



International Association of Deposit Insurers

2016/2017 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

Objectives

To contribute to the stability of financial systems by promoting international cooperation in the field of deposit insurance, and providing guidance for establishing new, and enhancing existing, deposit insurance systems; 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 2016 to 31 March 2017.*



International Association of Deposit Insurers

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The International Association of Deposit Insurers (IADI or Association) is the global standard-setting body for deposit insurance systems. It contributes to the stability of financial systems by enhancing the effectiveness of deposit insurance and promoting international cooperation on deposit insurance and bank resolution arrangements in active partnership with other international organisations. As of end-March 2017, 107 organisations are affiliated with IADI, including 83 Members, 10 Associates (primarily central banks and bank supervisors) and 14 Partners (other interested domestic and international organisations). IADI draws upon its membership to provide guidance on the establishment or enhancement of effective deposit insurance systems as well as training, outreach, educational programmes and research. A full list of IADI participants is included in Annex I.

Founded in 2002, IADI is a non-profit organisation constituted under Swiss law and domiciled at the Bank for International Settlements (BIS) in Basel, Switzerland. Along with the other standard setters and committees hosted and supported by the BIS, IADI is part of the Basel Process,¹ sharing with its host and peers the common goal of global financial stability and ensuring the jurisdictions' financial systems operate effectively, supporting economic growth, and interacting in a global environment increasingly characterised by cross-border interests. Being grouped with similar organisations enables IADI to engage in partnerships and collaborations to achieve its objectives and increase its value to its Members.

IADI's standards, outlined in its *Core Principles for Effective Deposit Insurance Systems* (Core Principles), are part of the FSB's key international standards for sound financial systems, and are used in the Financial Sector Assessment Program (FSAP) reviews conducted by the International Monetary Fund (IMF) and World Bank. From among its Members, IADI has identified experts to participate in FSAP evaluations, IMF and World Bank technical assistance programs and FSB peer reviews. In addition, as a member of the FSB's Resolution Steering Group (ReSG), IADI contributes to the design of international standards and guidance for effective resolution regimes.

IADI is governed by the General Meeting (GM) of its Members, and its Executive Council (EXCO). The GM elects the officers of the Association, including the President and Treasurer. Thomas M. Hoenig, Vice Chairman of the Federal Deposit Insurance Corporation, USA, was

elected as the IADI President and Chair of the Executive Council at the Association's Annual General Meeting (AGM) in October 2015. John M. Chikura, Chief Executive Officer of the Deposit Protection Corporation, Zimbabwe, was elected Treasurer of the Association at the 13th IADI AGM, in October 2014. IADI's AGM is also responsible for: approving the Association's annual budget and business plans, including the Annual Fees and Initial Fund Contributions of participants; approving the IADI Annual Report and audited financial statements; appointing an independent external auditor; and approving the process for developing guidance to enhance the effectiveness of deposit insurance systems.

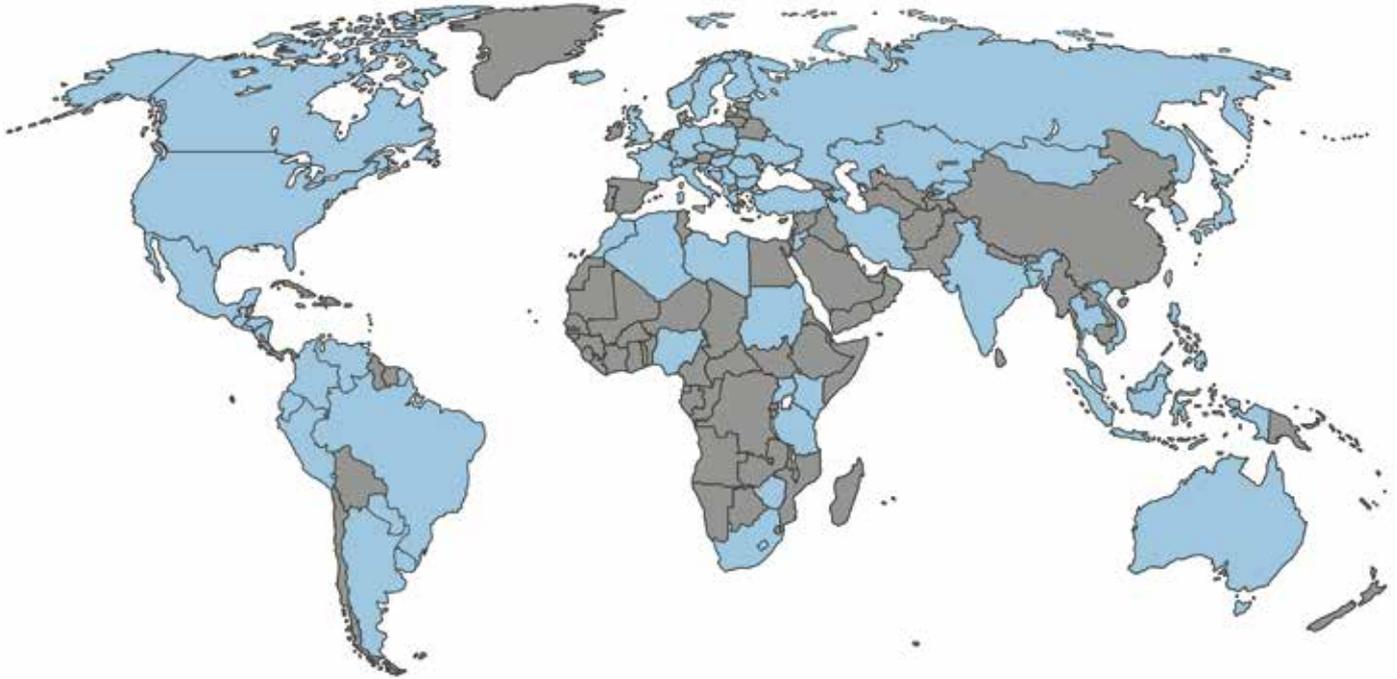
EXCO ensures the smooth functioning of the Association's affairs. It is structured as an inclusive body which involves the active participation of its membership. There are 25 EXCO members and they are elected at the AGM, typically to serve three-year terms. EXCO's composition reflects the regional diversity of the Association. It establishes committees to support IADI's objectives. As of 31 March 2017, there were eight Regional Committees and four Council Committees, which replaced the previous seven Standing Committees. The terms of reference for each Committee, including their objectives and responsibilities, are approved by EXCO.

IADI is primarily funded by Initial Fund Contributions and Annual Membership Fees, which vary depending on the type of participant. IADI receives support from the BIS, as well as contributions from individual Members, for staffing through secondments, contributing subject-matter experts to address issues related to deposit insurance and financial stability, and advancing IADI's database capabilities and functionality. Members also provide support through sponsorship of meetings, hosting of seminars, and other assistance to support the Association's initiatives.

The permanent Secretariat, which is based in Basel, Switzerland, remains an operational arm of the Association. Composed of the Secretary General, Deputy Secretary General, a Senior Policy and Research Advisor, four Secondees and one part-time Administrative Assistant, the Secretariat manages the daily business and affairs of the Association. It also supports IADI's agenda and the implementation of its mission, goals and strategic priorities.

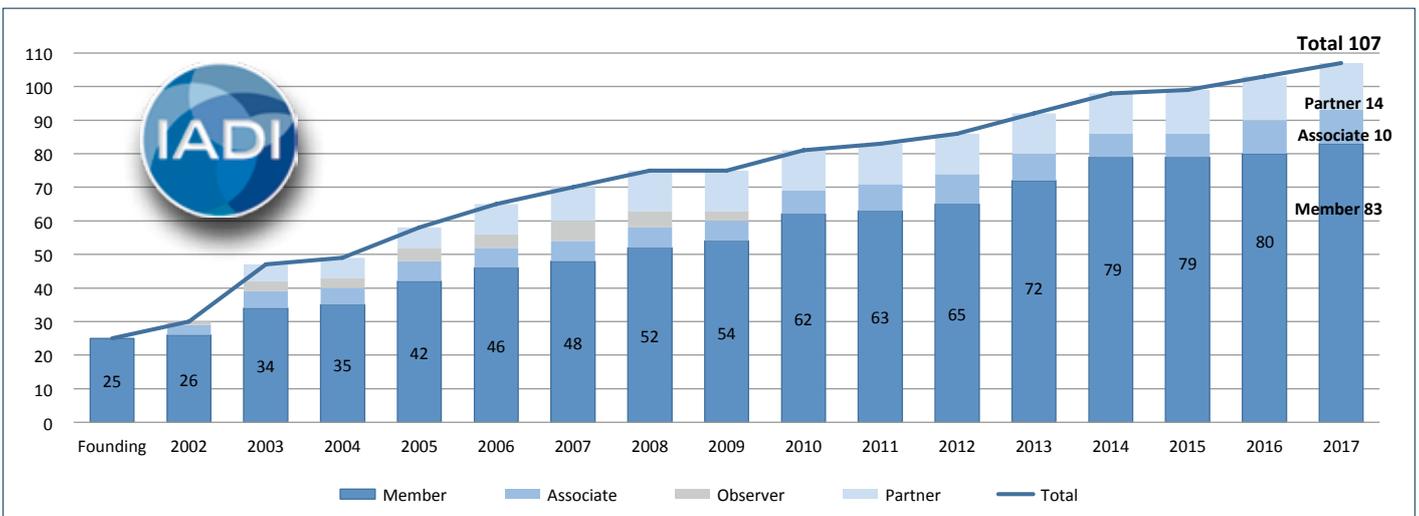
¹ The Basel Process refers to the BIS's role in hosting and supporting the work of international groups – six committees and three associations – engaged in standard setting and the pursuit of financial stability, including: the Basel Committee on Banking Supervision (BCBS), the Committee on the Global Financial System (CGFS), the Committee on Payments and Market Infrastructures (CPMI), the Irving Fisher Committee on Central Bank Statistics (IFC), the Financial Stability Board (FSB), IADI, the International Association of Insurance Supervisors (IAIS), and the Financial Stability Institute (FSI). The Basel Process is based on three key features: synergies of co-location; flexibility and openness in the exchange of information; and support from the BIS's expertise in economics, banking and regulation.

IADI Membership



● IADI Members and Associates

IADI's Membership Growth (as of 31 March 2017)





The past year was one of continued growth for IADI, both in terms of its membership and its capabilities as the global standard setter for deposit insurance.

IADI made significant progress in implementing the three Strategic Goals adopted by the EXCO in 2015:

- Promote deposit insurance system compliance with the Core Principles.
- Advance deposit insurance research and policy development.
- Provide members with technical support to modernise and upgrade their systems.

Implementation of the Strategic Goals is to be completed in two phases. Phase I was started in 2016 and is nearing completion. Under Phase I, EXCO adopted a new governance structure that refocuses its efforts on providing overall strategy for the Association, while charging the Secretary General with the responsibility of supporting EXCO in strategic planning and implementation of the strategies as laid out by EXCO. There are now four new Council Committees providing oversight and advisory functions for the Association, these having replaced the seven former Standing Committees. Additionally, six Technical Committees were established to carry out the work of the Council Committees. I firmly believe that this new governance structure will ensure IADI's success in meeting its objectives.

In addition, under Phase I of the implementation of our Strategic Goals, IADI successfully recruited a Senior Policy and Research Advisor, and a Senior Research Analyst and Administrator. The addition of these two experts will greatly strengthen the Secretariat.

Among the immediate benefits from this increased capacity in the Secretariat was our ability to launch an important new research project on "Deposit Insurers' Role in Crisis Management and System-wide Crisis Preparedness," which will enhance the guidance currently offered by IADI's Core Principles.

Continuing our key priority of a more robust research program, IADI organised the 4th Biennial Research Conference, focusing on the theme "Designing an Optimal Deposit Insurance System". Invited papers included, a model for estimating the optimal level of deposit insurance coverage, a paper on the role of cross-border deposits in crises, and another on the effect of the design of deposit insurance on the structure of the financial system, to name a few. The Conference and topics are timely as optimal deposit insurance design requires us to confront issues of moral hazard, liquidity shocks and other challenges to maintaining financial stability.

Further solidifying its role as an international standard setter, IADI has published the revised Core Principles for Effective Deposit Insurance Systems (2014) and the accompanying Handbook for Assessing Compliance with the Core Principles (May 2016). With the release of these publications came the need to further enhance IADI's programmes to promote compliance. These efforts have focused on enhancing our Self-Assessment Technical Assistance Program (SATAP) and regional training. The Association established the SATAP to provide technical assistance to Members through IADI experts, to ensure consistency in applying Compliance Assessment Methodology and to complement IADI's ongoing capacity building activities. IADI experts have conducted the reviews of the self-assessments of deposit insurance systems in Korea and Brazil. A review of Vietnam's self-assessment is currently scheduled for the end of the fiscal year 2017/18. The Association's continued use of SATAP will assist in identifying "gaps" in Members' deposit insurance systems, thereby furthering our primary objective of global financial stability.

Finally, Phase I efforts focused on enhancing the quality of technical support provided to Members through our training workshops. Based on a survey of Members' most pressing needs for technical assistance, and informed by careful analysis of common gaps among the deposit insurance systems within each region, IADI implemented a Technical Assistance Workshop (TAW) offering appropriate training targeted to regional needs. To date, five TAWs have been conducted or are scheduled, and so far have been widely attended by both IADI Members and non-Members. At the conclusion of each workshop held, participants were encouraged to draft preliminary action plans summarising their near term plans for reforms and implementation. Each conference held has been rated "excellent" by a majority of the participants.

This regional approach to delivering technical assistance draws on the collaborative efforts among the Training and Conference Technical Committee, IADI Secretariat, and partner international organisations (IMF, World Bank, the Toronto Centre, and others). Providing a training program that differentiates between levels of developments in jurisdictions, enables IADI to address the individual developmental needs of Members and assists in enhancing their systems. The newly established Technical Assistance Technical Committee will work with the Secretariat to assist Members individually with implementation of their planned reforms.

The Secretariat and many Members were deeply involved in the recent efforts to enhance and realign our organisational structure, as well as in other programmes that were initiated to address IADI's Strategic Goals. I want to acknowledge the extra efforts of EXCO, our other Members, and the Secretariat during this period, and to express my sincere gratitude for their commitment.

President's Message

We would also like to welcome three new Members – the Cooperative Credit Guarantee Fund (FGCOOP, Brazil), the Islamic Republic of Iran Deposit Guarantee Fund, and De Nederlandsche Bank (the Netherlands) – along with a new Partner, the Consultative Group to Assist the Poor (CGAP), to IADI and we look forward to working with their respective representatives.

Phase II of implementing the Strategic Goals will begin after an analysis of the activities conducted in Phase I. The activities in Phase II will include a consideration of any modifications needed to implement the Strategic Goals, an evaluation of further hiring needs at the Secretariat, and an examination of future needs and options for adjusting the member fee structure. I look forward with optimism for the prospects of the Association as we complete Phase I of the Strategic Plan and begin the important work of Phase II.

My tenure as IADI President and Chair of the Executive Council will come to an end this October. It has truly been a rewarding experience for me to have served with so many dedicated leaders from around the world. Therefore, let me take this opportunity to express my deep gratitude to IADI Members, Associates and Partners, as well as the Secretariat staff, for their support. I wish the Association continued prominence as an international standard setter, growth and success.

Thomas M. Hoenig

*President and Chair of the Executive Council
International Association of Deposit Insurers*



The 2016/17 financial year for the IADI Secretariat was one of significant accomplishments.

The Secretariat has been fully engaged in helping IADI advance its strategic goals, providing input to the Association's planning efforts and supporting the Executive Council (Council) in implementing its key initiatives such as governance reform, the advancement of IADI's policy and research efforts, member outreach, and improving the delivery of IADI's training, technical assistance, and capacity building services to our Members.

At the initiative of the President of IADI and Chair of the Executive Council, Thomas M. Hoenig, three Working Groups were established by the Council in late 2015. The Working Groups were charged with developing proposals to best achieve IADI's strategic priorities by examining the Association's technical assistance and training, governance structure, and a potential differential membership fee structure for future funding needs.

As well as assisting the Working Groups during their substantive reviews, the Secretariat supported the Working Groups in the implementation of key features of their recommended reforms, once they had been approved by the Council, in May 2016. Such support included helping establish and compose the four new Council Committees (which replaced the previous seven Standing Committees), developing draft terms of reference, and aiding the Council Committee Chairs in executing their work plans. In addition, the Secretariat co-operated with the Working Group on Training and Technical Assistance on achieving its recommendations for new, more regionally focused training and technical assistance workshops.

Under the leadership of IADI's Senior Policy and Research Advisor, Ms Kumudini Hajra, who – in collaboration with IADI's Core Principles and Research Council Committee (CPRC) – is responsible for managing the development and articulation of IADI-generated deposit insurance and financial stability policy and research, the Secretariat added to its capacity by the recruitment of Mr Michael Boehl as IADI's Senior Research Analyst and Administrator. Mr Boehl's research background in deposit insurance, banking supervision and capital markets will greatly advance the Association's research and policy efforts.

The Secretariat continues to work in collaboration with IADI's CPRC in strengthening the Association's information and database on deposit insurance systems around the world. The IADI database has enabled the Association, and researchers around the world, to better analyse global deposit insurance trends, as well as provide insight on these trends for those seeking to enhance their domestic deposit insurance systems. One example of the collection of deposit insurance related data is the 2016 Annual Survey, which resulted in 124 responses, one of the largest response to date.

The financial year has also witnessed the Secretariat's active engagement in the planning and execution of the fourth Biennial Research Conference, focussing on the theme of "Designing an Optimal Deposit Insurance System". The invited papers cover topics including, estimating the optimal level of deposit insurance coverage, deposit stability in failing banks, the role of cross-border deposits in crises, financial innovation, interbank market monitoring and bank regulation, the liability structure of banks, and the effect of the design of deposit insurance on the structure of the financial system.

Outreach efforts by the Secretariat and Association representatives to promote collaboration of deposit insurance systems, and encourage wide international contact among deposit insurers and other interested parties, resulted in IADI welcoming three new Members and one new Partner during the reporting period. As of the end of March 2017, IADI had 107 participants, comprising 83 Members, 10 Associates and 14 Partners. The Secretariat is also working closely with the Member Relations Council Committee to develop more effective means to attract new members and to enhance the understanding of the benefits provided to existing Members, Associates and Partners.

Another of the new Council Committees, the Training and Technical Assistance Committee (TTAC), collaborated with the Secretariat in its planning and facilitation for the first three Regional Technical Assistance Workshops (TAWs), which were held in Morocco, Italy and Brazil. The contents of these Regional TAWs are based on thorough analysis of the training gaps and needs on a region-by-region basis. Additionally, the TAWs provided an opportunity for outreach to organisations that are not yet IADI Members. Also in relation to the TTAC, work proceeded on finalising the draft of an IADI Hosting Policy for Executive Council and Annual General meetings, aiming to establish protocols for the planning and execution of such meetings.

As part of the duties of the IADI Deputy Secretary General, Kim Peeters White, the Secretariat provided quarterly reports on the financial condition of the Association to the IADI Treasurer, Audit and Risk Council Committee, and the Member Relations Council Committee, ensuring that the financial controls and procedures are being followed, and that IADI complies with the internal controls outlined by our host organisation, the Bank for International Settlements (BIS). The support of the BIS has been integral to our continued achievements. As well as hosting the Association and contributing to its operations, the BIS provides assistance with accounting, logistics, infrastructure, legal matters and human resources. Having the Secretariat located at the BIS in Basel, Switzerland, has been invaluable in facilitating cooperation and communication with other BIS sponsored organisations.

Evidencing our close working relationship with the BIS, the Secretariat partners with the Financial Stability Institute (FSI) to provide online tutorial subscriptions to FSI Connect for our Members, and jointly host conference and training events. The Annual FSI-IADI Conference on Bank Resolution and Deposit Insurance, most recently held in December 2016 in Basel, is one example of a jointly hosted conference and involved more than 200 participants from over 100 jurisdictions, including deposit insurers, resolution authorities, central bankers and bank supervisors. In addition to the above, IADI and the FSI are collaborating to host a policy implementation meeting on supervisory early intervention and deposit insurance, scheduled to take place in 2017.

During the next financial year, I look forward to working with the IADI Membership, the President and Executive Council, the Secretariat staff and secondee-sponsoring organisations to promote more effective deposit insurance systems and to contribute towards global financial stability.

David Walker
Secretary General
International Association of Deposit Insurers

Leadership

President of the Association and Chair of the Executive Council

Mr Thomas M. Hoenig, Vice Chairman of the Federal Deposit Insurance Corporation (FDIC), USA, was elected as IADI President and Chair of the Executive Council at the Association's AGM in October 2015, having been a member of IADI's EXCO since October 2012. Mr Hoenig has held the position of Vice Chairman of the FDIC since 2012, prior to which he served as the President of the Federal Reserve Bank of Kansas City and a member of the Federal Reserve System's Federal Open Market Committee from 1991 to 2011.

Vice Chair of the Executive Council

At the EXCO meeting held shortly after the 14th AGM, in October 2015, Ms María Inés Agudelo Valencia, the then Managing Director of the Fondo de Garantías de Instituciones Financieras (FOGAFIN), Colombia, was elected Vice Chair of EXCO. Ms Agudelo Valencia held this position until she ended her term on EXCO in May 2016, resulting in the Vice Chair role being vacant since that time.

Treasurer of the Association

Mr John M. Chikura, Chief Executive Officer of the Deposit Protection Corporation, Zimbabwe, has served as Treasurer of the Association since his election at the 13th AGM in Port of Spain, Trinidad and Tobago, in October 2014. Mr Chikura has held senior management positions in the fields of tourism, mining, health, securities, and insurance. He is also the current Chairperson of IADI's Africa Regional Committee.

Composition of the Executive Council

Mainly due to the limitation on serving on EXCO for more than six consecutive years, as per the Association's By-Laws, there were a large number of changes in the Executive Council membership that became effective at the 15th AGM, in October 2016. The IADI Members elected the following seventeen (17) Designated Representatives to represent EXCO for a three-year term (unless stated otherwise): Mohamud A. Mohamud (Kenya Deposit Insurance Corporation), Violeta Arifi-Krasniqi (Deposit Insurance Fund of Kosovo), Giuseppe Bocuzzi (Interbank Deposit Protection Fund, Italy), Patrick Déry (Autorité des marchés financiers, Québec, Canada), Nikolay Evstratenko (Deposit Insurance Agency, Russian Federation), Jorge Castaño Gutiérrez (Fondo de Garantías de Instituciones Financieras, Colombia), Zaher Hammouz (Palestine Deposit Insurance Corporation), Marija Hrebac (State Agency for Deposit Insurance and Bank Resolution, Croatia, for a two-year term), Umaru Ibrahim



(Nigeria Deposit Insurance Corporation), Hugo Libonatti (Corporación de Protección del Ahorro Bancario, Uruguay), Raúl Castro Montiel (Instituto para la Protección al Ahorro Bancario, México), Sonja Lill Flø Myklebust (Norwegian Banks' Guarantee Fund), Noel Nunes (Deposit Insurance Corporation, Trinidad and Tobago, for a one-year term), İlhami Öztürk (Savings Deposit Insurance Fund of Turkey), Zdzisław Sokal (Bank Guarantee Fund, Poland), William Su (Central Deposit Insurance Corporation, Chinese Taipei), and Kapal Kumar Vohra (Deposit Insurance and Credit Guarantee Corporation, India, for a two-year term).



The remaining EXCO members following the 15th AGM were: Thomas M. Hoenig (IADI President, Federal Deposit Insurance Corporation, USA), John M. Chikura (IADI Treasurer, Deposit Protection Corporation, Zimbabwe), Thierry Dissaux (Fonds de Garantie des Dépôts et de Résolution, France), András Fekete-Győr (National Deposit Insurance Fund of Hungary), Bumgook Gwak (Korea Deposit Insurance Corpora-



tion), Yee Ming Lee (Malaysia Deposit Insurance Corporation), Hiroyuki Obata (Deposit Insurance Corporation of Japan), and Cristina Que Orbeta (Philippine Deposit Insurance Corporation).

Note: since the EXCO elections at the 15th AGM, there have been two further changes to the EXCO composition. In February 2017, Cristina Que Orbeta was replaced by Roberto Tan, and Yee Ming Lee by Rafiz Azuan Abdullah.

The Members also expressed their gratitude to the following EXCO members who concluded their service during the past year: Mu'taz I. Barbour (Jordan Deposit Insurance Corporation), Michèle Bourque

(Canada Deposit Insurance Corporation), Sakir Ercan Gül (Savings Deposit Insurance Fund of Turkey), Adela Hounie (Corporación de Protección del Ahorro Bancario, Uruguay), Yury O. Isaev (Deposit Insurance Agency, Russian Federation), Azad Javadov (Azerbaijan Deposit Insurance Fund), Alex Kuczynski (Financial Services Compensation Scheme, United Kingdom), Patrick Loeb (esisuisse, Switzerland), Alejandro López (Seguro de Depósitos Sociedad Anónima, Argentina), Lorenzo Meade Kuribreña (Instituto para la Protección al Ahorro Bancario, México), and Josef Tauber (Financial Market Guarantee System, Czech Republic).

Secretary General

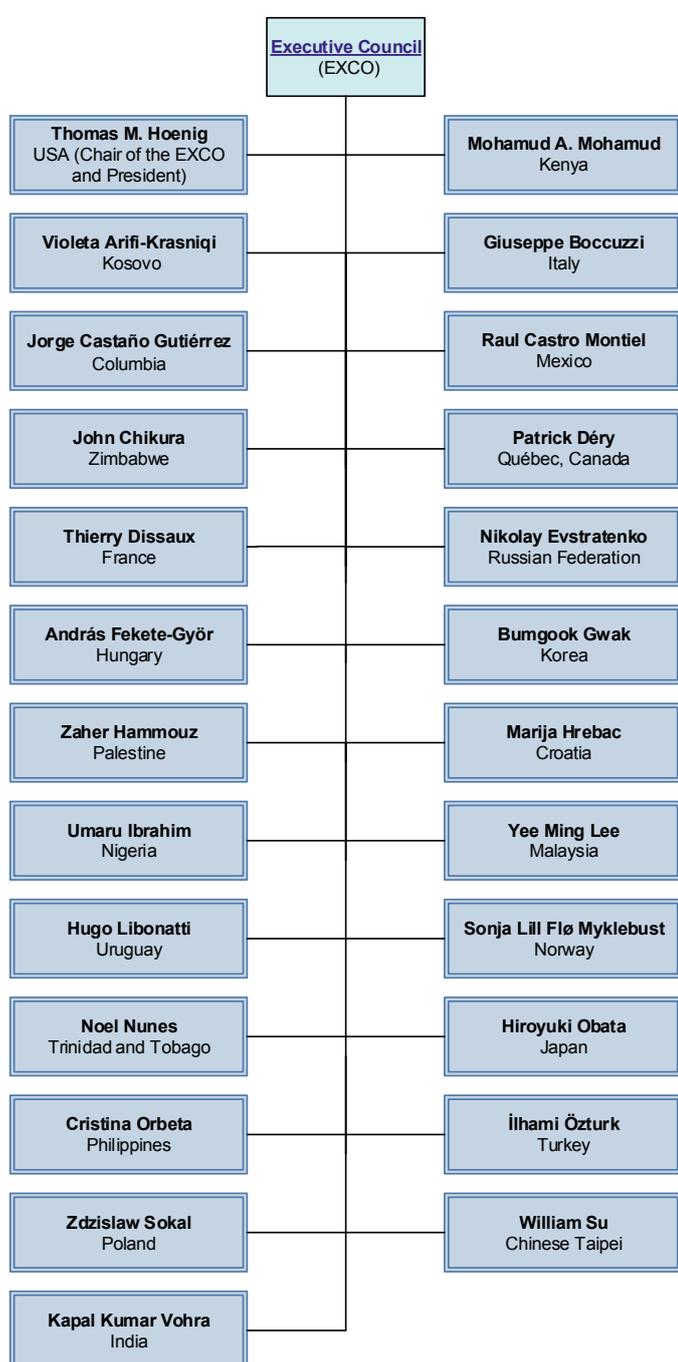
The responsibilities of the Secretary General are set out in the IADI Statutes, and in further detail in the Secretary General's Accountability Profile, as determined by EXCO. Commencing 1 October 2016, David Walker was appointed as the Association's Secretary General for a four-year term, taking over from Gail Verley, whose three-year term had come to an end.

Mr Walker joined IADI from the Canada Deposit Insurance Corporation (CDIC) where he held the position of Managing Director of the Executive Office and International Affairs. He worked at the CDIC for over 20 years in roles of increasing responsibility, involving insurance and risk assessment, policy development and international affairs.

Before becoming Secretary General, Mr Walker played a key role at IADI in promoting more effective deposit insurance systems around the world. Since 2008, he had chaired the IADI Guidance Group, and was Vice Chair of the Research and Guidance Committee. He was instrumental in developing IADI's deposit insurance standards, the Core Principles for Effective Deposit Insurance Systems (Core Principles), as co-chair of the Basel Committee on Banking Supervision (BCBS)-IADI Working Group in 2009. He also chaired an international joint working group that developed the Revised Core Principles, published in November 2014.

In addition, Mr Walker had been active in representing IADI on the Financial Stability Board (FSB) Resolution Steering Group, and participating in the development of the FSB Key Attributes of Effective Resolution Regimes and the associated guidance and assessment methodology. He has also worked with the IMF and World Bank on their Financial Sector Assessment Program reviews and various technical assistance projects.

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 IADI Deputy Secretary General since 2004, and the Senior Policy and Research Advisor, Kumudini Hajra, who joined the Secretariat in July 2016. In addition, during the financial year 2016/17, the Secretary General was also supported by the following secondees from their respective Member organisations: YoungWoon Kim (until 30 June 2016) and Sangjun Lee, both Senior Policy Analysts, Korea Deposit Insurance Corporation; Nikolay Remchukov, Senior Research Associate, Deposit Insurance Agency, Russian Federation; Sanjeev Sharma, Senior Policy Analyst, Financial Services Compensation Scheme, United Kingdom; and Michiyo Yonei (until 31 July 2016) and Takayuki Suzuki, both Senior Policy Analysts, Deposit Insurance Corporation of Japan. The Association wishes to express its sincere gratitude to these individuals, and their sponsoring organisations, for their efforts and commitment in helping the Association achieve its objectives.



Implementing IADI's Strategic Priorities

Background and "The Way Forward"

A strategic discussion on IADI's future was initiated in November 2014 by EXCO and the Governance Committee (GC), and continued at various meetings throughout the course of 2015. The discussion arose from the acknowledgement of how the Association and its activities had evolved since its inception – e.g. a far larger membership, its role as an international standard setter and evaluator, assisting its Members and international partners to incorporate these standards into their current activities, and its work with International Financial Institutions such as the World Bank, IMF or Financial Stability Board.

In recognition of these developments and challenges, and the desire to advance IADI as the authoritative voice on deposit insurance, EXCO identified three Strategic Goals for the five-year period 2015–20:

- promoting deposit insurance system compliance with the Core Principles;
- advancing deposit insurance research and policy development; and
- providing members with technical support to modernise and upgrade their systems.

In addition, the paper "IADI Strategic Goals: The Way Forward" was drafted and unanimously approved by the EXCO, after outreach to the Members through IADI's Regional Committees. The paper details the activities and proposed strategy for achieving these Strategic Goals, with implementation in two phases – Phase I to be completed over the 2016–18 planning period, and Phase II to be completed over the 2018–20 planning period.

Expanding the IADI Secretariat

In conjunction with the two-phased approach to implementing the IADI Strategic Goals, EXCO agreed that Phase I would entail the further enhancement of IADI's research and policy development, including the hiring of two experts – a Senior Policy and Research Advisor (SPRA, to be the head of the Secretariat Research Unit) and a Senior Research Analyst and Administrator (SRAA, to be based within the Research Unit).

After an extensive and competitive selection process, Kumudini Hajra was chosen as the Association's SPRA and joined IADI on 1 July 2016, for a four-year term. She is responsible for the Association's policy and research development activities. She will work closely with IADI's Research and Guidance Committee and Advisory Panel and will represent the Association in policy discussions with other international organisations.

Ms Hajra joined IADI from the Reserve Bank of India (RBI), where she worked in various capacities for 23 years and in a number of fields, including resolution frameworks, deposit insurance, fiscal management, capital markets and international economic relations.

As head of the Secretariat Research Unit, Ms Hajra led the recruitment and selection process for the SRAA. The recruitment process involved the Secretary General, SPRA, and certain EXCO members or their representatives. The candidate selected, Mr Michael Boehl, joined IADI in August 2017 from the European Banking Authority (EBA), where he

worked as a Policy Analysis Expert, specialising in the areas of deposit insurance and bank resolution.

In the second phase of the Strategic Goals implementation, the success of the initial activities to implement the Strategic Goals during the first two years will be reviewed. Thereafter, the activities needed to complete the implementation of the Strategic Goals will be identified, along with further hiring needs and possible new funding options.

Secretariat Research Unit

Flowing from the agreed Strategic Goals of the Association, a primary aim of IADI as a standard setter is the continued dissemination of the Core Principles and support for Members in making improvements to their systems in order to achieve full compliance with the Core Principles. Strengthening the Association's role in research and policy development is one key step towards meeting the Strategic Goals. The Secretariat Research Unit, led by the SPRA and expanded over the course of the year, will be responsible for, among other things:

- (i) advancing the policy development and research efforts of the Association in international fora; this will entail the drafting of research and policy papers on current and emerging topics, and guidance papers supporting the Core Principles;
- (ii) overseeing the enhancement of IADI's database, including working with the Data and Survey Standing Committee (DSC) and the Data and Survey Technical Committee (DSTC) to ensure quality control and efficiency in the collection, use and interpretation of IADI data collected primarily from its Members; and
- (iii) participating, on behalf of the Association, in meetings and research conferences related to deposit insurance and financial stability policy, in addition to representing IADI within FSB groups.

Since joining IADI in July 2016, the SPRA has prepared a research plan that was presented at the Annual General Meeting, provided quality control for the Research and Guidance Technical Committee (RGTC) research papers, and made presentations to EXCO members on FSB matters and on specific topics of emerging relevance, such as the presentation to EXCO in February 2017 on the topic of 'Digital Finance: Implications for Deposit Insurers'. Such policy briefs are guided by the research work being done in the Secretariat and can be further developed based on the feedback received from IADI Members.

The SPRA has also been representing the Association in meetings and activities of other standard-setting bodies and international financial institutions, especially the FSB's Resolution Steering Group (ReSG), the Cross-Border Crisis Management Committee (CBCM), and the Workstream on Funding in Resolution (WSFR), thereby ensuring that the views of the Association and the deposit insurance community continue to be represented. In addition, the SPRA provided support to the World Bank in a technical assistance project for Azerbaijan, and also provided speaker support to the Regional Technical Assistance Workshops.

Work is already underway in a number of different areas such as the transition of responsibilities from the DSTC to the Secretariat; preparations for the IADI Biennial Research Conference, to be held in Basel, Switzerland, in the first quarter of financial year 2017/18; the next IADI Annual Survey, due to be launched during the first quarter of the next financial year; and the drafting of a research paper on 'Deposit Insurers' Role in Contingency Planning and System-wide Crisis Preparedness and Management.'

Three Special Working Groups

Upon his election as President of IADI and Chair of the Executive Council in October 2015, Mr Thomas M. Hoenig established three Working Groups (WGs), consisting of EXCO members, to look at specific aspects of the Association, with a focus on helping to achieve the Strategic Goals. All three WGs reported back on their work and recommendations during the EXCO meeting held in Paris, France, in May 2016. Two of these WGs are discussed below, and the third is discussed in the next section.

Working Group on a Differential Fee Structure – Chaired by John M. Chikura, Chief Executive Officer, Deposit Protection Corporation, Zimbabwe, and IADI Treasurer

In recognition of the highly varied circumstances and economies of the Association's Members (and potential Members), and looking to IADI's future budgetary needs, this WG analysed fees of comparable organisations with differential fee structures and identified three differential fee methodologies potentially applicable to IADI:

Option One – Differentiation by Gross Domestic Product and Gross National Income per Capita (IOSCO-based)

Option Two – Differentiation by value of eligible deposits and Gross National Income per Capita (IAIS-based)

Option Three – Differentiation by Gross Domestic Product (ASBA-based).

Comments from EXCO members varied substantially, suggesting there was not yet a consensus among EXCO on all of the key issues related to implementing a differential fee structure. One of the most compelling concerns voiced was a reminder that the Strategic Plan, which was voted on and approved by EXCO, calls for a review of Phase I "... and a reassessment of the activities implementing the strategic goals...". This review and reassessment may substantially alter any additional funding needs of the Association.

After carefully reviewing the comments, as well as considering the WG's discussions, EXCO agreed to suspend the WG on a Differential Fee Structure until an evaluation of Phase I is completed and discussed by EXCO. Such action would ease Members' potential concerns regarding an increase in fees at this time. Further, it would provide our membership with the opportunity to first observe the benefits of Phase I, particularly in the area of research and technical assistance, and place the Association in a better position to re-assess its funding needs.

Technical Assistance Working Group (TAWG) – Chaired by María Inés Agudelo Valencia, the then Managing Director of the Fondo de Garantías de Instituciones Financieras (FOGAFIN), Colombia

Aligned particularly with the Strategic Goal of "providing members with technical support to modernise and upgrade their systems" the TAWG was established to investigate how the Association may best satisfy the gaps and needs of its Members with regard to technical support/assistance (TA).

Having carefully examined, documented and discussed requests received for TA from Members and non-Members (including categorising them by global region), the WG produced the following proposal:

1. Platform for technical cooperation – IADI would become a platform that connects a deposit insurer in need of assistance with another Member and/or agency (multilateral or otherwise) that can offer assistance on an individual or joint basis.

2. Workshops – delivered in two ways:

a) Specialised workshops – the topics would be tailored to country needs (gap analysis), with each workshop covering an overview of issues, regional trends and technical needs. The workshops would use regional presenters and hands-on exercises/case studies, creating mechanisms for regional collaboration.

During, and shortly after, financial year 2016/17, three Regional Technical Assistance Workshops (TAWs) were held, involving a total of six Regional Committees. As the content of these TAWs was based on thorough analysis of training gaps and needs on a region-by-region basis, they were well attended, with motivated and highly engaged participants receiving assistance relevant to them, usually involving a fair amount of preparation in advance of attendance. The workshops also provided an opportunity for outreach to organisations that are not yet IADI Members. Details of each TAW may be found in 'Overview of IADI Training and Education Events in FY 2016/17', below.

b) Targeted bilateral programmes- based on an action plan developed in workshops, such programmes may entail a review of laws and strategies by IADI, a study visit by an expert or a team of experts, coordination of donor activities (IMF/ World Bank/Financial Stability Institute, etc), or assessment of reform efforts, etc.

Governance Reforms

Alongside the two Working Groups (WGs) described above, a third WG was established: the Governance Working Group (GWG). Chaired by Alejandro López, Chairperson of the Latin America Regional Committee (LARC) and Chief Executive Officer of the Seguro de Depósitos Sociedad Anónima (SEDESA, Argentina), the GWG examined the roles, functions and structure of IADI's governance bodies (EXCO, Standing and Regional Committees), with the goal of identifying potential changes to advance the Association's achievement of its Strategic Goals.

Accepted Proposals and New Governance Structure

The GWG reported its findings and proposals to EXCO at their meeting in May 2016. These proposals, along with the details of their implementation, were refined and discussed further at the next EXCO meeting, on 22 September 2016. The key points of the agreed model were:

- EXCO to adopt an approach similar to a Board of Directors model, providing or approving strategy and governance rather than focusing on detailed operational matters.
 - The Secretary General to be tasked with the strategic planning and execution/ implementation of the agreed strategy, as approved by EXCO.
 - Creation of four Council Committees to replace the seven existing Standing Committees, which would provide oversight for the Association's priorities and objectives, and the work of their Subcommittees. The four new Council Committees (CCs) comprise three Council Committees which together address the three Strategic Goals above, and a fourth Committee to provide oversight for audit and risk:
1. Audit and Risk Council Committee (ARCC) – now chaired by Sonja Lill Flø Myklebust, Norwegian Banks' Guarantee Fund
 2. Core Principles and Research Council Committee (CPRC) – chaired by William Su, Central Deposit Insurance Corporation, Chinese Taipei
 3. Member Relations Council Committee (MRC) – chaired by Kapal Kumar Vohra, Deposit Insurance and Credit Guarantee Corporation, India
 4. Training and Technical Assistance Council Committee (TTAC) – chaired by Raúl Castro Montiel, Instituto para la Protección al Ahorro Bancario, México

The Council Committees, although predominantly made up of EXCO members, may also be comprised of Designated Representatives of non-EXCO members; this will be decided using an Expression of Interest (EOI) process.

- Technical Committees, previously known as Subcommittees, established to undertake the work of the CCs. Both EXCO members and non-EXCO members, including their staffs, may serve on Technical Committees.
- Regional Committees providing a stronger voice to the regions and establishing greater two-way communication between the regions and EXCO. Further, Regional Committees to retain their right to self-determination, i.e. whether or not two Regional Committees make a decision to merge.

A resolution ratifying the above governance changes was made by EXCO at its meeting in Seoul, Korea, in October 2016.

Technical Committees

To maintain continuity, or to complete legacy projects, and in order to provide the newly created CCs with an opportunity to decide whether they should remain in existence, it was decided at the 49th EXCO meeting (September 2016) that several former Standing Committees would be reconstituted as Technical Committees on a temporary, interim basis.

The membership of these reconstituted Standing Committees will be identical to the former Standing Committees, and their work will continue unless decided otherwise by the Council Committee concerned.

Former Standing Committee	New Technical Committee (TC)	Technical Committee Chairperson	Council Committee Reported To
Data and Survey (DSC)	Data and Survey TC (DSTC)	Eugenia Kuri Alamillo	CPRC
Finance and Planning (FPC)	Finance and Planning TC (FPTC)	Hiroyuki Obata	MRC
Islamic Deposit Insurance Group (IDIG)	Islamic Deposit Insurance TC (IDITC)	Rafiz Azuan Abdullah	CPRC
Research and Guidance (RGC)	Research and Guidance TC (RGTC)	Yvonne Fan	CPRC
Training and Conference (TCC)	Training and Conference TC (TCTC)	Fred Carns	TTAC
(New)	Technical Assistance TC (TATC)	Alex Kuczynski	TTAC

CC Terms of Reference (TOR) Working Group and finalisation of CC TORs

At the EXCO meeting in Seoul in October 2016, draft CC TORs were presented for discussion and (subject to various modifications) were used to constitute the new CCs and TCs. Once the CC memberships had been composed, Chair Hoenig asked Mr Bumgook Gwak, Chairman and President of the Korea Deposit Insurance Corporation (KDIC), to form a Working Group to finalise the TORs, which was comprised as follows:

- All four CC Chairpersons (as stated above)
- Four other Designated Representatives – either EXCO members or Designated Representatives not currently serving on EXCO, to be chosen by Mr Gwak through an EOI process: These were, Thierry Dissaux, Alejandro López, Patrick Loeb and Patrick Déry.

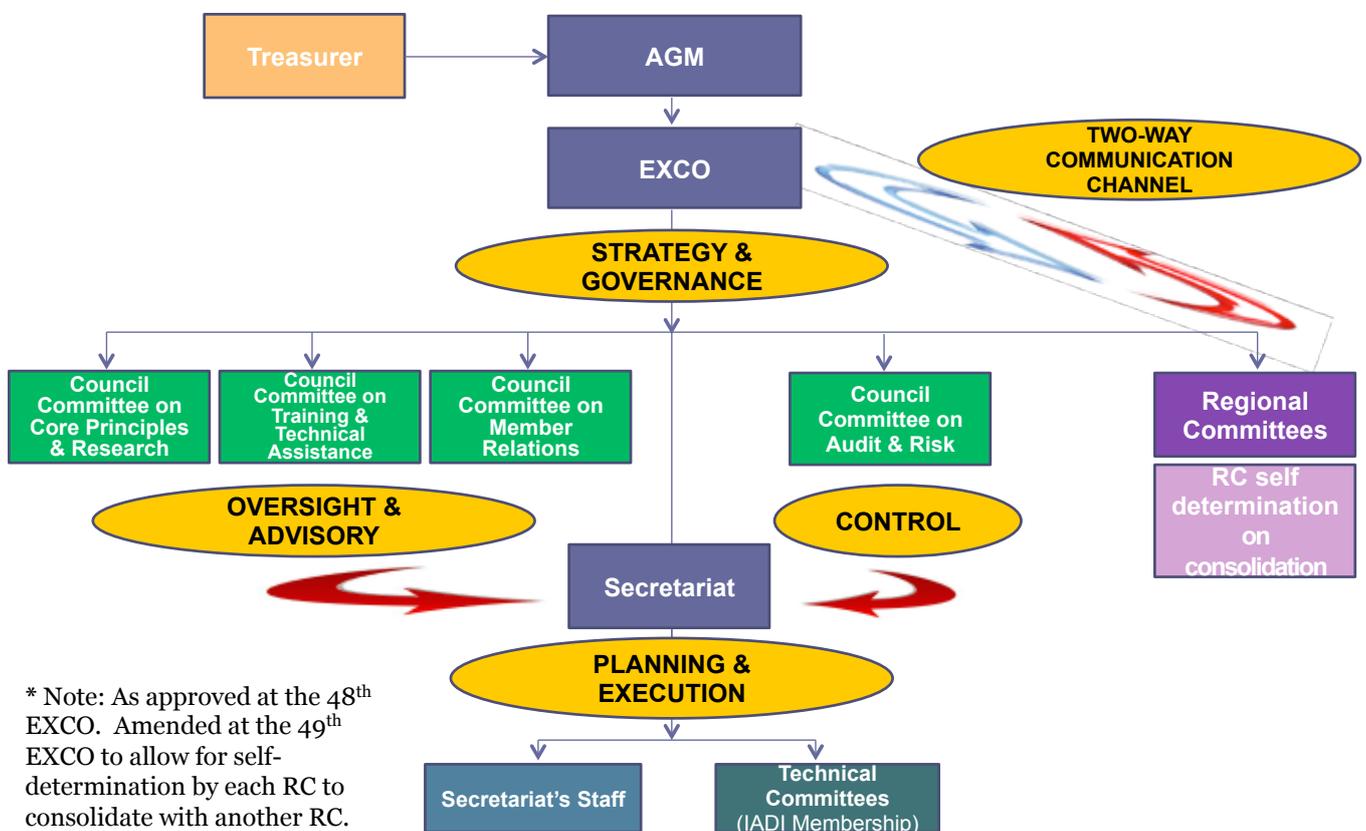
The ToR WG members agreed to carry out a detailed, iterative process of consultation and deliberation on the precise contents of each ToR, with the aim of presenting the revised ToRs for approval at the first EXCO meeting of financial year 2017/18.

The Secretariat has been heavily involved in the implementation of the revised governance structure. This has included: holding bilateral consultations with EXCO members, non-EXCO members and Regional Committee Chairpersons regarding the new structure, along with drafting the associated documentation; convening an extraordinary EXCO meeting in Basel in September 2016, dedicated to discussing implementation; assisting the Chair of EXCO in the selection and nomination of Chairpersons for the new CCs; working closely with the new Chairpersons to facilitate the EOI process for both EXCO mem-

bers and non-EXCO members to serve on the CCs, along with subsequent membership changes; assisting the new CCs with drafting their annual workplans; helping establish and assemble the Working Group to review and refine the CC Terms of Reference and assisting in the Working Group's efforts, including attending the in-person meeting in Seoul, Korea. All of the above have been carried out in addition to the routine deliverables of the Secretariat.

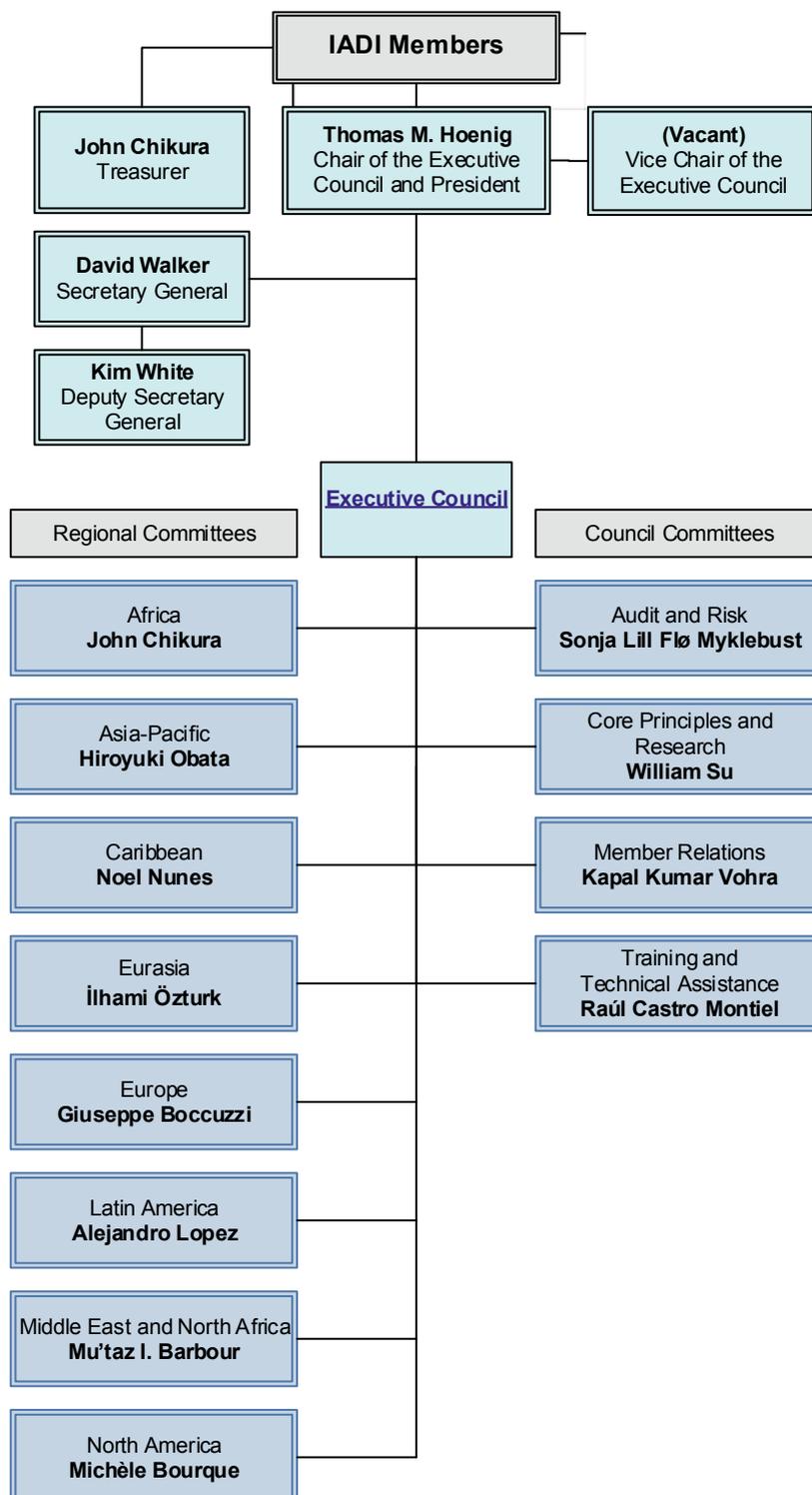
Governance Structure (Approved*)

EXCO – COMMITTEES - SECRETARIAT



Council, Technical and Regional Committee Reports

The work of the Association is led by the EXCO and its Council, Technical and Regional Committees. The activities of these Committees are described in the following two sections.





Report of the Chairperson

Sonja Lill Flø Myklebust – The Norwegian Banks' Guarantee Fund

The main objective of the Audit and Risk Council Committee (ARCC) is to monitor the financial reporting process and internal controls, including the risk management systems, in furtherance of the Association's objectives and financial operations. The Committee also supports the Association in ensuring that its financial resources are used exclusively for pursuing the objectives of the Association, and shall solely be applied to the operating costs of the Association, in addition to the constitution of adequate reserves.

Newly appointed Chairperson

In May 2017, following the resignation of Cristina Que Orbeta of the Philippine Deposit Insurance Corporation as Chairperson of the ARCC, the 52nd meeting of EXCO appointed Sonja Lill Flø Myklebust of the Norwegian Banks' Guarantee Fund as the Committee's new Chairperson.

Financial reporting

During the past year, the ARCC has had several meetings and has performed its tasks according to its mandate, reviewing the quarterly reports and comparing the results against the budgets. The Committee has reviewed the financial reporting process, including the internal controls ensuring the integrity of IADI's financial reports. The Council Committee has reviewed IADI's performance and Annual Report against the budget and the Business Plan, including the endorsement for the approval of the IADI financial statements for the financial year 2016/17. Further to the conclusion of the financial year, the Committee has reviewed the Secretariat's Report on the Statement of Activities and Financial Position, including the BIS Compliance and Risk Unit's statement of no non-compliance or operational risk incidents related to IADI's Secretariat during the year.

Other activities

During the financial year 2016/17, the ARCC recommended policy reviews on outstanding membership fees, payment of conference fees, revenue and expense recognition, and capital build-up. The Committee also reviewed the Policy on Delegation of Powers in IADI operations, and recommended further review consistent with the revised governance framework.

In addition, the ARCC has prepared an audit plan for the IADI Website Relocation and Enhancement Project, and conducted Phase I of the audit plan for the procurement process. The Committee has also recommended a Phase II audit plan for the IADI Website Relocation and Enhancement Project.

In undertaking its activities, the Council Committee was assisted by the Secretariat team and the BIS Finance Section.

Chairperson

Sonja Lill Flø Myklebust (The Norwegian Banks' Guarantee Fund)

Vice Chairperson

İlhami Öztürk (Savings Deposit Insurance Fund of Turkey)

Members

Rafiz Azuan Abdullah (Malaysia Deposit Insurance Corporation), Umaru Ibrahim (Nigeria Deposit Insurance Corporation), Zaher Hammouz (Palestine Deposit Insurance Corporation), Roberto Tan (Philippine Deposit Insurance Corporation)

Council Committee Reports

Core Principles and Research Council Committee



Report of the Chairperson

William Su – Central Deposit Insurance Corporation, Chinese Taipei

As the centrepiece of IADI's research and database framework, the Core Principles and Research Council Committee (CPRC) promotes IADI's objectives by providing strategic direction for IADI research and guidance, and supporting the implementation of the Core Principles. As part of the reorganisation process, three interim Technical Committees were established to replace the functions of the former Research and Guidance Committee and to continue advancing IADI's research, database and survey management. The new committees are as follows:

- Research and Guidance Technical Committee (RGTC) – responsible for drafting research plans and developing research, discussion or guidance papers;
- Data and Survey Technical Committee (DSTC) – responsible for facilitating and coordinating the gathering, analysis, storage and validation of deposit insurance-related information; and
- Islamic Deposit Insurance Technical Committee (IDITC) – responsible for undertaking Islamic deposit insurance research and guidance, promoting Islamic deposit insurance awareness, and facilitating experience and information sharing in Islamic deposit insurance systems.

In addition to the above, the IADI Advisory Panel members support IADI's research efforts by providing expert advice and independent reviews of IADI research papers and proposed guidance. A full list of the IADI Advisory Panel members may be found in Annex III, below.

Chairperson

William Su (Central Deposit Insurance Corporation, Chinese Taipei)

Vice Chairperson

András Fekete-Györ (National Deposit Insurance Fund of Hungary)

Members

Giuseppe Boccuzzi (Interbank Deposit Protection Fund, Italy), Hiroyuki Obata (Deposit Insurance Corporation of Japan), Hugo Libonatti (Corporación de Protección del Ahorro Bancario, Uruguay), Kapal Kumar Vohra (Deposit Insurance and Credit Guarantee Corporation, India), Mohamud A. Mohamud (Kenya Deposit Insurance Corporation), Nikolay Evstratenko (Deposit Insurance Agency, Russian Federation), Noel Nunes (Deposit Insurance Corporation, Trinidad and Tobago), Patrick Déry (Autorité des marchés financiers, Québec, Canada), Raúl Castro Montiel (Instituto para la Protección al Ahorro Bancario, México), Sven Stevenson (De Nederlandsche Bank, the Netherlands), Thierry Dissaux (Fonds de Garantie des Dépôts et de Résolution, France), Thomas M. Hoenig (Federal Deposit Insurance Corporation, USA), Zdzisław Sokal (Bank Guarantee Fund, Poland)



Report of the Chairperson

Yvonne Fan – Central Deposit Insurance Corporation, Chinese Taipei

During the 2016/17 reporting year, the 2017/18 CPRC Annual Work Plan was approved. Among other projects, a new research project on “The Deposit Insurer’s Role in Crisis Management and System-wide Crisis Preparedness” was launched, to address the need for more guidance on Core Principle 6 of IADI’s revised Core Principles for Effective Deposit Insurance Systems. Moreover, in view of the fact that mobile money issues have become an area of increased concern due to high levels of deposit growth, and the implications for financial inclusion and deposit protection, research efforts on financial inclusion and innovation were expanded to incorporate this topic. Five other research projects – “Bail-in Implications for Deposit Insurance and Funding”, “Deposit Insurance Fund Target Ratio”, “Resolution Issues for Financial Cooperatives”, “Purchase and Assumption”, and “Public Policy Objectives” – are underway, in addition to two Islamic finance related projects, which are outlined below.

Chairperson

Yvonne Fan (Central Deposit Insurance Corporation, Chinese Taipei)

Members

Alejandro López (Seguro de Depósitos Sociedad Anónima, Argentina), András Fekete-Györ (National Deposit Insurance Fund of Hungary), Andrey Pekhterev (Deposit Insurance Agency, Russian Federation), Bakyt Kogulov (Kazakhstan Deposit Insurance Fund), Carlos Alfredo de Villemor Vianna (Fundo Garantidor de Créditos, Brazil), Didik Madiyono (Indonesia Deposit Insurance Corporation), Dong Hun Jang (Korea Deposit Insurance Corporation), Fred Carns (Federal Deposit Insurance Corporation, USA), Ikuo Tokuda (Deposit Insurance Corporation of Japan), Jorge Castaño Gutiérrez (Fondo de Garantías de Instituciones Financieras, Columbia), Julien Reid (Autorité des marchés financiers, Québec, Canada), Kapal Kumar Vohra (Deposit Insurance and Credit Guarantee Corporation, India), Karen Gibbons (Financial Services Compensation Scheme, United Kingdom), Krzysztof Broda (Bank Guarantee Fund, Poland), Mu’taz I. Barbour (Jordan Deposit Insurance Corporation), Noel Nunes (Deposit Insurance Corporation, Trinidad and Tobago), Patrick Loeb (esisuisse, Switzerland), Radoslav Milenkov (Bulgarian Deposit Insurance Fund), Raúl Castro Montiel (Instituto para la Protección al Ahorro Bancario, México), Thierry Dissaux (Fonds de Garantie des Dépôts et de Résolution, France), Yury O. Isaev (Deposit Insurance Agency, Russian Federation)

Data and Survey Technical Committee



Report of the Chairperson

Eugenia Kuri Alamillo – Instituto para la Protección al Ahorro Bancario, México.

The primary objectives of the Data and Survey Technical Committee (DSTC) are to facilitate and coordinate the gathering, analysis, storage and validation of deposit insurance-related information in furtherance of the Association's goals, and transition of functions to the Secretariat.

Transition to the Secretariat

In accordance with the new IADI governance structure, the Data and Survey Standing Committee (DSC) ceased to exist. To ensure a smooth transition, the former DSC became part of the CPRC (as an interim Technical Committee) and was tasked with overseeing the transition of functions to the Secretariat, to be completed by the first quarter of 2018, and liaising with the Secretariat on data-related issues.

Projects

In July 2016, the former DSC launched the sixth IADI Annual Survey. The Committee received 124 survey responses, a more than 50% increase in the number of respondents compared to three years ago. In addition, the Committee issued two other surveys: 1) the IADI Survey on Public Policy Objectives; and 2) the Ad hoc survey on Deposit Insurance Certificates and Information Publication.

The enhanced external website was launched in August 2016. The goal of this project was to relocate and update the existing website to enable IADI to communicate more effectively with its membership and stakeholders.

The DSTC strives to build an integrated deposit insurance database while ensuring its accuracy, reliability and security. The DSTC efforts in this regard include developing a Request for Information (RFI) for an enhanced system for the collection, reporting and management of information from the IADI Annual Survey. For that purpose, a dedicated team will assess the options and decide on how the project should be handled.

Chairperson

Eugenia Kuri Alamillo (Instituto para la Protección al Ahorro Bancario, México)

International Survey Coordinator

Dolores García Cueva (Seguro de Depósitos Sociedad Anónima, Argentina)

Members

Janusz Okrutnik (Bank Guarantee Fund, Poland), Juan Carlos Lopez Mora (Fondo de Garantías de Instituciones Financieras, Colombia), Rosemary Tesha Tenga (Deposit Insurance Board of Tanzania), Roumyana Markova (Bulgarian Deposit Insurance Fund), Sangjun Lee (IADI Secretariat), Teruhisa Mitsuyu (Deposit Insurance Corporation of Japan), Yvonne Fan (Central Deposit Insurance Corporation, Chinese Taipei)



Report of the Chairperson

Rafiz Azuan Abdullah – Malaysia Deposit Insurance Corporation

The Islamic Deposit Insurance Technical Committee (IDITC) has been reconstituted from an element of the former Research and Guidance Standing Committee, namely, the Islamic Deposit Insurance Group. As such, the IDITC is mandated to: study members' experience in establishing and implementing an Islamic deposit insurance system by examining the feasibility of systems and the lessons learned; develop guidance, supporting guidance and effective practices on issues relating to Islamic deposit insurance systems; promote awareness on Islamic deposit insurance and provide a forum for discussion on the needs of members with regard to Islamic deposits; and facilitate the sharing and exchange of expertise and information on Islamic deposit insurance systems.

Core Principles for Effective Islamic Deposit Insurance Systems

In its 2010 report, the Islamic Financial Services Board acknowledged that Islamic deposit insurance is one of the building blocks for strengthening the resilience of the Islamic finance services industry (IFSI). The system has an important role to play, particularly in the context of maintaining depositors' confidence. Such a role will assist in the orderly development of the IFSI.

In addressing the uniqueness of Islamic finance, which is based on Shari'ah rules and principles, IADI has developed the Core Principles for Effective Islamic Deposit Insurance Systems (the "IDIS Core Principles").

Following a meeting of the IDITC, held in Morocco in March 2017, a third draft of the IDIS Core Principles is being developed and will be circulated to IDITC members for comments prior to undergoing review by Shari'ah scholars.

Shari'ah Governance for Islamic Deposit Insurance Systems

A review by Shari'ah scholars has been completed and the draft paper is being revised by the IDITC Secretariat to incorporate relevant comments provided by those scholars. Once revised, the paper will be submitted for review by the CPRC.

Chairperson

Rafiz Azuan Abdullah (Malaysia Deposit Insurance Corporation)

Members

Abdel Gadir Mohamed Ahmed Salih (Bank Deposit Security Fund of Sudan), İlhami Öztürk (Savings Deposit Insurance Fund of Turkey), Kuanyshbek Abzhanov (Kazakhstan Deposit Insurance Fund), Mohamed Mahraoui (Moroccan Deposit Insurance Corporation), Mu'taz I. Barbour (Jordan Deposit Insurance Corporation), Osama El Naas (Depositor's Insurance Fund, Libya), Ronald Rulindo (Indonesia Deposit Insurance Corporation), Rosemary Tesha Tenga (Deposit Insurance Board of Tanzania), Tijjani Sule Yakasai (Nigeria Deposit Insurance Corporation)

Council Committee Reports

Member Relations Council Committee



Report of the Chairperson

Kapal Kumar Vohra – Deposit Insurance and Credit Guarantee Corporation, India

The mandate of the Member Relations Council Committee (MRC) is to support efforts to expand, and maintain, membership of the Association, review budgets and business plans, act in the best interests of the Association, and operate in an open and transparent manner. Much of the MRC's work is related to the efforts of the former Standing Committee, the Membership and Communications Committee.

Outreach and Membership Benefits

During the reporting period, three new Members and one new Partner joined IADI. The new Members are the Cooperative Credit Guarantee Fund (FGCOOP, Brazil), the Islamic Republic of Iran Deposit Guarantee Fund, and De Nederlandsche Bank (the Netherlands); the new Partner is the Consultative Group to Assist the Poor (CGAP).

As part of the outreach strategy, opportunities have been taken by the Secretary General, event hosts and Regional Committee Chairpersons to hold specially convened meetings with potential new Members during the Regional Technical Assistance Workshops. These meetings have provided an open platform for membership queries to be raised directly with representatives of the Association, and the benefits of IADI membership to be described to those present.

Information from Regional Committee Chairpersons suggests that there are a number of potential new Members, with particular interest arising from the regions of Africa, and the Middle East and North Africa, among others.

In response to a suggestion made during the EXCO meeting held in Tokyo, Japan, in February 2017, an analysis is due to be commenced on collating, defining and better communicating the benefits and advantages of IADI membership. To do so, the methods of communication used by the Association (e.g. the website, newsletters, fact sheets, e-mails to prospective Members) will be closely studied. Once the membership benefits have been compiled, the analysis will be reviewed by the MRC members with a view to deciding how these membership benefits may be better communicated – both for the purposes of gaining new Members and to ensure that we retain our existing membership.

Updated Membership Policy

Prior to the establishment of the MRC, under the auspices of the former Membership and Communications Standing Committee (MCC), EXCO approved and adopted the Updated Membership Policy at its meeting in Paris, France, in May 2016. The Updated Membership Policy consolidates (and supersedes) previous related policies and covers issues such as: streamlining the process for applications that are

deemed 'routine'; roles and responsibilities of various parties during the application process and during membership; and procedures in the event of non-payment, or deferment of payment, of a Participant's Annual Fee or Initial Fund Contribution. The updated policy also allows for a Participant, upon timely request, to pay their Annual Fee in two equal payments throughout the year, rather than one payment, in recognition of the diverse circumstances of the Association's Members (and potential Members).

IADI's Communications Strategy

Also during the EXCO meeting in May 2016, the MCC's Working Group on IADI's Communications Strategy reported its findings and recommendations, having carried out in-depth interviews of over 20 key stakeholders, both Members and non-Members, to gauge current communications experience and understand future needs. This work reinforced the new strategic priorities, identifying key messages and potential tools for IADI's audience.

As the Council Committee now tasked with responsibility of implementing the EXCO-approved Communications Strategy, the MRC members are in the process of considering their future steps and actions in this regard.

Working Group on a Code of Ethics and Code of Conduct

Further to a presentation made by Giuseppe Boccuzzi, Europe Regional Committee (ERC) Chairperson, on the ERC's Concept Note on IADI Core Values and Governance Principles, at the EXCO meeting in Tokyo, it was agreed that a Working Group (WG) would be established to consider a Code of Ethics and revised Code of Conduct for the Association and/or certain parts of it. The WG would be established under the auspices of the MRC and would be led by Mr Boccuzzi. As at the end of the reporting period, the WG is in the process of being constituted and establishing a work plan.

Chairperson

Kapal Kumar Vohra (Deposit Insurance and Credit Guarantee Corporation, India)

Vice Chairperson

John M. Chikura (Deposit Protection Corporation, Zimbabwe)

Members

Alejandro López (Seguro de Depósitos Sociedad Anónima, Argentina), Fauzi Ichsan (Indonesia Deposit Insurance Corporation), Giuseppe Boccuzzi (Interbank Deposit Protection Fund, Italy), Marija Hrebac (State Agency for Deposit Insurance and Bank Resolution, Croatia), Michèle Bourque (Canada Deposit Insurance Corporation), Mohamud A. Mohamud (Kenya Deposit Insurance Corporation), Mu'taz I. Barbour (Jordan Deposit Insurance Corporation), William Su (Central Deposit Insurance Corporation, Chinese Taipei)



Report of the Chairperson

Hiroyuki Obata – Deposit Insurance Corporation of Japan

The objective of the former Finance and Planning Standing Committee (FPC) was to contribute to efficient decision-making by IADI's Annual General Meeting and Executive Council, mainly in the area of business and budget planning. To achieve such an objective, the FPC coordinated closely with the Secretariat as well as other Committees.

During the reporting period, the FPC fulfilled its responsibilities in accordance with its Terms of Reference. As part of the business planning process of IADI, the FPC played a critical role in drawing up the budget. After receiving the first draft budget prepared by the Secretariat, based on requests from each Standing and Regional Committee, the FPC reviewed and recommended the draft Business Plan 2016–19, including the revised budget for the financial year 2016/17 and draft budget for the financial year 2017/18. In addition, the FPC regularly monitored the status of budget implementation by reviewing quarterly reports prepared by the Secretariat, in order to ensure efficient utilisation of financial resources.

Furthermore, the FPC undertook and recommended a yearly review of finance-related policies, including a yearly review of the Reserve Target for financial year 2016/17 and the Investment Guidelines for financial year 2016/17, based on IADI's Investment Policy and Reserve Policy respectively.

Since October 2016, the FPC has been reconstituted as an interim Technical Committee of the MRC, and is now known as the Finance and Planning Technical Committee (FPTC). The FPTC tentatively retains the same membership and mandate as the FPC.

Chairperson

Hiroyuki Obata (Deposit Insurance Corporation of Japan)

Vice Chairperson

Yury O. Isaev (Deposit Insurance Agency, Russian Federation)

Members

Adela Hounie (Corporación de Protección del Ahorro Bancario, Uruguay), Alejandro López (Seguro de Depósitos Sociedad Anónima, Argentina), András Fekete-Györ (National Deposit Insurance Fund of Hungary), Fred Carns (Federal Deposit Insurance Corporation, USA), Genci Mamani (Albanian Deposit Insurance Agency), Patrick Loeb (esisuisse, Switzerland), Radoslav Milenkov (Bulgarian Deposit Insurance Fund), Renata Kadlecova (Financial Market Guarantee System, Czech Republic)

Observers

John M. Chikura (IADI Treasurer, Deposit Protection Corporation, Zimbabwe), Sonja Lill Flø Myklebust (Chairperson of the IADI Audit and Risk Council Committee, the Norwegian Banks' Guarantee Fund)

Council Committee Reports

Training and Technical Assistance Council Committee



Report of the Chairperson

Raúl Castro Montiel – Instituto para la Protección al Ahorro Bancario, México.

The Training and Technical Assistance Council Committee (TTAC) is charged with implementing the following strategic objectives: (i) overseeing the development of high-quality training and conference programmes on effective deposit insurance systems and other issues relating to global financial stability; (ii) promoting and facilitating the sharing and exchange of expertise among Members, Partners and Associates, and the dissemination of information through training, development and educational programmes; and (iii) promoting the Association's recognition worldwide as an international standard setter on deposit insurance issues. These goals will also ultimately help promote deposit insurance system compliance with the Core Principles (CP), by providing Members with the technical tools to modernise and upgrade their deposit insurance systems.

Strengthening the IADI Technical Assistance Programme

During the 51st EXCO meeting in Tokyo, Japan (13–17 February 2017), the Committee held its first formal meeting, at which, among other issues, its members approved the creation of two Technical Committees (TCs) to support the work of the TTAC. The first of these is the Training and Conference Technical Committee (TCTC), which is mandated with supporting IADI Members and the IADI Secretariat in the organisation of the IADI Annual Conference, the Biennial Research Conference and all workshops, as well as coordinating the Self-Assessment Technical Assistance Program (SATAP); the second is the Technical Assistance Technical Committee (TATC), whose work expands on the results from the events coordinated by the TCTC. Specifically, the TATC is in charge of fielding all requests for specific training from each Member (or region), and providing a demand-driven, tailor-made response or solution for that Member or region.

As of 31 March 2017, the TTAC has assisted in coordinating, together with the IADI Secretariat, Regional Committees and the two TC chairpersons of the TTAC, the following events:

- IADI Self-Assessment Technical Assistance Program (SATAP) in São Paulo, Brazil (6–10 February 2017);
- the first Regional Technical Assistance Workshop (TAW), jointly for the African Regional Committee and the Middle East and North Africa Regional Committee, in Casablanca, Morocco (27–29 March 2017).

This year, as a follow-up to the conclusions of the Technical Assistance Working Group, a section on action planning has been added to the Regional TAWs, in order to provide a forum for discussion with the participants on the way to address the gaps in their deposit insurance systems which were identified during the workshop. Also, for the first time, formal written feedback from attendees was gathered to evaluate the design and effectiveness of said training. Most responses rated the training “Excellent” in each of the categories surveyed: overall value of the Technical Assistance Programme; action planning discussions; and topics and instructional materials used.

Prior to the 2017 AGM, workshops will have been conducted for every IADI region. The 2017 TAWs include: European Regional Committee (Bari, Italy/5–6 April); Caribbean, Latin America, and North America Regional Committees (São Paulo, Brazil/24–26 April), Caribbean Regional Committee (Montego Bay, Jamaica/17–21 July), Asia-Pacific Regional Committee (Yogyakarta, Indonesia/16–20 July) and Eurasia (Almaty, Kazakhstan/4–6 September).

In November 2017, a SATAP is scheduled to be carried out for the Deposit Insurance of Vietnam (DIV) organisation. The DIV has approached the Association seeking assistance in conducting the SATAP and has requested IADI experts to review and evaluate the results of a self-assessment of compliance with the revised Core Principles.

Priority Projects

The TTAC is developing, and working towards approving, a **Work Plan** to establish short and medium-term goals and effective ways to implement its objectives. The main fields in which the Committee will concentrate its efforts during the financial years 2017–2019 are as follows: promote technical assistance; promote capacity building; share knowledge on capacity building and technical assistance; and enhance the effectiveness of Deposit Insurance Systems by promoting and further explaining the Core Principles.

The Committee is reviewing the **Hosting Policy** for Annual General Meetings (AGM) and EXCO meetings developed by the Secretariat; its purpose is to establish protocols for planning and holding meetings, so that they are deemed to be safe, and reduce the potential financial, reputational and other risks flowing from those meetings. It is intended that the final version of this document will be submitted to EXCO and recommended for approval at the EXCO meeting to be held in Québec City, Canada, in October 2017.

Council Committee Reports

Training and Technical Assistance Council Committee

In coordination with the Secretariat and the Technical Committees, a programme is being developed which provides rigorous training for highly qualified, or experienced, senior staff from IADI Members in applying the revised Core Principles Compliance Assessment Methodology. Over time, the number of experts in Core Principles and Compliance Assessment has declined while IADI's compliance assessment activities have expanded. This **Training IADI Experts programme** aims to produce a roster of experts for conducting SATAP reviews; helping the IMF and World Bank in preparing FSAPs, Technical Notes and technical assistance relating to deposit insurance; conducting IADI workshops on Core Principles overviews and peer reviews; and participating in FSB peer reviews.

Chairperson

Raúl Castro Montiel (Instituto para la Protección al Ahorro Bancario, México)

Vice Chairperson

Jorge Castaño Gutiérrez (Fondo de Garantías de Instituciones Financieras, Colombia)

Members

Alex Kuczynski (Financial Services Compensation Scheme, United Kingdom), Bumgook Gwak (Korea Deposit Insurance Corporation), Fred Carns (Federal Deposit Insurance Corporation, USA), Hiroyuki Obata (Deposit Insurance Corporation of Japan), John M. Chikura (Deposit Protection Corporation, Zimbabwe), Nikolay Evstratenko (Deposit Insurance Agency, Russian Federation), Noel Nunes (Deposit Insurance Corporation, Trinidad and Tobago), Violeta Arifi-Krasniqi (Deposit Insurance Fund of Kosovo)

Council Committee Reports

Training and Conference Technical Committee



Report of the Chairperson

Fred Carns – Federal Deposit Insurance Corporation, USA

On 20 May 2016, during the existence of the Training and Conference Standing Committee, the IADI Secretariat distributed the revised and approved “Handbook for the Assessment of Compliance with the Core Principles for Effective Deposit Insurance Systems” (Handbook) to all Members, Associates and Partners. The Handbook was designed as a ‘how-to’ guide, providing additional input on assessing a jurisdiction’s compliance with the Core Principles. Key inputs into this process encompass lessons learned from collaboration with the IMF and World Bank on the FSAP program reviews, IADI Core Principles regional workshops, and IADI SATAP reviews. The Handbook is publicly available on IADI’s external website.

Also during the review period, the Technical Assistance Working Group (TAWG) concluded its study of individual Member and regional technical assistance needs. TAWG Chairperson, María Inés Agudelo Valencia, presented an analysis of the Working Group’s findings and initial proposed recommendations during the EXCO meeting in Paris, France, in May 2016. More details of the TAWG may be found in the section, “Implementing IADI’s Strategic Priorities”.

Using the TAWG findings as a foundation, IADI Training and Conference Technical Committee Chairperson, Fred Carns, has engaged in strategic meetings with each IADI Regional Chairperson to confirm technical assistance needs and develop a timetable and framework for targeted 2016-17 Regional Technical Assistance Workshops. The initial proposed 2016-17 IADI Technical Assistance and Training calendar was presented during the EXCO meeting in Seoul, Korea, in October 2016.

Chairperson

Fred Carns (Federal Deposit Insurance Corporation, USA)

Members

Alex Kuczynski (Financial Services Compensation Scheme, United Kingdom), András Fekete-Györ (National Deposit Insurance Fund of Hungary), Binh Phan Thi Thanh (Deposit Insurance of Vietnam), Hugo Libonatti (Corporación de Protección del Ahorro Bancario, Uruguay), John M. Chikura (Deposit Protection Corporation, Zimbabwe), Jorge Castaño Gutiérrez (Fondo de Garantías de Instituciones Financieras, Colombia), Krzysztof Broda (Bank Guarantee Fund, Poland), Maisha Goss-Johns (Federal Deposit Insurance Corporation, USA), Minkyung Kim (Korea Deposit Insurance Corporation), Mohamud A. Mohamud (Kenya Deposit Insurance Corporation), Nikolay Evstratenko (Deposit Insurance Agency, Russian Federation), Patrick Loeb (esisuisse, Switzerland), Richard Malisa (Deposit Insurance Board of Tanzania), Takashi Yamazaki (Deposit Insurance Corporation of Japan), Thierry Dissaux (Fonds de Garantie des Dépôts et de Résolution, France), Umaru Ibrahim (Nigeria Deposit Insurance Corporation), Vilma Rosa Leon-York (Department of the Treasury, USA), William Su (Central Deposit Insurance Corporation, Chinese Taipei), Rafiz Azuan Abdullah (Malaysia Deposit Insurance Corporation), Yvonne Fan (Central Deposit Insurance Corporation, Chinese Taipei)



Report of the Chairperson

Alex Kuczynski – Financial Services Compensation Scheme, United Kingdom

The work of the TATC, chaired by Alex Kuczynski, expands on the results from the events coordinated by the TCTC. Specifically, the Technical Assistance Technical Committee is in charge of fielding all requirements for specific training needs from each member (or in some cases, regional members), and act accordingly in order to provide a demand-driven, tailor-made response or solution for the DIS concerned. The term ‘technical assistance’ in this context should be understood as support provided by sharing expertise, knowledge and information among members (i.e. peer collaboration).

The TATC is charged with developing a list of experts and areas of expertise related to the CPs, in order to be able to build an improved registry of experience which can be drawn on and offered to the regions and Members (the above mentioned Platform – see under “Technical Assistance Working Group” – with experts arranged by topic and by CP, not by Member), in order to facilitate the coordination of technical assistance between the experts, and between the expert and the recipient.

In addition, the TATC, along with the Secretariat, will develop a **follow-up programme** on the gaps/action plans which have been identified at the workshops (regional or otherwise), to provide the necessary assistance and follow-up on implementation. These action plans usually range from reforms to the legal or financial framework regulating the DIS and other members of the financial safety-net to specific changes to the procedures of the DIS. Those who have effectively responded to these action plans were asked if they would like to have this follow-up. In this way, the Member requesting assistance can be matched to the Member best suited to provide such assistance. The TATC will constantly update the database on the expertise of each Member.

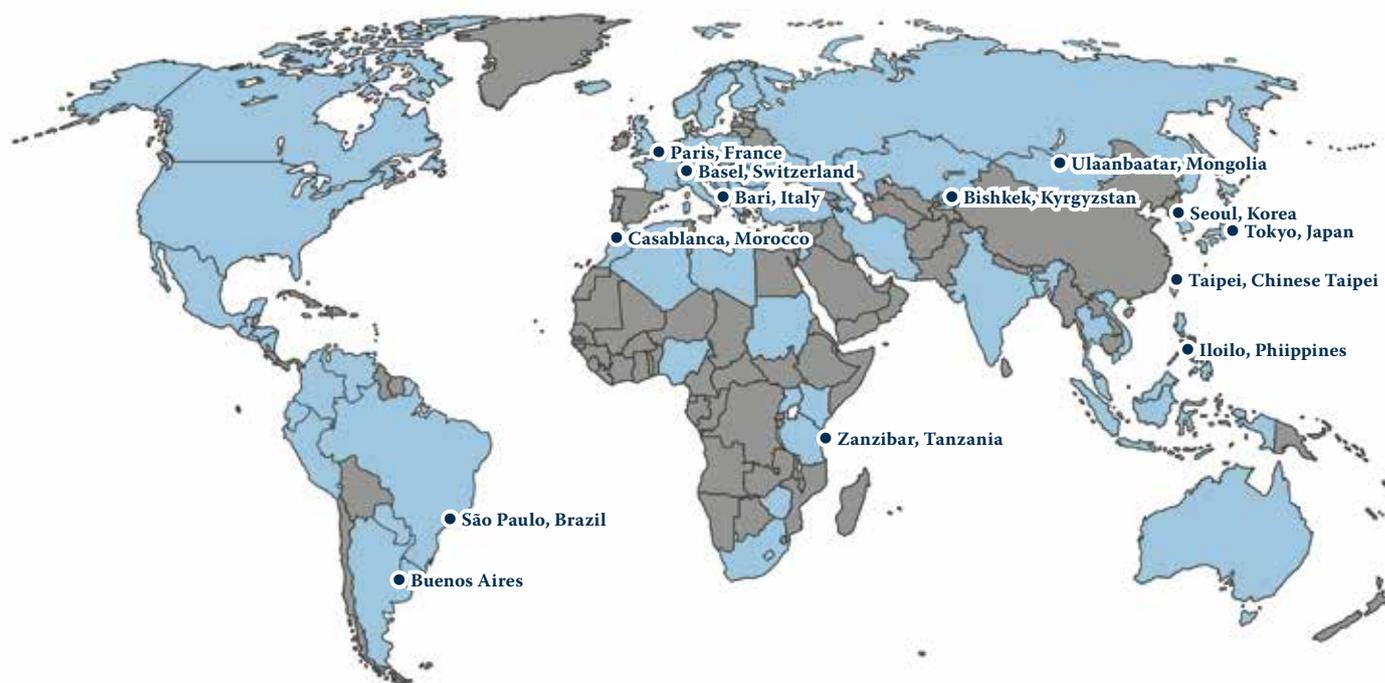
Chairperson

Alex Kuczynski (Financial Services Compensation Scheme, United Kingdom)

Members

As at the time of this report, this Technical Committee is in the process of being constituted.

Overview of IADI Training and Education Events in FY 2016/17



First Americas Deposit Insurance Forum, and Annual Meetings for Regional Committees of North America, Latin America and the Caribbean, Buenos Aires, Argentina, 19–20 April 2016

The first Americas Deposit Insurance Forum was held at the Alvear Hotel, in the city of Buenos Aires, Argentina, from 19 to 20 April 2016.

The event was hosted by the Seguro de Depósitos Sociedad Anónima (SEDESA, Argentina), and attended by members of the Regional Committees of North America, Latin America and the Caribbean (RCNA, LARC and CRC). Representatives from IADI, the IMF, the central bank and the Superintendency of Financial and Exchange Entities also participated in the forum.

There were 43 representatives in attendance, from the following jurisdictions: Argentina, Brazil, British Virgin Islands, Canada, Colombia, El Salvador, Guatemala, Honduras, Italy, Jamaica, Japan, Kenya, México, Nicaragua, Paraguay, Peru, Switzerland, the Netherlands, Uruguay and the United States.

During the seminar, many renowned speakers from several international institutions participated in the programme, presenting workshops on the following topics:

- Legal issues related to resolution responsibilities;
- Formal frameworks to coordinate information exchange, functions and responsibilities of Deposit Insurance Agencies within the financial safety-net;
- The valuation and assessment of resolution options to achieve minimum losses;
- Recent findings in the area of financial safety-net cooperation and their specific role in the financial system.

There was a leader, or coordinator, for each topic, who developed a list of key questions to guide the debate.

The three IADI Regional Committees present took the opportunity of each holding their Annual Meetings. The membership application of the Cooperative Credit Guarantee Fund (Fundo Garantidor de Cooperativismo de Crédito (FGCOOP)) from Brazil was approved by the Latin America Regional Committee during its Annual Meeting –the 13th such meeting.

48th IADI Executive Council Meeting and IADI-European Regional Committee (ERC) International Conference on Diversity and Harmonisation of Deposit Insurance, Paris, France, 23–26 May 2016

As outlined above, the 48th EXCO meeting held in Paris, France, and hosted by the Fonds de Garantie des Dépôts et de Résolution (FGDR, France) included presentations by the three Special Working Groups that had been established by EXCO in October 2015.

The EXCO meeting was immediately followed by an international conference, co-organised by the FGDR and the IADI European Regional Committee (ERC), which compared the harmonisation of principles and practices and the diversity of deposit insurance models. The event attracted around 180 participants, including deposit insurers, central bankers, bank supervisors, interested academics, journalists and leaders from international financial institutions.

The conference noted that the diversity of deposit insurance models and the general movement towards harmonising practices and principles do not contradict each other; in fact, they are probably complementary. It underlined the need and importance of international cooperation for deposit insurers, and its potential implications for depositor protection all over the world, both on a jurisdictional basis and on a cross-border basis.

Overview of IADI Training and Education Events in FY 2016/17

14th Asia-Pacific Regional Committee (APRC) Annual Meeting and International Conference, Iloilo, Philippines, 15–17 June 2016

A total of 82 participants from 12 APRC Members, and 7 guests from deposit insurance agencies in other regions, central banks and local financial regulators, attended the conference hosted by the Philippine Deposit Insurance Corporation.

With the theme of “*Raising Public Awareness on Depositor Protection*”, the conference aimed to harness information, insights, practices and other knowledge resources in the communications field, working towards effective public awareness programmes consistent with the IADI Core Principles, using the latest technologies.

Speakers included international communications experts, and practitioners from deposit insurance agencies who shared their experiences and insights in three sessions during the conference. Session 1 was on guiding Deposit Insurance Agencies (DIAs) towards effective public awareness programmes; Session 2 discussed developing communication content and choosing effective channels; whilst Session 3 covered designing public awareness programmes for specific target groups.

Information materials used for public awareness programmes by participating deposit insurance agencies were exhibited during the conference.

9th Eurasia Regional Committee (EARC) Annual Meeting and Seminar on Effective Deposit Protection Schemes and Crisis Management, Bishkek, Kyrgyz Republic, 30 June–2 July 2016

Hosted by the Deposit Protection Agency of the Kyrgyz Republic, the Seminar was opened in Bishkek, Kyrgyz Republic, on 30 June, and continued on the shores of Issyk-Kul Lake. All EARC members participated in the programme, with over 60 attending the seminar, including IADI Members outside the Eurasia region.

The seminar included the following topics: effective mechanisms and tools for sufficiency of the fund & emergency sustainability of the fund and its liquidity; involvement of Deposit Insurers in crisis management and crisis preparedness; the role of the Deposit Insurer in resolution processes for troubled banks and use of funds; and the challenges faced by Deposit Insurers during the financial crisis in line with the latest changes in the banking sector of the EARC countries.

Asia-Pacific Regional Committee (APRC) Technical Seminar on Enhancing Asset Recovery, Ulaanbaatar, Mongolia, 15–17 August 2016

The seminar, hosted by the Deposit Insurance Corporation of Mongolia (DICoM), successfully brought together 70 participants and speakers from over 15 jurisdictions. The theme of the seminar was “*Enhancing Asset Recovery*” and the following topics were discussed: legal structure and framework for asset recovery at failed banks; effectiveness of various tools and mechanism for asset work-outs and recoveries at problem banks; developing and strengthening the secondary market for non-performing loans in emerging markets; and emerging challenges and issues for Deposit Insurers with regard to asset recovery in the aftermath of the financial crisis.

Besides fellow deposit insurers, other speakers included representatives from international organisations such as the Asian Development Bank (ADB) and the Korean Institute of Finance (KIF).

The event was widely publicised and covered by many local and international media outlets including journalists from 14 television networks and 3 newspapers.



Africa Regional Committee Annual Conference, Zanzibar, Tanzania, 1–3 September 2016

Hosted by the Deposit Insurance Board of Tanzania, the theme of the conference was “*Deposit Protection and Mobile Money*”, a theme which has become increasingly relevant within the Africa region and globally, especially as mobile money has strong links to financial inclusion within emerging economies.

In addition to presentations by the World Bank and regional Deposit Insurers, a keynote speech was given by the Governor of the Central Bank of Tanzania.

49th IADI Executive Council Meeting, Basel, Switzerland, 22 September 2016

The focus of the meeting was to discuss the Association’s governance changes and refine implementation plans. More details of the governance reforms may be found in the above section, of the same name.

15th IADI Annual General Meeting, 2016 Annual Conference, and 50th EXCO Meeting, Seoul, Korea, 23–28 October 2016

The week-long event started with three days of meetings for the IADI RGC Subcommittees, Standing Committees, Regional Committees, the 50th Executive Council, and the Meeting of the President with Non-EXCO members. This was followed by the 15th IADI Annual Conference on the topic “*Gearing Up for the Next Crisis*.”

The 1½-day conference, attended by over 180 participants representing around 70 jurisdictions worldwide, featured presentations and panel discussions by top policymakers, deposit insurers and prominent academics, who exchanged ideas and provided insights into pertinent issues affecting the global economy, financial stability and deposit insurance.

The conference focused on three key topics: how to encourage financial institutions to manage themselves in a safe and sound manner; building more effective crisis response mechanisms in cooperation with other financial safety-net partners; and the types of emerging funding frameworks that would help a Deposit Insurer to successfully deal with a crisis.

Overview of IADI Training and Education Events in FY 2016/17

A more detailed write-up of the 2016 Annual Conference may be found in Annex II of this Annual Report.

The event also featured an international exhibition, which was held alongside the conference to provide IADI's Members, Associates and Partners with the opportunity to showcase their public awareness initiatives.

International Training Seminar on Payout Operations, Mechanisms and Case Studies, Taipei City, Chinese Taipei, 22–25 November 2016

The Central Deposit Insurance Corporation (CDIC) hosted the International Training Seminar on Payout Operations, Mechanisms and Case Studies at its headquarters in Taipei City, Chinese Taipei. The seminar was attended by around 80 participants, including over 30 deposit insurance organisations from jurisdictions such as Argentina, Canada, Germany, Hong Kong, Indonesia, Japan, Korea, Malaysia and Thailand. Payout experts from the United States, Hungary, Korea, the Philippines, Singapore and Malaysia were invited as speakers. They shared their experiences on payout mechanisms and the challenges faced.



FSI-IADI Joint Conference on Bank Resolution, Crisis Management and Deposit Insurance Issues, Basel, Switzerland, 6–8 December 2016

Working closely with the Financial Stability Institute (FSI), IADI co-hosted the seventh annual joint event addressing bank resolution, crisis management and deposit insurance. The conference brought together more than 200 delegates of safety-net organisations from around 75 jurisdictions, including central banks, resolution authorities, bank supervisors and deposit insurers. The speakers also came from a broad spectrum of financial safety-net organisations, as well as from the financial industry itself, and included Jaime Caruana (Bank for International Settlements), Peter Brierley (Bank of England), Paul Sharma (Alvarez & Marsal), Santiago Fernandez de Lis (BBVA), Thomas M. Hoenig (Federal Deposit Insurance Corporation, USA), and IADI President and Chair of EXCO), Joanne Kellermann (Single Resolution Board), Jan Philipp Nolte (World Bank) and Simon Gleeson (Clifford Chance).

During the conference, the speakers (from various jurisdictions) provided valuable insights in the areas of early warning and intervention systems, resolution tools such as bail-in and TLAC, case studies on the Lehman failure and Cyprus, and a number of other topical issues on deposit insurance and financial stability.

Preparations are underway for the eighth such Joint FSI-IADI Conference, scheduled to be held in early February 2018.



51st IADI Executive Council Meeting, International Conference and APRC Technical Assistance Seminar, Tokyo, Japan, 13–17 February 2017

Hosted by the Deposit Insurance Corporation of Japan (DICJ), the week-long event started with three days of meetings for the IADI RGC Subcommittees, Council, Technical, and Regional Committees, and the APRC's Strategic Priorities and Action Plans Committee (SPAC).

These were followed by an APRC Technical Assistance Seminar organised by the DICJ, and the 51st EXCO meeting, which featured inaugural presentations from the four newly created Council Committees, in addition to a discussion of digital finance issues such as fintech and digital currency, and possible responses by Deposit Insurers to their implications.

The event concluded with the DICJ-IADI International Conference on the theme "The Changing Environment and Deposit Insurers", covering issues ranging from the changing business environment for Deposit Insurers to policy measures for a robust financial system. Presentations by experienced speakers (including the Governor of the Bank of Japan) led to in-depth discussions on the conference themes between a panel of experts and the participants. The conference attracted around 160 participants, including those from deposit insurance institutions and the relevant authorities from 34 jurisdictions, as well as domestic experts.

First IADI Regional Technical Assistance Workshop, Casablanca, Morocco, 27–29 March 2017

The Moroccan Deposit Insurance Corporation (Société Marocaine de Gestion des Fonds de Garantie des Dépôts Bancaires – SGFG) hosted the first IADI joint Africa Regional Committee (ARC) & Middle East and North Africa Regional Committee (MENA) Technical Assistance Workshop (TAW). The event was attended by 80 participants, including international experts and senior executives from 32 jurisdictions.

The workshop focused on four key topics: legal issues regarding access to depositor information, legal protection, coordination and information sharing frameworks and legal impediments in payouts and bank liquidation; the sources and uses of funds in conjunction with target fund determination; issues relating to the depositor reimbursement framework; and tools for effective resolution regimes and crisis management. Participants were guided through hands-on case studies and exercises, led by IADI experts using the outcomes of short assessment reports prepared by each jurisdiction, emphasising the key problems it faced.

The speakers came from the IADI Secretariat, the FSB, the IMF, the Toronto International Leadership Centre for Financial Sector Supervi-

Overview of IADI Training and Education Events in FY 2016/17

sion (the Toronto Centre), and deposit insurers in the Europe, Africa and MENA regions, as well as Canada and Malaysia.

In addition, the Africa and MENA Regional Committees took the opportunity of meeting with APRC representatives to discuss and share their respective experience in handling regional issues and challenges.

European Regional Committee Annual Meeting, Regional Technical Assistance Workshop and International Conference, Bari, Italy, 4–8 April 2017

Hosted by the Interbank Deposit Protection Fund (FITD, Italy), events commenced with the European Regional Committee (ERC) Annual Meeting, where members of the region discussed major points of interest and the status of the ERC Action Plan.

This was followed by a two-day Technical Assistance Workshop on the “Sources and Uses of Funds”, a topic chosen by ERC members to tackle potentially important gaps in their respective systems and develop action plans. The TAW proved to be a productive interaction between presenters and participants, of which there were around 80 from both European and non-European Deposit Guarantee Schemes (DGSs), academia, banks, the Toronto Centre, and international financial institutions.

The conference, entitled “Dealing with Banking Crises: Where are we Today?”, aimed to provide a contemporaneous outline of bank crisis management regulation, with particular attention to the role of Deposit Insurance systems in Europe. Experienced panellists participated in the conference, discussing themes associated with financial stability, regulation and state aid, sharing the burden of bank failures and the Deposit Insurer’s role in crisis preparedness and management. There were around 180 participants, including representatives from major European institutions, such as the European Commission and the European Banking Authority.

Second Americas Deposit Insurance Forum, and Annual Meetings for the Regional Committees of North America, Latin America and the Caribbean, and Technical Assistance Workshop, São Paulo, Brazil, 24–26 April 2017

The second Americas Deposit Insurance Forum was held in the Grand Hyatt Hotel, São Paulo, Brazil. The Fundo Garantidor de Créditos (FGC, Brazil) hosted this event, which had participants from members of the Regional Committees of North America, Latin America and the Caribbean (RCNA, LARC and CRC), the Central Bank of Brazil, and other institutions associated with IADI, along with IADI partners such as the Toronto Centre and the IMF.

Following the positive results of the first Americas Deposit Insurance Forum in 2016, a similar Technical Assistance Workshop format was followed.

The event was attended by 101 delegates from 20 jurisdictions, namely, Argentina, Brazil, the British Virgin Islands, Canada, Colombia, El Salvador, Guatemala, Honduras, Italy, Jamaica, Japan, Kenya, México, Nicaragua, Paraguay, Peru, Switzerland, the Netherlands, Uruguay and the United States.

The content of this second edition included the following topics:

- Legal reforms and banking resolution;
- Funding and reimbursement;
- Public awareness and an overview of deposit insurance systems in the Americas;
- Regional macroeconomic characteristics;
- Sources of funding and emergency funding mechanisms.

Additionally, Annual Meetings for the Regional Committees of North America, Latin America and the Caribbean were held.



Regional Outreach and Key Focus

IADI Regional Committees have been created for Africa, Asia-Pacific, the Caribbean, Eurasia, Europe, Latin America, the Middle East & North Africa, and North America to reflect regional interests and common issues through the sharing and exchange of information and ideas.

The Chairpersons of the Regional Committees are responsible for recommending actions to EXCO and communicating plans and activities, as well as reporting on their activities at each meeting of EXCO, in order to ensure focus and transparency. This approach ensures EXCO's awareness of Member jurisdictions' regional interests and develop-

ments. Furthermore, the Regional Committees are critical to a proactive outreach programme, being the contact points for IADI membership, newcomers and potential Members, in disseminating information on IADI, its Core Principles, its research and guidance, events and activities. The Regional Committees once again held a number of training events organised jointly with the Training and Technical Assistance Council Committee and its predecessor Standing Committee (for details, see the TTAC section above). The table below outlines the activities undertaken by each Regional Committee during the period under review.

Africa Regional Committee – ARC

Chairperson:

John M. Chikura – Zimbabwe

Members:

- Mohamud A. Mohamud – Kenya
- Umaru Ibrahim – Nigeria
- Abdel Gadir Salih – Sudan
- Emmanuel Makwala Boaz – Tanzania
- Justine Bagyenda – Uganda

Associates:

- Ret'selisitsoe Adelaide Matlanyane – Lesotho
- Yandraduth Googoolye – Mauritius
- Ingrid Goodspeed – South Africa



Outreach and Focus

The Committee focuses on capacity building for regional deposit insurers and on the recruitment of new members. ARC members continue to focus on finding ways to extend deposit protection to mobile banking products and related electronic products. These efforts will help to better protect depositors and advance financial inclusion. In all its events, the ARC invites jurisdictions that are setting or are yet to set up deposit protection systems to join IADI as part of its outreach programme.

ARC Annual Conference

The ARC held its Annual Conference in Zanzibar, Tanzania, from 1 to 3 September 2016. The theme was “Deposit Protection and Mobile Money”. The topics discussed included: global trends in the protection of mobile money deposits; deposit insurance and mobile money in Africa; IADI initiatives for protecting mobile money deposits; deposit protection framework for mobile money deposits – concepts, issues and challenges; deposit insurance frameworks for mobile money; mobile money and financial inclusion in Africa; and design features of effective Deposit Insurance Systems. Participants were drawn from the ARC membership and countries that are in the process of establishing an explicit deposit insurance system.

ARC and Middle East North Africa (MENA) Technical Assistance Workshop

IADI's first Regional Technical Assistance Workshop (TAW) was held jointly by the ARC and MENA Regional Committees in Casablanca, Morocco, from 27 to 29 March 2017, hosted by the Moroccan Deposit Insurance Corporation. The TAW was created to address the regional gaps and topical issues identified from a survey of regional Members conducted by the Technical Assistance Working Group (TAWG). The areas covered during the TAW included resolution, funding, legal framework, payout and reimbursement, and crisis management. Participants were drawn from MENA and ARC membership, including non-IADI members (such as Rwanda, the West African Monetary Union Deposit Insurance Fund, and the Central African Banking Commission (COBAC)).

Asia-Pacific Regional Committee – APRC

Chairperson:

Hiroyuki Obata – Japan

Vice Chairperson:

Halim Alamsyah – Indonesia

Members:

- Robyn McMahon – Australia
- Azad Javadov – Azerbaijan
- S.K. Sur Chowdhury – Bangladesh
- Tracy Chong Ling Kun – Brunei Darussalam
- William Su – Chinese Taipei
- Li Shu-pui – Hong Kong
- Kapal Kumar Vohra – India
- Bumgook Gwak – Korea
- Zhyrgalbek Kasymov – Kyrgyz Republic
- Bakyt Kogulov – Kazakhstan
- Rafiz Azuan Abdullah – Malaysia
- Bum-Erdene Khariyu – Mongolia
- Roberto Tan – Philippines
- Nikolay Evstratenko – Russian Federation
- Ooi Sin Teik – Singapore
- Satorn Topothai – Thailand
- Nguyen Quang Huy – Vietnam

Associates:

- Nestor A. Espenilla – Philippines
- Boonchai Karnchanapimai – Thailand

Partners:

- Robin Newnham – Alliance for Financial Inclusion
- Naoyuki Yoshino – Asian Development Bank Institute
- Hans Genberg – The SEACEN Centre

Outreach and Focus

The main purpose of the APRC is to support IADI in contributing to the stability of financial systems by promoting international cooperation in the field of deposit insurance, and providing advice or technical assistance for establishing new, and enhancing existing, deposit insurance systems within the Asia-Pacific region. It also supports IADI in encouraging wide international contacts among deposit insurers and other interested parties within the Asia-Pacific region.

The APRC's current business plan, in line with the business plans of other Regional Committees, comprises the following activities: (1) Promoting IADI membership and participation in the region; (2) Promoting dialogue through meetings and other opportunities in the region; (3) Conducting deposit insurance-related studies from a regional perspective; (4) Enhancing regional cooperation by providing technical support to deposit insurers and other interested parties; (5) Collaborating with international financial institutions; and (6) Providing a platform for communication among members in the region.

The conferences, seminars and workshops organised by the APRC and its Members included the APRC Annual Meeting in Iloilo, Philippines, in June 2016; the APRC Technical Seminar, in Ulaanbaatar, Mongolia, in August 2016; the Association's Annual General Meeting in Seoul, Korea, in October 2016; and the International Conference and APRC Technical Assistance Seminar in Tokyo, Japan, in February 2017. The themes/agenda of these events comprised, amongst others, raising public awareness on deposit protection; enhancing asset recovery; gearing up for the next crisis; and the changing environment and deposit insurers.

The variety of themes reflects the diversity of the APRC Members' interests and mandates.

In December 2016, the APRC prepared a paper on the "Strategic Priorities and Action Plans for the Asia-Pacific Region", and established the Strategic Priorities and Action Plans Committee (SPAC) to develop the implementation strategies for achieving the region's action plans. The broad objective of the action plans is to enhance the effectiveness of the APRC and to add further value to its members.

In addition, in efforts led by the Deposit Insurance Corporation of Japan (DICJ), the APRC commenced efforts towards a new initiative on learning from the experiences of other IADI Regional Committees. A preliminary report on this initiative is expected during the May 2017 EXCO meeting in Basel, Switzerland.

Regional Outreach and Key Focus

Caribbean Regional Committee (CRC)

Chairperson:

Noel Nunes – Trinidad and Tobago

Members:

- Abhilash Bhachech – Bahamas
- Arlita John – Barbados
- Antoinette McKain – Jamaica

Associates:

- Jeremiah Frett – British Virgin Islands

Outreach and Focus

Furthering efforts begun in previous financial years, the CRC is working towards finalisation of a Memorandum of Cooperation to deal with any potential cross-border issues for deposit insurers in the Caribbean region.

The Regional Committee also continues its review of the Caribbean Community and Common Market (CARICOM) Financial Services Agreement in the context of its implications for regional deposit insurers.

Two major initiatives continue to progress, both of which involve a good deal of collaboration and effort by the CRC members. These initiatives are: the changes in the CRC's financial architecture to facilitate regional deposit insurance systems' involvement in resolving Systemically Important Financial Institutions (SIFIs); and the establishment of a separate protection fund for members of financial cooperatives, to be managed by the regional deposit insurance systems.

The CRC is working closely with representatives of the British Virgin Islands (BVI), which is finalising the development of the Virgin Islands Deposit Insurance Corporation, designed to be fully compliant with the Core Principles and other international best practices. The Government of the Virgin Islands has also commenced the process of drafting the accompanying Regulation to the Deposit Insurance Act 2016, and in doing so has solicited technical assistance from the Canada Deposit Insurance Corporation.

Other jurisdictions or organisations in the Caribbean region that are currently studying the establishment of an explicit deposit insurance system are Guyana, Haiti and the Eastern Caribbean Central Bank (ECCB).

The CRC has increased its cooperation with neighbouring Regional Committees, namely, the Latin America Regional Committee and the Regional Committee of North America, and has jointly held the first and the second Americas Deposit Insurance Forums, the latter combined with a Regional Technical Assistance Workshop.

Eurasia Regional Committee – EARC

Chairperson:

İlhami Öztürk – Turkey

Vice Chairperson:

Zhyrgalbek Kasymov – Kyrgyz Republic

Members:

- Azad Javadov – Azerbaijan
- Bakyt Kogulov – Kazakhstan
- Bum-Erdene Khariyu – Mongolia
- Georgy Agaptsev – Russian Federation
- Kostyantyn Vorushylin – Ukraine

Observers:

- Hermine Harutyunyan – Armenia
- Valeriy Telipko – Belarus
- Abduvose Hakimov – Tajikistan

Outreach and Focus

In the financial year 2016/2017, the EARC continued to work to fulfil the objectives outlined in its business plan, including increasing IADI membership in the region, intensifying dialogue between the Committee's members, and promoting capacity building and technical assistance related to deposit insurance within the region. In that regard, the Deposit Insurance Corporation of Mongolia joined the Regional Committee.

The 9th EARC Annual Meeting and International Seminar were held on 30 June and 1 July 2016 in Bishkek and Issyk-Kul, Kyrgyz Republic, hosted by the Deposit Protection Agency of the Kyrgyz Republic. The seminar was on the topic of "Effective Deposit Insurance Schemes and Crisis Management", and facilitated the sharing of experiences between both Regional Committee members and the participating observers.

At the EARC Annual Meeting, the Committee's members elected İlhami Öztürk, Savings Deposit Insurance Fund of Turkey, as their new Committee Chairperson, and Zhyrgalbek Kasymov, Deposit Protection Agency of the Kyrgyz Republic, as Vice Chairperson.

With regard to furthering IADI's collaboration with international financial institutions, some of the EARC members worked together with the World Bank to assess compliance with the revised Core Principles, to go through the Financial Sector Assessment Program, and to enhance bank resolution activities. In addition, EARC members strengthened cooperation with the financial safety-net participants in their respective jurisdictions, and with IADI Members from other regions.

Regional Outreach and Key Focus

Europe Regional Committee (ERC)

Chairperson:

Giuseppe Boccuzzi – Italy

Vice Chairperson:

Lidija Perović – Serbia



Members:

- Genci Mamani – Albania
- Herman Debremaeker – Belgium
- Josip Nevjestic – Bosnia and Herzegovina
- Radoslav Milenkov – Bulgaria
- Marija Hrebac – Croatia
- Josef Tauber – Czech Republic
- Tuija Taos – Finland
- Thierry Dissaux – France
- Dirk Cupei – The Deposit Protection Fund of the Association of German Banks, Germany
- Georgia Karageorgi – Greece
- Charles Tracy – Guernsey
- András Fekete-Györ – Hungary
- Brynjar Kristjánsson – Iceland
- James Mews – Jersey
- Violeta Arifi-Krasniqi – Kosovo
- Andrea Brüllmann – Liechtenstein
- Predrag Markovic – Montenegro
- Sven Stevenson – Netherlands
- Sonja Lill Flø Myklebust – Norway
- Zdzisław Sokal – Poland
- Petre Tulin – Romania

Outreach and Focus

The ERC continued to promote IADI membership in the region. In the reporting period, the ERC gained one new member: De Nederlandsche Bank (September 2016). At present ERC membership is composed of 30 Members and one Associate.

The ERC's ongoing initiatives are focused on:

- Leadership planning: developing and proposing possible future actions to ERC Members;
- Work in progress for the two ERC Research Subgroups: 1) the relationship between the European Deposit Guarantee Scheme Directive (DGSD) and the Core Principles; and 2) state aid rules and Deposit Guarantee Scheme (DGS) interventions. The two Subgroups held a meeting on 13 May 2016, in Belgrade, Serbia, hosted by the Deposit Insurance Agency of Serbia. Two revised discussion papers were presented to ERC Members at the Committee's 2017 Annual Meeting (Bari, Italy, on 5 April 2017).
- Inter-regional cooperation;
- ERC contribution to IADI (sharing experiences and issues, reviewing IADI papers, promoting projects, participation in IADI Working Groups);
- Advancing compliance with the revised Core Principles.

ERC events

1. The ERC International Conference on "Diversity and Harmonisation of Deposit Insurance", took place in Paris, France, on 26 May 2016. The Fonds de Garantie des Dépôts et de Résolution (France) hosted both the conference and the IADI EXCO meeting, under the aegis of the ERC. Further details may be found in the Overview of IADI Training and Education Events, above.
2. The ERC met in Seoul, Korea, on 25 October 2016, during the IADI 2016 Annual General Meeting. On that occasion the two ERC papers were presented and comments received. These papers are, 'Mind the gap!: a comparative analysis between IADI CPs and DGSD', and 'State aid rules and DGSs interventions: problems and perspectives'.

Also during their meeting in Seoul, the ERC members discussed their future activities together, with a focus on having greater influence on IADI governance and training activities. It was suggested that a concept note on IADI governance be written, reflecting the main core values be developed.

As a result of these discussions, in mid-December 2016 the following two notes were sent to the IADI Secretary General and the Chair of EXCO:

- **ERC Chairperson's Note on ERC Strategic Priorities and Action Plan:** this note aimed to highlight and set out the ERC's future goals, activities, tasks and priorities. In particular, these are:
 - Increase the ERC voice in IADI governance;
 - Target IADI training and technical assistance according to ERC needs;
 - Participate actively in IADI research;
 - Enhance ERC coordination and communication;
 - ERC-European Forum of Deposit Insurers (EFDI) cooperation.

- Nikolay Evstratenko – Russian Federation
- Peter Kupljen – Slovenia
- Helena Persson – Sweden
- Patrick Loeb – Switzerland
- İlhami Öztürk – Turkey
- Alex Kuczynski – United Kingdom
- Kostyantyn Vorushilin – Ukraine

Associates:

- Michael Hemker and Manfred Kühnle – Auditing Association of German Banks, Germany

- **Concept Note on IADI Core Values and Governance Principles:** this note was requested by ERC Members, who felt the need to share their thoughts on IADI governance. The note was intended as a basis for discussion to monitor IADI governance in its future development and directions. It was proposed that the values outlined in the note be included in an Ethical Code/Code of Conduct, as is common to many major organisations. The note was discussed at the EXCO Meeting in Tokyo (February 2017). Consequently, a Working Group was established with the mandate to write a Code of Ethics and revised Code of Conduct for the Association.

3. ERC Annual Meeting, Technical Assistance Workshop on “Sources and Uses of Funds” and International Conference (Bari, Italy, 4–8 April 2017). Further details may be found on the Overview of IADI Training and Education Events, above.

Latin America Regional Committee – LARC

Chairperson:

Alejandro López – Argentina

Vice Chairperson:

Jorge Castaño Gutiérrez – Fondo de Garantías de Instituciones Financieras, Colombia

Members:

- André Arantes Loes – Fundo Garantidor de Créditos, Brazil
- Lúcio César de Faria – Fundo Garantidor do Cooperativismo de Crédito, Brazil
- Alvaro Vanegas Manotas – Fondo de Garantías de Entidades Cooperativas, Colombia
- David Villamar Cabezas – Ecuador
- Ana Graciela Trejo Padilla – El Salvador
- Oscar Roberto Monterroso Sazo – Guatemala
- César Ferdinando Carranza Euceda – Honduras
- Raúl Castro Montiel – México
- Rolando José Sevilla Boza – Nicaragua
- José Antonio Meza Cáceres – Paraguay
- Michel Canta – Peru
- Hugo Libonatti – Uruguay
- María Gracia Rando Socorro – Venezuela

Invitees:

Ana Lillo Cervantes and Carlos Colao Osorio – Spain

Outreach and Focus

The LARC objectives, encapsulated in the Committee’s Business Plan, are to: prepare LARC research papers (including comparative studies of the main aspects of deposit insurance systems in the region); organise meetings and conferences; promote the exchange of knowledge, experience and ideas among members; evaluate the need for technical assistance, advice and training in the region; and promote membership and participation in IADI among regional deposit insurance systems and with relevant international organisations.

In support of these objectives, LARC members held, or coordinated, various training and education initiatives, including regional workshops – some held jointly with the Inter-American Development Bank (IADB), as part of the project “Strengthening and Harmonising the Bank Resolution Process and Deposit Insurance in Central America” – and other seminars and conferences, including with the participation of speakers from international organisations such as the World Bank, the IMF and the IADB.

The Committee significantly advanced its regional research, issuing four regional papers (in both English and Spanish): “Assessment of Compliance with the Core Principles”, “Payout process in the Latin American Region”, “Optimal Reserve Level” and “IADI Core Principles for Effective Deposit Insurance Systems”. Also, the LARC members are drafting a new document, “Assets’ Investment Policy for a Deposit Insurance System.” The results will be presented during the next financial year.

In addition, the LARC has started an analysis of regional compliance with the revised Core Principles. The analysis is divided into three stages, and is expected to be concluded at the start of the next financial year.

The Committee continued to monitor the latest developments in the region related to deposit insurance. With the aim of increasing information sharing, the Committee set up a LARC members’ website, in order to collect information and documents on the region (in both English and Spanish).

The Committee organised the second “Americas Deposit Insurance Forum”, which was attended by members of the Regional Committees of North America, Latin America and the Caribbean, on 24–26 April 2017, in São Paulo, Brazil.

Regional Outreach and Key Focus

Middle East and North Africa Regional Committee – MENA

Chairperson:

Mu'taz I. Barbour – Jordan

Vice Chairperson:

Mohamed Mahraoui – Morocco

Secretary:

Nada Shihabi – Jordan

Members:

- Mohammad Talebi – Iran
- Khater Abi Habib – Lebanon
- Osama El Naas – Libya
- Zaher Hammouz – Palestinian Authority
- Abdel Gadir Salih – Sudan
- İlhami Öztürk – Turkey

Associates:

- Choaïb El-Hassar – Algeria
- Lhassane Benhalima – Morocco
- Hamad Almulla – Qatar

Partner:

Wissam H. Fattouh – Union of Arab Banks

Invitee:

Sebhi Moftah – Algeria

Outreach and Focus

In June 2016, IADI welcomed a new participant from the MENA region, the Iran Deposit Guarantee Fund (IDGF).

The MENA Committee engaged in outreach activities towards non-member jurisdictions with deposit insurance systems (DISs) in place or under development. For example, outreach efforts with a view to increasing potential IADI membership were undertaken with the DISs of Tunisia, Oman, Bahrain and Mauritania. The MENA will also work to promote future membership applications, such as from Kuwait, Saudi Arabia and the United Arab Emirates when they have established a DIS.

In the period under review, the MENA research initiatives contributed to IADI's research agenda, mainly in the area of deposit insurance and Islamic banking.

A survey on the main features of deposit insurance systems in the MENA region is planned for mid-2017, for the purposes of establishing a comprehensive database which will be the main source for MENA research papers and associated documents.

Collaborative Endeavours

As part of the collaborative endeavours to share information and expertise in the field of deposit insurance between deposit insurers and within the safety-net framework, the Committee facilitated cooperation amongst its members, and other Committees of the Association (for example, the Africa Region, the Islamic Deposit Insurance Group, and the Asia-Pacific Regional Committee's Strategic Planning and Action Plan Committee (APRC-SPAC)). Such cooperation took the form of the joint IADI First Technical Assistance Workshop with the Africa Regional Committee and MENA, which was hosted by the Moroccan Deposit Insurance Corporation in March 2017.

A number of Memoranda of Understanding (MOUs) were signed between parties during the review period, for example the MOU between the Palestine Deposit Insurance Corporation and the Moroccan Deposit Insurance Corporation in March 2017. Also, the Savings Deposit Insurance Fund (SDIF) of Turkey extended its MOUs with the Azerbaijan Deposit Insurance Fund, the Deposit Protection Agency of the Kyrgyz Republic and the Deposit Guarantee Fund of Ukraine, and will sign an MOU with the Indonesia Deposit Insurance Corporation.

In addition, the working visits served to further enhance cooperation between deposit insurers, such as between the SDIF and the Deposit Insurance Fund of Kosovo (DIFK) in February 2017.

Leadership

During the MENA meeting, held on 25 October 2016, in Seoul, Korea, the MENA members elected:

- Mu'taz I. Barbour as their Chairperson; and
- Mohamed Mahraoui as their Vice Chairperson.

Regional Committee of North America – RCNA

Chairperson:

Michèle Bourque – Canada Deposit Insurance Corporation (CDIC), Canada

Vice Chairperson:

Fred Carns – USA

General Secretary:

Jerry Sociedade – CDIC, Canada

Members:

- Patrick Déry – Autorité des marchés financiers (AMF), Québec, Canada
- Raúl Castro Montiel– México
- Sharon Fernando – Credit Union Deposit Insurance Corporation of British Columbia (CUDIC), British Columbia, Canada

Outreach and Focus

The RCNA's key objectives include sharing the knowledge and experience of RCNA member jurisdictions in the operation of their deposit insurance systems, as well as strengthening the relationship of RCNA members with other IADI jurisdictions.

Three RCNA meetings were held during financial year 2016/2017: in May and October 2016, and in February 2017. This last meeting was the 17th meeting of the Committee.

During these meetings, each member shared new developments at their respective organisations and jurisdictions, discussed issues arising at IADI-related meetings, and planned work pertaining to items in the Committee's business plan. Discussions were also held regarding the IADI Core Principles and the process of Self-Assessments undertaken by RCNA members and those contemplating such an exercise.

In its last meeting of financial year 2016/2017, the RCNA developed the idea of undertaking joint research on the roles of resolution authorities, since all RCNA members have this responsibility in their respective jurisdictions. The goal is to achieve greater collaboration and strengthen the respective organisations within the RCNA. In addition, the Regional Committee is planning to add this work to IADI's body of research, for use by all IADI Members in the future.

The RCNA also collaborated with two other IADI Regional Committees (the Latin America and Caribbean Regional Committees) to organise the first, and second, Americas Deposit Insurance Forum, held in Buenos Aires and São Paulo respectively during the reporting period. These joint Forums represented good opportunities to serve RCNA objectives, as described above.

IADI AGM and Conference 2018

Victoria Falls, Zimbabwe.



SAVE THE WEEK

14-19 October 2018



Report from the Auditors and Audited Financial Statements



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CH-4002 Basle

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To the Executive Council of
International Association of Deposit Insurers, Basel

Basle, 31 May 2017

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 year ended 31 March 2017.

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 company personnel and analytical procedures as well as detailed tests of company 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 and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Ernst & Young Ltd

A handwritten signature in blue ink, appearing to be 'C. Fleig'.

Christian Fleig
Licensed audit expert
(Auditor in charge)

A handwritten signature in blue ink, appearing to be 'J. Thomae'.

Jens Thomae
Licensed audit expert

Enclosures

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

Report from the Auditors and Audited Financial Statements

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI") Statement of Financial Position As at 31.03.2017 (in Swiss Francs)

		31 March 2017	31 March 2016
ASSETS			
Cash	6	3,533,573	3,125,806
Prepaid expenses and accrued income	7a		5,679
Short-term receivables	7b	17,704	11,307
		<u>3,551,277</u>	<u>3,142,792</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Short-term liabilities	8	206,118	105,132
Accrued expenses and deferred income	9	106,655	53,069
		<u>312,773</u>	<u>158,201</u>
Equity			
Capital - Paid up Initial Fund contributions	10	874,846	846,371
Balance brought forward		2,138,221	1,791,418
Net result for year		225,437	346,803
		<u>3,238,504</u>	<u>2,984,592</u>
		<u>3,551,277</u>	<u>3,142,792</u>

Report from the Auditors and Audited Financial Statements

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI") Statement of Activities For the period ending 31.03.2017 (in Swiss Francs)

		For the period ended 31 March 2017	For the period ended 31 March 2016
CHANGES IN UNRESTRICTED NET ASSETS			
<u>Operating income</u>			
Members Fees		1,451,712	905,505
Associates Fees		132,400	68,340
BIS Contribution		400,000	400,000
Total operating income		<u>1,984,112</u>	<u>1,373,845</u>
<u>Operating Expenses</u>			
Salaries	12	(1,250,862)	(696,400)
Conferences, Seminars and Meetings		(48,444)	(167,937)
Training Initiatives		(73,741)	(36,314)
Travel	12	(214,072)	(55,491)
Administration		(9,971)	(9,845)
Audit		(4,672)	(3,167)
IT and Communications		(46,412)	(2,582)
Membership & Outreach support		(79,885)	(40,204)
Publications and Research		(13,119)	(14,375)
Bad debt write off		(17,650)	
Miscellaneous		(1)	()
Total operating expenses		<u>(1,758,829)</u>	<u>(1,026,314)</u>
Operating result		<u>225,283</u>	<u>347,531</u>
Financial Income	11	158	(244)
Financial Expense		(4)	(485)
Net result for the year		<u>225,437</u>	<u>346,803</u>

Report from the Auditors and Audited Financial Statements

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI") Statement of cash flows For the period ending 31.03.2017 (in Swiss Francs)

	Notes	For the period ended 31 March 2017	For the period ended 31 March 2016
Cash flow from / (used in) operating activities			
Net result for the year		225,437	346,803
Non-cash flow items included in operating unrestricted net assets			
Depreciation			
Net change in operating assets and liabilities			
Accrued expenses and deferred income		53,586	30,302
Short-term receivables		(6,397)	(11,602)
Prepaid expenses and accrued income		5,679	(1,128)
Short-term liabilities		100,986	(60,025)
Net Cash flow from / (used in) operating activities		379,292	304,350
Cash flow from / (used in) financing activities			
Capital contributions from new members		28,475	39,865
Net Cash flow from / (used in) financing activities		28,475	39,865
Net Increase / (decrease) in cash		407,767	344,215
Cash at beginning of accounting period		3,125,806	2,781,591
Cash at end of accounting period	6	3,533,573	3,125,806

International Association of Deposit Insurers

Notes to the Financial Statements

Year Ended 31 March 2017

1. NATURE OF ORGANISATION

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

Its Objectives are to contribute to the stability of financial systems by promoting international cooperation in the field of deposit insurance, providing guidance for establishing new, and enhancing existing, deposit insurance systems; and to encourage wide international contact among deposit insurers and other interested parties.

The Association receives Annual Fees from its Members, Associates and Observers:

Members: Entities that, under law or agreements, provide deposit insurance, depositor protection or deposit guarantee arrangements as set out in Article 2 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 that are Not-for-Profit entities which do not fulfill the criteria to be an Associate but have a direct interest in the effectiveness of deposit insurance systems; and may include international organizations, financial institutions and 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: Not-for-profit entities who enter into cooperative arrangements with the Association in the pursuit and furtherance of the Objects of the Association.

Annual Fees:

Members: CHF 17,650 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 13,240 Fee, no vote but may participate in the activities of IADI.

Observers: CHF 8,825 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 Council Committees covering Audit and Risk, Core Principles and Research, Training and Technical Assistance, and Member Relations. Eight regional Committees have been established (Africa, Asia Pacific, the Caribbean, Eurasia, Europe, Latin America, and the Middle East & North Africa, and North America). The Secretary General acts as the Secretary to the Executive Council, supported by the Deputy Secretary General.

The Executive Council is composed of duly elected members, who govern the business and affairs of the IADI. Thomas M. Hoenig, Vice Chairman, a Member of Board of

Report from the Auditors and Audited Financial Statements

Directors, Federal Deposit Insurance Corporation (FDIC), United States of America, is the Chair of the Executive Council and acts as President of the Association. The Treasurer is John M. Chikura, Chief Executive Officer of Deposit Protection Corporation of Zimbabwe.

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. The financial statements have been prepared on a going concern basis.

B. Functional and presentation currency

Being an international organisation, the Association is exposed to various currencies when conducting its activities. The main currencies the Association deals in are CHF 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 valued at the nominal amount.

D. Investments held to maturity

Investments are made in accordance with the Investment Policy, which was approved by the Executive Council in 2005 (amended in 2009) and which is reviewed periodically. All revenues from cash and investments are accounted for in Interest Income.

E. Short-term receivables and Short-term liabilities

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

F. 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.

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 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.

Report from the Auditors and Audited Financial Statements

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. 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.

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 2017	31 March 2017 CHF Value	Exchange rates at 31 March 2016	31 March 2016 CHF Value
CHF Current Accounts		3,533,553		3,125,475
USD Current Accounts	CHF / USD: 0.99985002	0	CHF / USD: 0.95855	10
EUR Current Accounts	CHF / EUR: 0.93505098	20	CHF / EUR: 1.09169260	321
		3,533,573		3,125,806

7a. PREPAID EXPENSES AND ACCRUED INCOME

	31 March 2017	31 March 2016
	CHF Value	CHF Value
Travel costs	0	5,679
	0	5,679

Report from the Auditors and Audited Financial Statements

7b. SHORT-TERM RECEIVABLES

	31 March 2017	31 March 2016
	CHF Value	CHF Value
Membership Fees total outstanding	35,354	11,307
Contribution to operations	0	0
Less: Bad debt write-off	(17,650)	0
	17,704	11,307

8. SHORT-TERM LIABILITIES

Accounts payable mainly consists of year-end accruals for transactions incurred as a result of the Association's activities during March 2017. 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 2017	31 March 2016
	CHF Value	CHF Value
Audit	4,200	4,200
Salaries	101,968	62,882
Regional Outreach Funding	45,000	10,000
Conferences, Seminars and Meetings	0	13,050
Travel	16,900	4,400
Administration, IT & Communications, and Publications & Research	38,050	10,600
	206,118	105,132

9. ACCRUED EXPENSES AND DEFERRED INCOME

Deferred Revenue relates to the prepayment of a partial Member's Fee for the financial year 2016/17.

	31 March 2017	31 March 2016
	CHF Value	CHF Value
Members	330	11,313
Associates	-	-
Prepayments for Secondees	106,325	41,756
	106,655	53,069

Report from the Auditors and Audited Financial Statements

10. CAPITAL: INITIAL FUND CONTRIBUTIONS

	31 March 2017	31 March 2016
	CHF Value	CHF Value
Initial Fund Contributions	891,931	857,761
Less: unpaid Initial Fund Contributions	(17,085)	(11,390)
Paid up Initial Fund Contributions	874,846	846,371
Number of Members	83	80

The unpaid Initial Fund Contributions relate to payments due in future accounting periods. Upon joining the Association, each Member shall settle, in addition to the Annual Members; Fee, an Initial Fund Contribution of CHF11,390, which is payable over the first two years of Membership in the Association. The Initial Fund Contribution shall not be refundable in the event of the resignation or expulsion of a Member.

11. FINANCIAL INCOME/EXPENSE

	31 March 2017	31 March 2016
	CHF Value	CHF Value
Bank accounts	158	(244)
	158	(244)

12. STAFF COSTS

	31 March 2017	31 March 2016
	CHF Value	CHF Value
Salaries	1,250,862	696,400
Travel costs	214,072	55,491
	1,464,934	751,891

The IADI has no more than 50 full time positions.

13. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

There were no significant events between the Balance Sheet and the approval of these financial statements by the IADI Executive Council on 31 May 2017 which could impact the book value of assets and liabilities or which should be disclosed in these Financial Statements.

14. PRESENTATION OF FINANCIAL STATEMENTS AND COMPARATIVE FIGURES

Changes in the presentation of the financial statements have been made to comply with new requirements of the Swiss Code of Obligations that arise from a new Swiss financial reporting law, applicable from 2015 onward. The main changes are:

1. In the Balance sheet:

Assets in the Balance sheet are now broken down in three categories; namely Cash, Prepaid Expenses and Accrued income, and short term receivables.

The definition Prepayments in former statements has now been renamed to "Prepaid expenses and accrued income" and these are now differentiated from Short term receivables as detailed under 7a and 7b.

Liabilities are now broken down in 8. Short-term liabilities and 9. Accrued expenses and deferred income. The advance payments for Secondees have been switched from short term receivables to short term liabilities.

Equity is now broken down in three items namely, firstly, reference 10, Capital - Paid up Initial Fund Contributions, secondly, Balance brought forward and thirdly, Net result for year

2. In the Income statement:

The reference 12 in the Income statement now groups Salaries and Travel expenses under "Staff Expenses" in the Notes to the Statements.

The reference 11 in the Income statement now features, in addition to Interest income, and Other Income, the item Financial Expense which details any formerly listed Exchange Difference costs.

The former reference "Changes in Unrestricted Net Assets" is now defined as "Net Result for the Year"

Annex I – Participants as of 31 March 2017

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 fulfil 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 fulfil the criteria to be an Associate, and **Partners** are not-for-profit entities that enter into a cooperative arrangement with the Association in the pursuit and furtherance of the Objectives of the Association.

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

Members and Designated Representatives

Albanian Deposit Insurance Agency

Genci Mamani
General Director

Australian Prudential Regulation Authority

Robyn McMahan
General Manager, Resolution & Enforcement

Autorité des marchés financiers (Québec, Canada)

Patrick Déry
Superintendent, Solvency

Azerbaijan Deposit Insurance Fund

Azad Javadov
Executive Director

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

Oscar Roberto Monterroso Sazo
General Manager

Bangladesh Bank

S.K. Sur Chowdhury
Deputy Governor

Bank Deposit Guarantee Fund (Romania)

Petre Tulin
Chief Executive Officer

Bank Deposit Security Fund of Sudan

Abdel Gadir Mohamed Ahmed Salih
Chairman and General Manager

Bank Guarantee Fund (Poland)

Zdzisław Sokal
President of the Management Board

Bank of Uganda

Justine Bagyenda
Executive Director, Supervision

Barbados Deposit Insurance Corporation

Arlita John
Chief Executive Officer

Brunei Darussalam Deposit Protection Corporation

Tracy Chong Kun Ling
Senior Manager

Bulgarian Deposit Insurance Fund

Radoslav Milenkov
Chairman of the Management Board

Canada Deposit Insurance Corporation

Michèle Bourque
President and Chief Executive Officer

Central Deposit Insurance Corporation (Chinese Taipei)

William Su
Executive Vice President

Corporación de Protección del Ahorro Bancario (Uruguay)

Hugo Libonatti
Vice President

Corporación del Seguro de Depósitos (Ecuador)

David Villamar Cabezas
President

Credit Union Deposit Insurance Corporation of British Columbia (Canada)

Sharon Fernando
Director, Fund Risks

De Nederlandsche Bank (the Netherlands)

Sven Stevenson
Policy Coordinator, Deposit Insurance

Deposit and Financial Instrument Protection Fund (Belgium)

Herman Debremaeker
Executive Board Member

Deposit Guarantee and Investor Compensation Foundation PCC (Liechtenstein)

Andrea Brüllmann
Legal Counsel/International Affairs

Deposit Guarantee Fund (Ukraine)

Kostyantyn Vorushylin
Managing Director

Deposit Guarantee Fund of Finland

Tuija Taos
Director General, Financial Stability Authority of Finland

Deposit Guarantee Scheme of Slovenia

Peter Kupljen
Head of Resolution Unit, Bank of Slovenia

Deposit Insurance Agency (Russian Federation)

Nikolay Evstratenko
Director, International Cooperation

Deposit Insurance Agency (Serbia)

Lidija Perović
Member of the Board of Directors

Deposit Insurance Agency of Bosnia and Herzegovina

Josip Nevjestic
Director

Deposit Insurance and Credit Guarantee Corporation (India)

Kapal Kumar Vohra
Chief Executive Officer

Deposit Insurance Board of Tanzania

Emmanuel Makwala Boaz
Director

Deposit Insurance Corporation (Trinidad and Tobago)

Noel Nunes
Senior Insurance and Planning Officer

Deposit Insurance Corporation of Japan

Hiroyuki Obata
Deputy Governor

Deposit Insurance Corporation of Mongolia

Bum-Erdene Khariyu
Chief Executive Director

Deposit Insurance Corporation, Central Bank of The Bahamas

Abhilash Bhachech
Inspector of Banks & Trust Companies

Annex I – Participants as of 31 March 2017

Deposit Insurance Fund of Kosovo

Violeta Arifi-Krasniqi
Managing Director

Deposit Insurance of Vietnam

Nguyen Quang Huy
Chairman

Deposit Protection Agency (Thailand)

Satorn Topothai
President

Deposit Protection Agency of the Kyrgyz Republic

Zhyrgalbek Kasymov
Executive Director

Deposit Protection Corporation (Zimbabwe)

John M. Chikura
Chief Executive Officer

Deposit Protection Fund (Montenegro)

Predrag Markovic
Director

Depositor's Insurance Fund (Libya)

Osama Mohamed El Naas
General Manager

esisuisse (Switzerland)

Patrick Loeb
Chief Executive Officer

Federal Deposit Insurance Corporation (USA)

Thomas M. Hoenig
Vice Chairman

Financial Market Guarantee System (Czech Republic)

Renata Kadlecova
Chairperson of the Management Board and Managing Director

Financial Services Compensation Scheme (United Kingdom)

Alex Kuczynski
Director of Corporate Affairs

Fondo de Garantía de Depósitos – Banco Central del Paraguay

José Antonio Meza Cáceres
Deputy

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

Rolando José Sevilla Boza
President

Fondo de Garantías de Entidades Cooperativas (Colombia)

Alvaro Vanegas Manotas
Director

Fondo de Garantías de Instituciones Financieras (Colombia)

Jorge Castaño Gutiérrez
Managing Director

Fondo de Protección Social de los Depósitos Bancarios de Venezuela

TBC

Fondo de Seguro de Depósitos (Peru)

Michel Canta
President

Fondo de Seguro de Depósitos (Honduras)

César Ferdinando Carranza Euceda
Executive President

Fonds de Garantie des Dépôts et de Résolution (France)

Thierry Dissaux
Chief Executive Officer

Fundo Garantidor de Créditos (Brazil)

André Arantes Loes
Executive Director

Fundo Garantidor do Cooperativismo de Crédito (Brazil)

Lúcio César de Faria, Executive Director
Cláudio Luis Medeiros Weber, *Director of Monitoring and Supervision*

Guernsey Banking Deposit Compensation Scheme

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Chairman of the Board

Hong Kong Deposit Protection Board

Li Shu-pui
Chief Executive Officer

Icelandic Depositors' and Investors' Guarantee Fund

Brynjar Kristjánsson
Managing Director

Indonesia Deposit Insurance Corporation

Fauzi Ichsan
Chief Executive Officer

Institut National de Garantie des Dépôts (Lebanon)

Khater Abi Habib
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Bakyt Kogulov
Chairman

Kenya Deposit Insurance Corporation

Mohamud A. Mohamud
Acting Chief Executive Officer

Korea Deposit Insurance Corporation

Bumgook Gwak
Chairman and President

Malaysia Deposit Insurance Corporation

Rafiz Azuan Abdullah
Executive General Manager

National Deposit Insurance Fund of Hungary

András Fekete-Györ
Chief Executive Officer

Nigeria Deposit Insurance Corporation

Umaru Ibrahim
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Norwegian Banks' Guarantee Fund

Sonja Lill Flø Myklebust
Director

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President

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İlhami Öztürk
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Marija Hrebac
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Helena Persson
Deposit Guarantee Manager

TEKE (Hellenic Deposit & Investment Guarantee Fund, Greece)

Georgia Karageorgi
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The Association of German Banks – The Deposit Protection Fund of the Association of German Banks

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Bangko Sentral ng Pilipinas

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Lhassane Benhalima
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Bank of Algeria

Choaïb El-Hassar
Deputy Governor

Bank of Mauritius

Yandraduth Googoolye
First Deputy Governor

Bank of Thailand

Boonchai Karnchanapimai
Director, FIDF Management Department

Central Bank of Lesotho

Ret'selisitsoe Adelaide Matlanyane
Governor

Ministry of Finance

Government of the British Virgin Islands

Neil M. Smith
Financial Secretary, Ministry of Finance

National Treasury (South Africa)

Roy Havemann
Chief Director, Financial Markets and Stability

South African Reserve Bank

Nicola Brink
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Qatar Central Bank

His Excellency Sheikh Fahad Bin Faisal Al-Thani
Deputy Governor

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Asian Development Bank Institute (ADBI)

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Dean and Chief Executive Officer

Association of Supervisors of Banks of the Americas (ASBA)

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Centro de Estudios Monetarios Latinoamericanos (CEMLA)

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Vilma Rosa Leon-York
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Annex II – Executive Summary of the Proceedings from the 15th IADI Annual Conference, Seoul, Korea (26–27 October 2016)

IADI's 15th Annual Conference was held on 26–27 October 2016. The event was hosted by the Korea Deposit Insurance Corporation (KDIC), at the Shilla Hotel, Seoul, Korea, and chaired by Mr Bumgook Gwak, Chairman and President of the KDIC.

The IADI Annual Conference theme was “**Gearing Up for the Next Crisis**”, and featured presentations and panel discussions by top policymakers, deposit insurers and prominent academics, who discussed, debated and provided insights into key pertinent issues affecting the global economy, financial stability and deposit insurance. The international audience of 180 participants reflected a broad participation of around 70 jurisdictions.

IADI was honoured to have its AGM and Annual Conference hosted by the KDIC in 2016, which marked 20 years since the KDIC's founding.

Welcoming Remarks

Bumgook Gwak, Chairman and President of the KDIC, noted that there are increasing concerns about the possibility of another financial crisis, due to the heightened uncertainties in the global economy and financial markets. Mr Gwak went on to state that the topic of the conference, “Gearing Up for the Next Crisis”, was very appropriate and well-timed.

He also outlined the three topics of the conference: (i) measures to encourage financial institutions to manage themselves in a safe and sound manner; (ii) building more effective crisis response mechanisms in cooperation with other financial safety-net participants; and (iii) types of emergency funding frameworks that would help a deposit insurer to successfully deal with a crisis.

Opening Remarks

Thomas M. Hoenig, President and Chair of the Executive Council of IADI, and Vice Chairman of the Federal Deposit Insurance Corporation (FDIC), USA, highlighted how important deposit insurance has become in providing stability as public policy evolves. He also stressed the critical role that IADI plays as it engages in policy discussions about how to prevent future crises and what changes should be made to prepare for and manage potential crises. Mr Hoenig concluded by

noting that conference attendees would have to consider the progress made and the shortcomings still to be addressed.

Opening Address

Eun-bo Jeong, Vice Chairman of the Financial Services Commission, Korea, began by pointing out what IADI has done in response to global financial crises, and expressed his expectation for IADI to play a leading role in enhancing financial safety. He then stressed that we still face high uncertainty and risks due to troubled financial institutions, increasing sovereign debt in many countries, and downward pressure on real economic growth in many areas of the world.

Three goals for deposit insurers were shared, namely: (i) enhancing the ability to prevent a crisis; (ii) building effective crisis response mechanisms; and (iii) stronger cooperation among deposit insurers in different jurisdictions. Finally, he stated that it is the role of deposit insurers to monitor changing financial environments and prepare for a future crisis.

Keynote Speech: The Possibility of Another Financial Crisis and Ways to Avoid it

Jeung-hyun Yoon, Former Minister, Ministry of Strategy and Finance, Korea, outlined the causes of the financial crisis and the lessons learned. Financial crises come in different shapes and sizes, he said, but have many commonalities and similarities. Policy efforts should be directed at reducing the underlying vulnerabilities, and mitigating the costs when a crisis takes place. Despite the efforts devoted to addressing financial crises, the global economy still faces challenges and uncertainties. Deposit insurers should enhance their capability as regards early detection, pre-emptive responses and cooperation among safety-net participants.

Session 1: Crisis Prevention: Measures to Encourage Financial Institutions to Manage Themselves in a Safe and Sound Manner

moderated by **Cristina Que Orbeta**, the then President, Philippine Deposit Insurance Corporation

Umaru Ibrahim, Managing Director and Chief Executive Officer (CEO), Nigeria Deposit Insurance Corporation, introduced

the concepts of regulation and self-regulation, and followed with an introduction of the Nigerian banking industry, and its deposit insurance system and financial safety-net. Further, he provided perspectives on self-regulation in Switzerland, the USA and Canada. He concluded with a few remarks on the following: (i) measures taken by banks to conduct their business in a safe and sound manner can be accomplished by self-regulation or by a statutory body; (ii) self-regulatory measures include credit policies, corporate governance frameworks, strategic plans, ethics, culture and other decisions taken by the bank to make itself profitable and not in breach of statutory law; (iii) self-regulation enhances supervisory and regulatory policies, in addition to decisions that can be imposed by regulatory bodies, such as central banks and deposit insurers.

Nurani Subramanian Vishwanathan, Deputy Governor, Reserve Bank of India, suggested that banks could be encouraged to manage themselves in a safe and sound manner through various elements, namely: an appropriate regulatory framework; diligent implementation and strong supervision; sound risk management practices; a complementary financial market infrastructure; competition and market discipline; and risk-based insurance premiums. He then shared the Indian experience in prevention and management of financial crises.

Raihan Zamil, Senior Financial Sector Specialist, Bank for International Settlements (BIS), shared his perspectives on the root causes of a financial crisis. He asserted that it was always a governance failure and, although financial safety-net participants could not legislate for good governance and culture, they could influence it. Regarding culture, Mr Zamil stated that it got to the heart of shaping organisational behaviour and risk-taking. Further, well-designed regulation, combined with proactive supervision, could influence culture and promote better outcomes in society.

Mr Zamil continued that trust in culture plays a key role, with customers and depositors needing to be able to trust the banks they work with, or where they choose to deposit their money. Good culture is a product of trust and once the trust has been eroded, it would be incredibly difficult to restore, including by the Supervisor and the bank

Annex II – Executive Summary of the Proceedings from the 15th IADI Annual Conference, Seoul, Korea (26–27 October 2016)

itself. He concluded by asserting that the deposit insurer plays a key role in maintaining trust in both good and bad times.

Session 2: Contingency Planning: Building Crisis Response Mechanisms

moderated by **Marina Moretti**, Division Head, International Monetary Fund

Michèle Bourque, President and CEO, Canada Deposit Insurance Corporation (CDIC), outlined the step-by-step journey that the CDIC and Canada have taken since the crisis. These planning efforts included the enhancement of resolution powers, development of formal resolution plans for each Domestic Systemically Important Bank (D-SIB), and crisis management/contingency planning. She indicated that the act of planning for resolution may be even more valuable than the plan itself, because flexibility is a key success factor when dealing with complexity. In addition, banks should be made accountable for crisis preparedness, in order for them to act more quickly and reduce execution risk.

Ms Bourque suggested that, no matter how much we prepare, execution risk remains present given that we have not yet experienced the use of newer resolution tools in the failure of a large complex institution in Canada. She concluded by stating that there are critical and difficult policy choices to make about the structure of our financial sectors, and time will tell if the most appropriate ones have been made, and whether we have prepared adequately for the next crisis.

Katsunori Mikuniya, Governor, Deposit Insurance Corporation of Japan, presented his view that each country's financial crisis response mechanism arises out of, and develops from, the actual needs experienced in financial crises. Especially in Japan, where the financial crisis was extremely serious, the crisis response mechanism had gradually become sophisticated. Mr Mikuniya concluded that the crisis response mechanism in Japan is comprehensive in nature, comprising not only legal systems but also history, experience, human elements and public trust.

Raúl Castro Montiel, Executive Secretary, Instituto para la Protección al Ahorro Bancario (IPAB), México, shared IPAB's experience regarding contingency planning and the strengthening of its crisis response mechanism. He explained the evolution of the bank

resolution regime in México and how IPAB is able to resolve any type of bank, including systemic banks, with the established resolution methods. Additionally, he explained that IPAB has prepared for any type of contingency by overseeing the financial condition of banks, carrying out inspection visits and simulation exercises, developing resolution plans, and establishing cooperation mechanisms with both local and foreign authorities.

Session 3: What Is An Appropriate Funding Framework To Address A Crisis?

moderated by **Jean Pierre Sabourin**, CEO, Malaysia Deposit Insurance Corporation

Paul C.D. Lei, Chairman, Central Deposit Insurance Corporation (CDIC), Chinese Taipei, noted that IADI, the FSB, and other major international financial organisations are keen to learn from past experiences after the global financial crisis in 2008. Dr Lei provided a brief introduction of the deposit insurance system in Chinese Taipei, and stated that the CDIC's funding framework and activities, in general, comply with international standards. He also shared the funding experience when establishing the Financial Restructuring Fund in Chinese Taipei during the financial crisis period in the 2000s. He concluded that a well-planned funding mechanism with an ex ante funding system, compliance with international standards, and a prudential supervisory system can help to be more prepared to face the challenges ahead.

Nikolay Evstratenko, Director, Deposit Insurance Agency (DIA), Russian Federation, presented on the DIA's arrangements for the stable and sustainable funding of its operations. He also shared the DIA's experience in managing multiple funds established for the different functions performed by the DIA: deposit insurance, bank resolution and guaranteeing mandatory pension savings in non-government pension funds. Mr Evstratenko concluded by stating that it is necessary for every deposit insurer to have a wide set of options and sources of funding for its operations. Such funding sources should include the possibility to borrow money from the central bank, the government and the markets. Further, deposit insurers should have the possibility to repay the borrowings – at the expense of premiums and/or levies collected from the industry.

Alex Kuczynski, Executive Director, Financial Services Compensation Scheme (FSCS), United Kingdom, explained how funding will be provided in the United Kingdom in the event of a financial crisis. According to the Banking Act 2009, there are five stabilisation options, namely: transfer to private sector purchaser; transfer to a bridge entity; the asset management vehicle tool; the bail-in tool; and transfer to temporary public sector ownership. Regarding resolution financing, losses and recapitalisation should be covered by shareholders and creditors. The FSCS has a paybox-plus mandate. Sources of funds include the resolution fund, the Deposit Guarantee Scheme (DGS) Fund (FSCS), and funds may be accessed from HM Treasury.

Keynote Speech: The Role of the Deposit Insurer in Dealing with a Crisis

Iftekhar Hasan, Professor, Fordham University, USA, provided empirical evidence on the impact of deposit insurance (DI) and its design during the 2008 financial crisis. The design features include: risk-adjusted insurance premiums, co-insurance, full coverage, a risk-minimising arrangement, dual funding sources, and government-established DI.

Professor Hasan assessed how the explicit DI and its design features affect bank risk, banks' funding, banks' lending to corporations and banks' flow of funds across countries. His conclusions were as follows: (i) the adoption and design of DI is an important policy for bank regulation and financial stability; (ii) earlier studies support the idea of unintended consequences of DI on banks' risk-taking behaviour; (iii) DI and certain design features help banks retain deposit funding, alleviate the decline of corporate loans, and limit the increase of risk; (iv) DI also has positive externalities in the sense that borrowers (both banks and non-banks) experience a smaller increase of loan spreads when the country has explicit DI and appropriate designs; (v) foreign banks' flight home effect is mitigated when the host countries have explicit DI and good design features; and (vi) DI plays a stabilisation role in the crisis. Regulators and policymakers should weigh the costs and benefits of DI in order to promote the country's financial stability and economic growth.

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Session 4: Case Studies of Deposit Insurers Dealing with a Crisis and Preparing for New Ones

moderated by **Jerzy Pruski**, Vice-Chair, Association of Polish Economists, Poland

Jerzy Pruski shared lessons from the Polish perspective, with general lessons learnt as follows: (i) all deposit-taking institutions should come under public supervision as early as possible; (ii) failures of small deposit-taking firms in aggregate could abruptly and significantly deplete Deposit Insurance Agency (DIA) funds; (iii) supervisors and DIAs should be fully aware of the risk of forbearance, and should maximise efforts to act quickly and decisively; (iv) a robust early intervention and resolution framework which meets the international regulatory standards should be established, as a minimum; (v) the entire financial system, even its smallest niche sector such as credit unions, should be depoliticised; (vi) in stress, the financial system is only as strong as its weakest element; (vii) due consideration should be given to a combination of three elements – rapid expansion of the loan portfolio, an increasing share of large loan exposures, and low and decreasing profitability; (viii) attempts should be made to understand firm-specific risks and move beyond official reporting and official numbers; and finally, (ix) do not be surprised by unanticipated failures.

Giuseppe Boccuzzi, General Director, Inter-bank Deposit Protection Fund (FITD), Italy, shared the FITD's experience in banking crisis management, outlining the lessons learnt as follows: (i) the application of the European Union's legal framework, including state aid rules, narrows the Deposit Guarantee

Scheme mandate; (ii) there was a lack of a transitional period in applying the new rules on resolution; (iii) the time it takes to sell the banks under restructuring (issue also for the banks acquired by the Voluntary Scheme).

Sun Eae Chun, Professor, Chung-ang University, Korea, reported on the KDIC's experience in dealing with the mutual savings banks' sector crisis during 2011–13 in Korea. She explained the causes that triggered the savings bank failures, the crisis management mechanisms, and the tools used to restructure the sector. As a result of the crisis, special accounts for mutual savings banks were created in 2011 and the KDIC adopted a risk-based premium system in 2014. Professor Chun then listed the challenges involved in establishing a pre-emptive response system, a management system of special accounts for mutual savings banks and reforming the resolution methods.

Diane Ellis, Director, Division of Insurance and Research, FDIC, USA, stated that jurisdictions around the world and the international regulatory community have made many changes to their regulatory frameworks in an attempt to respond to the causes and challenges of the 2008 financial crisis. Deposit insurance serves the goal of financial stability in three ways – protecting retail and other small depositors, minimising the risk of depositor runs on banks, and mitigating the risk of contagion. Ms Ellis suggested that safety-net participants should focus on several areas to make deposit insurance more credible and resilient, namely: funding, capital requirements and prompt corrective action, supervision, and resolution planning. Yet, potential questions for future work were

still being faced, such as: (i) how best to ensure adequate provision of resources to bank subsidiaries in resolution; and (ii) addressing potential moral hazard and market inefficiencies introduced by banking capital structures.

Keynote Speech: Reflections on Crisis Management and Deposit Insurance

William White, Chair, Economic and Development Review Committee, Organisation for Economic Co-operation and Development, stated that the global situation we face is arguably more fraught with danger than was the case when the financial crisis first began. By encouraging more credit and debt expansion, monetary policy has “dug the hole deeper”. The fundamental analytical mistake has been to model the economy as an understandable and controllable machine, rather than as a complex and adaptive system. In practice, ultra-easy policy has not stimulated aggregate demand to the degree expected but has had other, unexpected, consequences. Mr White suggested that the implications for governments and deposit insurers are as follows: (i) central banks have “bought time” for governments to act; (ii) now governments must do what only they can do; (iii) but “politics” implies that they will fail to act; (iv) leaving deposit insurance agencies highly exposed, but hopefully well prepared.

Closing Remarks: the KDIC's 20-year History

Bumgook Gwak, Chairman and President of the KDIC, expressed his appreciation to all attendees and presenters for their participation and for sharing their experience and expertise. He then shared his vision for deposit insurers worldwide – a deposit insurer should have the expertise to detect problems early by accurately assessing and monitoring the risks of its member institutions. The deposit insurer should be actively engaging in a crisis prevention mechanism that enables appropriate actions in the pre-emptive stage of a crisis. Lastly, a concrete framework for cooperation among financial safety-net participants should be set up, covering regulators, supervisors, deposit insurers and central banks.

Looking back at the KDIC's 20-year history, Mr Gwak thought that his vision is not too idealistic or impractical, as long as deposit insurers are not afraid of change.



Since 2008, the Association has had in place 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 19 members.

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It is with deep regret that we note the passing of Professor Gordon S. Roberts, who died in March 2017. Professor Roberts had been a long-time member of York University's Schulich School of Business in Toronto, Canada, serving at the faculty since 1994, when he was appointed the CIBC Professor of Financial Services. The Schulich Dean, Dezsö J. Horváth, stated, "Professor Roberts was a leading researcher and active in his academic and professional communities. He had widely published in the field of corporate finance, with a focus on syndicate loan structuring and loan pricing."

The Association would like to place on record our sincere gratitude to Professor Roberts, who had been a committed and active member of IADI's Advisory Panel since its inception. We would also like to offer our sincere condolences to Professor Roberts' wife, family and friends.

Annex IV – New Participant Profiles

During 2016/17, three new Members and one new Partner joined IADI – the Cooperative Credit Guarantee Fund (FGCOOP, Brazil) and the Islamic Republic of Iran Deposit Guarantee Fund both joined as Members in May 2016. In the same month, the Consultative Group to Assist the Poor (CGAP) joined as a Partner. De Nederlandsche Bank (the Netherlands) joined as a Member in September 2016.

Cooperative Credit Guarantee Fund (FGCOOP), Brazil



The Cooperative Credit Guarantee Fund (Fundo Garantidor do Cooperativismo de Crédito, FGCOOP) was incorporated in January 2014 with the objective of protecting depositors in Brazilian financial institutions participating in the National Credit Cooperative System (NCCS). FGCOOP has a paybox mandate, is privately administered, and has seven employees. The coverage limit is BRL 250,000 (around USD 64,000) per depositor, per institution, and the Fund aims to commence deposit reimbursement within 30 days of an institution's failure.

Its membership in IADI was approved by EXCO at its meeting in May 2016. FGCOOP's application was presented by Mr Lúcio César de Faria, Executive Director of the Fund.

The Islamic Republic of Iran Deposit Guarantee Fund



The Islamic Republic of Iran Deposit Guarantee Fund (صندوق ضمانت سپرده ها) is a government legislated and administered system, with a paybox plus mandate. The Fund was established under Article 95 of Iran's Fifth Five-Year Development Plan (1390–94) for 2011–15. The coverage limit is IRR 1 billion (around USD 33,000) per depositor, per institution, and the Fund aims to commence deposit reimbursement within 20 days after declaration of the Emergency Committee. With membership of the Fund mandatory, there are 35 insured institutions.

The membership application of the Islamic Republic of Iran Deposit Guarantee Fund, which was approved by EXCO at its meeting in May 2016, was signed by Mr Mohammad Talebi, the Chief Executive Officer of the organisation.

Consultative Group to Assist the Poor (CGAP), USA



The Consultative Group to Assist the Poor (CGAP) was established in 1995 by the World Bank and other donors as a global partnership of 34 leading organisations that seeks to advance financial inclusion. It develops innovative solutions through practical research and active engagement with financial service providers, policymakers and funders, to enable approaches at scale. Housed at the World Bank, Washington D.C., USA, CGAP combines a pragmatic approach to responsible market development with an evidence-based advocacy platform to increase access to the financial services which the poor need to improve their lives. CGAP's mission is to improve the lives of poor people by spurring innovations and advancing knowledge and solutions that promote responsible, sustainable, inclusive financial markets.

The application of CGAP to become a Partner of IADI, formally approved by EXCO at its meeting in May 2016, highlights the importance of IADI, and deposit insurance generally, as part of the efforts to increase financial inclusion. The RGTC Subcommittee on Financial Inclusion and Innovation, formerly led by María Inés Agudelo Valencia of FOGAFIN, Colombia, hosted a presentation on "Deposit Insurance in the Digital Financial Inclusion Context", given by Juan Carlos Izaguirre, Financial Sector Specialist in CGAP.

De Nederlandsche Bank (DNB), the Netherlands



The Deposit Guarantee Scheme, which is part of the De Nederlandsche Bank (DNB), the central bank of the Netherlands, is governed under the Bank Act 1988 and the Act on Financial Supervision. The Scheme has a paybox mandate, and is government-legislated and administered. It covers commercial banks and had 52 member institutions as at 31 December 2015. As the Netherlands are a member of the European Union, many of the Scheme's rules and practices follow those of the European Deposit Guarantee Scheme Directive, as amended.

The DNB's membership in IADI was ratified by EXCO at its meeting in September 2016, and it was represented in its application by Mr Sven Stevenson, Policy Coordinator Deposit Insurance, International Financial Architecture Department, Financial Stability Division at the DNB.

In striving to achieve its vision, IADI continues to welcome all established deposit insurance systems, as well as those considering establishment or with an interest in deposit insurance, as IADI participants.

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