Jointly organised by the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) and International Association of Deposit Insurers (IADI)

Webinar, 25 and 26 October 2023, 14:00-15:30 CEST

Agenda

Wednesday 25 October 2023

14:00   **Welcome and introduction**

Eva Hüpkes, Secretary General, IADI

14:15   **Session 1: When deposits aren't 'sticky': implications for regulation and resolution**

Early lessons from the recent bank turmoil involving midsize banks have focused on the potential vulnerability of deposits in the age of digital banking. Uninsured deposits, in particular, were demonstrated to be extremely susceptible to rapid withdrawal. Notably, heavy reliance on corporate depositors and accounts with temporary high balances create liquidity risks that are difficult to manage, particularly when digital banking enables money to flow out of institutions with incredible speed. These cases raise questions for regulators and resolution authorities. For example, liquidity rules are premised on assumptions about deposit stickiness that may not hold in the light of the outflow rates seen earlier this year. Steps may also need to be taken to address vulnerabilities inherent in bank business models that rely heavily on uninsured deposits. Authorities need to address the issue of banks that are potentially systemic in failure and be alert to the risk of possible disparate treatment of uninsured depositors at small and large banks. Other measures, including options for a liquidity backstop mechanism, should also be assessed. In this session, speakers will discuss these questions and the implications for regulation, supervision and approaches to bank failure management.

Moderator: Ruth Walters, Senior Advisor, FSI

Speakers:

Ewa Jadczyszyn, Head of Resolution, Canada Deposit Insurance Corporation

Chad Weniger and Peter Stoffelen, Federal Reserve Board

Michael Piller, Senior Legal and Policy Manager, Financial Market Supervisory Authority

Kristian Kjeldsen, Head of Unit for Financial Stability, Single Resolution Board

15:15   **Q&A session**

15:30   **End of day**

Thursday 26 October 2023

14:00   **Welcome and introduction**

Fernando Restoy, Chair, FSI, BIS

14:15   **Session 2: How much is enough? Policy considerations and trade-offs in the design of deposit insurance coverage levels**

Deposit insurance helps maintain depositor confidence and decreases the likelihood of bank runs by protecting small depositors. However, large concentrations of uninsured depositors may mean that the banking system remains exposed to deposit flight that may destabilise the financial system. The recent bank failures have prompted consideration of whether this warrants reform of deposit insurance. The issue is not simple and a range of considerations come into play. Setting the scope of and coverage levels for deposit insurance require policy makers to balance the effectiveness of protection with possible impacts on bank risk-taking and moral hazard, and on the funding of deposit insurers. Moreover, continuity of access to their funds may be as important for depositor behaviour and confidence as coverage levels. This may have implications for resolution strategies for all banks, and the funding needed to facilitate deposit transfers. In this session, panellists will discuss the policy consideration and trade-offs in designing deposit insurance coverage and whether extended protection is the answer to the risks of instability posed by uninsured deposits.

Moderator: Bert Van Roosebeke, Senior Policy and Research Advisor, IADI

Speakers:

Amandeep Rehlon, Senior Manager, Resolution Directorate, Bank of England

Emiel van der Velden, Head of Depositor Solutions, Canada Deposit Insurance Corporation

Jonathan Pogach, Senior Economic Researcher and Rosalind Bennett, Executive Program Director, Center for Financial Research, Federal Deposit Insurance Corporation

Jan Nolte, Senior Financial Sector Expert, International Monetary Fund

Afiza Abdullah, Executive Vice President, Malaysia Deposit Insurance Corporation.

15:15   **Q&A session**

15:30   **End of day**