



IADI'S FULL HOUSE IN BRUNNEN UPDATE ON THE IADI THIRD ANNUAL CONFERENCE

Volume 3, Issue 3

3 December 2004

Highlights:

Update on the IADI Third Annual Conference in Brunnen

Committee Profile and Meeting of the Caribbean Regional Committee

Updates and links to the IADI Regional Conferences and Seminars in Abuja and in Acapulco



The Conference on "Assembling the Tool Kit for Deposit Insurers" was held from 25-27 October 2004 in Brunnen on Lake Lucerne in Switzerland.

An international audience of 140 deposit insurers, central bankers and supervisors from 49 countries attended the conference, chaired by Charles Cornut, Président du Directoire of the Fonds de Garantie des Dépôts (France).

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

The first session, moderated by Hans Jacobson, featured a review of the APEC Policy Dialogue on Deposit Insurance by David Walker and provided an opportunity for experts to share “country experiences” with the single regulator model in the UK, in Germany by Jens-Hinrich Binder and in Japan by Mamiko Arai.

Insolvency Issues and the role of deposit insurers was the topic of the next session, moderated by Christine Cumming, who also outlined the different stages in the decline of a troubled bank, touching on the roles of supervisors, management and deposit insurers.



Philip Wood reviewed “World Trends in Bank Insolvencies” and then Robert Sanderson, and Gale Rubenstein focused on loss minimizing for deposit insurers in the event of insolvency, before and during insolvency and they also updated the attendees on recent work being undertaken by INSOL International.

The first afternoon session, moderated by Oscar Armando Pérez Merino, focused on bank failures and what could be learned from recent experiences. Ernesto Aguirre discussed the internationally agreed principles to deal with banking resolution and insolvency being developed by The World Bank. Issues associated with large banks were addressed by Fred Carns and Juan Pablo Cordoba Garcés presented a case study of a small bank. The discussant was Dong Il Kim who responded to the presentations taking into account the experiences in Korea.

Chin-Tsair Tsay turned the conferences attention to the work that IADI has been doing to prepare **Guidance on Bank Resolutions**. This session began with a presentation by Mike Mackey which was followed by a look at “Handling a Systemic Financial Crisis and Interrelationships among Financial Safety Net Players” by Carlos Isoard. Daniel Jánossy focused on reimbursement and liquidation issues, while Ganiyu Ogunleye reviewed the exit mechanisms and the resolution of problem financial institutions.

The dinner speaker was **Otbert de Jong, Executive Vice President, Head of Risk Advisory Services, ABN AMRO**, who addressed the conference participants on enterprise risk management with a focus on Basel II: [Raising the Global Risk Bar](#)



After dinner, the Conference participants were entertained by the Swiss Folklore Group “Hodel” featuring typical Swiss traditions such as alpenhorn blowing and yodeling.



The second day opened with a presentation on “where deposit insurers can get help for technical assistance” with a focus by James Rives on missions and activities of several international funding institutions and a presentation by Chris Barltrop from USAID.

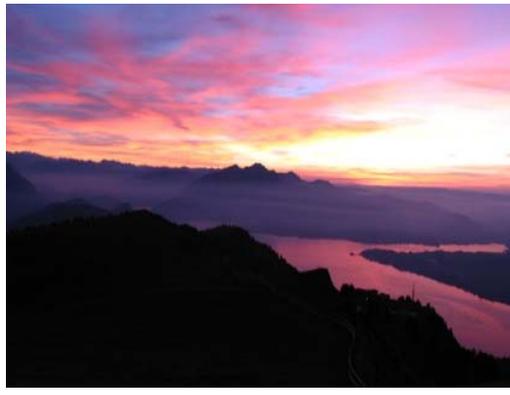
Session VI looked at **Strategic Planning** and it was moderated by Ray LaBrosse. Keith Adam examined the techniques used by Canada Deposit Insurance Corporation and this knowledge has been shared with Deposit Insurance Corporation (Trinidad and Tobago) through Junior Frederick and Winston Carr of the Jamaica Deposit Insurance Corporation who were also on the panel.

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

IADI’s Secretary General, Ray LaBrosse, provided the conference participants with an update on IADI’s recent and planned activities for the Association and Yvonne Fan invited everyone to next year’s conference in Taipei.

[Conference Program](#) , [Presentations and bios](#) are available on the [IADI website](#) as well as the [Special Conference Newsletter](#)

[Photos](#) of the many events and presentations can be viewed on IADI’s site.



Deposit insurers “carrying the torch” during a visit to Mount Rigi.

This Third Annual Conference was followed by the IADI **Third Annual General Meeting** on 27 October 2004.

The Members approved IADI’s Business Plan and Operating Budget 2004-05, approved the Annual Report and accounts for FY 2003/04, re-elected Jean Pierre Sabourin as the Chair of the Executive Council and President and other members of the Executive Council. The Members recognized the past services rendered of George Hanc, Eunice Kagane and WonKeun Yang and passed a Resolution recognizing the Bank for International Settlements for its ongoing support to IADI.

IADI’s newest Annual Report will be available shortly on the IADI Website.

Member Profile

Kazakhstan Deposit Insurance Fund (KDIF)

The October Conference Newsletter contained the KDIF Member Profile.



website www.kdif.kz

The Profile can be viewed at: [KDIF profile](#)

NEW FEATURE IN THE IADI NEWSLETTER:

IADI has in the past two years published profiles for some 20 of its 34 Member organisations. These [Member Profiles](#) can be viewed by clicking on Directory at the IADI Website www.iadi.org. In the following newsletters, IADI will, in cooperation with the **IADI Membership and Communications Committee**, publish profiles on its **Standing and Regional Committees**. The new feature will kick off with a profile on the **Caribbean Committee (Chaired by Winston Carr)** and in future issues attention will focus on the **Africa Committee (Chaired by Ganiyu Ogunleye)**, the **Asia Committee (Chaired by Hajime Shinohara)**, the **Asia Regional Committee - Research Subcommittee**, the **Eurasia Committee (Chaired by Valeriy Ogiyenko)**, and the **Latin America Committee (Chaired by Carlos Isoard)**. The Regional Committees perform their functions in a manner to further the Objects of IADI and act in the best interests of the Association.

PROFILE OF THE CARIBBEAN REGIONAL COMMITTEE

1. Terms of Reference

The main purpose of the Caribbean Regional Committee (CRC) is to reflect regional interests and common issues through the sharing and exchange of information and ideas. The CRC has been performing these functions in a manner in order to further the objects of IADI and to act in the best interest of the Association.

The Chair of the Committee is responsible for recommending or proposing action to the Executive Council, communicating plans and activities and reporting on such activities at each meeting of the Executive Council to ensure focus and transparency.

2. Composition of CRC

- (a) Winston Carr (Chair), Jamaica Deposit Insurance Corporation
- (b) Junior Frederick, Deposit Insurance Corporation (Trinidad & Tobago)
- (c) Philip Bethel, Deposit Insurance Corporation (Bahamas)

All three organizations are founding Members of IADI.



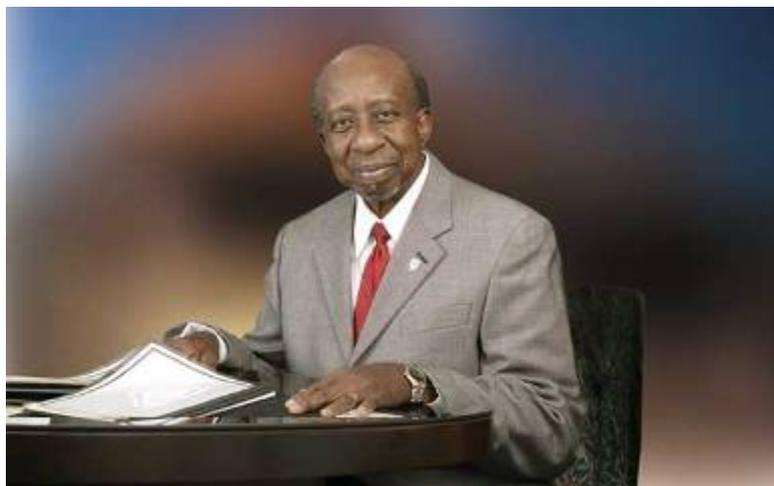
3. Summary of Current Business Plan

- a) To implement strategies for the advancement of the objectives of IADI.
- b) To develop strategies for recruiting new participants into the Association.
- c) To inform key stakeholders of the role that deposit insurance can and must play as an integral part of each Caribbean country's financial safety net.
- d) To identify and articulate issues in the field of deposit insurance that are peculiar and of common interest to the Caribbean Region.

4. Meetings

- a) The CRC was the first one of all the Regional Committees to meet which it did in Kingston, Jamaica on 4 April 2003. Representatives from the host Member, Trinidad and Tobago, the Bahamas and Barbados were in attendance. The Chair of the Executive Council and President of IADI, J. P. Sabourin was a special guest at that meeting. He made two presentations on the achievements of the Association since its inception and how the Association could assist countries wishing to set up or modify their deposit insurance schemes.
- b) The next meeting of the **Caribbean Regional Committee** will be held in **Port-of-Spain, Trinidad on Friday, 3 December 2004.**

- c) It will take the form of a business meeting during which there will be a sharing of ideas and experiences on approaches to the following items on the Agenda:
1. Approaches to payout and the role of the Liquidator.
 2. Inter-relationships with other Safety Net Participants.
 3. The role of public education regarding the Deposit Insurance Scheme.
 4. Adequacy of the Deposit Insurance Fund.
 5. Further Steps to promote IADI in the Caribbean Region.



www.jdic.org



Commander Winston Carr

[BIO Winston Carr](#)

Chief Executive Officer of the Jamaica Deposit Insurance Corporation, Chair of the IADI Caribbean Regional Committee, Chair of the Research and Guidance Subcommittee, "Relationships with other Financial Safety Net Players"

What's New in Your World?

DICJ

The Deposit Insurance Corporation of Japan will hold an **Open House** from 14-17 March 2005 in Tokyo, Japan. For more information, please contact Hajime Shinohara hajime-shinohara@dic.go.jp or Shinichi Sakai at shinichi-sakai@dic.go.jp

NDIC

[Proceedings](#) and [Presentations](#) of the **First IADI Africa Regional Conference "Deposit Insurance in Africa: Issues, Challenges and Prospects"**, held in Abuja, Nigeria, are now available on the IADI website.

IPAB (Mexico)

[Presentations of the Latin America Regional Conference on 25-27 August in Acapulco. "Deposit Insurance in Latin America: Challenges and Perspectives"](#) organized and hosted by **The Bank Savings Protection Institute, Mexico (IPAB)** and **the Latin America Regional Committee (LARC)** are now available on IPAB's Website, by clicking on the above link.

DPFB, (Kenya) and IADI

Under the direction of [Jacintha W. Mwatela](#), the [Deposit Protection Fund Board \(Kenya\)](#) organized a [Risk Management Workshop for Deposit Insurance Schemes](#) in cooperation with [PricewaterhouseCoopers](#) at the [Kenya School of Monetary Studies](#) on 22 – 26 November 2004. The following link leads you to the [Program](#).

KDIC

Hosted the [2004 International Co-Workshop among DIC of Japan, CDIC Taiwan, and KDIC Workshop “Investigation Methods on Failed Financial Institutions and Employees of Default Companies”](#)



The “2004 International Co-Workshop Program” was held at the KDIC headquarters in Seoul, Korea on 18 and 19 November, 2004. A total of 22 participants from 7 Asian countries (Japan, Taiwan, Korea, India, Indonesia, the Philippines and Thailand) attended the event. The **KDIC** initially proposed the Co-Workshop program in early 2004 and the **DIC of Japan** as well as **CDIC Taiwan** agreed to hold this joint workshop.

The major objective of the workshop was to facilitate comprehensive discussion on matters regarding investigation methods in each country. The workshop’s theme was *“Investigation Methods on Failed Financial Institutions and Employees of Default Companies”* and the program featured presentations by legal experts and deposit insurance practitioners of each country.

The main focus of discussions concerned the subject of techniques and experiences in pursuing responsibilities and liabilities on former management of failed financial institutions and their default debtors. The general consensus reached was that information sharing on actual practices, methods and experiences of each organization would serve as a useful source of future reference and study.

All in all, the workshop also provided a valuable opportunity to encourage a spirit of mutual cooperation among deposit insurers in the Asian region.

IADI

Welcome on board to two newly elected members to the Executive Council: **Oscar Armando Pérez Merino** of the **Instituto de Garantía de Depósitos (El Salvador)** (operez@igd.gob.sv) and **Juan Pablo Córdoba Garcés** of the **Fondo de Garantías de Entidades Fiancieras (Colombia)** (jcordoba@fogafin.gov.co) were elected for three-year terms at the Third Annual General Meeting. **Link** to the [current list of Executive Council Members](#).

IADI Eurasia Regional Committee

Valeriy Ogiyenko is pleased to report that the **Eurasia Regional Committee** has decided to affiliate the **Deposit Guarantee Fund of Tajikistan** into the **EARC**. The participation of the **Deposit Guarantee Fund of Tajikistan** in the initiatives of EARC will promote both the development of the DGF, and the strengthening of the financial system stability in Tajikistan. It will also contribute to the development of relations between the participants in the Eurasian region, as well as other participants of IADI. Welcome!

IADI releases new Calendar of IADI Events

IADI is looking forward to a busy year: you can check the upcoming meetings and conferences on our [Calendar of IADI events](#)

IADI

The Online New Training Course Catalogue, Issue 4 is now available!

Canada Deposit Insurance Corporation

"Deposit Insurance and Financial Stability" was the theme of the Speech given by **Jean Pierre Sabourin** at the Chicago Federal Reserve Conference "Systemic Financial Crises: Resolving Large Bank Insolvencies" held on 30 September 2004.

Canada Deposit Insurance Corporation and the IADB

Deposit Insurance and Poverty Reduction

The Inter-American Development Bank, Sustainable Development Department, Poverty and Inequality Unit, Infrastructure and Financial Markets Division, have published a **Working Paper on Deposit Insurance and Poverty Reduction**, written by David Walker, E. Demaestri and F. Martin.

EFDI



Padua, 8-9 November 2004 - The European Forum of Deposit Insurers (EFDI) in collaboration with the Banca Antonveneta and Latham & Watkins LLP, held its second Biannual meeting in Padua.

Participants in the second Biannual meeting came to share their experiences on deposit insurance in the spirit of collaboration.

The main objective was to propose and discuss the new EFDI Constitution. Additionally, several panel discussions were held and topics discussed included: the relationship between Supervisory Authorities and Guarantee Schemes, and the EU Directive on deposit insurance.

Bilateral Agreements between Deposit Insurance Schemes were also discussed. These agreements are required when a Bank based in one EU state (home state) has a branch

operating in another EU state (host state). They exist to define the roles and responsibilities of both the home and host state deposit guarantee schemes, and to ensure that depositors would receive prompt assistance in the event of a bank failure.

Presentations also included the results of a questionnaire conducted amongst the EFDI members, which discussed the main features and differences amongst the existing European Deposit Insurance Schemes from the perspective of future harmonisation within the European Union.

The **EFDI** is a Partner organization of the **International Association of Deposit Insurers**.

SEACEN

The **4th SEACEN-Toronto Centre Leadership Seminar for Senior Managers of Central Banks on Financial System Oversight** was held on 17 – 22 October in Makati City, Philippines, and hosted by the **Bangko Sentral Ng Pilipinas**. The IADI was represented by **Noemie Javier**, Senior Vice President of the **Philippine Deposit Insurance Corporation**, with a presentation on: "**[A Comparison of Deposit Insurance Models.](#)**" The seminar was attended by 28 participants from Brunei, Hongkong, Indonesia, Korea, Malaysia, Nepal, Taiwan, Thailand and the Philippines

Bank for International Settlements

Press release of **8 November 2004**

"The Board of Directors of the Bank for International Settlements (BIS) today announced the appointment of Peter Dittus as Secretary General for a five-year term.

The appointment fills the vacancy being created by the retirement in December of Gunter D. Baer, who has been Secretary General since 1994.

In his new role, Mr. Dittus will head the General Secretariat, one of the Bank's three main departments. As a key member of the Bank's senior management team, he will have overall responsibility for the provision of corporate services within the BIS.

Read more at: <http://www.bis.org/press/p041108a.htm>

PUBLICATIONS:

You may find the following articles of interest:

International Monetary Fund

Working Paper No. 04/201: Financial Sector Development in the Middle East and North Africa <http://www.imf.org/external/pubs/cat/longres.cfm?sk=17746.0>

Bank for International Settlements:

Malcolm Knight: The vulnerability of emerging markets to shocks: what has changed since the mid-1990s? Speech by Malcolm Knight, General Manager of the BIS, at the **Toronto Centre Executive Forum**, 9 November 2004.

<http://www.bis.org/speeches/sp041111.htm>

This newsletter was issued on 3 December 2004. Want to share your expertise? To submit articles or items for consideration for a future issue please send them to info@iadi.org by 15 December 2004.

Editor: Kim Utnegaard
Deputy Secretary General
International Association of Deposit Insurers
Tel: +41 (61) 280 99 33 (Basel, Switzerland)
E-mail kim.utnegaard@iadi.org www.iadi.org