Welcome to the IADI's Newsletter

IADI is pleased to announce the first issue of its e-Newsletter. The e-Newsletter will keep you up-to-date on information about IADI and Members’ initiatives and IADI activities. Links enable you to quickly access relevant information.

This issue includes:

- **Farewell to Carlos Isoard and Welcome to New IADI Secretary General, Gail L. Verley**
- **The IADI 12th Annual Conference and General Meeting**
- **An Update of the IADI Core Principles**
- **The IADI Recent Activities and Information on Members**

We hope you enjoy this new way to communicate with you.

Gail L. Verley  
Secretary General  
International Association of Deposit Insurers

The Transition of the IADI Secretary General. Welcome, Gail and Thank you, Carlos

Gail L. Verley was appointed as the IADI’s fourth Secretary General by the Council in June 2013, for a three-year term starting 1st October 2013.

Ms. Verley has 30 years experience as a deposit insurer including operational components of several FDIC Divisions and Offices, designing governance of FDIC’s capital planning and investment management, receivership operational policies while overseeing hundreds of bank resolutions.

Prior to her appointment as the IADI’s Secretary General, Ms. Verley worked since 1981 in several capacities, most recently as technical advisor and principal in establishing the Office of International Affairs and contributing to the IADI’s international outreach program (2006-2013). Ms. Verley was a key Chairperson of the Training and Conference Committee, Chairperson of the Committee and Chairperson of the Research and Guidance Subcommittees.

Recognition of former Secretary General

Carlos Isoard was Secretary General of the IADI from September 2010 until September 2013. During his term, he made key contributions to the promotion of the Core Principles, developed jointly by the BCBS, and Methodology that is used by the IMF, WB, and FSB to gauge compliance with the standard. His outreach efforts contributed to the continued growth of the IADI membership from 78 to 91 Participants.

The IADI extends to him its sincere gratitude.
ANNUAL SURVEY

Past survey results

(2012/13 survey results are available soon)

USEFUL LINKS

Bank for International Settlements
European Forum of Deposit Insurance
Financial Stability Board
International Monetary Fund
World Bank

The IADI 12th Annual Conference and General Meeting in Buenos Aires, Argentina

The IADI Annual Conference and General Meeting brought together over 50 participants to discuss facing deposit insurance organizations. Hosted by Seguro de Depósitos S.A. (SEDESA), the IADI Participants were warmly welcomed to the beautiful city of Buenos Aires in Argentina.

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Editor:

Miguel Angel Pesce, Vice Governor of the Central Bank of Argentina, participants to the Conference: “Establishing standards that acknowledged
realities of each region, but also the reality of non-industrial central countries. We need to integrate the Deposit Insurance System within the regulatory financial system."

Jerzy Pruski stated in his opening remarks: “Although risks to global financial stability persist, at least some of these risks are being responded to in a substantive way by means of the growing engagement of deposit insurers in underpinning financial stability. IADI’s commitment in addressing upcoming challenges is of utmost importance.”

The Conference highlighted changes in the global financial scenario, the response of deposit insurance systems to the latest financial crisis, financial safety net design, deposit insurance funding arrangements and reforms in bank resolution regimes, as well as contingency planning for potential bank failures.

Keynote speakers were Thomas M. Hoenig (Federal Deposit Insurance Corporation, USA), David Walker (Deposit Insurance Corporation) and Marina Moretti (IMF). Over 210 participants representing 60 jurisdictions worldwide attended the Conference.

During its AGM, the IADI announced election results on the Executive Council members effective 7th November 2013.

Fourteen new Council members were elected for a three-year term.

They shall act in the best interests of the Association for their term.
Michele Bourque (Canada Deposit Insurance Corporation), Rose Detho (Deposit Protection Fund, South Africa), Sakir Erden Gul (Savings Deposit Insurance Fund, Turkey), Yuri O. Isaev (Deposit Insurance Agency, Russian Federation), Joo Hyun Kim (Korean Deposit Insurance Corporation), Alex Kuczynski (Financial Services Scheme, U.K.), Patrick Loeb (Deposit Protection of Banks and Securities Dealers, Switzerland), Alejandro Lopez (Seguro de Depósitos S.A., Argentina), Lorenzo Meade Kuribrena (Instituto para la Proteccion al Ahorro Bancario, Mexico), Jasbir Singh (Deposit Insurance and Credit Guarantee Corporation, India), William Su (Central Insurance Corporation, Chinese Taipei), Josef Tauber (Czech Republic), Arjoon Harripaul (Deposit Corporation of Trinidad and Tobago) and Umaru Ibrahim (Nigeria Deposit Insurance Corporation).

for the IADI EXCO composition.

### Annual Deposit Insurance Organization Awards

On the occasion of its AGM, the IADI conferred the honour of Deposit Insurance Organization (DIO) Awards. This year, the IADI presented four annual DIO Awards to the following organizations.

- **DIO of the Year**: Philippines Deposit Insurance Corporation (PDIC)

  The PDIC had significant achievements across different categories. It provided numerous examples of its contributions to the financial safety-net, earning recognition in all three IADI award categories: Achievement in Banking Resolutions and Payouts; Principles and International Participation; Insurance System Improvements.

  Through time, its role has broadened to help maintain financial stability with mandates as a deposit regulator of banks, and receiver and liquidator.

  The resilience and commitment of the organization have enabled it to withstand the crises of the past, emerging ever more relevant in the call of public service.

  PDIC is also strongly involved in the IADI activities. Among others, it successfully hosted the 39th EXCO meeting in June 2013. This year the PDIC commemorates its 50th anniversary of protection in the Philippines.

- **DIO of Achievement in Banking Resolutions and Payouts**: Deposit Insurance Agency of the Russian Federation

  This award recognizes the significant achievements of a DIO that handled or experienced the payout of one or more failed financial institutions in the last three years. The Russian deposit insurance system faced 52 insured events (banking license revocation by Central Bank), including 14 events in 2013. In 2013, the Agency has paid insurance to more than 330,000 insured depositors amounting to more than 70 billion rubles (about US$2.3 billion).

  In order to maintain its ability to reimburse insured depositors in a timely manner, the Agency’s investment strategy has enabled the ex-ante fund to grow significantly since 2010. Since 2008, the Agency has been performing the function of resolving systemically important banking institutions. Out of 19 bank resolutions, 17 have been completed, and 78% of the insured depositors have received compensation within 15 days of the bank failure.
projects, one of them, the fifth largest commenced in 2011. In addition, the Parliament of the Russian Federation number of legislative proposals intend Agency’s role and powers while taking FSB’s Key Attributes of Effective Resol Financial Institutions.

- DIO of Core Principles and International Participation: Bank Guarantee Fund of Poland (BFG)

The award recognizes efforts by the DIO to comply the Core Principles for Effective Deposit Insurance Systems by carrying out evaluations of compliance to ensure conformance to the IADI Core Principles.

In December 2012, BFG staff carried out a self-assessment of the national deposit insurance system in accordance with the IADI Core Principles. The main findings of the self-assessment report were broadened and independent assessment conducted by the representatives of the IMF/WB during the FSAP review. Pursuant to the amendments of the Act on Bank Guarantee Fund and other regulations and laws, the Management Board of the Bank Guarantee Fund became a full member of Poland’s Financial Stability Committee on October 4th, 2013. BFG has implemented a number of important modifications resulting in expansion of the institution’s mandate from a “paybox” to a “paybox-plus”. Moreover, appropriate legislation is under development in Poland’s financial institution resolution regime. Once this process has been completed, the BFG will have wider resolution powers.

- DIO of Deposit Insurance System Improvements: Kazakhstan Deposit Insurance Fund (KDIF)

The award recognizes the significant improvements the DIO implemented to enhance its efficiency, broaden the mandate and powers and improve international best practices, including contingency planning, funding systems and public awareness.

KDIF developed a deposit insurance fund reserve methodology in accordance with the recommendations of the IADI Guidance. This methodology enables KDIF to estimate the reserve’s shortage and, consequently, to determine its next required steps to address the shortage.

In 2011 KDIF developed an information system to automate the process of examining the bank’s data structure and in 2013 the software was distributed to member-banks. KDIF also initiated the development of an enhanced payout module to automate several of KDIF’s business processes.

The KDIF is conducting a full-fledged and intensive public awareness campaign on an ongoing basis through various mass media channels and communication tools. Over the last 3 years numerous publications, as well as commercials, have been distributed through different radio stations and TV channels. Audio and video
prepared in Russian and Kazakh languages and are also available on the KDIF’s corporate Facebook page and corporate website. In 2012 a “Deposit coverage calculator”, where depositors can calculate an amount of the deposit insurance coverage due to be paid to them by the KDIF, was uploaded on its corporate website.

for the last recipients of the DIO Awards.

Review and Update on the IADI Core Principles and Compliance Assessment Methodology

The Core Principles for Effective Deposit Insurance Systems were developed by IADI in collaboration with BCBS in June 2009 and after development of a compliance assessment methodology and substantial field testing the FSB's Compendium of 12 Key Standards for Sound Financial systems in March 2011.

They were designed to be adaptable to a broad range of jurisdiction circumstances to take into account characteristics of safety net arrangements and address a comprehensive range of issues including coverage, funding, powers, membership, transitioning from blanket to limited coverage and prompt reimbursement. They also focused on issues related to public awareness, resolution of failed institutions and cooperation with other safeguarding arrangements.

The international regulatory developments and experience gained in using the Core Principles in some countries’ FSAPs and self-assessments of deposit insurance systems have now revealed areas where the Core Principles and the Methodology could be updated and enhanced. Valuable insights were gained through IADI’s training self-assessments by the Members. In addition, since the FSB, in their 2012 deposit insurance peer review report recommended areas where the IADI could provide additional and more precise guidance, IADI began discussing the process for the review and update of the Core Principles and Compliance Assessment Methodology.

In response, IADI established an internal Steering Committee chaired by David Walker (Canada Deposit Insurance Corporation) in February 2013 to develop a proposal for a revised set of Core Principles. The Steering Committee has met a number of times and has been developing a draft set of revised Core Principles.

The revised Core Principles and Compliance Assessment Methodology will be presented to a Joint Working Group with BCBS, FSB, IMF, WB and EC for further discussions. After being approved by the Executive Council, the final version of the revised set will be presented to the FSB by July 2014.

Introduction to the IADI Committees

Membership and Communications Committee (MCC) - for more Standing Committees

The primary objectives of the MCC are to expand and maintain membership of participants in the association, promote internal and external communication of the association.

The Committee also supports the association’s work in promoting international cooperation and coordination of regional committees in their “outreach” programmes.

Applications for full or associate membership, once approved by the “home” regional committee, Committee for approval. Applications are then put to the Executive Council and Annual General Meeting. In the last year, the Committee received applications from the Deposit Guarantee Fund of Finland, the Deposit Protection Agency of the Kyrgyz Republic, the Fundo de Seguro de Depositos (Honduras) and Credit Union Deposit Insurance Corporation of British Columbia.
The Committee works with the Secretariat on external communications, has recently overseen the relaunch of the members’ newsletter, and is responsible for updating the IADI’s "Profile" (available in 8 languages). The Committee also reviewed the DIO award, making proposals subsequently adopted by the Executive Council for expanding the range and scope of the award, and recently followed at the Annual General Meeting in Buenos Aires.

Alex Kuczynski is the Chairperson of the Committee. Roumyana Markova, previously Chair, is now Vice Chair.

Caribbean Regional Committee (CRC) - for more Regional Committees

The main purpose of the CRC is to reflect regional common issues through the sharing and exchange of information and ideas. The CRC performs such functions on behalf of the IADI and to act in the best interest of the Association.

The Chair of the CRC recommends or proposes actions to the Executive Council and communicates its plans and achievements. Further, to ensure focus and transparency, the Chair reports on such activities at each meeting of the Executive Council.

On an on-going basis, the Committee conducts discussions via telephone conference to keep its members abreast of developments in the region that are likely to impact deposit insurance systems throughout the Caribbean region. This process helps to build bridges across the waters that separate our jurisdictions.

Since its establishment, the CRC has achieved many accomplishments which include, inter alia: information sharing initiatives among regional members with respect to Payouts; the hosting of a co-organised conference, "Insolvency in the Caribbean: Law & Best Practice" and the development of Automated Insurance Payout Systems. In 2013, the CRC membership increased in number with the inclusion of the British Virgin Islands as an Associate member of the IADI.

In March 2013, the IADI, in collaboration with the CRC, hosted the Sixth Regional Training Workshop for Assessing Compliance with the Core Principles for an Effective Deposit Insurer. The Workshop was held in Trinidad and Tobago with full participation from all members of the CRC. Addition of other deposit insurance systems in other jurisdictions like Kenya, India and Indonesia participated.

In October 2014, the Deposit Insurance Corporation will be hosting the IADI's 13th Annual Conference in Port of Spain, Trinidad. All members of the CRC would be given the opportunity to participate in the event. Indeed, this does not only represents a first for such a small country but the entire region and by extension the CRC.

Arjoon Harripaul - Deposit Insurance Corporation (Trinidad and Tobago) is the Chairperson of the membership includes Antoinette McKain - Jamaica Deposit Insurance Corporation (Jamaica), Caro Bahama Deposit Insurance Corporation (Bahamas), Kester Guy - Barbados Deposit Corporation and Neil Smith - Financial Secretary, Ministry of Finance (British Virgin Islands).
The 39th EXCO Meeting and International Conference on "Inclusion: Challenges and Issues for the Deposit Insurer" was held in Manila, Philippines on 17-21 June.

The conference explored the relevance of deposit insurance and financial stability, and served as a discussion of the emerging policy directions and their potential impact on the deposit insurer and its operating environment in jurisdictions.

The Executive Training Program "Claims Reimbursement of Insured Depositors" was hosted by the Deposit Insurance Corporation in Washington D.C., U.S.

The seminar explored the process and policies needed to support Core Principle 17 for the timely reimbursement of depositor resources through appropriate information technology and resources. Participants also had the opportunity to learn about the theoretical and actual practices of depositor reimbursement functions and were able to share and discuss their own experiences.

The FSI-IADI Seminar on "Bank Resolutions: Challenges and Recent Developments" took place in Basel on 27-29 August.

The objective of the seminar was to provide participants with a better understanding of the current and emerging issues related to bank resolution. Strategies and practices were shared around the world and included presentations on traditional approaches to resolving a bank as well as current resolution of systemically important banks.

The Seminar on "Payout and Claims Settlement Strategy, System, Processes and Controls – Key Areas for Internal Auditors and Risk Managers" was hosted by the Malaysia Deposit Insurance Corporation in Kuala Lumpur on 4-6 September 2013.

The Seminar enhanced internal auditors’ understanding on key areas in a payout. While outlining the risks and controls, a payout simulation exercise designed to examine the deposit insurer, its people, processes, technology or service providers in the event of a member institution.

The 6th Eurasia Regional Committee Annual Meeting on "Role of Deposit Insurer in Enhancing Financial Stability" was hosted by the Deposit Protection Agency of the Kyrgyz Republic in Issyk Kul on 5-7 September 2013.

The Seminar focused on issues related to the Co-operative Deposit Insurance System and addressed objectives, mandate and powers, relationships with other institutions, and the role of deposit insurance in enhancing financial stability.
participants; membership and coverage; fun awareness. The Seminar encouraged speakers to share their countries’ experiences of conducting self-assessments of compliance with the Core Principles.

The Europe Regional Committee "Contingency P" was hosted by the Bank Deposit Guarantee Fund in Bucharest on 25-26 September 2013.

The objectives of the seminar were to discuss the period of distress, how to better manage those periods, and how to advance with the other financial safety partners in contingency plans.

for more information.

Financial Sector Assessment Program (FSAP) Training Workshop was hosted by Bank Guarantee Fund of Poland in October 2013.

The objectives of this workshop were to discuss a number of technical issues that have emerged in recent assessments, to ensure a degree of consensus concerning those technical issues, to describe the FSAP process and outline what is expected of assessors by the World Bank and the IMF.

The IADI, in collaboration with the Financial Stability Institute (FSI), held a global teleconference to introduce the FSI Connect tutorial on "Public Awareness of Deposit Insurance Systems" on 26th November 2013.

After a brief introduction on the objectives of the teleconference, the IADI Secretary General, Gail Verley, emphasized the importance of public awareness of Deposit Insurance Systems and encouraged the participation of FSI Connect. The tutorial’s primary author, Yvonne Fan from the Central Deposit Insurance Corporation, provided an overview including the objectives of the tutorials, main topics discussed, and some real-life examples as an introduction to a case study. During the Q&A session, a number of questions regarding communication and the campaign budget were raised.

There were 55 phone calls from 35 jurisdictions connected to the teleconferences. (Members Only).

Acknowledgement and Celebrations on Members’ Anniversaries

The IADI congratulates the following Members on their 10th, 20th and 30th + Anniversaries in 2013.

- Federal Deposit Insurance Corporation (80th) United States
- Institut National de Garantie des Dépôts (50th) Lebanon
- Philippine Deposit Insurance Corporation (50th) Philippines
The IADI welcomes new Members: Deposit Guarantee Fund of Finland, the Insurance Deposit Fund of Honduras and the Credit Union Deposit Insurance Corporation of British Columbia (CUDIC). As of November 2013, the IADI has 71 Members, 9 Associates and 12 Partners.

The International Association of Deposit Insurers (IADI) was formed in May 2002 to enhance the deposit insurance systems by promoting guidance and international cooperation. Members of the IADI conduct research and produce guidance for the benefit of those countries seeking to establish or improve a deposit insurance system. Members also share their knowledge and expertise through participation in international conferences and other forums. The IADI currently represents 71 deposit insurers. The IADI is a non-profit organization constituted under Swiss Law and is domiciled at the Bank for International Settlements in Basel, Switzerland.