



IADI Annual Conference 2023

Opening address by Alejandro López, President and Chair of the Executive Council, International Association of Deposit Insurers, at the 2023 IADI Annual Conference: "Successfully Managing Systemic Risk: Deposit Insurance in a Turbulent World"

Good morning and welcome to the 2023 IADI Annual Conference.

Today we will be discussing the highly relevant topic of successfully managing systemic risk: deposit insurance in a turbulent world.

I would like to begin by expressing my sincere gratitude to our hosts, the Massachusetts Credit Union Share Insurance Corporation, and in particular their President and CEO, Mike Hanson. It is a great pleasure to be with you in Boston today. I would also like to welcome Jean Pierre Sabourin, our founding President, and Katsunori Mikuniya - both former Presidents of our Association. Welcome to Boston and to our Annual Meeting - it is a pleasure to have you with us today.

Also, to the many speakers today who have helped to shape the programme of events into one that, without question, will evoke great thought. Thank you for joining us here in Boston today. We appreciate your insights and look forward to learning more from you throughout the day.

There are two very notable keynote speakers that I would like to acknowledge - current FDIC Chairman (and also former IADI President) Martin Gruenberg, who is here today; and former FDIC Chairman Sheila Bair, who we were privileged to have with us last night. Both have been at the forefront of responding to economic crises throughout their distinguished careers. As such, their assessments of deposit insurance are invaluable and held in the highest regard by their peers around the world. I thank them very much for their participation.

This week is the first opportunity for our entire membership to meet and engage with Eva Hüpkes, our new IADI Secretary General. With your help, Eva, I very much look forward to continuing our partnership to strengthen IADI as the internationally recognised standard-setter for deposit insurance.

The recent turmoil in the financial sector has underlined the important role of deposit insurance. But the question remains: what will deposit insurance look like in the future? A future that may be closer than we imagined a few months ago. Should we see the present as an opportunity to explore avenues for reform? Do we need to improve our ability to meet our

public policy objectives of protecting depositors and contributing to financial stability? I am convinced: yes, we definitely should, actively drawing on all the expertise and experience of our global membership.

IADI has come a long way since its inception 21 years ago. We are now an association of 95 members and 11 associated members from around the world. I am confident that we will continue to grow, not only in membership numbers, but also in our ability to influence and shape policy discussions at the international level, drawing on our considerable experience, diversity of membership and technical expertise.

As recent events have shown, digital and technological change has the potential to bring very helpful and cost-saving innovations, but it can also cause serious disruption. The rapid spread of news (whether true or false) via social media, combined with rapid payment systems, can facilitate massive withdrawals of deposits at unprecedented speeds. As deposit insurers, we should be aware of these risks and, together with other standard setters and participants in the financial safety net, consider what might be effective ways to address these risks and what role deposit insurers might play in this.

At the same time, technological change may provide an opportunity for deposit insurers to deliver more efficient and faster outcomes in the event of failure, whether through rapid reimbursement of depositors or through other resolution measures that contribute to financial stability. Some of the issues we face are very fundamental and go to the heart of deposit insurance. In our Association, work has been conducted on a number of these questions already, led by the effort and expertise of our members. This work can provide insights and should provide us with a useful knowledge base to explore the development of guidelines. This is an area where I would like us to focus on more in the coming years. Codifying deposit insurance best practice into agreed standards is what sets us apart - no one else can do it like us.

The role of deposit insurers goes beyond reimbursing depositors. Deposit insurers have a broader role in contributing to financial stability. As part of this role, deposit insurers need to raise depositors' awareness of deposit insurance and its limitations. We talk about timely intervention, but we don't talk about timely information to consumers.

As I mentioned earlier, IADI turned 21 this September. Remember the dreams and energy you had when you were that age? Well, our Association is now that age, and we will use our collective energy to actively - and proactively - shape global standard-setting in the world of deposit insurance. I am pleased with some of the recent changes in our Association that will allow us to expand and promote IADI's activities in three areas: First, data analysis and research; second, building on this, guidance, and policy; and third, monitoring and implementation of standards and training.

It is essential that IADI strengthens its role as a global standard-setter and is able to respond quickly to ongoing developments. In this regard, just yesterday we had a very important

discussion in our Executive Council on the report on the lessons learned and implications for deposit insurance from the recent banking stress. We will continue this discussion tomorrow at the Annual General Meeting.

Every time an institution fails, we as deposit insurers gain experience and new information; information that enables us to be better prepared in the future. Our report on the impact of the recent banking stress on deposit insurance systems will be published by the end of this year. The report will not only set out the lessons for DGSs from recent events. Importantly, it will also set out our priorities for the coming year. A key priority for 2024 will be the review of the IADI Core Principles, which we will launch early next year.

Ladies and gentlemen, it is through avenues such as this conference that we share experiences and explore new possibilities for the world of deposit insurance. I am encouraged by the enthusiasm of IADI's members to tackle challenging issues with a strong spirit of cooperation and a respectful recognition of the important task before us.

Thank you for your attention this morning. I wish you an enjoyable experience at the IADI Annual Conference.