



International Association of Deposit Insurers

2010/2011 ANNUAL REPORT

IADI

International Association of Deposit Insurers

Vision

To share deposit insurance expertise with the world.

Mission

To contribute to the enhancement of deposit insurance effectiveness by promoting guidance and international cooperation.

Objects

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 Reporting period for this Annual Report covers IADI's financial year from 1 April 2010 to 31 March 2011.



About IADI	ii
President's Message	1
Letter from the Secretary General	3
History of the Core Principles for Effective Deposit Insurance Systems	4
Strategic Objectives of the Association	6
<i>Undertake Research and Issue Core Principles and Effective Practices</i>	6
<i>Undertake Training and Development</i>	8
<i>Expand and Enhance the Value of IADI Membership</i>	11
<i>Enhance IADI's Leadership Role in Strengthening Deposit Insurance Systems</i>	17
<i>Strengthen the Secretariat to Support the Needs of IADI's Membership and the Objectives of the Association</i>	18
Leadership	20
<i>Members of the Executive Council</i>	20
<i>Standing and Regional Committees</i>	21
Report from the Auditors and Audited Financial Statements	26
Annex I — Participants in the International Association of Deposit Insurers	35
Annex II — Executive Summary of the Proceedings from the 9th IADI Annual Conference, Tokyo, Japan (October 2010)	40
Annex III — Research and Guidance Committee Advisory Panel	43
Annex IV — New Participant Profiles	44

About IADI

Founded in 2002, the International Association of Deposit Insurers (IADI or Association) is a non-profit organization constituted under Swiss Law and domiciled at the Bank for International Settlements (BIS) in Basel, Switzerland. IADI contributes to the stability of financial systems by promoting international cooperation in the field of deposit insurance, and encouraging wide international contact among deposit insurers and other interested parties.

The IADI organization is hosted by the BIS, which also supports several other groups that seek to promote national and international financial stability. These organizations include the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the Central Bank Governance Forum, and the Financial Stability Board. The Financial Stability Institute, also located at the BIS, provides training to financial institution supervisors and deposit insurers. These organizations share common goals and similar constituents — including financial supervisors, deposit insurers, and monetary authorities — that participate in country financial safety-nets. These organizations provide resources and services to ensure that countries' financial systems operate effectively, support economic growth, and interact in a global environment increasingly characterized by cross-border interests. Being grouped with similar organizations enables IADI to engage in partnerships and to collaborate to achieve its objectives and increase its value to its Members.

In addition to advising on the establishment or enhancement of effective deposit insurance systems, IADI has identified five major goals for the Association. As set out in its statutes, IADI strives to:

- Advance the understanding of common interests and issues related to deposit insurance;
- Provide guidance to enhance the effectiveness of deposit insurance systems and structures;
- Facilitate the sharing and exchange of expertise and information on deposit insurance issues through training, development, and education programs;
- Undertake research and provide guidance on issues relating to deposit insurance; and
- Take such other actions as may be necessary or useful for its objectives and activities.

IADI is governed by an Annual General Meeting (AGM) of Members and its Executive Council (EXCO). The AGM elects the officers of the Association, including the President and Treasurer. At the Twenty-Third Executive Council meeting in February 2008, Mr. Mutsuo Hatanō, Deputy Governor, Deposit Insurance Corporation of Japan was appointed by the Executive Council to serve in the newly created position of Vice Chair of EXCO for three years. At the Eighth AGM in September 2009, Ms. Bakhyt Mazhenova, Chairman of the Kazakhstan Deposit Insurance Fund, was re-elected to serve as IADI Treasurer for a further three years. At the Ninth AGM, held in Tokyo on 24 October 2010, Mr. Martin J. Gruenberg, Vice Chairman of the Federal Deposit Insurance Corporation (FDIC) in the United States, was re-elected IADI President and Chair of the Executive Council for a term of two years.

The AGM is responsible for electing the Association's officers; approving the annual budget and business plans, including the annual fees and initial fund contributions of Participants; approving the IADI Annual Report and audited financial statements; releasing Council members from all responsibility in respect to the past financial year; appointing an independent external auditor; and approving the process for developing guidance to enhance the effectiveness of deposit insurance systems (DIS).

The EXCO ensures the sound functioning of the Association's affairs, and its responsibilities and powers are defined in the statutes and by-laws of the Association. EXCO is structured as an inclusive organization to ensure maximum participation, and the number of its members is approved by the AGM. EXCO members are elected by the AGM, typically to serve three-year terms.

EXCO establishes committees to support IADI's objectives. There are currently six standing committees and seven regional committees. Terms of reference for each committee are approved by EXCO and include objectives and responsibilities. *For information on EXCO and standing and regional committees, please see the "Leadership" section, which includes organization charts.*

Operations of IADI are managed by its Secretariat, under the direction of the Secretary General. During the 2010/11 financial year, Secretary General Donald Inscōe's two-year term ended 15 September 2010. His successor, Carlos Isoard, was appointed Secretary General for a three-year term by the Executive Council in June 2010.

IADI has grown from 25 founding Members to 63 Members as of 31 March 2011. IADI is funded by initial fund contributions and annual fees, which vary depending on the type of Participant. The BIS provides IADI's office space and meeting facilities. In addition, the BIS provides valuable support in accounting, legal services, information technology and human resources, as well as a financial contribution to IADI's operations. IADI also receives significant donations from individual Members for staffing through secondments, sponsoring of meetings, hosting seminars, and other contributions to support the Association's budgeted initiatives. Numerous IADI Participants, including many IADI Partners, co-sponsor meetings and contribute subject-matter experts to address issues related to deposit insurance and financial stability. A list of IADI Participants is included in Annex I.

IADI will continue to work with deposit insurance organizations and other participants in the financial safety-net to promote international cooperation, contribute to more resilient financial sectors, and maintain depositors' confidence in banks.



President's Message

The past year was one of continued growth and expansion for IADI, both in terms of its capabilities as an Association and its involvement in matters related to global financial stability. The recovery from the global financial crisis has been slower than expected, and new economic and financial challenges continue to emerge. These events have served to reinforce the widely-held recognition that effective systems of deposit insurance are important not only for the protection of individual depositors but also for financial stability, and that inadequate systems of deposit insurance not only put depositors at risk but can have a detrimental impact on overall public confidence in the financial system.

During the past year, IADI made significant progress on a number of its key priorities. Following on the 2009 joint release by IADI and the Basel Committee on Banking Supervision (BCBS) of the *Core Principles for Effective Deposit Insurance Systems* (Core Principles), one of IADI's top initiatives over the past year was to develop a methodology for assessing compliance with the Core Principles and to expand official recognition and acceptance of the Core Principles and methodology by the broader international financial community. Additional key objectives over the past year were to substantially deepen our training and assistance programs, continue to develop a more robust research program, and collaborate with our global partners in international financial regulation on matters related to the financial safety net. Allow me to discuss our accomplishments in each of these areas in turn.

Develop a Methodology for Assessing Compliance with the Core Principles and Expand Official Recognition of the Core Principles and Methodology

Since their release in June 2009, the Core Principles have served as a valuable benchmark for jurisdictions to use to strengthen existing and develop new systems of deposit insurance. One of IADI's top priorities over the past year was to develop and release a methodology for assessing compliance with the Core Principles. This significant milestone was achieved in December 2010 with the joint release by IADI and the BCBS of the Core Principles Methodology (Methodology). The development of the Methodology was a collaborative effort led by IADI in partnership with the BCBS, the International Monetary Fund (IMF), the World Bank, the European Forum of Deposit Insurers (EFDI) and the European Commission (EC). During the final stages of development, the Methodology was field tested in the Czech Republic, India, and Mexico. With the release of the Methodology, the Core Principles can now be used by deposit insurers and other interested parties to assess compliance with the Core Principles.

Early in 2011, the Core Principles and Methodology were officially recognized by the IMF and the World Bank to assess the effectiveness of deposit insurance systems in the Financial Sector Assessment Program (FSAP), where they undertake comprehensive analyses of countries' financial sectors. Subsequently, in February 2011, the Core Principles and Methodology were approved by the Financial Stability Board (FSB) for inclusion in their Compendium of Key Standards. FSB is now using the Core Principles and Methodology to conduct peer reviews of deposit insurance systems in its Group of 20 (G-20) member countries. The official recognition of the Core Principles and methodology by the IMF, the World Bank, and the FSB represent an important milestone in the acceptance of the role of effective systems of deposit insurance in maintaining financial stability.

Deepen IADI's Training and Assistance Programs

With the official release and recognition of the Core Principles and Methodology came further need to develop deeper training aids and programs for users. Such efforts have been focused on the provision of Core Principles training sessions sponsored by IADI regional committees or Members, the development of an Assessor's Handbook designed to serve as a practical guide for conducting assessments of compliance with the Core Principles, and ongoing collaborative efforts to develop online Core Principles tutorials and seminars with the Financial Stability Institute (FSI) in Basel. IADI working groups have also been engaged in collaborative workshops and training initiatives around the world with the World Bank, the IMF, and other international associations.

During the past year the Association also further expanded its Capacity Building Program, where participating IADI Members serve as a resource by providing expertise to other deposit insurers, financial authorities and government officials seeking to develop, strengthen or transition deposit insurance schemes. IADI established a clearinghouse facility that matches IADI members with expertise to the needs of those members and entities requesting expertise. As part of its Capacity Building Program, IADI also continues to collaborate with the World Bank and other international organizations on the provision of technical assistance to deposit insurers around the world.

Develop a More Robust Research Program

Developing a more robust research program remains a key priority. IADI has been very active in the development of research related to the financial crisis and the role of deposit insurance in promoting public confidence and financial stability. In response to a request from the FSB, in June 2010 IADI and the IMF released an *Update on Unwinding Temporary Deposit Insurance Arrangements*. This report updated an earlier report prepared at the request of the FSB in 2009. A number of research reports and guidance papers were released during the year under IADI's Research and Guidance Committee (RGC), including a guidance paper on the *Establishment of a Legal Protection Scheme for Deposit Insurance Systems*. IADI's RGC is also working in collaboration with the Bank for International Settlements (BIS) Monetary and Economic Department (MED) to develop a worldwide deposit insurance database and reporting tool. A new initiative is to provide an annual forum for the discussion of important research on topics related to deposit insurance and the financial safety net. The first IADI Annual Research Conference is scheduled to take place in June 2011 at the Bank for International Settlements (BIS) in Basel.

Collaborate with Global Partners in International Financial Regulation

Over the past year, IADI has expanded its collaboration with global partners in international financial regulation on financial stability-related matters. In early 2011, IADI was invited to join the FSB Resolution Steering Group to coordinate resolution-related work and set out key attributes for resolution regimes. IADI is also participating in the FSB's peer reviews of deposit insurance systems in the G-20 member countries. IADI's Financial Inclusion and Innovation Subcommittee (FIIS) has been engaged on issues related to the G-20 financial inclusion initiative with a number of international organizations, including the World Bank's Consultative Group to Assist the Poor

President's Message

(CGAP). As part of this initiative, IADI's FIIS held a Financial Inclusion Workshop at the BIS in February 2011 to expand understanding of financial inclusion issues relevant to deposit insurers and to promote engagement on the issue with other standard setting bodies at the BIS.

Strengthen Secretariat Operations and Membership Support

IADI benefits from the commitment of its Secretariat and the support of its Members, who are responsible for its accomplishments through their active participation in the Association's Committees and Subcommittees. I would like to acknowledge the contributions of Carlos Isoard, IADI's Secretary General, and Kim Peeters White, its Deputy Secretary General, and the staff of the Secretariat in Basel in ensuring that IADI continues to meet its obligations. I would also like to thank IADI's membership for their commitment and dedication to IADI's mission and objectives. During the past year we continued to welcome new Members to the Association, and look forward to their growing involvement and contributions.

Lastly, I would like to acknowledge IADI's Executive Council for its efforts to enhance the stability of financial systems by promoting international cooperation and collaboration among deposit insurers and other interested parties. I look forward to working with the Executive Council and all of the members of IADI during the coming year on this important mission.

Sincerely,

Martin J. Gruenberg

President and Chairman of the Executive Council



Letter from the Secretary General

It was my great honor and privilege to be appointed Secretary General of IADI on 15 September 2010. I am glad to be again closely involved with IADI after my prior participation from 1999 to 2002 in the Working Group on Deposit Insurance of the Financial Stability Forum (the predecessor to the Financial Stability Board) and from 2002 to 2008 as IADI Executive Councilmember and Chairperson of the Latin America Regional Committee.

I succeeded former Secretary General Donald Inscoc whose contributions to IADI during the fiscal years 2009 and 2010 were so valuable. I thank Don for his work and for his help during the transition period that we spent together which allowed for uninterrupted operations of the Secretariat.

The support of the Bank for International Settlements (BIS) has been a critical component of our continued success. In addition to hosting the Association and contributing to its operations, the BIS also provides assistance with accounting, logistics, and infrastructure and human resources services. Beginning with this fiscal year, the BIS provided IADI with financial resources which enabled IADI to have a full-time Secretary General in Basel. Our presence at the BIS Basel Head Office enhances our continued relations and interaction with other Basel-based international financial organizations, including the Financial Stability Board (FSB), Basel Committee on Banking Supervision (BCBS), Financial Stability Institute (FSI), the International Association of Insurance Supervisors (IAIS) and others. Our proximity to the BIS and these entities provides a great opportunity and forum for IADI to increase its valuable exchange with other standard setters. A major ally in the delivery of IADI's training efforts is the FSI, with which IADI cooperates on an ongoing basis via jointly organized seminars and the production of FSI e-connect tutorials.

I wish to recognize the generous support from the Deposit Insurance Corporation of Japan and the Korean Deposit Insurance Corporation for providing seconded staff. Including these Members' contributions, the team is now comprised of Deputy Secretary General Kim White, seconded Senior Policy Analyst Kazuaki Hara, seconded Senior Policy Analyst Siyul Sung, Administrative support Jocelyne Amourette and myself. Together, we have served to coordinate the Secretariat's efforts to efficiently and effectively serve the IADI membership. In the next fiscal year, the Secretariat will be strengthened with the help of the Federal Deposit Insurance Corporation (FDIC), as it will provide IADI with a seconded Senior Policy Analyst. I also would like to acknowledge and thank the FDIC's Office of International Affairs for their ongoing support.

IADI's mission is greatly supported by its Partners, in particular the International Monetary Fund, World Bank, the European Commission and the European Forum of Deposit Insurers (EFDI), who have worked alongside IADI to deliver the Core Principles Methodology and Handbook. We sincerely appreciate their cooperation.

A major role of the Secretariat is to maintain ongoing interaction with the Standing and Regional Committees. My attendance at various regional committee meetings provided me the opportunity to establish communication with IADI Members as well as to meet potential new Members.

Finally, I wish to thank the IADI Community for all the efforts and contributions to our multiple achievements over the past year. I look forward to our continued success in the coming year as more Participants join in our advocacy of deposit insurance and as we seek opportunities to further enhance our international standard-setter role in the field of deposit insurance.

Carlos Isoard
Secretary General

History of the Core Principles for Effective Deposit Insurance Systems

The origins of the Core Principles go back as far as 1999, when the Financial Stability Forum (FSF) set out to assess the desirability and feasibility of developing international guidance on deposit insurance arrangements. This process culminated in 2001 with the publication of the FSF Report of the Working Group on Deposit Insurance's *Guidance for Developing Effective Deposit Insurance Systems*.

The financial crisis made the need for international standards more apparent and urgent. In March 2008, the FSF, which in 2009 became the Financial Stability Board (FSB) of the G-20 countries, responding to the crisis, recommended that "authorities should agree on an international set of principles for effective deposit insurance systems." At that time, there were international standards for banking supervision, securities regulation and regulation of insurance companies—but no set of standards or Core Principles for deposit insurance systems.

Following the FSF's recommendation, a joint working group was established in July 2008 with the mandate of developing an internationally agreed upon set of Core Principles for Effective Deposit Insurance Systems. Its members included IADI and the European Forum of Deposit Insurers (EFDI), bank supervisors and central bankers from the Basel Committee on Banking Supervision's (BCBS or Basel Committee) Cross-Border Bank Resolution Group. In June 2009, the group published for comment a consultative document, entitled *Core Principles for Effective Deposit Insurance Systems*. IADI and the BCBS approved the document in June 2009 and the FSB welcomed the Core Principles at its inaugural meeting in June 2009.

In December 2009, a Steering Committee comprised of representatives from IADI, the BCBS, the EFDI and the International Monetary Fund (IMF) began to develop a methodology for assessing compliance, including measurement criteria. The Working Group members represented IADI, BCBS, EFDI, IMF, the World Bank and the European Commission. The Steering Committee and Working Group members developed a first draft of the methodology, and pilot field tests were conducted in three volunteer coun-

tries—the Czech Republic, India and Mexico. Feedback from the field tests was incorporated into the document, and in November 2010 a proposed methodology was issued for public consultation and comment. In December 2010, the final version of *Core Principles for Effective Deposit Insurance Systems – a Methodology for Compliance Assessment* was approved by IADI and BCBS.

Following the final approval by IADI and the BCBS, the Core Principles were submitted to the FSB for inclusion in the FSB Compendium of Standards, and later to the IMF and World Bank for use in their Financial Sector Assessment Programs (FSAPs). The FSB was established to coordinate at the international level the work of national financial authorities and international standard-setting bodies in order to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies. The FSB's compendium lists economic and financial Key Standards for Sound Financial Systems, organized under 12 policy areas, essential for sound, stable financial systems. In February 2011, the FSB Plenary approved a revision of the FSB's Compendium of Standards, which included the acceptance of the Core Principles as a key standard under a new policy area called "Crisis Resolution and Deposit Insurance." Early this year, the Core Principles were also officially recognized by the IMF and World Bank for use in FSAPs.

IADI President Martin Gruenberg stated:

The inclusion of IADI's Core Principles in the FSB's Compendium of Key Standards, and official recognition of the Core Principles by the IMF and World Bank for use in FSAPs, represent an important milestone in the recognition of effective systems of deposit insurance to maintaining financial stability.

The Core Principles will serve as a valuable benchmark for jurisdictions to use to develop new systems of deposit insurance and reform existing DIS, thus promoting stability. Comprehensive in structure, the principles address such issues as coverage, funding, powers, membership, cross-border cooperation, transitioning from blanket to limited coverage, early detection and timely inter-

vention, reimbursement of depositors and recoveries on assets. The principles can be adapted to a broad range of country circumstances and reflect lessons learned from the recent crisis regarding the importance of adequate regulatory and supervisory frameworks and resolution procedures for failing institutions.

The Core Principles are intended as a voluntary framework, and national authorities are expected to put in place supplementary measures that they deem necessary to achieve effective DIS in their jurisdictions. A country's deposit insurer can use the Core Principles and Methodology to conduct a self-assessment. The IMF and World Bank can use them in their assessments of the quality of DIS, for example, in the context of FSAP reviews. Other parties or organizations can use them to conduct peer reviews. The FSB has scheduled peer reviews of DIS in its G-20 members in the second and third quarters of 2011 using the Core Principles.

This year, the various committee and working group members have accomplished a great deal in promoting the Core Principles. They developed a draft handbook to serve as a practical guide for conducting assessments of jurisdictions' compliance. In collaboration with the Financial Stability Institute (FSI) in Basel, Switzerland, an online tutorial on the Core Principles was developed and will be available in the summer of 2011 through the FSI-Connect learning tool and information resource. The Steering Committee members will hold a roundtable discussion at the World Bank for IMF representatives in May 2011 and hold three-day workshops in 2011 and beyond, with each workshop globally-sponsored by IADI regional committees and Members.

Committee members are also developing training sessions to provide practical tools to evaluate and strengthen the target country's deposit insurance and resolution frameworks. Sessions are currently scheduled for July in Albania and December in Nigeria. Additional training sessions are expected during the first quarter of 2012 in Malaysia and Latin America.

History of the Core Principles for Effective Deposit Insurance Systems

In November 2010 and January 2011, meetings were held with the Financial Sector Reform and Strengthening (FIRST) Initiative contacts at the World Bank to explore potential funding to conduct technical assistance sessions regarding the Core Principles. The technical assistance sessions will aim at providing practical tools and a comprehensive process to evaluate and strengthen the target country's deposit insurance and resolution frameworks to help achieve a robust financial safety-net and overall financial stability that can withstand future financial crises. The proposed technical assistance session format includes three phases: 1) an assessment of the country's compliance with the internationally accepted Core Principles; 2) identification of areas needing corrections or strengthening and the formulation of a corrective action plan; and 3) development of a strategy to implement the corrective action plan and a corresponding monitoring/tracking system to measure and record progress made.

Finally, work is ongoing with respect to a joint IADI and FSI seminar on "Core Principles Assessment Methodology for Deposit Insurance" planned for September 6-8, 2011, at the BIS in Basel, Switzerland, which will be attended by a mix of 45 deposit insurance practitioners and bank supervisors.

Strategic Objectives of the Association

Undertake Research and Issue Core Principles and Effective Practices

IADI Core Principles for Effective Deposit Insurance Systems:

As noted in the History of the Core Principles, the Methodology was made available for public consultation in November 2010. Following public consultation, the Methodology was approved by IADI and BCBS executives and submitted to the FSB on 27 December 2010. In April 2011, the FSB included the Core Principles and the Assessment Methodology in its Compendium of Key International Standards for Sound Financial Systems.¹

The IADI Guidance Group worked with the IADI Training and Conference Committee and with the BCBS, EFDI, IMF and WB to disseminate the Methodology for use with the IMF/WB FSAP, planned FSB peer and thematic reviews, and other forms of assessment. The objectives of future training will be to share experiences of past assessments, ensure consistency of interpretation and develop a core group of assessors.

Conducting Research and Developing Guidance to Further Promote Effective Deposit Insurance Systems

IADI remains very active in research initiatives related to events stemming from the financial crisis and having implications for deposit insurance. Such research activities include those conducted in collaboration with other international organizations. In June 2010, IADI and the IMF released their report *Update on Unwinding Temporary Deposit Insurance Arrangements*. This report was prepared in response to a request from the FSB for IADI and the IMF to update their earlier September 2009 paper on the same topic. Other research and survey activities continue to be conducted within IADI's Research and Guidance Committee (RGC).

IADI released a guidance paper on the *Establishment of a Legal Protection Scheme for Deposit Insurance Systems*. Many IADI Members have requested or have been authorized — through law or regulation — to improve their ability to protect depositors and thereby strengthen financial stability. These actions

often reflect experiences from previous crises or lessons learned from responsive policy actions. Going forward, IADI and its Members will work with international organizations and national safety-net participants to further improve existing schemes and to disseminate information regarding transitions from blanket guarantees to explicit limited coverage.

Research initiatives currently underway and/or near completion include:

- a. *Cross-border deposit insurance issues raised by the financial crisis*: A draft paper prepared by IADI's Cross-Border Subcommittee, *Discussion Paper on Cross Border Deposit Insurance Issues Raised by the Financial Crisis*, focuses on events stemming from the financial crisis, including the unprecedented emergency actions taken by deposit insurers around the globe in response to the financial turmoil, and the Cross-border deposit insurance issues that arose from the failure of large, internationally active Icelandic banks. The report includes a literature review on Cross-border deposit insurance issues, a chronology of deposit insurance actions taken as a result of the crisis, a case study of the implications of the collapse of the Icelandic banking system for deposit insurance, and also contains a number of observations and suggestions for further guidance in the areas of convergence, public awareness, communication, coordination, cooperation, Cross-border banking risks, and unwinding.
- b. *Transitioning*: The RGC Subcommittee on Transitioning conducted a survey on transitioning issues raised by the financial crisis and prepared an initial draft research paper in 2010.
- c. *Early detection and timely intervention*: The purpose of this project is to provide general guidance in support of IADI Core Principles and effective practices for deposit insurers (and eventually for other financial safety-net participants) interested in establishing or enhancing their mechanisms for managing their risks and planning operations, based on early detection of problem banks and initiating/implementing timely corrective/intervention measures to prevent or minimize negative consequences of bank failures. The paper also considers practical mechanisms that are or could be used by deposit insurers for effective coordination of their actions with other financial safety-net players, and for mitigation of risks posed by insured bank's financial positions or behaviors.
- d. *Handling of a systemic crisis*: The RGC Subcommittee on Handling of a Systemic Crisis is conducting research and developing a discussion paper on the handling of a systemic crisis from the perspective of deposit insurers. In the short-term, the sub-committee is focusing on measures taken by deposit insurers to cope with the financial crisis and the workplan calls for identification and analysis of problems faced by deposit insurers during the crisis.
- e. *Depositor reimbursement – payout process*: The objective of this project is to develop best practices guidance for the development of an effective payout process and system. One of the key mandates in the construct of deposit insurance systems is the obligation to make reimbursements to depositors when member institutions are liquidated or unable to make payments. In order to preserve financial stability and confidence in the banking system, a deposit insurer's effectiveness, efficiency and timeliness in making reimbursement to depositors is crucial. In light of the bank-run on Northern Rock, greater attention is now being directed towards enhancing the powers and design of deposit insurance schemes including a more effective and efficient payout process and system. An initial draft of the payout process research paper was completed in early 2011.
- f. *Differential premium systems*: The primary focus of this research project is to update and, where necessary, revise the 2005 IADI Guidance on differential premium systems in light of the 2009 issuance of the IADI/Basel Committee Core Principles for Effective Deposit Insurance Systems and to

¹ http://www.financialstabilityboard.org/cos/key_standards.htm

Undertake Research and Issue Core Principles and Effective Practices

document any “lessons learned” from recent experiences of IADI Members in adopting new systems or updating their existing systems. The subcommittee conducted two surveys and prepared an initial draft report, which is in the process of being updated.

g. *Public policy objectives:* The purpose of this project is to develop a discussion paper that describes and examines the public policy objectives for deposit insurance systems in different countries and provides policymakers with related guidance for developing a framework of setting clear, sound, and consistent public policy objectives for deposit insurance systems considering country circumstances, settings and structures. The financial crisis calls for a reexamination of the roles and functions played by each financial safety-net participant and their respective public policy objectives. The main focus of this research endeavor is to: 1) identify evolving trends in public policy objectives and the rationale for such changes; 2) review existing IADI guidance related to mandate and powers and assess the need for updates; and 3) determine the appropriate interval for review of the public policy objectives and what indicators can be used to determine the extent to which a deposit insurance system is meeting its public policy objectives.

h. *Islamic deposits:* IADI’s RGC has a number of initiatives underway related to Islamic deposit insurance, including a draft discussion paper on Deposit Insurance from Shariah Perspective and proposed research workplans on Approaches in Designing an Islamic Deposit Insurance System and Insurability of Islamic Deposits.

i. *Additional research projects underway:* Discussion papers on the following research topics are due to be released in the near future: Coverage of Deposit Insurance Systems, Effective Deposit Insurance Mandates, Claims and Recoveries, and Evaluation of Deposit Insurance Fund Sufficiency.

Development of cBIS Deposit Insurance Database

The rapid growth in potential areas of research related to deposit insurance and activities conducted by IADI’s RGC has increased interest in a comprehensive, accurate, and up-to-date database. Under this project, IADI’s Data and Information Subcommittee of the RGC, in collaboration with the BIS’s Monetary and Economic Department (MED), is developing an extensive worldwide DIS database and reporting tool. As part of this arrangement, in November 2009, IADI and the MED entered into a memorandum of understanding for IADI to use cBIS, a custom-designed database application owned by the BIS, to manage IADI’s survey data on worldwide DIS. IADI, its Members, and the BIS benefit from the development of the database since all parties have a common interest in the development of the survey database and the system capabilities for reporting the survey data to Member organizations.

FSB and IADI

In addition to the adoption of the Core Principles and the Methodology by the FSB in its Compendium of Key International Standards, the FSB and IADI have been working together on developing principles for effective resolution regimes. In early 2011, IADI was invited to join the FSB Resolution Steer-

ing Group to coordinate resolution-related work to set out key attributes for resolution regimes in order to avoid losses to taxpayers, and protect vital economic functions. IADI is represented on the Steering Group by Mr. David Walker, Chair of the IADI Guidance Group and Managing Director, Canada Deposit Insurance Corporation.

The Strategic Plan for the Development and Promotion of IADI Research, Guidance and Core Principles

IADI’s Guidance Group (GG) reviews in-process research papers and also uses the results of the research efforts to develop further guidance to promote effective deposit insurance systems. The GG also has been overseeing the development of the IADI/BCBS Core Principles and Methodology which was recently completed. Also, the GG is in process of revising *The Strategic Plan for the Development and Promotion of IADI Research, Guidance and Core Principles* to include an updated development process for the joint IADI/BCBS Core Principles and accompanying Methodology.

IADI Research and Guidance Committee Meeting with the Advisory Panel

A meeting is planned for June 2011 in Basel between the IADI’s Research and Guidance Committee (RGC) and the IADI RGC Advisory Panel. The purpose of the meeting is to provide an opportunity for the members of the Panel and Guidance Group to review and comment on IADI’s research plans; discuss future research areas; and ways to improve collaboration between IADI and Panel members.²

² IADI Guidance Group and Advisory Panel Members who attended the meeting were: David Walker, Canada Deposit Insurance Corporation, Canada (Chair, IADI Guidance Group), Yvonne Fan, Central Deposit Insurance Corporation, Chinese Taipei (Chair IADI Research and Guidance Committee), Frederick Carnes, Federal Deposit Insurance Corporation, USA, Thorwald Grung Moe, Central Bank of Norway, Norway, David Hoelscher, Federal Deposit Insurance Corporation, USA, Malgorzata Iwanicz-Drozdzowska, Warsaw School of Economics, Poland. George Kaufman, Loyola University, Chicago, USA, David Mayes, University of Auckland, New Zealand, Sergey Smirnov, State University Higher School of Economics, Moscow, Russia, Dalvinder Singh, School of Law, University of Warwick, U.K., Larry Wall, Federal Reserve Bank of Atlanta, USA. Observers included: Vijay Deshpande, Federal Deposit Insurance Corporation, USA, Alex Kuczynski, Financial Services Compensation Scheme, U.K., Joshua Lattimore, Canada Deposit Insurance Corporation, Canada, Gail Verley, Federal Deposit Insurance Corporation, USA. (See Annex III for a further discussion of IADI’s Research and Guidance Committee Advisory Panel and a listing of its 17 members.)

Undertake Training and Development

IADI Capacity Building Program Initiative

Under this program, which was initiated in 2010, a framework was developed to facilitate the provision of technical assistance to IADI Participants and deposit insurance schemes concerning deposit insurance and resolution and receivership matters. The potential for ongoing collaboration on the provision of technical assistance on deposit insurance with interested international organizations such as the World Bank is being explored. Technical assistance to be provided under the program includes in-country consultation and training, and telephonic or video-graphic conference consultation.

A clearing house website for organizations to use for identifying available resources was launched by the Secretariat in 2010, which includes a standard form for requests for capacity building expertise.

FSI-Connect

Work was completed in the development of two additional on-line tutorials offered through FSI-Connect. The topics for these tutorials are Deposit Insurance – Reimbursing Depositors – Parts 1 and 2; and Liquidation of Failed Bank. In partnership with FSI, an on-line tutorial is under development on the Core Principles for Effective Deposit Insurance Systems. The tutorial is projected to be available on-line through FSI-Connect by mid-2011.

IADI Annual Conference on “Financial Safety-Nets: Going Forward,” Tokyo, Japan, 27–28 October 2010

The conference theme “*Financial Safety-Nets: Going Forward*,” brought together over 240 participants from 82 organizations from across the globe. The conference highlighted several important deposit insurance matters including: promoting and maintaining financial stability; issues and best practices for transition back to limited guarantees; re-privatization of partially or wholly nationalized banks; the new regulatory and supervisory landscape; and also provided an update on the Core Principles Assessment Methodology.

The sessions began with an Opening Address from Mr. Masanori Tanabe, Acting Governor DICJ. Following this were presentations by Mr. Takashi Wada, Parliamentary Secretary of Cabinet Office for Economic and Fiscal Policy, Science and Technology Policy, Japan Fair Trade Commission, and Financial Services Agency; Mr. Izumi Yoshida, Parliamentary Secretary for Finance, Ministry of Finance Japan; Mr. Kiyohiko G. Nishimura, Deputy Governor, Bank of Japan; and Mr. Martin Gruenberg, President/Chairman of Executive Council, International Association of Deposit Insurers (IADI) and Vice Chairman, Federal Deposit Insurance Corporation (FDIC). The Keynote Speech was given by Mr. Toyoo Gyohten, President, Institute for International Monetary Affairs.

With the exit from financial crisis in mind, the Conference also discussed how the financial safety-net should be constructed and its future prospective. Among important points discussed during the Conference were: the changed role of deposit insurers – evolving from the protector of depositors to one of the

safety-net players responsible for maintaining the overall financial stability; “Seamless Transitions” from emergency to normalcy – in the case of deposit insurance, transitioning from blanket guarantee to limited coverage; and the importance of the Assessment Methodology of the Core Principles for Effective Deposit Insurance System to be included in the FSAP. (See Annex II for the Executive Summary of the 2010 IADI Annual Conference.)

The following events were sponsored by IADI and its Partners during the Financial Year (2010–2011):

Seminar on “Resolution of Problem Banks” Washington, DC, USA 5–9 April 2010; and Kuala Lumpur, Malaysia 15–20 August 2010

In 2010, IADI sponsored two seminars on the “**Resolution of Problem Banks**”. Ninety deposit insurance and bank regulatory officials from 37 countries met in Washington, DC the week of 5 April to participate in the first seminar. The second seminar was held 15–20 August in Kuala Lumpur, Malaysia. Fifty-five deposit insurers and central bankers from 23 countries participated in the joint IADI – South East Asian Central Banks course. The seminar addressed the role of the supervisor, deposit insurer and receiver in the resolution of a problem bank. Fifteen countries provided presentations of practical experiences regarding the circumstances unique to each country. Small group discus-



Undertake Training and Development



sions included simulated problem bank cases which enabled the participants to discuss the challenges faced by deposit insurers in securing an appropriate resolution strategy.

Seminar on “Claims Management: Reimbursement to Insured Depositors,” Washington, DC, USA 6–8 July 2010

Thirty-five deposit insurance and bank regulatory officials from 21 countries met in Washington, DC to participate in the seminar on “**Claims Management: Reimbursement to Insured Depositors**”. Discussions focused on claims and recoveries, pre-closing activities, customer communication, paying insured deposits, and the automated claims process. Nine countries provided presentations of practical experiences for the circumstances unique to each country. Small group discussions included simulated problem bank cases which enabled the participants to discuss the challenges faced by deposit insurers in reimbursing depositors.

Joint Conference on “Strengthening Financial Stability-Deposit Insurance Contributions”, Rome, Italy 30 September–1 October 2010

The joint EFDI and IADI Conference on “**Strengthening Financial Stability – Deposit Insurance Contributions**” was held at the Bank of Italy in Rome from 30 September – 1 October 2010. Over 150 participants from 78 international organizations attended the conference. The conference highlighted the importance of deposit insur-

ance in promoting and maintaining financial stability; addressed the checks and balances of financial stability roles; discussed new approaches that strengthen financial stability and the public policy objectives, powers and mandates that must exist for these approaches to be effective; highlighted the relationships between decision makers and funding mechanisms that support the financial safety-net; and presented recent legislative initiatives and institutional arrangements that promote financial stability and cross-border crisis cooperation. Italian keynote speakers included Anna Maria Tarantola, Deputy Director General of the Bank of Italy; Paolo Savona, Chairman of the Interbank Deposit Protection Fund; and Giovanni Sabatini, Director General of the Italian Banking Association. Stefano Mieli, Director of Bank Supervision at the Bank of Italy, Andrea Enria, Head of Regulatory and Super-

visory Policies, also of the Bank of Italy, and Giovanni Carosio, Chairman of the Committee of European Banking Supervisors, addressed the Italian experience with respect to crisis management and deposit insurance schemes.

Workshop on Financial Inclusion Basel, Switzerland 22 Feb 2011

IADI’s RGC established a Financial Inclusion and Innovation Subcommittee to focus on deposit insurance issues related to financial inclusion and to formally engage on the topic with interested entities such as the G20 Financial Inclusion Experts Group (FIEG). In February 2011, the subcommittee held a “**Financial Inclusion Workshop**” at the BIS for IADI Members in cooperation with the World Bank Consultative Group to Assist the Poor (CGAP) and the Basel Committee.





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IADI Annual Conference and AGM

London, 22-25 October 2012

We look forward to welcoming you to London.



Expand and Enhance the Value of IADI Membership

Regional Committee Annual Meetings, Conferences, Workshops, and Seminars

PDIC Conference on “Strengthening Deposit Insurance Systems in Crisis and Post-Crisis Situation and Claims Management and Payout Seminar” Cebu, Philippines 26–29 April 2010

The Philippine Deposit Insurance Corporation (PDIC) hosted the Summit Conference on “**Strengthening Deposit Insurance Systems in Crisis and Post Crisis Situations,**” and “**Claims Management Seminar**” on 26-28 April 2010 in Cebu, Philippines. The conference addressed actions and pre-emptive measures undertaken by deposit insurers during the global financial crisis of 2008 and reviewed the ongoing efforts to strengthen capabilities of deposit insurance systems. Philippine Finance Secretary, Margarito Teves, was the Keynote Speaker for the event.

The conference was attended by the heads and representatives of the following deposit insurance institutions: Hong Kong Deposit Protection Board, National Deposit Insurance Fund of Hungary, Deposit Insurance and Credit Guarantee Corporation (DICGC) India, Deposit Insurance Corporation Japan, Kazakhstan Deposit Insurance Fund, Korea Deposit Insurance Corporation, Malaysia Deposit Insurance Corporation, Deposit Insurance Agency of Russia, Central Deposit Insurance Corporation (Chinese Taipei), Deposit Protection Agency of Thailand, Federal Deposit Insurance Corporation (USA), Deposit Insurance of Vietnam, and Deposit Protection Board of Zimbabwe.

The Claims Management Seminar discussed claims management in the Philippines, Chinese Taipei and India. It also touched on the PDIC’s re-engineering program for its claims servicing operations. FDIC delivered a lecture on international best practices on claims payout.

BGF Conference on “Global Financial Crisis: Lessons for the Stability of the Financial Sector,” Warsaw, Poland 21 May 2010

On 21 May 2010, Poland’s Bank Guarantee Fund (BGF) hosted in Warsaw an international conference entitled “**Global Financial Crisis: Lessons for the Stability of the Financial Sector**”. The event was a part of the BGF’s 15th Anniversary celebrations. The conference consisted of four sessions devoted to lessons learned from the current crisis, factors conducive to recovery and the prevention of crises in the future, a new cross-border stability framework and a review of the topic of systemically important financial institutions. The conference assembled about 160 governmental officials, supervisors, monetary policymakers, deposit insurers, university professors, and bankers from Poland, other European countries, and the USA.

Representatives of deposit insurance schemes attended from Albania, Armenia, Bulgaria, Czech Republic, Hungary, Romania, Russia, Slovakia, Sweden, Switzerland, Ukraine, and USA. In addition, the Secretary General of IADI participated in this event.

Presentations were delivered by, among others: Minister from the Chancellery of the Prime Minister of Poland; Chief Economist of the European Bank for Reconstruction and Development; Deputy Governor of Sveriges



Riksbank; Director of Insurance and Research at the FDIC; Senior Director in the Institute of International Finance in Washington; IMF Senior Resident Representative for Central and Eastern Europe; Director of the Financial Institutions’ Directorate at the Directorate – General for Internal Market and Services of the European Commission; and the Chairman of the Polish Financial Supervision Authority.

30th Meeting of IADI’s EXCO and Standing Committees Mexico City, Mexico 7–11 June 2010

The 30th Meeting of IADI’s EXCO and Standing Committees took place in Mexico City, Mexico, from 7-11 June 2010. Alongside these events, the *Instituto para la Protección al Ahorro Bancario* (IPAB) hosted a seminar on “**The Role of Banks in Economic Stability and Growth**”. The seminar offered a valuable occasion for both IADI Members and renowned speakers from every region to meet and present their views on how their insured institutions are collaborating with the deposit insurance systems in fulfilling its broadest mandate: enhancing economic stability and confidence in the financial system through depositor protection.

At the seminar, the chairmen from the DIS of six IADI Member jurisdictions (Japan, Jordan, Malaysia, USA, Zimbabwe, and Mexico) shared their views and experiences with rep-



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representatives from international organizations such as the World Bank, EFDI, the Center for Global Development, the Association of Mexican Banks, and other financial authorities in Mexico, as well as academic representatives.

In addition, the meetings enabled some participants – mostly from the Latin America Regional Committee (LARC) and the Caribbean Regional Committee, to exchange points of view and experiences regarding topics ranging from the design of their respective DIS to the way their jurisdictions faced the financial crisis.

ARC Annual Meeting and Conference on “The Benefits of Deposit Insurance in Africa,” Dar-es-Salaam, Tanzania, 29–31 July 2010

The Deposit Insurance Board of Tanzania hosted the 2010 Africa Regional Committee (ARC) Meeting and Conference on “The Ben-

efits of Deposit Insurance in Africa” from 29-30 July in Dar-es-Salaam, Tanzania. The theme of the conference reflects the increasing global acknowledgement of the critical role that deposit insurance systems play in promoting financial stability. In keeping with this theme, the conference looked at the benefits of deposit insurance in the context of various country experiences. The conference included discussions and assessments of the experiences of various countries from Africa, Asia and America. Among other accomplishments, the meeting met the objective of fostering and improving capacity-building at all levels.

7th LARC Meeting and Conference on “Cross-Border Issues,” Buenos Aires, Argentina, 10–11 August 2010

The 7th Latin America Regional Committee (LARC) Meeting and Conference was held in

Buenos Aires, Argentina, from 10-11 August 2010 with the topic of “Cross-Border Issues”. The conference was hosted by the Seguro de Depósitos S.A. (SEDESA), as part of its 15th anniversary celebration. The topic of Cross-Border Issues was chosen in recognition of the growing complexity and inter-connection of markets, and, thus, the likelihood of risk-spreading among countries, with the added implications for supervisors and deposit insurance agencies.

The conference invited renowned speakers to expand upon this subject, with representatives from the Inter-American Development Bank (IDB), the US Treasury Department, as well as from the LARC members: Argentina, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Paraguay, Peru and Uruguay. Deposit insurance representatives from Indonesia, Russia, U.K. and the U.S. also attended the conference.



During the meeting, as part of the LARC’s activities focused on IADI’s Outreach Strategy, the members presented comments pertaining to the results of the Cross-Border Survey held in June throughout the region. These results showed that in the context of a growing cross-border interrelationship among markets, governments and institutions, there is a need for a strong DIS which can provide confidence to depositors by preventing a massive bank run due to internal or external troubles.

This meeting marked the first official occasion in which Paraguay’s Fondo de Garantía de Depósitos took part as a full member of the LARC.



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DPA (Thailand) Seminar on the “Mandate and Coordination of Safety-Net Players in Intervention and Resolution,” Bangkok, Thailand, 31 August–1 September 2010

The Deposit Protection Agency (DPA) of Thailand hosted a seminar on the “Mandate and Coordination of Safety-Net Players in Intervention and Resolution” in Bangkok from 31 August–1 September 2010. DPA was established in August 2008, and as the newest member in the Asia Pacific Regional Committee (APRC), DPA has received full support from APRC member countries in providing speakers to the seminar including the Indonesia Deposit Insurance Corporation, Deposit Insurance Corporation of Japan, and the Central Deposit Insurance Corporation.



The seminar was attended by DPA staff and the officials of the other financial safety-net players and served to enhance their understanding and knowledge about safety-net players' coordination, along with providing an overview of lessons and their implications from experienced countries. About 80 representatives from the Bank of Thailand, Ministry of Finance and DPA participated in the seminar.

CDIC (Chinese Taipei) Celebrates 25th Anniversary with seminar on “Risk Management Trends and Challenges Facing the Banking Industry Following the Post Financial Crisis,” Taipei, 14–15 September 2010

On 14-15 September, 2010 in Taipei, the Central Deposit Insurance Corporation (CDIC) organized the international seminar entitled “Risk Management Trends and Challenges Facing the Banking Industry Following the

Post Financial Crisis” as a part of the celebration of its 25th Anniversary. The seminar gathered over 375 participants, including senior officers of financial safety-net members in Chinese Taipei and senior executives of insured financial institutions.



CDIC invited many internationally renowned financial experts from IADI, the Federal Deposit Insurance Corporation, the Deposit Insurance Corporation of Japan, the Malaysia Deposit Insurance Corporation, the Deposit Insurance of Vietnam, HSBC Asia-Pacific Office and the China Construction Bank to deliver speeches.

Topics discussed during the seminar covered two key issues related to the measures being adopted to respond to transition back to a limited deposit insurance coverage from a blanket guarantee; the risk management as Chinese Taipei banks increase their presence

in other markets; and international trends in risk management in the banking industry following the financial crisis.

EARC Seminar on “The Role of Deposit Insurers in Stabilizing Financial Systems,” Baku, Azerbaijan, 29–30 November 2010

The Azerbaijan Deposit Insurance Fund hosted the Seminar of the Eurasia Regional Committee (EARC) on “The Role of the Deposit Insurers in Stabilizing Financial Systems” on 29-30 November in Baku, Azerbaijan. The event was attended by 20 representatives from five countries of the region, including four EARC members (Azerbaijan Deposit Insurance Fund, Kazakhstan Deposit Insurance Fund, Deposit Guarantee Fund of Ukraine and Deposit Insurance Agency of



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Russian Federation) and its observer – Citizens’ Bank Deposit Guarantee Fund of Uzbekistan. In addition, two representatives from the Central Bank of the Azerbaijan Republic were involved in the seminar.

The seminar’s participants shared their experience and knowledge in various aspects of their domestic deposit insurance systems operations and development. More specifically, the seminar covered the following topics: deposit insurance systems’ development during the crisis period; deposit insurers’ sources of funding and assets investment; payouts of the insurance coverage to the depositors; and deposit insurers’ role in the banks’ liquidation process and in public awareness.

9th APRC Annual Meeting and Conference on the “Lesson Learned and Challenges of the Deposit Insurers in Dealing with Crisis,” Bangkok, Thailand, 19–21 January 2011

The Deposit Protection Agency (DPA) of Thailand hosted the 9th Annual Meeting of the Asia-Pacific Regional Committee (APRC) followed by the International Conference on the “Lessons Learned and Challenges of the Deposit Insurers in Dealing with Crisis” at the Mandarin Oriental Hotel, Bangkok, Thailand.

The event brought together the representatives from the APRC (Azerbaijan, Bangladesh, Hong Kong, India, Indonesia, Japan, Kazakhstan, Korea, Malaysia, Philippines, Russia, Singapore, Chinese Taipei, Thailand and Vietnam), IADI Members (Canada, Jordan, Kenya and the U.S.) and non-members

in the Asia-Pacific region (Afghanistan, Bhutan, Cambodia, Laos and Nepal), as well as officials of financial safety-net players in Thailand.

Topics addressed during the conference included: the impact of the crisis and how to stabilize financial systems; the role of safety-net players during crisis; countries’ experiences in resolutions of problem banks; challenges ahead; and IADI guidance on bank resolutions.

The Annual Meeting of the APRC included a discussion on the APRC Outreach Project, information sharing among APRC utilizing the APRC Home Page on the IADI internal website, and the APRC Country Report 2011 Project and publication of the APRC research papers. It was decided that the next APRC Annual Meeting events will be hosted by the Deposit Insurance Agency (Russian Federation) in Moscow in May or June 2012.

ERC Annual Meeting in Prague, Czech Republic, 27–28 January 2011

The Annual Meeting of the Europe Regional Committee (ERC) was held at the offices of the Czech Banking Association from 27–28 January 2011 in the city of Prague. The meeting was attended by 17 members of ERC.

ERC members heard an update on Core Principles Methodology developments by Mr. Dirk Cupei, Vice Chairman of EFDI. The Chairperson, András Fekete-Győr stressed the importance of the involvement of European assessors in the use of the Core Principles Methodology. Further topics were discussed such as a status report on a compromise version of the European Union (E.U.) Directive on Deposit Guarantee Schemes; a new ERC research initiative on fraudulent activities and discussion of ERC strategies and contributions to the objectives of IADI.

Mr. András Fekete-Győr was re-elected as Chairperson of the ERC for a two-year term and Mr. Thierry Dissaux was elected as Vice-Chairperson also for a two-year term.



8th LARC Meeting and Conference on “The Role of Deposit Insurance Systems,” Cartagena, Colombia, 9–11 March 2011

The 8th LARC Meeting and Conference was hosted by Colombia’s *Fondo de Garantías de Instituciones Financieras* (FOGAFIN) and took place in **Cartagena, Colombia**, from 9-11 March 2011. The jurisdictions that took part in the events included ten LARC members, other IADI Members, DISs (Barbados, Jamaica, Japan, Russia and the U.S.) and several supervisors and central banks from the Latin

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American region (Bolivia, Chile, and Costa Rica), as well as a representative from the Inter-American Development Bank (IDB).

Alongside the Annual Conference, this year the host organized two workshops. Of these, the first one, solely for the members of the LARC, included representatives from Argentina, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Paraguay and Uruguay. Each presented their jurisdiction's achievements during 2010 and the challenges they will be facing in 2011.

The second workshop, open to all participants, focused on the strategies LARC members employ for enhancing public awareness on Deposit Insurance in their respective jurisdictions. While the common theme among these strategies is the issue of limited resources, the participants have been creative in devising solutions to surmount these constraints. These include, among others, arrangements with banks and their respective ministries of education to obtain access to more resources. It was agreed that in order to maintain public confidence in the system, the communication efforts must be implemented on a nonstop basis.

The three-day meeting included a conference on "The Role of the Deposit Insurance System" in dealing with financial crises; bank resolution mechanisms; evaluations on the ideal coverage limit, and the coordination within the financial safety-net.

APRC Seminar on "Deposit Insurance Systems," Dhaka, Bangladesh, 27 March 2011

The APRC and Bangladesh Bank jointly organized a seminar on "Deposit Insurance Systems" in Dhaka, Bangladesh on 27 March 2011. The APRC sent an international team consisting of APRC members from India, Chinese Taipei and Thailand to provide the presentations. The APRC Chairperson was scheduled to join the team but could not, due to the devastating earthquake that hit Japan just before the seminar.

The seminar attracted over 70 participants, including officials from the Bangladesh Bank, Ministry of Finance and local banks in Bangladesh. The Seminar reviewed the importance of deposit insurance for financial stability as well as how public awareness of deposit protection has been enhanced in Bangladesh.

The seminar covered several issues including: "Presentation of Country Paper for Bangladesh"; overviews of IADI, the APRC, the Core Principles for an Effective Deposit Insurance System and the Assessment Methodology; coverage limit case of post crisis; approaches for public awareness for DIS; and risk analysis.

The Governor of Bangladesh Bank, Dr. Atiur Rahman praised the Seminar as providing valuable inputs to the banking community and safety-net players in Bangladesh.

ERC Seminar on "Building Confidence by Awareness," Bucharest, Romania, 30-31 March 2011

The Europe Regional Committee (ERC) and the Bank Deposit Guarantee Fund, Romania co-organized in Bucharest the seminar entitled "Building Confidence by Awareness," from 30-31 March 2011. The seminar was designed to enhance the professional skills of the DIS's public relation experts taking into account the relevant IADI-BCBS Core Principle on public awareness. The seminar highlighted different communication techniques under normal and crisis conditions and how these tools work or play a significant role in underpinning a sound DIS. Speakers from European countries (Hungary, U.K., Poland, Armenia), and also from Asia (Malaysia and Chinese Taipei) and the U.S. shared their valuable knowledge and experience.

Professionals from 17 countries (Albania, Armenia, Croatia, Czech Republic, Hungary, Latvia, Lithuania, Luxembourg, Malaysia,



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Moldova, Montenegro, Poland, Romania, Russia, Chinese Taipei, U.K., U.S.) as well as representatives of commercial banks, the National Bank of Romania and the Ministry of Public Finance attended the seminar.

Discussions during the conference included the observation that in the aftermath of the financial crisis and with the new challenges global economies are facing, a lack of information and any general mistrust may exacerbate the negative effects on the banking system. Further, a well-informed public is likely to remain trustful in the banking system and to be cooperative in case of problems. Thus, many deposit insurers are taking steps to raise the public awareness level and also design crisis communication measures required by markets.

The 11 seminar speakers from the guarantee schemes in Armenia, Hungary, Malaysia, Poland, Chinese Taipei, the U.K. and the U.S. and from the National Bank of Romania and commercial banks in Romania shared their knowledge and experience in terms of public awareness, public relation strategies, and also organizational strategies and long term planning.

Among the topics discussed were: the types of communication and best practices; crisis communication and new opportunities by Web2 media; cooperation between deposit guarantee schemes, commercial banks, central banks and supervising authorities in increasing public awareness; and the need for communication and monitoring public opinion.

Because IADI Members face the same challenges but in different environments, the Public Awareness Seminar presented an excellent opportunity to share and exchange ideas among IADI Members with discussions of tangible examples, practical solutions and efficient communication.



Enhance IADI's Leadership Role in Strengthening Deposit Insurance Systems

Deposit Insurance Organization of the Year Award 2010

In recognition of its exceptional contributions, the 2010 Deposit Insurance Organization of the Year award was bestowed upon the Deposit Insurance Corporation of Japan (DICJ). The award was presented to Mutsuo Hatano, Deputy Governor of the DICJ, in recognition of the DICJ's commitment and continued strong role in helping IADI to meet its objectives; providing seconded staff to IADI Secretariat; as well as the DICJ's role in serving as the host for IADI's Annual Conference in Tokyo in October 2010.

The 5th Annual International Week of Deposit Insurance

The week recognized the numerous initiatives taken by IADI and its Members to contribute to financial stability by strengthening deposit protection mechanisms. The week closely followed IADI's eighth anniversary, on 6 May 2010, with the theme "**Deposit Insurance Contributing to Financial Stability**".

Many of IADI's Members are undertaking or coordinating initiatives to protect consumers and bolster public confidence in banks. Such efforts were acknowledged during the International Week of Deposit Insurance. Discussions covered ongoing initiatives including public awareness campaigns, press releases on the role of Deposit Insurance in contributing to financial stability and economic growth, and the financial literacy campaigns provided through secondary and higher learning institutions aimed at promoting financial awareness. Some Members are upgrading their ability to promptly reimburse depositors in the event of bank insolvency and many are using the Core Principles for Effective Deposit Insurance Systems to justify or support legislation that strengthens individual deposit insurance programs, and as a basis for assessing their system's use of the Core Principles.

Deposit insurers are publishing their public outreach initiatives through television broadcast promotions, agreements with insured financial institutions and banker education, press releases, brochures distrib-

uted via print and online media, website announcements, multi-lingual advertising campaigns, stakeholder and public briefings, social activities such as assistance to earthquake victims and blood drives, memoranda of agreements with other financial safety-net participants, and participation in financial exhibitions. Deposit insurers are also upgrading their capacity to communicate with insured depositors through help desks and other means.

Over 20 IADI Members took part in the international week carrying out varying activities to promote deposit insurance and the role of the deposit insurer.

New Members and Outreach Activities:

In the course of the financial year, four new Participants joined IADI, three as Members and one as an Associate. The three new Members are: the Jersey Bank Depositors Compensation Board; the Investors Protection Foundation of the Liechtenstein Bankers Association and the Deposit Insurance Agency of Serbia. In addition, the Bank of Mauritius joined as an Associate. See Annex IV.

Working with the Association Treasurer, IADI's Membership and Communications and the Finance and Planning Committees oversaw the allocation of funding to promote outreach activities of Regional Committees. The Membership and Communications Committee agreed upon a process by which proposals for funding for outreach activities would be made by Regional Committees, for consideration by the Treasurer, and with reference to an established budgeting and assessment process.

Strengthen the Secretariat to Support the Needs of IADI's Membership and the Objectives of the Association

The Secretariat and its Staffing

The BIS hosts IADI at the BIS headquarters located in Basel, Switzerland, according to the terms of a hosting agreement. The BIS-IADI hosting agreement was renewed and extended to provide an ongoing arrangement for IADI to interact with other organizations located at the BIS that also contribute to financial stability.

The hosting agreement provides facilities and other support for five full-time staff at the BIS. The Secretariat is composed of the Secretary General, Deputy Secretary General, and up to three Senior Policy Analysts. The Korea Deposit Insurance Corporation (KDIC) and the Deposit Insurance Corporation of Japan (DICJ) each sponsor a Senior Policy Analyst. The Senior Policy Analysts are appointed to serve two-year terms.

Use of Technology in Furthering IADI's Objects

The Association's business and affairs are increasingly conducted through the use of the Internet. This approach enables more frequent notifications without the need for additional physical meetings and the associated costs of both time and travel. Several Committees have made use of the technology for electronic meetings. The Association's website [www.iadi.org] is an important tool used by Members and other Participants. This year, the internal Members-Only website was enhanced with the addition of an Excel Workbook of past surveys to further support IADI's research efforts. The Workbook contains a complete archive of IADI's internal documents and enables Members to more quickly locate historical materials and governance documents, including Committee Terms of References, and new or updated policies. Each of the Standing and Regional Committees has access to a reserved site enabling storage of working documents and communications with committee Members through announcements and a message forum. In addition, the IADI Capacity Building Program Initiative includes a clearing house website for organizations to use for identifying available resources and was launched by the Secretariat in 2010. The website includes a standard form for requests for capacity building expertise.

IADI Leadership

The Association is managed by the President and the Executive Council (EXCO). The President and EXCO participants are elected by IADI's Members at the AGM. EXCO members are typically elected to serve three-year terms and each person's term on the Council is limited to six consecutive years. Currently, EXCO is composed of 25 members as approved by the Association's Members at the October 2010 AGM.

President of the Association and Chair of the Executive Council

Martin J. Gruenberg, the Acting Chairman of the FDIC, was re-elected as Chair of EXCO and President of IADI for a two-year term at the 9th IADI AGM 01 28 October 2010 in Tokyo, Japan. Mr. Gruenberg became Acting Chairman of the FDIC in July 2011, and was previously sworn in as Vice Chairman of the FDIC in 2005 and had earlier served as Acting FDIC Chairman from 15 November 2005 to 26 June 2006. Prior to joining the FDIC, Mr. Gruenberg played an active role in the development of U.S. banking and financial services industry legislation in the U.S. Senate. He served as Senior Counsel on the staff of the U.S. Senate Committee on Banking, Housing, and Urban Affairs; he has also served as Staff Director of the U.S. Senate Banking Committee's Subcommittee on International Finance and Monetary Policy.

Vice Chair of the Executive Council

Mutsuo Hatano, Deputy Governor, Deposit Insurance Corporation of Japan (DICJ) continued to serve in the position of Vice Chairman which began in 2008. Prior to his appointment at the DICJ, Mr. Hatano held senior positions in banking and corporate finance. Having a Vice Chair provides EXCO with an experienced leader ready to act in the absence of the EXCO Chair.

Treasurer of the Association

Bakhyt Mazhenova, Chairman of the Kazakhstan Deposit Insurance Fund (KDIF), continued in her role as the elected IADI Treasurer, serving a three-year term which ends at the 2012 AGM. Ms. Mazhenova previously completed six years of service on

EXCO ending on 24 September 2009. This is her second, consecutive three-year term as Association Treasurer. Prior to joining the KDIF, Ms. Mazhenova held senior positions in the National Bank of Kazakhstan and as Deputy Chairman and head of the Treasury Department of the Central Asia Bank for Cooperation and Development.

Composition of the Executive Council

Several changes in the EXCO membership became effective at the AGM in Tokyo, Japan on 28 October 2010. The AGM approved an EXCO recommendation to set the number of Council positions at 25, reflecting the regional composition and interests of the Association.

The Members elected the following Designated Representatives to the Executive Council and Chair of the Council during the 9th IADI AGM on 28 October 2010, in Tokyo, Japan: For a two year term: Martin J. Gruenberg as Chair of the Council and President of the Association; for three year terms: John Chikura as Councilmember for the Africa Regional Committee and Earl Boodoo as Councilmember for the Caribbean Regional Committee; and for a one year term: Dr. Mohammed Al-Ja'fari as Councilmember for the Middle East and North Africa Regional Committee.

For three-year terms each; as Councilmembers:

Silvana Sejko, Albanian Deposit Insurance Agency

Alejandro Lopez, Seguro de Depósitos Sociedad Anónima (Argentina)

Bisser Manolov, Bulgarian Deposit Insurance Fund

Michelle Bourque, Canada Deposit Insurance Corporation

Monica Aparicio Smith, Fondo de Garantías de Instituciones Financieras (Colombia)

Roberto Moretti, The Interbank Deposit Protection Fund (Italy)

Rose Detho, Deposit Protection Fund Board (Kenya)

Won-Tae Yi, Korea Deposit Insurance Corporation

Strengthen the Secretariat to Support the Needs of IADI's Membership and the Objectives of the Association

Jerzy Pruski, Bank Guarantee Fund (Poland)

Patrick Loeb, The Deposit Protection of Swiss Banks and Securities Dealers

Sakir Ercan Gül, Savings Deposit Insurance Fund (Turkey)

Alex Kuczynski, Financial Services Compensation Scheme (U.K.)

The Members also expressed their gratitude to members of the 2009–2010 Executive Council who concluded their service as Councilmembers due to retirement, reassignments within their home country organizations, or other circumstances during the year:

Charles Cornut, former President, Fonds de Garantie des Dépôts, France

Ahmet Ertürk, former Chairman, Savings Deposit Fund of Turkey

Rıdvan Çabukel, Deputy President, Savings Deposit Insurance Fund of Turkey

Kakai Cheloti, former Director, Deposit Protection Fund Board (Kenya)

Guy Saint Pierre, former President and Chief Executive Officer, Canada Deposit Insurance Corporation

Loretta Minghella, former Chief Executive of the Financial Services Compensation Scheme (United Kingdom)

Małgorzata Zaleska, former President of the Management Board of the Bank Guarantee Fund (Poland)

Sung Hwan Bae, former Executive Vice President of the Korea Deposit Insurance Corporation

Junior Frederick, former General Manager of Deposit Insurance Corporation (Trinidad and Tobago)

Financiera Mexicana para el Desarrollo Rural, S.A de C.V., SFP. Mr. Isoard served as Member of the Governing Board of the Instituto para la Protección al Ahorro Bancario (IPAB), Mexico from May 1999–December 2008. Mr. Isoard holds a MA degree in Economics from the University of Chicago and a BA in the same field from ITAM (Instituto Tecnológico Autónomo de México).

The responsibilities of the Secretary General are set out in the IADI Statutes, and include: acting as Secretary to EXCO; managing the Secretariat and providing services to the Association; processing applications for participation in the Association; maintaining appropriate records and registers of participants; and executing other functions assigned by EXCO.

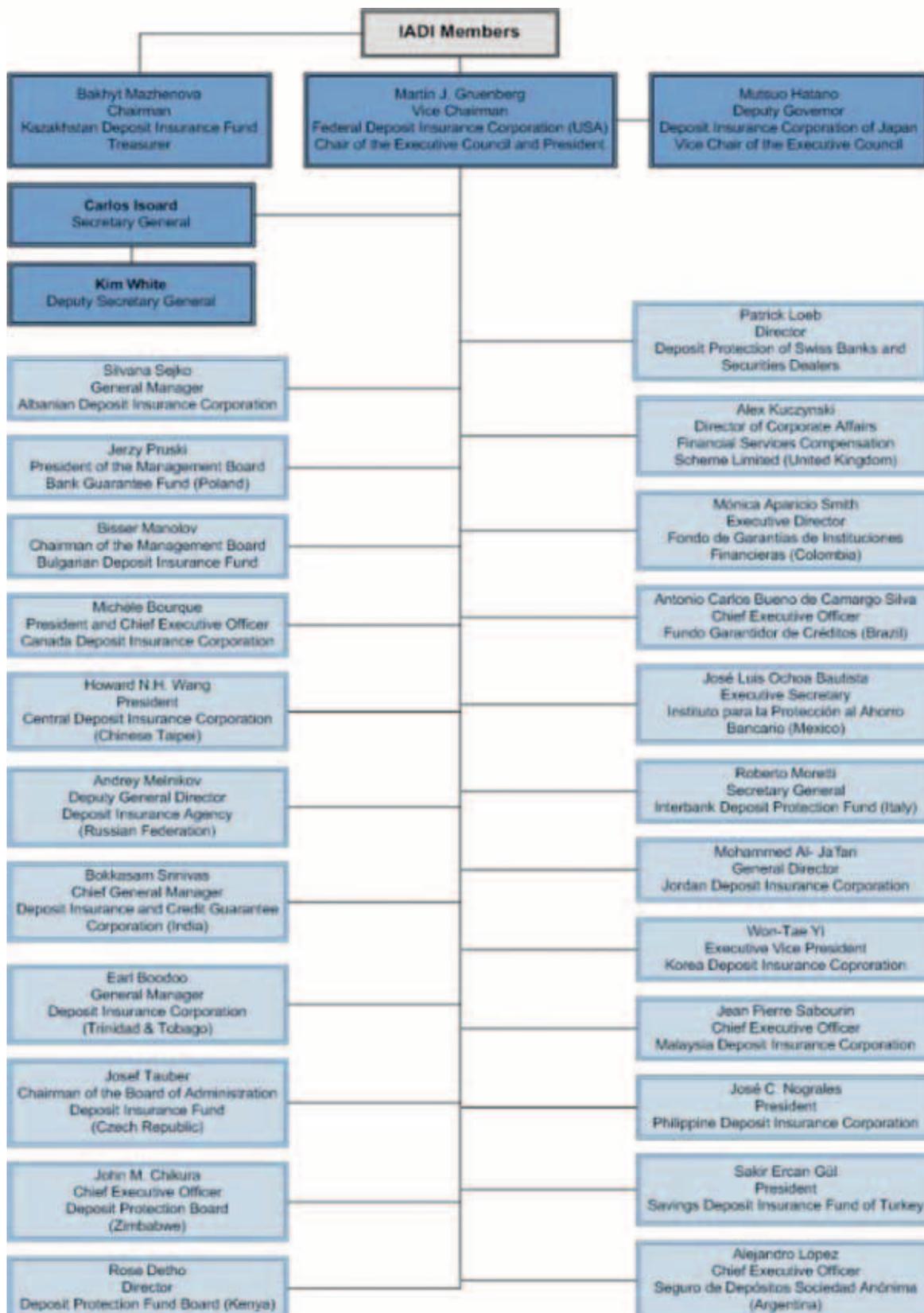
Mr. Isoard is employed by the BIS on a full-time basis on behalf of IADI, and his office is located at the BIS offices in Basel, Switzerland. He reports to the IADI President. Having a full-time Secretary General posted at the BIS enables IADI to interact more extensively with other safety-net organizations that also conduct activities through the BIS. The European location is central to the Association's Member countries, and enables the Secretary General to participate in regional activities of the Association.

The Secretary General is supported by the Deputy Secretary General, Kim Peeters White, who has been employed by IADI since 2002, and has served as Deputy since 2004.

Secretary General

The Executive Council approved the appointment of Carlos Isoard as the third IADI Secretary General on 9 June 2010, for a three-year term starting 15 September 2010. Prior to this, Mr. Isoard worked as an independent professional, member of the Audit Committee of Banco Nacional de Obras y Servicios Públicos, S.N.C. and member of the Board of

Leadership Executive Council (as of 31 March 2011)



Standing Committees as of 31 March 2011

Audit Committee	Chairperson: José Nograles <i>Philippine Deposit Insurance Corporation</i>	
Rose Detho (Vice Chairperson) <i>Deposit Protection Fund Board (Kenya)</i>		Jerzy Pruski <i>Bank Guarantee Fund (Poland)</i>
Bakhyt Mazhenova (Observer) <i>Kazakhstan Deposit Insurance Fund</i>		Maria Fres-Felix (Observer) <i>Philippine Deposit Insurance Corporation</i>
Bokkasam Srinivas <i>Deposit Insurance and Credit Guarantee Corporation (India)</i>		Mutsuo Hatano (Observer) <i>Deposit Insurance Corporation of Japan</i>
Earl Boodoo <i>Deposit Insurance Corporation (Trinidad and Tobago)</i>		Ridvan Çabukel <i>Savings Deposit Insurance Fund of Turkey</i>
Governance Committee	Chairperson: Martin J. Gruenberg <i>Federal Deposit Insurance Corporation (USA)</i>	
Alex Kuczynski <i>Financial Services Compensation Scheme Limited (U.K.)</i>		John M. Chikura <i>Deposit Protection Board (Zimbabwe)</i>
András Fekete-Györ <i>National Deposit Insurance Fund of Hungary</i>		José Luis Ochoa Bautista <i>Instituto para la Protección al Ahorro Bancario (Mexico)</i>
Bakhyt Mazhenova <i>Kazakhstan Deposit Insurance Fund</i>		José C. Nograles <i>Philippine Deposit Insurance Corporation</i>
Dr. Mohammed Al-Ja'fari <i>Jordan Deposit Insurance Corporation</i>		Mutsuo Hatano <i>Deposit Insurance Corporation of Japan</i>
Earl Boodoo <i>Deposit Insurance Corporation (Trinidad and Tobago)</i>		Yvonne Fan <i>Central Deposit Insurance Corporation (Chinese Taipei)</i>
Fred S. Carns <i>Federal Deposit Insurance Corporation (USA)</i>		
Finance and Planning Committee	Chairperson: Mutsuo Hatano <i>Deposit Insurance Corporation of Japan</i>	
Alejandro López <i>Seguro de Depósitos Sociedad Anónima (Argentina)</i>		Bisser Manolov <i>Bulgarian Deposit Insurance Fund</i>
András Fekete-Györ <i>National Deposit Insurance Fund of Hungary</i>		Fred S. Carns <i>Federal Deposit Insurance Corporation</i>
Andrey Melnikov <i>Deposit Insurance Agency (Russian Federation)</i>		José C. Nograles (Observer) <i>Philippine Deposit Insurance Corporation</i>
Bakhyt Mazhenova (Observer) <i>Kazakhstan Deposit Insurance Fund</i>		Silvana Sejko <i>Albanian Deposit Insurance Agency</i>
		Won-Tae Yi <i>Korea Deposit Insurance Corporation</i>

Standing Committees as of 31 March 2011

Membership and Communications Committee

Chairperson: Alex Kuczynski
Financial Services Compensation Scheme Limited (U.K.)

Roumyana Markova (Vice-Chairperson)
Bulgarian Deposit Insurance Fund

John Chikura
Deposit Protection Board (Zimbabwe)

Alejandro López
Seguro de Depósitos Sociedad Anónima (Argentina)

José Lus Ochoa
Instituto para la Protección al Ahorro Bancario (Mexico)

Ana Graciela Trejo Padilla
Instituto de Garantía de Depósitos (El Salvador)

Dr. Mohammed Al-Ja'fari
Jordan Deposit Insurance Corporation

András Fekete-Győr
National Deposit Insurance Fund of Hungary

Mónica Aparicio Smith
Fondo de Garantías de Instituciones Financieras (Colombia)

Andrey Melnikov
Deposit Insurance Agency (Russian Federation)

Mutsuo Hatano
Deposit Insurance Corporation of Japan

Bakhyt Mazhenova
Kazakhstan Deposit Insurance Fund

Thierry Dissaux
Fonds de Garantie des Dépôts (France)

Earl Boodoo
Deposit Insurance Corporation (Trinidad and Tobago)

Training and Conference Committee

Chairperson: Fred S. Carns
Federal Deposit Insurance Corporation (USA)

Alex Kuczynski
Financial Services Compensation Scheme (U.K.)

Rafael Demetrio Lara Valenzuela
Fondo de Garantía de Depósitos Banco Central del Paraguay

András Fekete-Győr
National Deposit Insurance Fund of Hungary

Romuald Szymczak
Bank Guarantee Fund (Poland)

Howard Wang
Central Deposit Insurance Corporation, (Chinese Taipei)

Rose Detho
Deposit Protection Fund Board (Kenya)

John M. Chikura
Deposit Protection Board (Zimbabwe)

Shinichi Sakai
Deposit Insurance Corporation of Japan

José Ricardo Villagrán
Corporación del Seguro de Depósitos Ecuador

Silvana Sejko
Albanian Deposit Insurance Agency

Lee Yee Ming
Malaysia Deposit Insurance Corporation

Sunghyun Yun
Korea Deposit Insurance Corporation

Mónica Aparicio Smith
Fondo de Garantías de Instituciones Financieras (Colombia)

Yvonne Fan
Central Deposit Insurance Corporation (Chinese Taipei)

Paul Chin
Jamaica Deposit Insurance Corporation

Standing Committees as of 31 March 2011

Research and Guidance Committee

Chairperson: Yvonne Fan
Central Deposit Insurance Corporation (Chinese Taipei)

Alejandro López
Seguro de Depósitos Sociedad Anónima (Argentina)

András Fekete-Győr
National Deposit Insurance Fund of Hungary

Andrey Pekhterev
Deposit Insurance Agency (Russian Federation)

Andrey Melnikov
Deposit Insurance Agency (Russian Federation)

Antonio Carlos Bueno de Camargo Silva
Fundo Garantidor de Créditos (Brazil)

Bakhyt Mazhenova
Kazakhstan Deposit Insurance Fund

Barbara Ryan
Federal Deposit Insurance Corporation (USA)

David K. Walker
Canada Deposit Insurance Corporation

Earl Boodoo
Deposit Insurance Corporation (Trinidad and Tobago)

Jacob Ade Afolabi
Nigeria Deposit Insurance Corporation

Jerzy Pruski
Bank Guarantee Fund (Poland)

José Luis Ochoa Bautista
Instituto para la Protección al Ahorro Bancario (Mexico)

José C. Nograles
Philippine Deposit Insurance Corporation

Julien Reid
Autorité des marchés financiers (Québec)

Dr. Mohammed Al-Ja'fari
Jordan Deposit Insurance Corporation

Mohamed Mahraoui
Bank Al-Maghrib (Morocco)

Mónica Aparicio Smith
Fondo de Garantías de Instituciones Financieras (Colombia)

Mutsuo Hatano
Deposit Insurance Corporation of Japan

Thierry Dissaux
Fonds de Garantie des Dépôts (France)

Won-Tae Yi
Korea Deposit Insurance Corporation

Regional Committees as of 31 March 2011

Africa	Chairperson: John M. Chikura <i>Deposit Protection Board (Zimbabwe)</i>
Rose Detho (Vice-Chairperson) <i>Deposit Protection Fund Board (Kenya)</i>	Nkosana Mashiya <i>The National Treasury (South Africa)</i>
Abraham M. Rasmini <i>Deposit Insurance Board of Tanzania</i>	Umaru Ibrahim <i>Nigeria Deposit Insurance Corporation</i>
	Yandraduth Googoolye <i>Bank of Mauritius</i>
Asia-Pacific	Chairperson: Mutsuo Hatano <i>Deposit Insurance Corporation of Japan</i>
Andrey Melnikov (Vice Chairperson) <i>Deposit Insurance Agency (Russian Federation)</i>	Jean Pierre Sabourin <i>Malaysia Deposit Insurance Corporation</i>
Azad Javadov <i>Azerbaijan Deposit Insurance Fund</i>	José C. Nograles <i>Philippine Deposit Insurance Corporation</i>
Bokkasam Srinivas <i>Deposit Insurance and Credit Guarantee Corporation (India)</i>	A. G. Karunasena <i>The SEACEN Centre</i>
Bakhyt Mazhenova <i>Kazakhstan Deposit Insurance Fund</i>	Masahiro Kawai <i>Asian Development Bank</i>
Bui Khac Son <i>Deposit Insurance of Vietnam</i>	Meena Datwani <i>Hong Kong Deposit Protection Board</i>
Der Jiun Chia <i>Monetary Authority of Singapore</i>	Md. Nazrul Huda <i>Bangladesh Bank</i>
Enhhuyag Batsukh <i>Bank of Mongolia</i>	Nestor A. Espenilla Jr. <i>Bangko Sentral ng Pilipinas</i>
Masahiro Kawai <i>Asian Development Bank</i>	Ooi Sin Teik <i>Singapore Deposit Insurance Corporation</i>
Firdaus Djaelani <i>Indonesia Deposit Insurance Corporation</i>	Singha Nikornpun <i>Deposit Protection Agency (Thailand)</i>
Howard N.H. Wang <i>Central Deposit Insurance Corporation (Chinese Taipei)</i>	Tong-u-Rai Limpiti <i>Bank of Thailand</i>
Ian McLauchlan <i>Australian Prudential Regulation Authority</i>	Won-Tae Yi <i>Korea Deposit Insurance Corporation</i>
Caribbean	Chairperson: Earl Boodoo <i>Deposit Insurance Corporation (Trinidad and Tobago)</i>
Antoinette McKain <i>Jamaica Deposit Insurance Corporation</i>	Cassandra C. Nottage <i>Deposit Insurance Corporation, Central Bank of The Bahamas</i>
Warrick Ward <i>Barbados Deposit Insurance Corporation</i>	
Eurasia	Chairperson: Bakhyt Mazhenova <i>Kazakhstan Deposit Insurance Fund</i>
Azad Javadov <i>Azerbaijan Deposit Insurance Fund</i>	Murotali Alimardonov (Observer) <i>Deposit Guarantee Fund of Tajikistan</i>
Andrey Melnikov <i>Deposit Insurance Agency (Russia)</i>	Hermine Harutyunyan (Observer) <i>Deposit Guarantee Fund of Armenia</i>
Vasyl Pasichnyk <i>Deposit Guarantee Fund (Ukraine)</i>	Jyrgalbek Kasymov (Observer) <i>Deposits Protection Agency of the Kyrgyz Republic</i>

Regional Committees as of 31 March 2011

Europe	Chairperson: András Fekete-Györ <i>National Deposit Insurance Fund of Hungary</i>
Thierry Dissaux (Vice Chairperson) <i>Fonds de Garantie des Dépôts (France)</i>	Magnus Thor <i>Swedish National Debt Office</i>
Andrey Melnikov <i>Deposit Insurance Agency (Russian Federation)</i>	Milorad Dzambic <i>Deposit Insurance Agency (Serbia)</i>
Ben Dunning <i>Guernsey Banking Deposit Compensation Scheme</i>	Patrick Loeb <i>Deposit Protection of Swiss Banks and Securities Dealers</i>
Bisser Manolov <i>Bulgarian Deposit Insurance Fund</i>	Ridvan Çabukel <i>Savings Deposit Insurance Fund of Turkey</i>
Dirk Cupei <i>The Association of German Banks</i>	Roberto Moretti <i>Interbank Deposit Protection Fund (Italy)</i>
Eugen Dijmărescu <i>Bank Deposit Guarantee Fund (Romania)</i>	Silvana Sejko <i>Albanian Deposit Insurance Agency</i>
Herman Debremaeker <i>Deposit and Financial Instrument Protection Fund (Belgium)</i>	Vasyl Pasichnyk <i>Deposit Guarantee Fund (Ukraine)</i>
James Mews <i>Jersey Bank Depositor Compensation Board</i>	Alex Kuczynski <i>Financial Services Compensation Scheme (U.K.)</i>
Jerzy Pruski <i>Bank Guarantee Fund (Poland)</i>	Josef Tauber <i>Deposit Insurance Fund (Czech Republic)</i>
Josip Nevjestic <i>Deposit Insurance Agency of Bosnia and Herzegovina</i>	
Latin America	Chairperson: José Luis Ochoa Bautista <i>Instituto para la Protección al Ahorro Bancario (Mexico)</i>
Adela Hounie <i>Corporación de Protección del Ahorro Bancario, Uruguay</i>	Manuel Augusto Alonzo Araujo <i>Fondo para la Protección del Ahorro, Banco de Guatemala</i>
Alejandro López <i>Seguro de Depósitos Sociedad Anónima (Argentina)</i>	Mónica Aparicio Smith <i>Fondo de Garantías de Instituciones Financieras (Colombia)</i>
Ana Graciela Trejo Padilla <i>Instituto de Garantía de Depósitos (El Salvador)</i>	Rafael Demetrio Lara Valenzuela <i>Unidad Administradora del Fondo de Garantía de Depósitos, Banco Central del Paraguay</i>
Antonio Carlos Bueno de Camargo Silva <i>Fundo Garantidor de Créditos (Brazil)</i>	Rolando Sevilla Boza <i>Fondo de Garantía de Depósitos de las Instituciones Financieras (Nicaragua)</i>
David Alastre <i>Fondo de Protección Social de los Depósitos Bancarios (Venezuela)</i>	Luis Lorenzo Olmeda (Invitee) <i>Sociedad Gestora de Fondos de Garantía de Depósitos en Entidades de Crédito, A.I.E. (Spain)</i>
José Ricardo Villagrán <i>Corporación del Seguro de Depósitos (Ecuador)</i>	Juan Klingenberg <i>Fondo de Seguro de Depósitos (Peru)</i>
Middle East and North Africa	Chairperson: Mohammed Al-Ja'fari <i>Jordan Deposit Insurance Corporation</i>
Abderrahim Bouazza (Vice-Chairperson) <i>Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts (Morocco)</i>	Dr. Khater Abi Habib <i>Institut National de Garantie des Dépôts (Lebanon)</i>
Anekik Laid (Invitee) <i>Deposit Insurance Corporation of Algeria</i>	Mohamed Mahraoui (General Secretary) <i>Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts (Morocco)</i>
Dr. Choab El Hassar <i>Bank of Algeria</i>	Ridvan Çabukel <i>Savings Deposit Insurance Fund of Turkey</i>
Dr. Abdel Gadir Saleh <i>Bank Deposit Security Fund of Sudan</i>	

To the General Meeting of
International Association of Deposit Insurers, Basel

Zurich, 19 May 2011

Report of the statutory auditor on the limited statutory examination

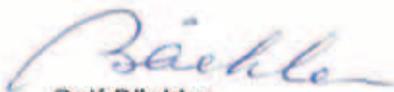
As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of International Association of Deposit Insurers for the financial year ended 31 March 2011.

These financial statements are the responsibility of the Executive Council. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

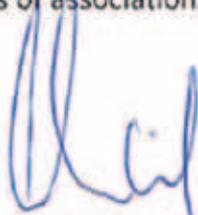
We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of the Association's personnel and analytical procedures as well as detailed tests of the Association's documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law (art. 957 et seqq. Code of Obligations (CO)) and the articles of association.

Ernst & Young Ltd



Rolf Bächler
Licensed audit expert
(Auditor in charge)



Stefan Marc Schmid
Licensed audit expert

Enclosure

- Financial statements (balance sheet, income statement, cash flow statement and notes)

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")
Statement of Activities
For the year ending 31 March 2011
(In Swiss Francs)



		For the period ended 31 March 2011	For the period ended 31 March 2010
CHANGES IN UNRESTRICTED NET ASSETS			
<u>Operating revenue</u>			
Members Fees	1	700,485	617,908
Associates Fees	1	55,526	51,255
Observers Fees	1	-	5,695
BIS Contribution	4	400,000	-
Total operating revenue		<u>1,156,011</u>	<u>674,858</u>
<u>Operating Expenses</u>			
Salaries		(634,403)	(227,879)
Conferences, Seminars and Meetings		(99,596)	(81,287)
Training Initiatives		(50,662)	(59,658)
Travel		(127,255)	(43,791)
Administration		(35,899)	(27,739)
Audit		(4,541)	(4,104)
IT and Communications		(3,090)	(1,329)
Membership & Outreach support		(22,667)	(17,052)
Publications and Research		(3,950)	(1,646)
Depreciation	9	(267)	(356)
Total operating expenses		<u>(982,330)</u>	<u>(464,840)</u>
CHANGES IN OPERATING UNRESTRICTED NET ASSETS		<u>173,681</u>	<u>210,017</u>
Interest Income	13	1,604	2,680
Uncollected Receivables		-	(15,435)
Uncollected Annual Fees from Prior years		-	(15,789)
Exchange Difference	3	84	(14,361)
CHANGES IN UNRESTRICTED NET ASSETS		<u>175,369</u>	<u>167,112</u>

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of cash flows

For the year ending 31 March 2011

(in Swiss Francs)

	Notes	For the year ended 31 March 2011	For the year ended 31 March 2010
Cash flow from / (used in) operating activities			
Operating unrestricted net assets		175,369	167,112
Non-cash flow items included in operating unrestricted net assets			
Depreciation	9	267	356
Net change in operating assets and liabilities			
Deferred revenue		2,846	8,543
Accounts receivable		9,338	122,870
Prepayments		22,823	(18,390)
Accounts payable		73,483	(8,080)
Net Cash flow from / (used in) operating activities		284,126	272,411
Cash flow from / (used in) investing and other activities			
Fixed deposits		-	113,665
Net Cash flow from / (used in) investing and other activities		113,665	113,665
Cash flow from / (used in) financing activities			
Capital contributions from new members	12	91,120	49,665
Net Cash flow from / (used in) financing activities		91,120	49,665
Net Increase / (decrease) in cash		375,246	435,741
Cash at beginning of accounting period		1,097,785	662,044
Cash at end of accounting period	6	1,473,031	1,097,785



INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of Financial Position

As at 31 March 2011

(in Swiss Francs)



		31 March 2011	31 March 2010
ASSETS			
Cash	6	1,473,031	1,097,785
Prepayments	7	-	22,823
Accounts receivable	8	17,641	26,979
		<u>1,490,672</u>	<u>1,147,586</u>
Total fixed assets	9	-	267
		<u>1,490,672</u>	<u>1,147,853</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	10	82,714	9,231
Deferred revenue	11	11,390	8,543
		<u>94,104</u>	<u>17,774</u>
Unrestricted Net Assets			
Capital - Initial Fund contributions	12	641,351	550,231
Retained unrestricted assets		579,848	412,736
Unrestricted assets for the current year		175,369	167,112
		<u>1,396,568</u>	<u>1,130,079</u>
		<u>1,490,672</u>	<u>1,147,853</u>

International Association of Deposit Insurers

Notes to the Financial Statements

Year Ended 31 March 2011

1. NATURE OF ORGANIZATION

The International Association of Deposit Insurers (IADI, "the Association") is a non-profit organization organized under Swiss Law, domiciled in Basel, at the Bank for International Settlements.

Its Objects are 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 Association receives annual Member, Associate and Observer fees from its participants:

Members: Entities that, under law or agreements, provide deposit insurance, depositor protection or deposit guarantee arrangements as set out in Article 5 of the Statutes.

Associates: Entities that do not fulfill all the criteria of Members, but who are considering the establishment of a deposit insurance system or other entities that are part of a financial safety net and have a direct interest in the effectiveness of a deposit insurance system.

Observers: Other interested parties such as international organizations, financial institutions, or not-for-profit professional firms. At the AGM of 24 September 2009, IADI Members amended the Statutes to eliminate the participation of for-profit Observers in the Association.

Partners: Entities who enter into cooperative arrangements with the Association in the pursuit and furtherance of the Objects of the Association. They may be involved in the activities of the Association in a manner determined by the Executive Council.

Annual Fees:

Members: CHF 11,390 fee with an initial fund contribution of CHF 11,390 payable over two years, have a right to vote at meetings and hold office.

Associates: CHF 8,542.50 fee, no vote but may participate in the activities of IADI.

Observers: CHF 5,695 fee, no vote but may participate in the activities of IADI.

Partners: No fees due.

The governing bodies of the Association are the General Meeting of Members and the Executive Council. The Executive Council has established Standing Committees covering Audit, Training and Conferences, Research and Guidance, Membership and Communications, Finance and Planning, and Governance. Seven regional committees have been established (Africa, Asia Pacific, the Caribbean, Eurasia, Europe, Latin America, and the Middle East & North Africa). The Secretary General acts as the Secretary to the Executive Council supported by the Deputy Secretary General.



The Executive Council is composed of individuals who govern the business and affairs of the IADI. Martin Gruenberg, Vice Chairman of the Federal Deposit Insurance Corporation, is the Chair of the Executive Council and acts as President of the Association. The Treasurer is Bakhyt Mazhenova, Chairman of the Kazakhstan Deposit Insurance Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounts of IADI are drawn up on an historical cost basis and income and expense items are recorded on the accrual basis.

A. Scope of the financial statements

These financial statements contain all assets and liabilities that are controlled by the Association and in respect of which the economic benefits as well as the rights and obligations lie predominantly with the Association.

B. Functional and presentation currency

Being an international organization, the Association is exposed to various currencies when conducting its activities. The main currencies the Association deals in are CHF, US\$, and EUR.

All transactions are recorded in CHF at the exchange rates prevailing at the date of the transaction.

Exchange differences arising from the retranslation of monetary assets and liabilities are included as net foreign exchange gains or losses in the statement of activities.

C. Cash

The Association considers cash to be current bank accounts.

D. Investments held to maturity

Investments are made in accordance with the investment policy approved by the Executive Council on 30 September 2005, and this policy was amended on 27 March 2009. All revenues from cash and investments are accounted for in Interest Income.

E. Accounts Receivable and Accounts Payable

Accounts receivable and accounts payable are principally short-term amounts relating to the settlement of transactions as a result of activities of the organization. They are included in the balance sheet at cost.

F. Fixed Assets

The fixed assets are capitalised and depreciated on a straight line basis over the estimated useful lives of the assets concerned, as follows:

Information Technology Equipment – 4 years

G. Uncollected Annual Fees

Provisions are recognised, as a charge to the statement of activities, if the Association has a concern over the recovery of outstanding accounts receivable.

H. Direct costs for salary and Contribution BIS

The BIS' contribution to IADI's operations is included in the Association's Revenue and is reflected in the Salaries of the Association.

IADI's members also contribute resources to support the strategic objectives of the Association, including staff seconded to IADI and support for regional conferences and Executive training. Such contributions and benefits are not reflected in the statements.



3. SENSITIVITY TO FOREIGN EXCHANGE MOVEMENTS

Trading activity in the year was predominantly denominated in CHF, but the financial statements have been slightly affected by fluctuations in the US\$ and EUR.

At the Executive Council Meeting on 11 June 2008, it was agreed to change the Association's official currency to Swiss Francs (previously U.S. dollars) to reduce sensitivity to foreign exchange movements. As of the financial year ending 31 March 2009, IADI collects its Annual Fees in CHF, and most expenses are in CHF.

4. BENEFITS RECEIVED

The Association is hosted by the Bank for International Settlements, Basel, and benefits from administration, meeting facilities, IT services, accounting, a contribution to its operations and other advisory services provided by the Bank for International Settlements. The total amount of these benefits has not been determined.

5. INCOME TAXES

The Association is exempt from income tax.

6. CASH

	Exchange rates at 31 March 2011	31 March 2011 CHF Value	Exchange rates at 31 March 2010	31 March 2010 CHF Value
CHF Current Accounts		1,471,551		1,092,726
US\$ Current Accounts	CHF / USD: 0.91610	-	CHF / USD: 1.05265	3,688
EUR Current Accounts	CHF / EUR: 1.29898	1,480	CHF / EUR: 1.42329	1,371
CAD Current Account		-		-
		1,473,031		1,097,785

7. PREPAYMENTS

There were no prepayments as at the year end (2010: Prepayments related to travel expenses were CHF 22,823).

8. ACCOUNTS RECEIVABLE

	31 March 2011 CHF Value	31 March 2010 CHF Value
Membership fees	11,390	25,897
Other receivables	6,251	1,082
	17,641	26,979



Membership fees
Other receivables

9. FIXED ASSETS

Information Technology Equipment

Fixed assets are:

	31 March 2011	31 March 2010
	CHF Value	CHF Value
Opening net book value	267	623
Additions	-	-
Disposals	-	-
Depreciation	267	356
Closing net book value	-	267

Initially recorded at their cost of purchase and are depreciated on a straight-line basis using the estimated useful life of the asset (see note 2).

10. ACCOUNTS PAYABLE

Accounts payable mainly consists of year-end accruals for transactions incurred as a result of the Association's activities during March 2011. These amounts are payable to the Bank for International Settlements, the Auditors and other parties who have performed services for the benefit of the Association.

	31 March 2011	31 March 2010
	CHF Value	CHF Value
Audit	4,170	3,800
Salaries	47,372	-
Conferences, Seminars and Meetings	3,307	931
Travel	12,746	-
Administration, IT and Communications	15,119	4,500
	82,714	9,231



11. DEFERRED REVENUE

The Deferred Revenue for the current financial year is broken down as follows:

	31 March 2011	31 March 2010
	CHF Value	CHF Value
Members	11,390	8,543
Associates	-	-
Observers	-	-
	11,390	8,543

12. CAPITAL: Initial Fund Contributions

	31 March 2011	31 March 2010
	CHF Value	CHF Value
Initial Fund Contributions less unpaid Initial Fund Contributions	652,741	618,571
Paid up Initial Fund Contributions	(11,390)	(68,340)
	641,351	550,231
Number of Members	63	60

The unpaid Initial Fund Contributions relate to payments due in future accounting periods.

13. INTEREST INCOME

	31 March 2011	31 March 2010
	CHF Value	CHF Value
Bank accounts	1,604	2,680
Money market deposits	-	-
	1,604	2,680

Basel, 19 May 2011



Annex I: Participants in the International Association of Deposit Insurers as of 31 March 2011

IADI's Participants include Members, Associates, Observers and Partners.

Members are entities that, under law or agreement, have a deposit insurance system, and have been approved for membership in the Association. An **Associate** is an entity that does not fulfill all of the criteria to be a **Member**, but which is considering the establishment of a deposit insurance system, or is part of a financial safety-net and has a direct interest in the effectiveness of a deposit insurance system. **Observers** are interested parties that are not-for-profit entities which do not fulfill the criteria to be an **Associate**. **Partners** are not-for-profit entities that enter into a cooperative arrangement with the Association.

For complete definitions, please see the **Statutes of the International Association of Deposit Insurers**.

Members

Albanian Deposit Insurance Agency

Silvana Sejko

General Manager

Deposit Protection Fund of the Association of German Banks

Dirk Cupei

Director Deposit Protection

Australian Prudential Regulation Authority

Ian McLauchlan

FCS and Crisis Management Advisor

Autorité des Marchés Financiers (Québec)

Danielle Boulet

Superintendent of Solvency

Azerbaijan Deposit Insurance Fund

Azad Javadov

Executive Director

Banco de Guatemala como Administrador del Fondo para la Protección del Ahorro

Manuel Augusto Alonzo Araujo

General Manager

Bangladesh Bank

Dr. Nazrul Huda

Deputy Governor

Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts (Morocco)

Abderrahim Bouazza

Head of the Banking Supervision

Department

Bank Deposit Guarantee Fund (Romania)

Eugen Dijmărescu

CEO

Bank Deposit Security Fund (Sudan)

Abdel Gadir Mohamed Ahmed Salih

General Manager

Bank Guarantee Fund (Poland)

Jerzy Pruski

President

Barbados Deposit Insurance Corporation (BDIC)

Warrick Ward

Chief Executive Officer

Bulgarian Deposit Insurance Fund

Bisser Manolov

Chairman of the Management Board

Canada Deposit Insurance Corporation

Michèle Bourque

President and Chief Executive Officer

Central Deposit Insurance Corporation (Chinese Taipei)

Howard N.H. Wang

President

Corporación de Protección del Ahorro Bancario (Uruguay)

Jorge Sánchez

General Manager

Corporación del Seguro de Depósitos

Ecuador

José Ricardo Villagrán

Member of the Board

Deposit and Financial Instrument Protection

Fund (Belgium)

Herman Debremaeker

Secretary General

Deposit Guarantee and Investor Protection

Foundation of the Liechtenstein Bankers

Association

Andrea Brüllmann

Legal Council /International Affairs

Deposit Guarantee Fund (Ukraine)

Vasyl Pasichnyk

Managing Director

Deposit Insurance Agency (Russian Federation)

Andrey Melnikov

Deputy General Director

Deposit Insurance Agency (Serbia)

Milorad Dzambic

Director

Deposit Insurance Agency of Bosnia and Herzegovina

Josip Nevjestic

Director

Deposit Insurance and Credit Guarantee Corporation (India)

Bokkasam Srinivas

Chief General Officer

Deposit Insurance Board of Tanzania

Babu Msami

Director

Deposit Insurance Corporation (Trinidad and Tobago)

Earl Boodoo

General Manager

Deposit Insurance Corporation of Japan

Mutsuo Hatano

Deputy Governor

Deposit Insurance Corporation, Central Bank of The Bahamas

Cassandra Nottage

Board Member

Deposit Insurance Fund (Czech Republic)

Josef Tauber

Chairman of the Board of Administration

Deposit Insurance of Vietnam

Khac Son Bui

General Director

Deposit Protection Agency (Thailand)

Singha Nikornpun

President

Deposit Protection Board (Zimbabwe)

John M. Chikura

Chief Executive Officer

Annex I: Participants in the International Association of Deposit Insurers as of 31 March 2011

Deposit Protection Fund Board (Kenya)

Rose Detho

Director

Deposit Protection of Swiss Banks and Securities Dealers (Switzerland)

Patrick Loeb

Director

Federal Deposit Insurance Corporation (USA)

Martin J. Gruenberg

Vice Chairman

Financial Services Compensation Scheme FSCS (United Kingdom)

Alex Kuczynski

Director of Corporate Affairs

Fondo de Garantía de Depósitos – Banco Central del Paraguay

Rafael Demetrio Lara Valenzuela

Director

Fondo de Garantías de Instituciones Financieras (Colombia)

Mónica Aparicio Smith

General Director

Fondo de Garantía de Depósitos de las Instituciones Financieras (Nicaragua)

Rolando Sevilla Boza

President

Fondo de Protección Social de los Depósitos Bancarios (Venezuela)

David Alastre

President

Fondo de Seguro de Depósitos (Perú)

Juan Klingenberg

President

Fonds de Garantie des Dépôts (France)

Thierry Dissaux

Chief Executive Officer

Fundo Garantidor de Créditos (Brazil)

Antonio Carlos Bueno de Camargo Silva

Chief Executive Officer

Guernsey Banking Deposit Compensation Scheme

Charles Tracy

Chairman of the Board

Hong Kong Deposit Protection Board

Tess Leung

Deputy Chief Executive Officer (Operations)

Indonesia Deposit Insurance Corporation

Firdaus Djaelani

Chief Executive Officer

Institut National de Garantie des Dépôts (Lebanon)

Khater Abi Habib

Chairman and General Manager

Instituto de Garantía de Depósitos (El Salvador)

Ana Graciela Trejo Padilla

President

Instituto para la Protección al Ahorro Bancario (México)

Jose Luis Ochoa Bautista

Executive Secretary

Interbank Deposit Protection Fund (Italy)

Roberto Moretti

Secretary General

Jamaica Deposit Insurance Corporation

Antoinette McKain

Chief Executive Officer

Jersey Bank Depositors Compensation Board

James Mews

Director, Finance Industry Development, Economic Development Department

Jordan Deposit Insurance Corporation

Dr. Mohammed Al-Ja'fari

Director General

Kazakhstan Deposit Insurance Fund

Bakhyt Mazhenova

Chairman

Korea Deposit Insurance Corporation

Won-Tae Yi

Executive Vice-President

Malaysia Deposit Insurance Corporation

Jean Pierre Sabourin

Chief Executive Officer

National Deposit Insurance Fund of Hungary

András Fekete-Györ

Managing Director

Nigeria Deposit Insurance Corporation

Umaru Ibrahim

Managing Director & Chief Executive

Philippine Deposit Insurance Corporation

José C. Nograles

President

Savings Deposit Insurance Fund of Turkey

Sakir Ercan Gül

President

Seguro de Depósitos Sociedad Anónima (Argentina)

Alejandro López

Chief Executive Officer

Singapore Deposit Insurance Corporation

Ooi Sin Teik

Chief Executive Officer

Swedish National Debt Office

Magnus Thor

Head of the Guarantee Department

Associates

Bangko Sentral ng Pilipinas

Mr. Nestor A. Espenilla

Deputy Governor

Bank of Algeria

Dr. Choai'b El-Hassar

Deputy Governor

Bank of Mauritius

Mr. Yandraduth Googoolye

First Deputy Governor

Bank of Mongolia

Batbaatar Batjargal

Supervisor of Policy and Restructuring

Division of Supervision Department

Bank of Thailand

Tong-u-rai Limpiti

Assistant Governor, FIDF Management

Group

Monetary Authority of Singapore

Der Jyun Chia

Executive Director, Banking

National Treasury (South Africa)

Nkosana Mashiyi

Chief Director/Financial Regulation Macro Economic Policy

Annex I: Participants in the International Association of Deposit Insurers as of 31 March 2011

South African Reserve Bank
André Bezuidenhout
Head, Financial Stability Department

Partners

Asian Development Bank Institute
Masahiro Kawai
Dean and Chief Executive Officer
Asian Development Bank Institute

Association of Supervisors of Banks of the Americas (ASBA)
Rudy V. Araujo Medinacelli
Secretary General

Centro de Estudios Monetarios Latinoamericanos (CEMLA)
Javier Guzmán Calafell
Director General

European Bank for Reconstruction and Development
Alan Popoff
Deputy Director, Financial Institutions

European Forum of Deposit Insurers
Roberto Moretti
Chairman

Inter-American Development Bank (IADB)
Kurt Focke
Division Chief, Capital Markets and Financial Institutions Division

International Monetary Fund
Ceyla Pazarbiasoglu
Assistant Director, Monetary and Capital Markets Department

The SEACEN Centre
A.G. Karunasena
Executive Director

The Toronto International Leadership Centre for Financial Sector Supervision
Christina Rulfs
Program Director

*U.S. Department of the Treasury
Office of International Affairs Technical Assistance*
Paul A. Leonovich
Associate Director for Banking & Financial Services

Union of Arab Banks
Fouad Shaker
Secretary General

The World Bank
Claire McGuire
Financial and Private Sector Development



Annex II: Executive Summary of the Proceedings from the 9th IADI Annual Conference, Tokyo, Japan (October 2010)

Executive Summary of the Proceedings from the 9th IADI Annual Conference, Tokyo, Japan (October 2010)

Masanori Tanabe, Acting Governor, Deposit Insurance Corporation of Japan (DICJ), opened the conference. He noted that after the recent crisis, the importance of the deposit insurance system, is more widely recognized as one of the stabilizers for the overall financial system, rather than a simple protector for depositors of failed individual banks. He acknowledged that the International Association of Deposit Insurers (IADI) has made significant contributions through active dialogue with regulators and central bankers as well as by sharing information and expertise among deposit insurers. He concluded by stating that the conference offered a good opportunity to share lessons learned from each jurisdiction's policy response and exit strategy in the global financial crisis. He expressed his hope that the conference would serve to promote further cooperation among deposit insurers through such an exchange of views.

Takashi Wada, Parliamentary Secretary of Cabinet Office for Economic and Fiscal Policy, Science and Technology Policy, Japan Fair Trade Commission, Financial Services Agency (Japan), delivered an opening address and stated that the maintenance of financial stability has become a major challenge for global policy makers, which in turn has raised awareness of the importance of the deposit insurance system as part of a safety-net. He then discussed international developments in reforming the framework of financial regulation and talked about Japan's experience in financial crises and the current situation. He emphasized that international cooperation among deposit insurers has become more important against the backdrop of the expansion of cross-border financial activities.

Izumi Yoshida, Parliamentary Secretary for Finance, Ministry of Finance (Japan), pointed out that the current crisis showed that the stability of the financial system of each country is an important element for the stability and growth of the macro economy and that

the effects of the crisis instantly spread throughout the world. He stated that the recent crisis gave us important implications for the deposit insurance system to play the expected role. He also mentioned that with an increasing number of banks operating across national borders, that the responses when such banks go bankrupt and the shape of international harmonization of deposit insurance systems are issues for future deliberation.

Kiyohiko G. Nishimura, Deputy Governor, Bank of Japan, stated that as deposit insurance plays a central role in financial safety-nets, it is of utmost importance for senior officials of deposit insurance organizations and relevant authorities world-wide to have the chance to discuss first-hand and intensively among themselves the future of financial safety-nets. This conference is one such occasion. He stressed crucial issues in the development of financial safety-nets by using "balance" as a keyword. He also observed that the experience of the financial crisis has brought renewed attention to the role of central banks in financial safety-nets and their contributions to financial stability. This has led to the assignment of macro-prudential roles to central banks and transfer of the regulatory powers from financial regulatory authorities to central banks.

Martin J. Gruenberg, President of IADI and Chair of its Executive Council, and Vice Chairman, Federal Deposit Insurance Corporation (FDIC) (USA), welcomed the conference participants and thanked Mr. Mutsumo Hatano, Deputy Governor of the DICJ, and the staff of DICJ, for their hospitality in hosting IADI's 2010 Annual Conference in Tokyo, Japan. His remarks focused on the role of deposit insurance in the financial framework and the recent development of IADI's Core Principles for Effective Deposit Insurance Systems ("Core Principles") and Core Principles Assessment Methodology. Following approval by IADI and the Basel Committee on Banking Supervision (BCBS), the Core Principles will be submitted to the Financial Stability Board (FSB) for possible inclusion in its Compendium of Standards and list of Key Standards for Sound Financial Systems, to the International Monetary Fund (IMF) and the World Bank for use in the

Financial Sector Assessment Program (FSAP), and to the FSB and the Group of Twenty (G20) for use in the peer review program to assess and improve national deposit insurance systems.

Toyoo Gyohten, President, Institute for International Monetary Affairs (Japan), delivered the keynote speech and observed that the global financial crisis was triggered by the collapse of the housing bubble and then developed into a major crisis by way of the global credit crunch and global collapse of demand. He said that whenever we consider how to make the post-crisis recovery, we need to keep in mind that any efforts we try must be carried out against the backdrop of sobering fiscal realities. He stated that under such circumstances, it is absolutely crucial to enhance coordination among countries and between developing and developed worlds. Also, he observed that the series of recent events clearly demonstrated the extreme difficulty of such exercise. He asked the audience to recall that despite difficulties, since the end of the World War II, the world has accomplished many remarkable successes of international cooperation.

Session 1: Transition Back to Limited Guarantee

Dr. Mohammed Al-Ja'fari, Director General, Jordan Deposit Insurance Corporation (JDIC), served as moderator. He commented that the topic of transition back to limited guarantee is critical for all deposit insurers and encouraged the attendees to seek answers from the panelists on any question.

Jean Pierre Sabourin, Chief Executive Officer, Malaysia Deposit Insurance Corporation (MDIC), spoke about Malaysia's approach to a seamless exit from the Government Deposit Guarantee (GDG). He emphasized that a good GDG plan includes measures to maintain and enhance the DIS's credibility and image during the GDG period and to mitigate moral hazard. He observed that identifying an exit strategy at the point of GDG introduction can help to pave the way for a seamless exit.

Howard N.H. Wang, President, Central Deposit Insurance Corporation (CDIC) (Chinese Taipei), introduced the CDIC experi-

Annex II: Executive Summary of the Proceedings from the 9th IADI Annual Conference, Tokyo, Japan (October 2010)

ence on transition from temporary blanket guarantee to a limited coverage. He stated that the transition includes measures for the insured institutions and for the public, as well as measures for the deposit insurance mechanism. He stressed the importance of intensive communications with all stakeholders in order to achieve the goals of improving the deposit insurance system.

John M. Chikura, Chief Executive Officer, Deposit Protection Board (DPB) (Zimbabwe), stated that the financial crisis has required extraordinary measures, including massive liquidity injections into financial systems, blanket guarantees and increasing deposit insurance coverage. Over 48 jurisdictions adopted some forms of enhanced depositor protection. He said that countries transitioning from a blanket guarantee need to consider special issues. He noted that the financial crisis has led to increased regional cooperation.

Jorge A. Chávez-Presa, Board of Governors, Institute for the Protection of Banking Savings (IPAB) (México), stated that the global financial crisis has provided the opportunity to study, analyze, and understand the scope of deposit insurance policy instruments. He talked about the coverage transition in the Mexican case. He then discussed the preliminary findings of the survey and questionnaire that were used to write the draft of the guidance paper on transitioning.

Session 2: Re-privatization of (Partially & Wholly) Nationalized Banks

Jerzy Pruski, President, Bank Guarantee Fund (BGF) (Poland), served as moderator. He mentioned that re-privatization of nationalized banks has become a major issue due to unsustainable fiscal positions of many governments and because of the inability of private sectors to replace governments as providers of capital to insolvent banks.

Alex Kuczynski, Alex Kuczynski, Director of Corporate Affairs, Financial Services Compensation Scheme (U.K.), presented his comments on four banks wholly or partially nationalized as a result of the financial crisis. He explained the circumstances in which FSCS had been involved and the issues faced by the Scheme. He noted that state ownership

raised issues of state aid and competition, particularly in the European Union context, and the need to recognize the consequences of any disposals for concentration and competition in the market. The tax payers' interests must also be taken into account in the process for any sales of the businesses.

Ridvan Çabukel, Vice President, Savings Deposit Insurance Fund of Turkey (SDIF), reported that nationalization was introduced as bank shares were taken over by the SDIF to maintain financial stability, avoid bank runs, meet expectations of depositors, preserve the confidence of international investors and utilize limited resolution tools. He pointed to the importance of an exit strategy for nationalized banks such as setting up a bad bank for liquidation of assets, re-privatization by sales of bank shares and re-nationalization by merger with a state-owned bank operating with market discipline.

Bakhyt Mazhenova, Chairman, Kazakhstan Deposit Insurance Fund (KDIF), stated that during the financial crisis, four Kazakh systemic banks experienced serious financial problems. In order to prevent their bankruptcy the Kazakhstani Government provided financial support to them. She emphasized some lessons drawn from the Kazakhstani experience with the financial crisis and pointed out the government actions taken to deal with it.

Session 3: Assessment Methodology of Core Principles for Effective Deposit Insurance Systems,

Vijay Deshpande, Consultant to the Director, Office of International Affairs, FDIC, served as moderator. He gave a brief historical perspective on the development of the Core Principles and the Methodology for Compliance Assessment.

David Walker, Managing Director, Policy, Insurance and International Affairs, Canada Deposit Insurance Corporation (CDIC), provided background to the Core Principles Assessment Methodology, its uses and objectives and he then focused on key results from recent field tests. He said it was also proposed that an "Assessors Handbook" be created to provide additional guidance on preconditions, regional deposit insurance arrange-

ments and planning and executing on-site assessments.

David C. Parker, Senior Financial Sector Expert, Monetary and Capital Markets Department, International Monetary Fund (IMF), highlighted that significant progress has been made in establishing the Core Principles. However, the Core Principles still face challenges, including broad acceptance, use as a guide for deposit insurance design, and use for financial stability.

Josef Tauber, Chairman of the Board of Administration, Deposit Insurance Fund (DIF) (Czech Republic), presented the experience of the DIF as a pilot deposit insurer for field testing of the Assessment Methodology of Core Principles. He outlined reasons why the DIF decided to accept the invitation for pilot testing and shortly described how the preparatory work was organized and how the testing week was structured.

H.N. Prasad, Chief Executive Officer, Deposit Insurance and Credit Guarantee Corporation (DICGC) (India), made a presentation on the Indian experience with the Assessment Methodology of Core Principles. He summarized the main findings from field testing, noting some factual inaccuracies and points of disagreement. DICGC suggested a few refinements in the methodology for assessment for consideration.

Session 4: New Regulatory/Supervisory Landscape and the Role of Deposit Insurance

Bryan P. Davies, Chair, Canada Deposit Insurance Corporation (CDIC), served as moderator. He highlighted the great changes in the landscape of financial markets and institutions in the wake of the international financial crisis. In this regard, IADI has been very much "ahead of the game" with its work on developing the international guidance and the IADI/BCBS Core Principles for Effective Deposit Insurance Systems since 2002.

Naoyuki Yoshino, Professor of Economics, Keio University (Japan), delivered a paper on "An Empirical Analysis of Japanese Banking Behavior in a Period of Financial Instability." He used the structural framework in analyzing the bank behavior in Japan during the

Annex II: Executive Summary of the Proceedings from the 9th IADI Annual Conference, Tokyo, Japan (October 2010)

period of financial instability between 1982 and 1995, partitioning the period into two subsets: Period I – 1982 to 1989, and Period II – 1990 to 1995.

Fred S. Carns, Director, Office of International Affairs, FDIC (USA), provided an overview of the recently enacted *Dodd-Frank Wall Street Reform and Consumer Protection Act* and its impact on and implications for the FDIC. He then described FDIC's primary new responsibilities under the Dodd-Frank Act and concluded by stating that the new law makes positive changes in the FDIC authorities to manage the deposit insurance fund in order to have increased resources on hand in the future.

András Fekete-Győr, Managing Director, National Deposit Insurance Fund of Hungary (NDIF), discussed the measures that the EU authorities have been taking or planning to take in the wake of the financial crisis. He spoke about a comprehensive review of the EU regulatory and supervisory framework for financial services. He then mentioned that in July 2010 the European Commission proposed comprehensive changes to the Deposit Guarantee Scheme (DGS) Directive.

Toshihide Endo, Deputy Director General, Supervisory Bureau, Financial Services Agency (Japan), delivered a paper on "The Financial Regulation and Supervisory Framework in Japan." He spoke of the efforts made in a decade in the financial system of Japan to enhance the financial system and protection of financial service users.

Paul Tattersall, Head of Industry Analysis, Australian Prudential Regulation Authority (APRA), delivered a paper on "The Australian Approach: The Financial Claims Scheme." The APRA is responsible for the administration of the Financial Claims Scheme (FCS). The FCS can be invoked to resolve the Australian deposit-taking institutions (ADI) when APRA determines that an ADI is insolvent, appoints a statutory manager and applies for winding up, as well as when the Treasurer agrees to declare the invoking of the FCS.

Yangig Cho, Head of International Affairs Office, Korea Deposit Insurance Corporation (KDIC), stated that regulation of financial

conglomerates has become one of the hot-button issues among global financial safety-net players in the wake of the global financial crisis. He described how financial holding companies are resolved in Korea when they fail and mentioned the ongoing challenges such as: adopting an early warning system; identifying and addressing systemic risks; and unwinding failing financial conglomerates while minimizing the impact on the financial system.

Andrew Campbell, Associate Professor and Reader in International Banking and Finance Law, University of Leeds (U.K.), focused his presentation on the September 2007 run on the Northern Rock bank and its implications for the U.K. deposit insurance protection scheme. He then described the key features of the deposit insurance scheme in the U.K. that existed prior to Northern Rock failure, and outlined the reforms that were implemented since its failure.

Mutsuo Hatano, Deputy Governor, DICJ, delivered closing remarks by thanking attendees and presenters for their participation and concluded the event.

Annex III: Research and Guidance Committee Advisory Panel

Research and Guidance Committee Advisory Panel

In 2008, IADI's Research and Guidance Committee (RGC) established an Advisory Panel consisting of experts on deposit insurance and financial stability issues, to provide advice and independent reviews of IADI research papers and proposed guidance. The Advisory Panel currently has 17 members:

Mr. Andrew Campbell

*Director of the Centre for Business Law and Practice
School of Law, University of Leeds
West Yorkshire, UK*

Mr. Louis Chen

*Dean and Professor of Law
Chung Hua University
Dean's office of the College of Humanities & Social Science,
Chinese Taipei*

Mr. David Hoelscher

*Financial Sector Consultant
Washington D.C., USA*

Dr. Pongsak Hoontrakul

*Senior Research Fellow
Sasin of Chulalongkorn University
Bangkok, Thailand*

Dr. Eva Hüpkens

*FSB Adviser on Regulatory Policy & Cooperation
Financial Stability Board
c/o Bank for International Settlements
Basel, Switzerland*

Prof. Małgorzata Iwanicz-Drozdowska, Ph. D.

*Head of Centre for Financial Services Market Research Szkoła Główna
Handlowa Warszawa (Warsaw School of Economics)
Warsaw, Poland*

Prof. George G. Kaufman

*College of Business Administration
Loyola University
Chicago, Illinois, USA*

Mr. Masahiro Kawai

*Dean and Chief Executive Officer
Asian Development Bank Institute
Tokyo, Japan*

Mr. John Raymond LaBrosse

*Honorary Visiting Fellow
School of Law
University of Warwick, and Partner
Patterson & LaBrosse Financial Consultants Ltd.
Ottawa, Ontario, Canada*

Prof. Rosa M. Lastra

*Professor of International Financial and Monetary Law Centre
for Commercial Law Studies
Queen Mary, University of London
London, U.K.*

Prof. David G. Mayes

*Director
Europe Institute
University of Auckland
Auckland, New Zealand*

Mr. Gordon S. Roberts

*CIBC Professor of Financial Services, Schulich School of Business,
York University
Toronto, Ontario, Canada*

Mr. Jean Roy

*Professor of Finance
HEC Montréal
Montreal, Quebec, Canada*

Dr. Dalvinder Singh,

*Associate Professor of Law, School of Law, University of Warwick
Coventry, UK*

Mr. Sergey Smirnov

*Department of Risk Management and Insurance, State University
Higher School of Economics, Moscow
Moscow, Russia*

Mr. Bent Vale

*Assistant Director
Norges Bank
Oslo, Norway*

Mr. Larry D. Wall

*Financial Economist and Policy Adviser
Research Department
Federal Reserve Bank of Atlanta
Atlanta, Georgia, USA*

Annex IV: New Participant Profiles – Members

Jersey Bank Depositors Compensation Board



The Jersey Bank Depositors Compensation Board (the “Board”) joined IADI as a **Member** during the year. The Board, established in 2009, is an independent public body set up to administer the Jersey Bank Depositors Compensation Scheme (the “JBDCS”).

The JBDCS provides protection of up to £50,000 per person, per Jersey-registered bank or banking group, for local and international retail depositors. A review is currently taking place to consider extending protection to deposits held by small companies. The maximum liability of the JBDCS is capped at £100 million in any five year period, in line with schemes in comparable jurisdictions.

Although the JBDCS is post-funded, in the event of a bank failure, liquidity funding would be readily available from the States of Jersey government to enable the JBDCS to make fast payouts of compensation. The majority of the cost of the compensation will be borne by the banking industry, with compensation levies based on the proportion of eligible deposits held by each bank. However, compensation levies are capped at 0.3 percent of each bank’s eligible deposits, with the States of Jersey making up any shortfall.

The Board will work alongside Jersey’s regulator and other existing safety-net participants to ensure that depositors in Jersey banks continue to be appropriately protected.

The Deposit Guarantee and Investors Protection Foundation of the Liechtenstein Bankers Association

The Deposit Guarantee and Investors Protection Foundation of the Liechtenstein Bankers Association (the “Scheme”, or “Foundation”) joined IADI as a **Member**

during the year. The Scheme was founded and incorporated on 6 September 2001. It was established by the Liechtenstein Bankers Association (LBA) for all its member banks, as well as all other banks operating in and from Liechtenstein. The operational business of the Scheme is run by the Liechtenstein Bankers Association. However, the Scheme is an autonomous foundation with independent legal personality registered in the Public Registry. As Liechtenstein is a member to the European Economic Area (EEA), the Scheme is in line with both EU directives on deposit guarantee systems as well as investor protection systems.

Article 7 of the Liechtenstein Banking Law contains provisions on the guarantee of bank deposits and the protection of investors. Article 7 requires banks to ensure sufficient protection of deposits and investments at banks, either by creating their own institutions or participating in foreign guarantee schemes.

The LBA established the Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association (Einlagensicherungs- und Anlegerschutzstiftung des Liechtensteinischen Bankenverbandes, “EAS”). In the event of the insolvency or bankruptcy of a bank, the Foundation will pay compensation up to the specified maximum amount. All banks operating in Liechtenstein participate in the EAS. By offering these guarantees, the EAS contributes substantially to the protection of creditors and to the reputation and stability of the Liechtenstein financial centre.

Deposits of private clients up to a maximum of CHF 100,000 or the equivalent in another currency are guaranteed. Deposits include account balances of all kinds as well as call money and time deposits. For clients with several accounts at a bank, or if the client additionally has a share of a joint account, then the upper threshold does not apply to each account separately, but rather to all the accounts added together.

The members of the EAS are required to make money available so that the EAS can

pay out claims to entitled depositors and investors ex-post funding. In a guarantee case, the Foundation immediately notifies the potential claimants through publication in the daily press and on the website of the Foundation. Both the Foundation and the affected bank will have fact sheets available containing the necessary information, along with the registration forms. Duly submitted and reviewed claims of depositors and investors will be paid out by the Foundation within three months.

Deposit Insurance Agency of Serbia



The Deposit Insurance Agency of Serbia (DIA) joined IADI as a **Member** during the year. The DIA was established in 1989 to help restructure the banking sector in former Yugoslavia. The governing authorities of DIA are the Management Board and the Director. The Management Board comprises seven members: Minister of Finance, Minister of Economy, Vice-Governor of the National Bank of Serbia in charge of Banking Supervision, two representatives from the Ministry of Finance, one from the National Bank of Serbia and one from the Serbian Banking Association.

As a deposit insurer, DIA runs an ex-ante scheme, collecting quarterly premiums from the Deposit Insurance Fund contributors in the amount of maximum 0.1 percent of total insured deposits in a bank. The current coverage level is EUR 50,000. As per the Law on Deposit Insurance, DIA is obliged to start the payout procedure within three days following the initiation of bankruptcy or liquidation proceedings.

All licensed banks in Serbia (33 in total) are members of the national deposit insurance scheme, run by the DIA. The current level of Deposit Insurance Fund (DIF) assets is sufficient for the payout of insured deposits of the nine smallest banks in total or the 18 smallest banks individually. DIF assets currently cover 2.14 percent of liabilities on

Annex IV: New Participant Profiles – Associate

the basis of insured deposits in the banking sector as a whole, and they amount to 31.46 percent of the targeted level of DIF (5.0 percent of insured deposits).

Bank of Mauritius



The Bank of Mauritius joined IADI as an **Associate** during the year. The Bank of Mauritius was established in September 1967 as the Central Bank of Mauritius. It was modeled on the Bank of England and was, in effect, set up with the assistance of senior officers of the Bank of England. The primary object of the Bank of Mauritius is to maintain price stability and to promote orderly and balanced economic development. Its other objects are to regulate credit and currency in the best interests of the economic development of Mauritius, to ensure the stability and soundness of the financial system of Mauritius and to act as the central bank for Mauritius.

The Bank of Mauritius conducts monetary policy and manages the exchange rate of the rupee, taking into account the orderly and balanced economic development of Mauritius. It has, under its regulatory and supervisory purview, twenty Commercial Banks which include one Islamic bank, eleven non-bank deposit-taking institutions, six foreign exchange dealers and ten money-changers.

A deposit insurance scheme is in the process of being implemented in Mauritius and in that connection the Bank of Mauritius has been admitted, effective November 2010, as an Associate of IADI.