is to contribute to the stability of financial systems. That, he noted, is the value of these annual conferences and the regional meetings. They provide a *fora* for assembling the most up-to-date tool kit for today's deposit insurer. In speaking with his "**IADI**" hat on, he saw an increased role for IADI in that regard.

Mr. Sabourin returned to Canada's experience and underscored that the ability to develop new initiatives and adapt to those that are working elsewhere was due in large part to the issue of independence. It is now widely recognized by international organizations such as the IMF and The World Bank that an independent deposit insurer is more likely to be insulated from the influences that detract from a focus on deposit protection. Other primary features that go hand in hand with independence are accountability, transparency and integrity – the underpinnings of good regulatory governance.

In closing, Mr. Sabourin noted that the financial services industry, the global world of banking, and the array of products, systems and services facing the consumer are all becoming exponentially more complex as time advances. In accordance with this complexity comes the likelihood of increased risk. This environment is going to place ever more importance on **IADI**, both in terms of the collaborative relationships among us which counter risk and contribute to international financial stability, and the specific programs we provide to assist members of the association and others.

IADI has had a successful year in fulfilling these objectives. Moreover, in the Association's business plan, he hopes to build upon those successes and contribute even more effectively to its purposes. Among the many satisfactions he has had in stepping down at CDIC, is knowing that he worked hard in launching this organization. The future of deposit insurance as an integral part of the new global financial system that is emerging is bound up with **IADI**. And, he concluded by saying that he looks forward to seeing more successes as the Association pursues its objectives.

Session I: Recent Developments and Issues of Interest for Deposit Insurance

Moderator: *Hans Jacobson, **Deposit Guarantee Board**, Sweden*

Presentation I: The APEC Policy Dialogue on Deposit Insurance – Key Policy Conclusions

David K. Walker, Director, Policy and International, ***Canada Deposit Insurance Corporation***

David Walker gave a presentation on the APEC Policy Dialogue on Deposit Insurance that was held in February 2004 in Kuala Lumpur. Major issues addressed were: (1) legal protection & indemnification; (2) governance & interrelationships; and (3) trigger mechanisms for prompt corrective action. One major conclusion was that individuals working for deposit insurance should be legally protected from personal liability when acting in good faith. Another major conclusion was that sound governance would strengthen the financial system. The Policy Dialogue also concluded that it is important to have a framework for prompt corrective action and the resolution of troubled banks, which permits prompt intervention, as this can reduce cost.

Presentation II: The Single Regulator Model and the United Kingdom – Pros, Cons and Issues with Deposit Insurance

*Joe Norton, Professor, SMU University, Texas (Please note that **Professor Norton** was not able to attend due to a sudden illness- a shorten version of his remarks were delivered by David Walker)*

David Walker summarized Professor Norton's paper on the single financial services regulator with a focus on the pros and cons of the model. One conclusion was that there needs to be clear and compelling policy objectives for creating a single financial regulator. Professor Norton studied the example of the Financial Services Authority ("FSA") in the United Kingdom. The FSA authorities have said that the FSA-type model was adopted for specific circumstance in the U.K and is not necessarily appropriate for other countries. Professor Norton developed an elaborate scorecard for the single regulator model, looking at both the pros and cons for this type of set-up. His conclusion was that the cons exceed the pros and that the UK's FSA has failed to prevent or detect subsequent financial scandals.

Presentation III: The Japanese Experience

Mamiko Yokoi-Arai, Centre for Commercial Law Studies, University of London

Mamiko Yokoi-Arai clarified some of the conclusions of Professor Norton's paper (since she was a co-author of the paper). She then gave a presentation on the Japanese experience with the single regulator model. From paper that she wrote with Professor Norton, they developed a number of criteria to assess the single regulator model and its relationship to the **Deposit Insurance Corporation of Japan** (DICJ). She then gave a short summary of the history of the DICJ, which is completely independent from Japan's FSA. Next, she discussed the unique features of the financial regulatory structure in Japan. Finally, she gave an assessment of the postunification regulatory of the DICJ, including its independence and the adequacy of its resources. The paper concluded that the DICJ has adequate independence and resources.

Presentation IV: The German Experience

Jens-Hinrich Binder, Institut für Ausländisches und Internationales Privatrecht, Freibourg University

Jens-Hinrich Binder spoke next about deposit insurance in Germany. He reported that deposit insurance has survived financial restructuring in Germany. First, he gave an overview of the German banking system and described the three basic types of banks in Germany (public savings banks, cooperative banks and commercial banks). He explained that insolvencies in the past were confined to commercial banks, which are very competitive. Mr. Binder then described the regulatory framework in Germany prior to 2002 and subsequent to 2002 when it was reformed. The German regulatory reform left the deposit insurance function separate and also maintained the pro-existing separation of the banking, securities and insurance regulators. In addition, he spoke about the evolution of the Deposit Insurance Fund in Germany, which is the most important provider of deposit insurance in Germany and managed by the German bankers association. Membership in the fund is voluntary but most private banks have joined. Finally, he spoke about other deposit insurance schemes for other types of banks in Germany.

In the **Q&A Session** two questions were raised. First Mr. Binder was asked about the number of deposit insurance schemes in Germany. He replied that the major scheme is really important but there are three others. Then a participant asked if Japan is trying to move from a blanket guarantee to limited coverage and, if so, what are the public information efforts that it is undertaking. Ms. Yokoi-Arai confirmed that the Prime Minister of Japan has announced that the blanket guarantee will be removed in 2005 and the public is well aware of this due to widespread media coverage.

Session II: Insolvency Issues and the Role of Deposit Insurers

Moderator: *Christine Cumming, First Vice President, Federal Reserve Bank of New York*

Christine Cumming provided an overview on bank failure and resolution. She first pointed out the role of bank failure in a health financial system and then outlined the different stages in the decline of a troubled bank focusing on the roles of supervisors, management and deposit insurers. Ms. Cumming noted the three stages - early, middle and last - according to the degree of problem and trouble, and the roles that the supervisors and deposit insurers play in the different stages.

At every stage, Ms. Cumming said, the market value of the bank is the most crucial issue. The value of the bank can be inferred not only by tangibles provided with balance sheets but also by the intangible assets, such as franchise, brand, and know-how. Because value of a troubled bank, which is determined by market, is inherently forward-looking in nature and probability of a turnaround is highest in the early stage, Ms. Cumming emphasized “time is the big enemy” in order to maintain the value of a troubled bank at each stage and eventually minimize the cost of resolution.

At a troubled bank, management and bank supervisors can play important roles to avoid the deterioration of value of the bank during the first two stages. Management, for example, can correct problems as it has an incentive to maximize the value. Meanwhile, bank supervisors can highlight problems and with its authority it can limit growth, risk-taking, and the drain of capital, liquidity and assets. As probability of a turnaround declines, the importance of minimizing cost of resolution eventually predominates. Ms. Cumming concluded that the focus should be put on the process of hand-off from the supervisor to the resolution authority (deposit insurers), to reduce the social costs of private bank failures.

Presentation I: World Trends in Bank Insolvencies

Philip Wood, Professor of Law, Global Counsel, Allen & Overy, London

Philip Wood sketched some world trends in bank insolvencies. It is common, he said, that there are many differences in legal tendencies in the treatment between bank and ordinary corporation insolvencies. Banks tend to be treated as special cases because of the nature of their liabilities. By using six key indicators (set-off, security interests, contract cancellation, management control, preference, and trusts) he tried to detect whether the regimes in a number of jurisdictions seek to protect creditors from a insolvency or the debtors and its creditors. He then displayed global maps and charts to help portray the different types of legal systems around the world.
Mr. Wood concluded by noting that there is a tendency in bank insolvency law on the six indicators to favour creditor-protection, i.e. the remedies are preserved and often enhanced in order to protect creditors in dealing with the failed banks. However, corporate insolvency law in some countries is tending towards the enlargement of the debtor's estate.

Presentation II: Insolvency Issues

Gale Rubenstein, Partner Goodmans LLP, Toronto
Robert O. Sanderson, President KPMG Inc., Toronto

Gale Rubenstein and **Robert Sanderson** focused on loss minimizing for deposit insurers in the event of insolvency by classifying what to do "before" and "during" insolvency. Ms. Rubenstein also used the occasion to update the audience on some recent work being undertaken by INSOL International.

The speakers noted eight crucial components for the operations before insolvency. They are: (1) decision matrix for assessing an appropriate course of resolution; (2) integrity of data; (3) existing operational capability of institution; (4) composition of liabilities; (5) assets characteristics; (6) overall state of local economy; (7) available liquidity to both the deposit insurer and depositors; and (8) ownership of goodwill in the deposit base.

Ms. Rubenstein and Mr. Sanderson noted that, in order to lead a better resolution during insolvency, one should consider relationships with other stakeholders, protocols where multiple insolvencies are involved, monitoring the performance of the liquidator, and consider other possible strategies.

In the **Q&A Session**, the presenters were asked how to avoid possible conflicts of interest with stakeholders in the process of dealing insolvency, and why protocols are needed in case of multiple insolvencies. The speakers underscored that agreements are important to avoid such conflicts, and protocols are necessary to make clear the responsibility of each of the player's function in dealing with insolvency. As for the question of the best timing to terminate a liquidation process, the response was that it will depend on the circumstances when operations are carrying out, but basically maximizing the value of troubled bank is the most crucial point to be considered.

Session III: Dealing with Bank Failures

Moderator: *Oscar Armando Pérez Merino*, *Chairman,* ***Instituto de Garantía de Depósitos*** *(El Salavador)*

Presentation I: Internationally Agreed Principles to Deal with Bank Resolution and Insolvency

Ernesto Aguirre, Banking Regulation, The World Bank

Ernesto Aguirre began with a brief mention of the pillars of bank stability which he views as being capital, oversight, and exit policies. He then went on to explain the Global Bank Insolvency Initiative, being driven by the World Bank, which has four main objectives. First, to determine the appropriate institutional, legal and regulatory framework to deal with bank insolvency, including in the context of systemic crises. Second, to create an international consensus regarding such frameworks, this could also include best practices and alternatives, to deal with bank insolvency matters. Third, there is a desire to help policymakers assess such frameworks. Finally, to facilitate the provision of technical assistance to help countries improve their frameworks.

Mr. Aguirre stressed the importance of creating an international consensus in implementing the initiative through global seminars, regional seminars as well as interaction with other international groups and task forces. The scope of the initiative includes institutional aspects, banks' official administration, bank restructuring and resolution, bank liquidation and preparing a legal framework for dealing with a systemic crisis.

Presentation II: Issues Associated with Large Banks

Fred Carns, Deputy Director, Division of Insurance and Research, ***Federal Deposit Insurance Corporation***

Fred Carns opened by mentioning the legal constraints associated with resolving a large bank. These include a least-cost test, systemic risk exception, discount window borrowing and qualified financial contracts. He explained the complexities of a large bank failure in terms of bank characteristics and failure characteristics. Bank characteristics include the size of the institution, structure of the holding company, its foreign operations, qualified financial contracts and role in the derivatives market as well as in the payments system. The speed of a failure and the fact that the failure date tends to be determined more by markets, not regulators, could be cited as failure characteristics.

Mr. Carns highlighted the FDIC's objectives in an event of a bank failure. In short, it is to adhere to the spirit of FDICIA. The FDIC's objective could be described as a balancing act between upholding market discipline and maintaining financial stability. More specifically, the key objectives center around minimizing any cost to the insurance fund, minimizing systemic risk, providing liquidity to depositors, and managing liquidity in the deposit insurance fund.

Presentation III: Case Study of a Small Bank

Juan Pablo Córdoba Garcés, Director, ***Fondo de Garantías de Entidades Financieras (Colombia)***

Juan Pablo Córdoba Garcés began his presentation by describing the context of a case study. In this regard, it was noted that there was an overall weakening of the Colombian economy, nine financial companies had failed in 1998 and another 17 over the preceding three years. Within this adverse environment, he introduced the case of *Banco Superior*, in which a loan program for equity strengthening was preferred over simple resolutions as a way of dealing with bank failures.

To access capital strengthening loans from FOGAFIN, institutions must meet the following conditions: there must be an independent evaluation by a consulting firm, independent audit of type A & B loans, "good bank/bad bank" separation, and subscription to a performance agreement with FOGAFIN. These loans may be up to three years in duration and are provided based on market interest rates.

The bank's management along with continual follow-up by FOGAFIN improved the bank's overall performance. With the dividends generated by the bank, the shareholders were able to prepay their obligation to FOGAFIN. Indeed, FOGAFIN's projections indicate that shareholders of *Banco Superior* will pay off their debt three years ahead of schedule.

In closing, Mr. Córdoba Garcés noted that although this method of small bank resolution worked extremely well in Colombia, it may not be applicable under many circumstances elsewhere. Among the weaknesses of the scheme were insufficient asset withdrawal, market perception and liquidity.

Discussant: Dealing with Bank Failures: Korea's Experience

Dong Il Kim, *Executive Director,* ***Korea Deposit Insurance Corporation***

Dong Il Kim began his comments by thanking the three speakers for their fine presentations. He then went on to present some of Korea's experience in dealing with bank failures.

He mentioned that two approaches were applied in the resolution of financial institutions, depending on their scale of operations. First, in the case of large banks, methods such as open bank assistance and purchase and acquisition (P&A) were preferred over liquidation. This was to prevent the potential repercussions of the failure of a large bank on the economy.

On the other hand, the majority of small financial institutions were liquidated and the rest were resolved using the P&A method. In the case of medium-sized financial institutions, such as merchant banks and mutual savings banks, bridge banks were established to see through the resolutions of failed institutions.

Mr. Kim concluded that Korea's financial sector restructuring process could be described as being "swift and sweeping". A large amount of public funds were swiftly injected to clean-up accumulated insolvencies and enable a smooth escape from the crisis situation. This in turn had the effect of enhancing the stability of the financial system.

Session IV: Guidance on Bank Resolutions

Moderator: *Chin-Tsair Tsay, Chairman of the Board,* ***Central Deposit Insurance Corporation***

Chin-Tsair Tsay began by saying that the reason for holding the session was to share with the audience the preliminary findings of **IADI**'s research on "Guidance on Resolution of Bank Failures". He noted that the deposit insurance system in each country may have various resolution powers due to differences in their public policy objectives and mandates. By sharing information and lessons learned from others, **IADI** can help to build up comprehensive and effective international guidance on the resolution of bank failures for deposit insurers and other financial safety-net participants. The preliminary findings were summarized from responses to the questionnaire circulated to all participants. With further comments/suggestions to be made by the members, it is expected that the guidance will be comprehensive to address major issues on resolution of bank failures. The audiences would be presented with deeper insights on four issues, namely, "The Exit Mechanism and Resolution of Problem Financial Institutions," "Disposition of Problem Financial Institutions and Non-performing Assets Based on Market Mechanisms," "Handling Systemic Financial Crisis and Interrelationship among Financial Safety Net Players" and "Reimbursement and Liquidation".

Presentation I: The Exit Mechanism and Resolution of Problem Financial Institutions

Ganiyu A. Ogunleye, Managing Director/Chief Executive Officer, ***Nigeria Deposit Insurance Corporation***

Ganiyu Adewale Ogunleye discussed the issue of exit mechanisms and resolutions of problem financial institutions. He began by defining the terms of failing/failed and insolvent financial institutions, and then he defined the term "resolution" as a method of addressing the problems of troubled insured institutions with a view to protecting depositors, minimizing financial system disruptions, as well as minimizing the monetary authorities' costs. Taking into consideration efficiency, reliability and creditability, he said that a failure resolution framework must take into account certain policy and operational considerations, such as the least cost consideration, in order to prevent the disruption of banking services in particular markets or regions.

Mr. Ogunleye then noted that reimbursement should be prompt and accurate after a bank failure. Depositors should be informed of when to expect reimbursement if it is not available immediately after the closure and the process should be made as simple as possible. All of the failed institutions' assets must be properly secured and both legible and accountable. Legal protection for staff of deposit insurers is vital while handling failing/failed financial institutions. Specific provisions of this protection should include granting individuals statutory immunity from civil and criminal liability for actions or omissions taken in good faith whilst they carry out their legal responsibilities.

In closing, Mr. Ogunleye said that the future role of deposit insurers is to seek authority when they take over a problem institution still under "going concern," and take prompt corrective actions. Financial institutions, he underscored, are at the center of business and economic activities. Therefore, promoting a healthy and efficient banking system is a crucial goal of government and society. As a situation of prevalent distress among financial institutions, the application of an appropriate failure resolution method becomes a necessary remedy to restore the health of individual institutions and the entire financial system.

Presentation II: Disposition of Problem Financial Institutions/Non-performing Assets Based on Market Mechanisms

Presenter: *Michael W. Mackey, Reorganization Services Group, **Deloitte & Touche**, New York*

Michael Mackey's presentation focused on the disposition of problem financial institutions in relation to market mechanisms. Legal frameworks, precedent transactions, the capacity and inclination of potential purchasers, and each country's supportive regulatory and political environment determine the nature of market mechanisms. Market-based processes are unlikely to be successful if there is only one credible bidder, thus showing a high risk of collusion or favoritism to the 'insider'.

In Mr. Mackey's view, problem financial institutions' assets can be placed into two categories; (1) Performing assets which could be merged or sold to a variety of domestic and international financial institutions and investors; and (2) Non-performing loans and recovered assets which can be sold to asset management companies and similar specialist investors. One item of note: "not everything that can be sold should be sold."

Mr. Mackey then explained that buyers need incentives to become involved in this market mechanism. For instance, tax incentives can be used to facilitate the write-off of bad debts and enhance profitability. Administrative incentives can include reducing compliance costs, particularly in return for enhanced corporate governance, enhancing debt recovery/insolvency legislation, and removing competition or other administrative restrictions on banking procedures. All incentives should be reviewed for overall economic cost and potential systemic impact.

In conclusion, Mr. Mackey stated that the best practice of disposition with market mechanisms is to obtain regulatory buy-in before commencing with a process. The competent authority should identify the process clearly to target buyers in order to encourage participation from all purchasers, which allows the market to decide upon the value of problem financial Institutions. There is no need to fear, he noted, in adopting a market mechanism if a supportive regulatory environment and qualified buyers are known to exist.

Panelist 1: *Carlos Isoard, **Instituto para la Protección al Ahorro Bancario** (Mexico)*

Carlos Isoard began his presentation by defining the term "Systemic Financial Crisis (SFC)" as "a shock to the viability of financial intermediation and the payments system". He emphasized that early detection and diagnosis is crucial since a SFC hits the real sector of the economy. The early sign can be noticed by the behavior of creditors and depositors to withdraw their funds. Once a SFC happens, the competent authority will then face three phases to handle the situation.

The first phase, the "Containment Phase," occurs when stopping the panic and stabilizing the financial system is the first priority. The recommended contingent plan includes providing liquidity to preserve payments system integrity and providing blanket guarantee in order to prevent bank runs and contagion.

The next is the "Restructuring Phase". The actions deployed in this phase include ongoing support to viable banks and the removal of non-viable ones from the system, as well as efficient disposition of non-performing assets.

Lastly, the "Recovery Phase" aims to normalize the system after restructuring. In this phase, the re-conceptualization of the financial system to a more robust architecture is deemed essential. Fast removal of a blanket guarantee with immediate or a smooth transition (i.e. fast-track or gradual) to limited coverage is also necessary. The final step is to ensure the prevalence of a sound operating environment. Gradual removal of the blanket guarantee allows for the strengthening of the supervisory and regulatory situation. The removal process can occur while working for stability and yet be concurrent with banking sector recovery. Public confidence can also be sequentially tested and measured along the recovery phase.

The next question is: who must resolve the SFC? Mr. Isoard mentioned that no single safety-net player by itself can handle a SFC, and thus government support is essential. The size or severity of the problem may justify the creation of a specialized crisis resolution unit and fiscal costs must be diligently monitored. SFC management is a task for the entire safety net. In order to create an effective safety-net, four points were suggested: 1) independence from political and industry influence; 2) alignment of functional mandates and powers; 3) clear setting of responsibilities and accountabilities; and 4) adequate coordination and information sharing.

Mr. Isoard concluded by emphasizing that the prevention of a SFC is most important. In addition to establishing sound macroeconomic policies, an adequate legal/institutional framework, strong supervision and market discipline, and contagion avoidance through prompt resolution of isolated failures, it is also critical to enhance interrelationships between the safety net members and promote international cooperation. With globalization and technological progress, cross-border issues become more vital to the deposit insurance system. Mr. Isoard concluded his remarks calling on safety-net players for international cooperation.

Panelist 2: *Dániel Jánossy, Managing Director,* ***National Deposit Insurance Fund of Hungary***

Daniel Jánossy started with the legal background of criteria that determine reimbursement, and then he gave the procedures and data-processing examples during the reimbursement period. The summary of the pay-out procedure is as follows: to backup of the bank's records immediately after closure, to release news, to receive the depositors' claim applications (optional), cross-checking of submitted claims and the bank's records (optional), verification and calculations of the compensation according to the provisions of the law, preparation of a settlement on the sum of compensation, reimbursement, and follow-up and complaint management as the last step.

The key issues of the reimbursement contain the timeframe, interest payment, claim required from the depositors, and different methods of payment. Two special issues were brought up for further discussion: "set-off" and "blocked deposits". The rules of set-off deposits against debts are (1) set-off only on the notification and request of the liquidator, or (2) set-off by the deposit insurer on its own right (data-processing implications), and (3) set-off against debts due or in default only or against all debts. As for the blocked deposits, Mr. Jánossy noted they should be banned on reimbursement and the ban only can be lifted on the notification of liquidator or agency that ordered the blocking. Once the reimbursement procedures begin, public relationship needs to be taken care of and continuous dissemination of information on reimbursement during the whole process.

The other main topic addressed in the presentation was the criteria that determine the liquidation. Mr. Jánossy outlined the legal background in general. Some special rules that determine the statute of the deposit insurer in liquidation are: (1) the guiding subrogation rule; (2) major factors that determine the recovery in liquidation; and (3) set-off rules that might redistribute the administrative costs between the deposit insurer and the liquidator, and might have implications on the recoveries of the creditors.

Mr. Jánossy wound up the presentation with the Hungarian experiences in dealing with reimbursement and liquidation. When reimbursement was timely and with high quality or there was continuous flow of information during the reimbursement process, the contribution to social stability was positive. However, when liquidation was timely and with fair quality, the contribution to social stability was mixed since Hungary encountered slow recovery and full of debates and legal procedures. Finally he concluded interrelationship between deposit insurance and liquidation as follows: (1) efficient reimbursement by the deposit insurer might 'disburden' the liquidation; and (2) priority ranking, although financially beneficial for the deposit insurer, might cause social tension if there are many uninsured creditors. Therefore, history of bank-crises, reimbursement and liquidation was a continuous learning process in case of Hungary.

In the **Q&A session** Raymond Chan, Head of Banking Development Department of **Hong Kong Monetary Authority**, raised a question about the impact on the work of the liquidator given that different jurisdictions would have different insolvency regimes, such as set-off requirements. Michael Mackey first illustrated the BCCI case. He said in BCCI they had such issue to deal with. In Cayman and England set off was allowed; in Luxembourg it is not. The main estates entered into a pooling agreement where all the assets of the estates were shared equally with all creditors. However, due to the different set off rules not all creditors received the same amount.

Mr. Jánossy then pointed up the example in Hungary. He restated that the set-off effected only if notified and requested by the liquidator. Dealing with asset side would've doubled the administrative task of deposit insurers and is a very sensitive issue, which might have political indication and go forward to non-performing assets and bad debt. In his view, it is preferable to restrict the deposit insurer's activities on the liability side and do the set-off only on the request of the liquidator.

Dinner Keynote Speech: Basel II: Raising the Global Risk Bar

Otbert E. de Jong, Senior Vice President, Global Head Risk Advisory Services, ABN AMRO Bank N.V.

Otbert de Jong began his speech with a question as to whether risk management is an art or has it become a science in today's world as the risk professional's tool-kit requires an increasingly well-developed ability to read between the lines, look behind the presented truth, through the cycle, and beyond the numbers. He stressed that a risk manager is only able to take the right decisions if he can rely on a professional, values-based, disciplined business organization, combined with structured and immediate access to all relevant internal and external data.

In today's highly competitive business environment excellent enterprise risk management is a core differentiator. He said that although we had a better understanding of our vulnerability to more general external "events," impacts of such "events" might lead to often unexpected, uncontrollable situations that are putting additional pressure on financial stability in markets and are therefore affecting not only individual players but also much needed sustainable economic growth. Moreover, worldwide business-interdependencies might be causing wider, undesired ripple effects throughout the system. We had seen enough crises of many different sorts during the last decade to recognize this as a structural issue for all of us. Clearly these issues are not just a concern for bankers as practitioners, but also for regulators and supervisors.

In his speech he focused on the importance of the implementation of the New Framework of Basel II. He pointed out that the New Framework recognizes the fact that markets require enhanced stability, and that the soundness and the safety of the banking system worldwide is key therein. Even though migration of the Basel II Framework into national legislation is country-specific in terms of conditions, scope, and time-schedule, for international banks, he noted that, such development is quite desirable, as many financial markets in which they operate will become more professional, disciplined and transparent. However, Basel II itself should not be considered a "quick fix" for sounder and safer bank practices and market-based supervision. He mentioned such factors like transparent and effective regulatory and judicial environment, adequate governance structures within the banks, an embedded, values-based, professional business and risk culture and effective, independent supervision that need to be considered and simultaneously effected.

He considers the implementation of Basel II as an on-going journey, an evolution, but not the end. A number of important technical and efficiency issues that need to be resolved are still there. By 2007 it will have taken nearly a decade to bring the New Framework into practice after an extensive, very productive, multi-stakeholder consultation process, improving the understanding of a new risk paradigm by all participants. He believes that the New Framework will definitely provide an important impetus to more widely understood Enterprise Risk Management.

In his closing, Mr. de Jong expressed his opinion that Basel II has offered, and will continue to offer, a platform for much needed convergence of concepts and practices in the financial system at large even though there are still some open issues that need to be resolved. He believes that the international banks, will, out of self-interest, play an active role to contribute towards a safer and sounder banking and business environment also in participating countries.

Session V: Technical Assistance: Where can you get help?

Moderator: *James B. Rives, Managing Director, Barents Group, **BearingPoint Inc**. Washington, D.C.*

James Rives informed the conference that various international agencies provide technical assistance. These include, but are not limited to, the **International Monetary Fund**, the **Asian Development Bank**, the Canadian International Development Agency and USAID. Technical assistance could cover a broad range of areas, including advice on government policies, bilateral agreements and conditions, Financial Sector Assessment Policy reviews and financial sector crises. Technical assistance could take various forms, such as short-term advisory services or long-term resident advisory services.

Mr. Rives also provided practical advice and pointers to participants in the form of a "6 Cs" checklist for requesting technical assistance. The checklist suggested "Capturing" a short Terms of Reference or Statement of Work, "Comparing" a match needs against appropriate donor countries' strategies, "Communicating" at all levels with donors, "Cost-sharing" arrangements, demonstrating "Commitment" towards a partnership and finally "Communicating" progress and other needs.

Presentation I: Resolving Institutional Failures in Japan

Chris Barltrop, Senior Financial Markets Advisor, United States Agency for International Development

Chris Barltrop first noted that USAID provides funding for technical assistance in the financial sector programs and initiatives aimed at strengthening the enabling environment, such as development or enhancement of legal and regulatory infrastructure (including enlarging capacities in off-site surveillance and on-site examination), macro and micro-economic environment, institution building and capacity building. In respect of deposit-insurance, there are several pre-requisites. These include having the right political will, the establishment of strong supervisory and enforcement capacities, the existence of a strong banking system in which the supervisory authority has appropriate powers to intervene in a banking institution prior to its failure, and a strong insurer with ability to maximize recoveries to contain losses.

He then introduced that in terms of USAID's approach, the agency works with host country officials and other stakeholders to understand the local environment and stakeholder objectives. Upon agreeing to the objectives, short or long term support would then be developed, where necessary. The process would include the development of a Statement of Work and issue Request for Proposals to established technical assistance providers, evaluation of proposals, selection of consultants and monitoring implementation to ensure that objectives are achieved.

Special Session VI: "Strategic Planning"

Moderator: *John Raymond LaBrosse, Secretary General, **International Association of Deposit Insurers***

Presentation I: *Keith Adam, Director, Corporate Strategy and Reporting, **Canada Deposit Insurance Corporation***

The purpose of **Keith Adam's** presentation was to provide an overview of CDIC's approach to Strategic Planning and to discuss some of the lessons CDIC has learned when it had applied this approach, both at CDIC and at other deposit insurers in other countries. He looked first at a CDIC context and then turned to issues that arose in providing assistance to other organizations, the importance of implementing a Board Governance Policy, and then he brought together some points on the keys to success in strategic planning.

CDIC views strategic planning as being a part of the larger Strategic Management Process, which, to be effective is closely intertwined with its Enterprise Risk Management (ERM) work. These processes form an integral part of CDIC's overall approach to Governance. Mr. Adam presented CDIC's strategic management process model (the three phases of which are: strategic decision making; strategic execution; and, strategic review) as well as an overview of the key components of this model in the Canadian deposit insurance context. The importance of tailoring an approach to each unique situation / country was emphasized, as was the flexibility of the CDIC model to help facilitate such an approach.

Among the lessons learned, Mr. Adam pointed to the key importance of the need for ongoing dedication and total involvement of senior management and the board / governing body of the organization, as well as ongoing communication to ensure strategic planning exercises and the resulting plans are understood and successful. Reporting of performance against realistic and understandable measures and targets provides essential feedback into the strategic planning process. The process is an ongoing one, not a one time isolated annual event. A Board governance policy sets out the responsibilities of both the board of directors and management with respect to strategic management, risk management and overall governance of the organization.

Presentation II: *Junior Frederic, General Manager,* ***Deposit Insurance Corporation*** *(Trinidad and Tobago)*

Junior Frederick provided a presented how the DICTT developed its strategic planning process. Prior to the adoption of this its formal process, the DICTT undertook a 3-year rolling plan with emphasis on a one year operational budget. This was based on the Board of Director's guidelines which focused on two main pillars: (1) maintain a "lean and mean operation"; and (2) avoid duplication. The shortcomings of this approach soon became evident. Management simply followed the dictates of the Board which were mainly short-term, focused on cost containment and paid no attention to scanning the environment for opportunities and threats. Also, the Corporation did not have a full understanding of its strengths and weaknesses.

The new strategic planning system (established with the help of Keith Adam) now involves the identification of DICTT strengths & weaknesses, environmental scanning, the identification of objectives, an examination of resource constraints, and the identification of key supporting initiatives and resources required to achieve the objectives. The adoption of a phased approach to achieving objectives by identifying key performance indicators with targets covering a three year period was also established. Finally, the Board of Directors approval/buy-in at the end of the strategic planning exercise was clearly established.

The major benefit to adopting this process is that there is greater involvement of management in steering the Corporation. And, for each of the objectives, management has established a set of deliverables and ownership for the deliverables with accompanying completion timelines. Furthermore, deliverables are drilled down to lower-line staff, which fosters greater team work. Thus, management's focus has changed from a purely in-ward looking view to a more out-ward looking perspective. Management is now more aware of its enterprise wide risks than in the past and better poised to fulfill its new mandate to "promote and otherwise contribute to the stability of the financial system while minimizing exposure to loss".

Presentation III: *Winston Carr, Chief Executive Officer,* ***Jamaica Deposit Insurance Corporation***

In his presentation, **Winston Carr** defined strategic planning as "…the process of developing a framework to determine the direction and identify the focus of an organization." An integral part of the Strategic Management Process (SMP) at JDIC is to ensure that business operations are planned, authorized, properly implemented and monitored – on an ongoing basis. The purpose is to produce results on a consistent basis through total organizational commitment. It should also be used as an opportunity to review the vision, mission and core values of the organization.

Prior to 2003, JDIC operated on the basis of three consecutive Strategic Plans on its own initiative to guide the Corporation in its early years. Since 2003 under the Public Bodies Management and Accountability Act (PBMA), JDIC was required to submit its Corporate Plan annually to the Minister of Finance and Planning. The PBMA also requires that JDIC makes half-yearly and quarterly reports. JDIC took the decision to adopt the CDIC SMP (with the kind assistance of Mr. Keith Adam) but with modifications to take account of local peculiarities.

The components of JDIC's SMP incorporate a clear understanding of the corporation's business objectives and the use of longer-term business strategies to achieve these objectives. JDIC first performs an environmental scan/SWOT analysis taking into account internal and external issues. Then decisions must be made on the critical assumptions for the planning period and then develop the appropriate business plans and support initiatives. The key mechanism used to measure performance is a corporate scorecard.

The major lessons learned by JDIC have been: the process must be viable and clear; there must be organizational commitment to both the planning process and the plan; and planning is an ongoing people process and can be very time consuming. One must also establish key performance indicators to track performance against the plan and one should always take into account the impact of the environment. The overall plan should be flexible enough to accommodate adjustments due to changes in the operational environment. At JDIC it was also found that more work is required to integrate the Enterprise Risk Management process with the SMP.

Session VII: Cross-Border Issues: Implications for Deposit Insurers

Moderator: *Gavin Bingham, Secretary General of the Group of Ten*

Presentation I: *Anthony Beaves, Senior Legal Advisor, Bank of England*

Mr. Beaves's paper examined issues arising from cross-border banking transactions. According to him, cross-border issues became very important for the deposit insurer where domestic banks have overseas branches, where foreign banks have local branches and even where domestic banks have overseas assets (including contracts with foreign counterparties or contracts governed by foreign laws). Several policy issues relevant to deposit insurers (such as the coverage of foreign currency deposits, coverage of foreign depositors and coverage of foreign banks) could therefore be affected by these cross-border issues. Although he did not offer a proto-type solution to or analysis of these issues, he suggested some aspects of the tool kit of insurers (such as right of subrogation, right to participate in and powers in insolvency proceedings, and ability to control the recovery of assets) which could be affected by the content of foreign laws.

Presentation II: *Neil Cooper, Partner, Corporate Advisory and Restructuring, Kroll Worldwide, London*

Neil Cooper said that the relevant domestic legislation often provides answers to key cross-border issues. However, where they are inadequate, he suggested the use of regional laws, rules and regulations. He cited two examples- the UNCITRAL Model Law on cross-border insolvency and EU Insolvency Regulation.

Presentation III: *Eva H.G. Hüpkes, Head of Regulation, Legal Department, Swiss Federal Banking Commission, Bern*

Eva Hüpkes first mentioned that as a general principle financial regulation must both avoid moral hazard and allow financial institutions to fail. At the same time, it must permit the preservation of functions that are systemically important. This principle should also guide the design of deposit protection arrangements.

She then discussed ex-ante and ex-post measures to implement this principle. These include not only deposit insurance but also a legal mechanism to carve out the deposit taking function and transfer it to another institution which would continue operating it. This may be particularly relevant when a failing institution has a systemically relevant market share in deposit taking.

Ms. Hüpkes then turned to the cross-border challenges of deposit insurance that arise from the potentially conflicting incentives of home and host authorities and limitations of domestic deposit insurance schemes.

In conclusion, Ms. Hüpkes emphasized that it is important to forge agreement on a division of tasks between home/host deposit insurers that is incentive compatible. This would involve acknowledging the resulting information needs, creating a level playing field by agreeing on comparable coverage limits, insurance premiums, topping-up arrangements, etc.

During the **Q&A session**, the consensus was that it may be useful for deposit insurers both to develop common understandings similar to the Basle Core Principles for banking supervision and to consider forging Memoranda of Understanding with each other and, where relevant, with banking and securities supervisors and central banks.

Closing Session

Update on IADI Activities

The Secretary General provided an update on the activities of the International Association of Deposit Insurers. Before he addressed the accomplishments of the past year, **Mr. LaBrosse** provided a profile on the organizations involved with the **International Association of Deposit Insures**. He outlined the requirements for Members, Associates, Observers, and Partners and said that IADI represents a wide variety of deposit insurance systems. In this regard, a number of deposit insurance systems have been in existence for several decades and they have a wealth of experience that has been derived from practitioner-focused lessons learned. He was pleased to note that there is growing interest in the Association and a number of deposit insurers gathered in Seoul expressed an interest in joining **IADI** and conferences like this help show the value of joining the Association.

Mr. LaBrosse then turned to some of the significant accomplishments of the Association over the past year. He noted that activity amongst the Regional Committees was particularly brisk with conferences, seminars and workshops being held in Kyoto, Kiev, and Abuja and more can be expected in 2004/05. The Standing Committees were also very active in preparing guidance to assist policymakers in the design of deposit insurance systems based on country experience, general guidance in the development of differential premium systems, a catalogue on training courses for deposit insurers, and member profiles that have been published in the monthly **IADI** Newsletter. The Secretariat has also produced a Business Plan, the Annual Report, prepared a Seminar for deposit insurers from the Western Balkans, organized a Seminar on Enterprise Risk Management and undertook the preparations for the Brunnen Conference.

Mr. LaBrosse noted that **IADI** has been very active in international events including the Annual General Meeting of the Bank for International Settlements, the European Finance Congress, the APEC Policy Dialogue on Deposit Insurance, the 13^{th} Annual St. Petersburg Banking Congress and a number of other such events.

Yvonne Fan was then invited to make a presentation entitled "Touch Your Heart" which included a video on Taiwan, the venue for the next IADI Annual Conference. On behalf of **Central Deposit Insurance Corporation**, Ms. Fan invited all deposit insurers to come to Taiwan to attend the conference and enjoy the beauty that Taiwan has to offer.

Charles Cornut brought the Conference to a close. Mr. Sabourin and Mr. LaBrosse were invited to assist him and they used the occasion to express the sincere thanks of **IADI** to the entire team for their untiring support and dedication to making the conference an overwhelming success.

Participants at the Third Annual Conference		
Name	**Organization**	**Country**
Arian Kraja	Deposit Insurance Agency	Albania
Irina Kraja		Albania
Rajmonda Malaj	Deposit Insurance Agency	Albania
Leonora Ibrahimi	Deposit Insurance Agency	Albania
Choaib El-Hassar	Banque d’Algerie	Algeria
El-Hadi Mebarkia	Societe de Garantie des Depots Bancaires	Algeria
Philip Bethel	Central Bank	Bahamas
Kathrin Rodgers	Central Bank	Bahamas
Simeun Vilendecic	Deposit Insurance Agency	Bosnia & Herzegovina
Sead Manov	Deposit Insurance Agency	Bosnia & Herzegovina
Josip Nevjestic	Deposit Insurance Agency	Bosnia & Herzegovina
Sanja Stankovic	Deposit Insurance Agency	Bosnia & Herzegovina
Branislava Lisica	Deposit Insurance Agency	Bosnia & Herzegovina
Antonio Carlos Bueno deCamarga	Fundo Garantidor de Creditos	Brazil
Martina Larsson	PerCasa	Brazil
Roumyana Markova	Bulgarian Deposit Insurance Agency	Bulgaria
Bisser Manolov	Bulgarian Deposit Insurance Agency	Bulgaria
John Raymond LaBrosse	International Association of Deposit Insurers	Canada
Keith Adam	Canada Deposit Insurance Corporation	Canada
Jean Pierre Sabourin	Canada Deposit Insurance Corporation	Canada
Dale Sabourin		Canada
David K. Walker	Canada Deposit Insurance Corporation	Canada
Siao-Ytian/ Mary Hum Walker		Canada
Robert Sanderson	KPMG LLP	Canada
Gale Rubenstein	Goodmans LLP	Canada
Normand Côté	l'Autorité des marchés financiers (Québec)	Canada
Juan Pablo Cordoba Garcés	Fondo de Garantías de Instituciones Financieras	Colombia
Edgar Eduardo Pinto Hernandez	Fondo de Garantías de Instituciones Financieras	Colombia
Petr Vojtísek	Deposit Insurance Fund Czech Republic	Czech Republic
Renata Cechová	Deposit Insurance Fund Czech Republic	Czech Republic
Hans Christian Knudsen	The Guarantee Fund for Depositors &Investors	Denmark
Charles Cornut	Fonds de Garantie des Dépôts	France
Marie-France Cornut		France
Donat Branger	Banking & Payment Authority of Kosovo	France
Jacqueline Branger		France
Jocelyne Amourette	International Association of Deposit Insurers	France
Bjoern Christian Stein	Association of German Public Sector Banks	Germany
Rainer Müller	Financial Systems Development	Germany
Jutta Neukirchner Nowak		Germany
Jens-Hinrich Binder	University of Freibourg	Germany
Raymond King-Wang Chan	Hong Kong Monetary Authority	Hong Kong, SAR

Participants at the Third Annual Conference

Name	Organization	Country
András Fekete Györ	National Deposit Insurance Fund	Hungary
Daniel Jánossy	National Deposit Insurance Fund	Hungary
Jayant Dash	Deposit Insurance and Credit Guarantee	India
James Robert Hambric III	Ministry of Finance of Republic of Indonesia	Indonesia /USA
Chris Lahino	Ministry of Finance of Republic of Indonesia	Indonesia
Firdaus Djaelani	Ministry of Finance of Republic of Indonesia	Indonesia
Salusra Satria	Ministry of Finance of Republic of Indonesia	Indonesia
Poltak Adolf L. Tobing	Ministry of Finance of Republic of Indonesia	Indonesia
Hari Prasetya	Ministry of Finance of Republic of Indonesia	Indonesia
Denaldy Mauna	United States Agency for International Development	Indonesia
Winston Carr	Jamaica Deposit Insurance Corporation	Jamaica
Antoinette McKain	Jamaica Deposit Insurance Corporation	Jamaica
Shinichi Sakai	Deposit Insurance Corporation	Japan
Hajime Shinohara	Deposit Insurance Corporation	Japan
Hideaki Suzuki	Deposit Insurance Corporation	Japan
Yasein Al-Jaghbeer	Deposit Insurance Corporation	Jordan
Nadia Al Saida Jaghbeer		Jordan
Bakhyt Mazhenova	Kazakhstan Deposit Insurance Fund	Kazakhstan
Ardak Abeuova	Kazakhstan Deposit Insurance Fund	Kazakhstan
Jacinta Mwatela	Central Bank of Kenya	Kenya
Dong I1 Kim	Korea Deposit Insurance Corporation	Korea
Seung Sung Suh	Korea Deposit Insurance Corporation	Korea
Sung Han Jie	Korea Deposit Insurance Corporation	Korea
Wai Keen Lai	Bank Negara Malaysia	Malaysia
Carlos Isoard	Instituto para la Protección al Ahorro Bancario	Mexico
Alicia Isoard		Mexico
Mario Beauregard	Instituto para la Protección al Ahorro Bancario	Mexico
Hector Tinoco Jaramillo	Instituto para la Protección al Ahorro Bancario	Mexico
Adriana Martinez Tinoco		Mexico
Otberg de Jong	ABN AMRO Bank N.V.	Netherlands
Ganiyu Ogunleye	Nigeria Deposit Insurance Corporation	Nigeria
Tola Ogunleye		Nigeria
Ade Afolabi	Nigeria Deposit Insurance Corporation	Nigeria
Adam Pawlikowski	National Bank of Poland	Poland
Agnieszka Zborowska	Bank Guarantee Fund	Poland
Marek Pyla	Bank Guarantee Fund	Poland
Andrei Solomon	Deposit Guarantee Fund in Banking System	Romania
Alexandru Matei	Deposit Guarantee Fund in Banking System	Romania
Andrei Pekhterev	Deposit Insurance Agency	Russia
Oscar Armando Perez Merino	Instituto de Garantia de Depositos	Salvador
Loo Siew yee	Monetary Authority of Singapore	Singapore
Nkosana Mashyia	National Treasury	South Africa
Feziwe Mtshali	National Treasury	South Africa
Hans Jacobson	Swedish Deposit Guarantee Board	Sweden
Per Swahn	Swedish Deposit Guarantee Board	Sweden

Participants at the Third Annual Conference		
Name	**Organization**	**Country**
Carin Silfverhielm Baur	Swedish Deposit Guarantee Board	Sweden
Kim Utnegaard	International Association of Deposit Insurers	Switzerland
Eva Vonaskova	International Association of Deposit Insurers	Switzerland
Eva Hüpkes	Swiss Federal Banking Commission	Switzerland
Gavin Bingham	Bank for International Settlements	Switzerland
Daniel Lefort	Bank for International Settlements	Switzerland
Herbert Poenisch	Bank for International Settlements	Switzerland
David Archer	Bank for International Settlements	Switzerland
Christine Archer		Switzerland
Francesca Martin	Bank for International Settlements	Switzerland
Bruno Herman	Alfa Protect	Switzerland
Horst Wiedmer	Alfa Protect	Switzerland
Thierry Jakob	ITRIS	Switzerland
Renato Wyser	EAG	Switzerland
Chin-Tsair Tsay	Central Deposit Insurance Corporation	Taiwan
Fiona Yeh	Central Deposit Insurance Corporation	Taiwan
William Su	Central Deposit Insurance Corporation	Taiwan
Ming-Chung Tseng	Finance Supervisory Commission	Taiwan
Yvonne Fan	Central Deposit Insurance Corporation	Taiwan
Simon Matafu	Deposit Insurance Board	Tanzania
Josiah Munazi	Deposit Insurance Board	Tanzania
Swangchit Chaiyawat	Bank of Thailand	Thailand
Nalinee Nanthavanij	Bank of Thailand	Thailand
Junior Frederick	Deposit Insurance Corporation	Trinidad and Tobago
Asuman Aynur Oral	Savings Deposit Insurance Fund	Turkey
Ferruh Tunc	Savings Deposit Insurance Fund	Turkey
Ahmet Erturk	Savings Deposit Insurance Fund	Turkey
Ayse Dagistan	Central Bank of Turkey	Turkey
Valeriy Ogiyenko	The Deposit Guarantee Fund of Ukraine	Ukraine
Oleksiy Meleshchuk	The Deposit Guarantee Fund of Ukraine	Ukraine
Neil Cooper	Kroll Worldwide	United Kingdom
Philip Wood	Allen & Overy	United Kingdom
Marie-Elisabeth Wood		United Kingdom
Antony Beaves	Bank of England	United Kingdom
Klaus Schaek	University of Southampton	United Kingdom
Simon Wolfe	University of Southhampton	United Kingdom
Mamiko Yokoi-Arai	University of London	United Kingdom
Fred Carns	Federal Deposit Insurance Corporation	United States of America
Claude Rollin	Federal Deposit Insurance Corporation	United States of America
Josh Rosner	Medley Global Advisors	United States of America
Michael W. Mackey	Deloitte &Touche	United States of America
Patricia Mackey		United States of America

Participants at the Third Annual Conference		
Name	**Organization**	**Country**
Ernesto Aguirre	The World Bank	United States of America
Christine Cumming	Federal Reserve Bank of New York	United States of America
James B. Rives	Barents Group, BearingPoint	United States of America
Magaly Rives		United States of America
Chris Barltrop	United States Agency for International Development	United States of America
Andres Pieroni	Banco Central of Uruguay	Uruguay
Elisabeth Funghi	Banco Central of Uruguay	Uruguay
Jorge Solorzano	Fondo de Garantía de Depósitos y Protección Bancaria	Venezuela
Arnoldo Antonio Azuaje Garcia	Fondo de Garantía de Depósitos y Protección Bancaria	Venezuela
Do Khac Hai	Deposit Insurance Corporation Vietnam	Vietnam
Dung Nguyen Manh	Deposit Insurance Corporation Vietnam	Vietnam
John Chikura	Deposit Protection Board of Zimbabwe	Zimbabwe
Mrs Chikura		Zimbabwe

THIRD ANNUAL CONFERENCE

Assembling the Tool Kit for Deposit Insurers

Chair : *Charles Cornut*
Président du Directoire
Fonds de Garantie des Dépôts, France

Location *: Hotel Waldstaetterhof*
Brunnen (Vierwalstaettersee/Lake Lucerne) Switzerland

	Monday, 25 October 2004
6.30 pm	**Registration and Welcoming Reception**
	Tuesday, 26 October 2004
8.30 a.m.	Registration
9.00 a.m.	Call to order **John Raymond LaBrosse** Secretary General Welcome Remarks **Charles Cornut** Chair of the 2004 Conference
9.10 a.m.	Keynote Address **Jean Pierre Sabourin** Chair of the Executive Council and President International Association of Deposit Insurers
10.45 a.m.	*Coffee break*

11.15 a.m. **Session II: Insolvency Issues and the Role of Deposit Insurers**
Moderator: Christine Cumming, First Vice President, Federal Reserve Bank of New York
Presentation 1: Gale Rubenstein, Partner, Goodmans LLP
Presentation 2: Robert O. Sanderson, President, KPMG Inc. Toronto, Canada
Presentation 3: Philip Wood, Professor of Law, Global Counsel, Allen & Overy, London, United Kingdom on *"World Trends in Bank Insolvencies"*

12.30 a.m. Discussion
1.00 p.m. *Lunch*

2.30 p.m. **Session III: Dealing with Bank Failures**
Moderator: Oscar Armando Pérez Merino, Chairman, Instituto de Garantía de Depósitos (El Salvador)
Presentation 1: Ernesto Aguirre, Manager, Banking Regulation, The World Bank, Washington, D.C. on "*Internationally agreed principles to deal with banking resolution and insolvency"*
Presentation 2: Issues Associated with Large Banks, **Fred Carns**, Deputy Director, Division of Insurance and Research, Federal Deposit Insurance Corporation
Presentation 3: Juan Pablo Córdoba Garcés, Fondo de Garantías de Entidades Financieras (Colombia), Case Study of a small bank
Discussant: Dong Il Kim, Executive Director, Korea Deposit Insurance Corporation

4.00 p.m. *Coffee Break*

4.15 p.m. **Session IV: Guidance on Bank Resolutions**
Moderator: Chin-Tsair Tsay
Chairman of the Board, Central Deposit Insurance Corporation, and Chair, Research and Guidance Committee
Presenter: Michael W. Mackey, Reorganization Services Group, Deloitte & Touche, New York
Other Presenters:
Carlos Isoard, Member of the Board of Governors, Instituto para la Protección al Ahorro Bancario, Mexico
Dániel Jánossy, Managing Director, National Deposit Insurance Fund of Hungary
Ganiyu A. Ogunleye, Managing Director/Chief Executive Officer, Nigeria Deposit Insurance Corporation

5.30 p.m. **Session ends**

7.00 p.m. *Reception*

7.30 p.m. **Keynote Speech:** "Basel II: Raising the Global Risk Bar"
Otbert de Jong, Executive Vice President Risk Advisory Services, ABN AMRO Bank N.V., Amsterdam
Introduction by Charles Cornut

8.00 p.m. *Dinner*

Wednesday, 27 October 2004

8.30 a.m.	**Session V: Technical Assistance: Where can you get help?** **Moderator: James B. Rives**, Managing Director, Barents Group, BearingPoint, Inc. Washington, D.C. **Presenter: Chris Barltrop**, Senior Financial Markets Advisor, Bureau for Economic Growth, Agriculture and Trade Office of Economic Growth, United States Agency for International Development (USAID)
9.15 a.m.	**Special Session VI: "Strategic Planning"** **Moderator: John Raymond LaBrosse**, Secretary General, IADI **Presentation 1: Keith Adam**, Director, Corporate Strategy and Reporting, Canada Deposit Insurance Corporation **Presentation 2: Junior Frederick**, General Manager, Deposit Insurance Corporation, Trinidad & Tobago
10.00 a.m.	*Coffee Break*
10.30 a.m.	**Presentation 3: Winston Carr**, Chief Executive Officer, Jamaica Deposit Insurance Corporation
10.45 a.m.	Discussion
11.15 a.m.	**Session VII: Cross-Border Issues: Implications for Deposit Insurers** **Moderator: Gavin Bingham**, Secretary General of the Group of Ten **Presentation 1: Anthony Beaves**, Senior Legal Advisor, Bank of England, London, United Kingdom **Presentation 2: Neil Cooper,** Partner, Corporate Advisory and Restructuring, Kroll Worldwide, London, United Kingdom **Presentation 3: Eva H. G. Hüpkes**, Head of Regulation, Legal Department, Swiss Federal Banking Commission, Bern
1.00 p.m.	*Lunch* - Update on IADI Activities **John Raymond LaBrosse**, Secretary General
1.55 p.m.	Closing Remarks **Jean Pierre Sabourin**
3.00 p.m.	**IADI Third Annual General Meeting**