

What's New at IADI?

Volume 3, Issue 1

24 August 2004

Highlights

Program and Invitation to the IADI Third Annual Conference in Brunnen!

Member Profile on Deposit Insurance Agency (Albania)

Updates on the IADI Regional Conferences:

- ***IADI Latin America Regional Meeting and Conference in Acapulco, Mexico***
- ***Links to the Presentations of the IADI Regional Conferences in Kiev, Ukraine and Abuja, Nigeria***

YOU ARE INVITED



THIRD ANNUAL IADI CONFERENCE “Assembling the Tool Kit for Deposit Insurers”

Brunnen, (on Lake Lucerne) Switzerland

Tuesday, 26 October & Wednesday, 27 October 2004

Chair : Charles Cornut
Président du Directoire
Fonds de Garantie des Dépôts
France

Location: *Hotel Waldstaetterhof, Brunnen (Vierwaldstaettersee/Lake Lucerne)*
Switzerland

Monday, October 25, 2004

6.30p.m.

Registration and Welcoming Reception

Location: *Hotel Waldstaetterhof,*

Room: *Fronalp-Saal*

Brunnen, on Lake Lucerne, Switzerland

Tuesday, October 26, 2004

8.30a.m. Registration

Room Mythen-Saal

9.00a.m. Opening session

Call to order

John Raymond LaBrosse

Secretary General

Welcome Remarks

Charles Cornut

Chair of the 2004 IADI Conference

9.10a.m. Keynote Address

Jean Pierre Sabourin

Chair of the Executive Council and President

International Association of Deposit Insurers

9.30a.m. Session I: Results of the APEC Policy Dialogue on Deposit Insurance and Insolvency work at the World Bank

This session will focus on the policy advice that emerged from the APEC Policy Dialogue dealing with indemnification, prompt action and legal trigger mechanisms.

Moderator: Hans Jacobson, Chairman, Deposit Guarantee Board, Sweden

Presentation 1: David K. Walker, Director, Policy and International, Canada Deposit Insurance Corporation

Presentation 2: Professor Joe Norton, Centre for Commercial Law Studies, University of London

Presentation 3: Neslihan Özdemir, Banking Regulation and Supervision Agency of Turkish Republic

10.45a.m. *Coffee break*

11.00a.m. Session II: Insolvency Issues and the Role of Deposit Insurers

This Panel will discuss some recent work by INSOL on deposit insurance and address practical approaches to minimize loss to the deposit insurer in the event of an insolvency.

Moderator: Christine Cumming, First Vice President, Federal Reserve Bank of New York.

Presentation 1: Gale Rubenstein, Partner, Goodmans LLP

Presentation 2: Robert O. Sanderson, President, KPMG Inc., Toronto, Canada

Presentation 3: Philip Wood, Professor of Law, Global Counsel, Allen & Overy, London, United Kingdom on *“World Trends in Bank Insolvencies”*

12.30a.m. Discussion

1.00p.m. *Lunch*

2.30p.m. **Session III: Dealing with Bank Failures**

Moderator: Oscar Armando Pérez Merino, Chairman, Instituto de Garantía de Depósitos (El Salvador)

Presentation 1: Ernesto Aguirre, Manager, Banking Regulation, The World Bank, Washington, D.C. on “*Internationally agreed principles to deal with banking resolution and insolvency*”

Presentation 2: Issues Associated with Large Banks, Art Murton, Director, Division of Insurance and Research, Federal Deposit Insurance Corporation

Presentation 3: Juan Pablo Córdoba Garcés, Fondo de Garantías de Entidades Financieras (Colombia), Case Study of a small bank

Discussant: Dong IL Kim, Executive Director, Korea Deposit Insurance Corporation

4.00p.m. *Coffee Break*

4.15p.m. **Session IV: Guidance on Bank Resolutions**

Moderator: Chin-Tsair Tsay

Chairman of the Board, Central Deposit Insurance Corporation, and Chair, Research and Guidance Committee, Sub-group on Bank Resolutions

Presenter: Michael W. Mackey, Reorganization Services Group, Deloitte & Touche, New York

Other Presenters:

Carlos Isoard, Instituto para la Protección al Ahorro Bancario, Mexico

Dániel Jánossy, National Deposit Insurance Fund of Hungary

Ganiyu A. Ogunleye, Nigeria Deposit Insurance Corporation

5.30p.m. Session ends

7.00p.m. *Reception*

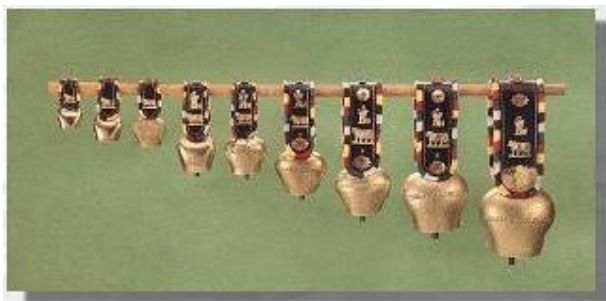
7.30p.m. **Keynote Speech: “Enterprise Risk Management”**

Herman Mulder, Senior Executive Vice President, Group Risk Management,

ABN AMRO Bank N.V., Amsterdam

Introduction by Charles Cornut

8.00p.m. *Dinner*



Wednesday, October 27, 2004

8.30a.m. **Session V: Technical Assistance: Where can you get help?**

This session will focus on where deposit insurers can obtain financial assistance to help them obtain technical assistance. The session will be chaired by James B. Rives, Managing Director, Barents Group, BearingPoint.

BearingPoint and IADI will solicit the participation from representatives of international funding institutions.

Moderator: James B. Rives, Managing Director, Barents Group, BearingPoint, Inc.

9.15a.m. **Special Session VI “Strategic Planning”**

Moderator: John Raymond LaBrosse, Secretary General, International Association of Deposit Insurers.

Presentation 1: Keith Adam, Director, Corporate Strategy and Reporting, Canada Deposit Insurance Corporation

10.00a.m. *Coffee Break*

Presentation 2: Junior Frederick, General Manager, Deposit Insurance Corporation, Trinidad & Tobago.

Presentation 3: Winston Carr, Chief Executive Officer, Jamaica Deposit Insurance Corporation

10 :30a.m. Discussion

Session VII: Cross-Border Issues: Implications for Deposit Insurers

11.00a.m.

Moderator: Gavin Bingham, Secretary General of the Group of Ten

Presentation 1: Anthony Beaves, Senior Legal Advisor, Bank of England, London, United Kingdom

Presentation 2: Neil Cooper, Partner, Corporate Advisory and Restructuring, Kroll Worldwide, London, United Kingdom

Presentation 3: Eva H. G. Hüpkes, Head of Regulation, Legal Department, Swiss Federal Banking Commission, Bern

1.00p.m. *Lunch* - Update on IADI Activities

John Raymond LaBrosse, Secretary General

1.55p.m. **Closing Remarks - Jean Pierre Sabourin**

3.00p.m. **IADI Third Annual General Meeting**

5.00.p.m. **AGM ends**



Useful IADI Third Annual Conference Links:

(Please also consult the IADI Homepage www.iadi.org)

Registration form for IADI participants and speakers:

[http://www.iadi.org/html/App/SiteContent/Registration_BrunnenIADI-Participants%20\(2\).doc](http://www.iadi.org/html/App/SiteContent/Registration_BrunnenIADI-Participants%20(2).doc)

Registration form for other Conference participants:

http://www.iadi.org/html/App/SiteContent/Registration_Brunnen_Non-IADI%20Participants_.doc

Hotel Booking form for the Waldstaetterhof Hotel, Brunnen (Conference venue):

<http://www.iadi.org/html/App/SiteContent/Waldstaetterhof%20hotel%20booking%20form%20Brunnen%20Conferencer%2002082004.doc>

Your spouse or partner is also welcome in Brunnen!

(no conference surcharge)

The IADI Secretariat is pleased to organise a spousal program during the conference week with a.o. a guided historical and shopping tour to Lucerne city, Alp mountain cable car rides and boat tours. Please notify us via your registration form or email if your partner is accompanying you to Brunnen – thank you!

For further information and questions please contact:

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Mailing address: International Association of Deposit Insurers

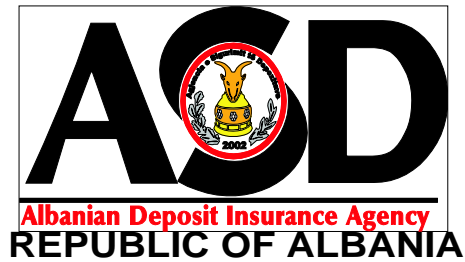
C/o Bank for International Settlements, Centralbahnplatz 2, CH 4002, Basel, Switzerland

Website: www.iadi.org

Please feel free to contact us should you have any questions or requirements with regard to registration, accommodation, visa or invitation letters or local transport.

The Conference information package will be e-mailed to **registered conference participants**.

Member Profile



DEPOSIT INSURANCE AGENCY

The Deposit Insurance Agency (DIA) is an institution established by the Law “On Deposit Insurance”, and started its activity on October 18th, 2002. The aim of the establishment of this institution is the insurance and the compensation of the deposits stored in the banks operating in the Republic of Albania, according to their respective levels established by law.

The Deposit Insurance Agency, fulfilling its legal obligations, helps in the enhancement of public faith in the stability of the banking system, as well as in averting the risk of the savings loss as a consequence of a possible bankruptcy of any bank in the system. It follows that the Agency is one of the institutions maintaining the financial safety of the system, together with the Supervisory Authority (the Bank of Albania, i.e.the Central Bank) and the Ministry of Finance, which covers the function of lender-of-last-resort.

Members of the Insurance Scheme

The Members of the Insurance Scheme are all banks and branches of foreign banks performing banking activity in the Republic of Albania. The overall figure of the insured banks by the Agency was 16 by the end of May 2004.

Organization

The Agency, in accordance with the respective Law, is organized and managed by Board of Directors, headed by General Manager.

The Board of Directors is composed of five members, appointed by the Bank of Albania. Two of its members come from the Bank of Albania, two others from the Ministry of Finance, and one from the Professional Union of Certified Public Accountants. The General Director represents the executive authority of the Agency.



Left: Arian Kraja

General Manager & Member of Board of Directors

From October 2002 to present

Financial Resources

The contributors of the financial resources of DIA are: the basic fund, which is the contribution from the State budget; the initial contribution of each insured bank, equal to 0,5% of the subscribed capital; the payment of annual ordinary and extraordinary premiums; also the profits of the investments. The annual rate of the insurance premiums is 0,5 % of the arithmetic average of the amounts of insured deposits, registered in the bank at the end of each business day of the last quarter of the previous year. Annual premiums are paid in quarterly installments not later than the 15th day of each calendar quarter. The premium rate is not dependent on the risk sustained by the banks themselves. This rate can be lowered down to 0,1%, only when the financial resources of DIA amount to not less than 5% of the average of such deposits (presently this ratio amounts to 1%). The Agency can increase the premium rate up to 0.7%, when the risk sustained by the banks is considered too high. In both cases this is introduced by a proposal of statutory acts/by-laws, to be approved by the Supervisory Authority.

In the financial sources of the Agency are also included credits, loans, donations and subsidies of other kinds.

Investment Policies

DIA invests all the capital provided by its financial sources in treasury bills issued by the Government of the Republic of Albania, in securities in foreign currency issued by the foreign governments, whose capital is deposited in insured banks, as well as in securities issued by international financial institutions. Those investments must have a maturity, starting with the moment of sale, of less than a year. DIA presently disposes 80% of its financial sources invested in treasury bills of the Albanian Government, and 20% in obligations to the international financial institutions.

Limit of Insurance

The insurance scheme insures the deposits of the individuals in lek and in foreign currency up to 700,000 lek (approx. EUR 5,385) with a co-insurance of 15% (up to 350,000 lek full insurance, and from 350,000 to 700,000 at 85%). Those deposits are insured per depositor per bank.

The compensation of deposits is done in local currency and must be carried out in three months from the intervention of the Supervisory Authority in the insured bank.

Coverage Ratio

The coverage ratio is that of the financial resources of the Agency to the overall amount of the insured deposits. The financial resources of the Agency recorded a rate of increase of 79% in the period from March 2003 to March 2004, and the insurance ratio in March 2004 was 1%.

International Relations

DIA has become a member of the International Association of Deposit Insurers (IADI), and its General Director is a member of its Executive Council. Another institution, of which DIA is a member, is the European Forum of Deposit Insurers.

Left, [J.P. Sabourin](#) and [Arian Kraja](#) at the Annual IADI Executive Council Meetings, 5-6 August 2004, Paris



Future Goals

The first full year of operation for DIA was 2003. As a consequence, this was the year to lay the foundations, starting with the recruitment of staff fulfilling the requirements of Agency organisational structure, continuing with the necessary legal framework required by the Law, and with the ensuring of the appropriate environment to exercise this activity in accordance with the Law and for normal operations.

In order to accomplish its main task of the compensation of depositors, DIA aims at the establishment of a computerized system for the compensation process. DIA has prepared the supportive legal framework, which has been approved by both DIA Board of Directors and Supervisory Authority. Presently, DIA has begun the tendering process for this software.



DIA (Albania) Colleagues

One of DIA working priorities is the accomplishment of a study to propose certain amendments to its Law, in order to make it more compatible with the requirements of the European Union and also to better suit it to the requirements of the Albanian financial environment. This study will cover: the method of the calculation of the premiums, the increase of the insurance limit, the position of the Agency at the time of the intervention of the Supervisory Authority in the bank and its relations with the liquidator.

What's New in Your World?

IPAB (Mexico)

IADI Latin America Regional Meeting and Conference in Acapulco, Mexico, on 25-27 August 2004.

“Deposit Insurance in Latin America: Challenges and Perspectives”.

The Latin America Regional Committee (LARC) of the International Association of Deposit Insurers (IADI) will hold a working session on Wednesday, 25 August, 2004. Following the occasion, on Thursday 26 and Friday 27 August, the **Bank Savings Protection Institute, Mexico (IPAB)** will host the seminar **“Deposit Insurance in Latin America: Challenges and Perspectives”**. Regional financial safety net organizations including central banks, supervisory agencies and deposit insurers have been invited to attend.

Link to the Conference Program:

[http://www.iadi.org/html/App/SiteContent/LRAC%20Prog%20\(English\).doc](http://www.iadi.org/html/App/SiteContent/LRAC%20Prog%20(English).doc)

For more information contact Carlos Isoard, IPAB, at cisoard@ipab.org.mx

IADI



The **IADI Executive Council Members and Observers** met in Paris on 5-6 August 2004 to hold their Annual Executive Council Meetings, hosted by Charles Cornut, Président du Directoire, Fonds de Garantie des Dépôts.

Jean Louis Fort, President of the Financial Action Task Force on Money Laundering, addressed the IADI Executive Council Members on Thursday 5 August and his speech can be viewed at the IADI website: http://www.iadi.org/html/App/SiteContent/gafi_pre.pdf

Link to the **“Financial Action Task Force on Money Laundering”** Website:



<http://www1.oecd.org/fatf/>

Kyrgyzstan:



Jean Pierre Sabourin, CDIC and **Roumyana Markova, BDIF** delivered presentations on “Effective Deposit Insurance Systems: International Perspective” and “Implementation of Deposit Insurance in Transition Economy: the Case of Bulgaria” at **the International Conference on “Measures for Improving Confidence in the Banking System”**, which was organized by the National Bank of the Kyrgyz Republic, EBRD and SECO, and held in Bishkek City, Kyrgyz Republic, on 1 –2 July 2004. **Bakhyt Mazhenova, KDIF** also participated in the Conference.

DICJ (Japan)

Deposit Insurance Corporation of Japan (DICJ) announced that Mr. Shunichi Nagata was appointed as Governor on 24 June 2004.

Mr. Nagata has succeeded the former Governor, Mr. Noboru Matsuda, who had presided over the management of the DICJ for a period of eight years.



Mr. Nagata, who joined the Ministry of Finance in 1967, has successively held various important positions such as Deputy Governor of the Bank of Japan, and Vice President of Trust Company Association of Japan before taking office as the Governor of the DICJ.

Shunichi NAGATA

For more information please visit our website: www/dic.go.jp or contact DICJ at inter-info@dic.go.jp

IADI

Ray LaBrosse spoke at a Convention entitled **Banking and Finance in Central, Eastern and SE Europe, Russia and the CIS: 2004 and Beyond** which took place on 6–7 July 2004 in Brussels. Proceedings of this Convention are now available at: www.commsstrategy.com/brussels/0342.htm

The Conference was organized by the European Finance Convention Foundation: <http://www.euroconvention.com>.

NDIC , Nigeria

The **Nigeria Deposit Insurance Corporation** and the Central Bank of Nigeria hosted a most successful **IADI Africa Regional Conference “Deposit Insurance in Africa, Issues, Challenges and Prospects”**, held in Abuja, Nigeria on 21-23 June 2004, and chaired by **Ganiyu Ogunleye, NDIC CEO, and Chair of the IADI Africa Regional Committee**. During this Conference, the facilitators presented papers in which they reflected on regional interests and common issues through the sharing and exchange of information and ideas. These presentations can now be viewed at the IADI website under the following link: <http://www.iadi.org/html/Default.aspx?MenuID=270>

Deposit Guarantee Fund, Ukraine

The National Bank of Ukraine and the **Deposit Guarantee Fund of Ukraine** hosted the International Conference “**Deposit insurance system as an element of the banking sector stability**” on 25-27 May, 2004 in Kiev, Ukraine. The conference was intended within the framework of the Eurasia Regional Committee’s activity of the **International Association of Deposit Insurers (IADI)** with the purpose of rendering assistance and information support to the countries, wishing to create or improve their deposit insurance systems. The conference included discussions of the financial sector development strategies, essential elements of successful deposit insurance systems and the role of the state in their reinforcement, problem bank resolution schemes, and presentations of the current state and plans for creating deposit insurance systems in various countries. President and Secretary General of the IADI, official representatives of the EBRD, the World Bank, FSF, the deposit insurance and financial institutions from 24 countries and prominent international experts participated in the conference. **Valeriy Ogiyenko, Managing Director of the Deposit Guarantee Fund (Ukraine) and Chairman, Eurasian Regional Committee, IADI** was very pleased to welcoming conference participants in Kiev and is looking forward with interest to continued cooperative efforts. All presentations of this Eurasia Regional Conference are available at www.fg.org.ua/ssconf.htm.

DPFB, Kenya: Welcome Jacintha W. Mwatela

Eunice Kagane has been appointed as the Head of National Debt & Financial Markets Department at the Central Bank of Kenya. The IADI Community wishes Eunice all the best in her new role, and thanks her for her valuable contribution as an IADI Executive Council Member, Member of the Africa Regional Committee and Training and Conference Committee. Eunice’s successor at the **Deposit Protection Fund Board (Kenya)** is **Jacintha W. Mwatela**, Director, who can be reached at: mwatelajw@centralbank.go.ke.

KDIC: Welcome Dong IL Kim

Dong IL Kim, Executive Director, is the Successor of **Dr. Won Keun Yang** at **Korea Deposit Insurance Corporation**. The IADI expresses its gratitude for Won Keun Yang’s service on the IADI Executive Council and for chairing the IADI Second Annual Conference in Seoul, October 2003. With his recent appointment to Executive Director at **KDIC**, Dong IL Kim now oversees the activities of 5 strategic departments: research, insurance management , investigations, information resources management and public relations. He intends to uphold and further develop **KDIC’s** role as a key player in Korea’s financial safety net. Dong IL Kim can be reached at: dikim@kdic.or.kr You may view Dong IL Kim’s biography by clicking on: <http://www.iadi.org/html/App/SiteContent/Dong%20k%20Lim%20KDIC%20200804.pdf>

CDIC, Taiwan:



David K. Walker, Director of Policy and International Department of **Canada Deposit Insurance Corporation (CDIC)**, paid a visit to **Central Deposit Insurance Corporation (CDIC Taiwan)** on 14 July, 2004 and had discussions with **Chairman Tsay and President Chen**. Both sides shared practical experiences and opinions on the current deposit insurance systems and financial supervisory systems of the two countries.

Mr. Walker was invited to Taipei to attend the Fifteenth Annual Conference held by the Asian Finance Association. Mr. Walker gave a speech on “General Guidance for Developing Differential Premium Systems” to one of the academic sessions chaired by Mr. Pongsak Hoontrakul, Professor of Sasin of Chulalongkorn University, Thailand. Other panelists included **Mrs. Neslihan Özdemir, Deputy Head of Banking Department, Banking Regulation and Supervision Agency of Turkey**, briefing on the topic of “Deposit Insurance and Differential Premium System in Turkey”, and **Ms. Yvonne Yituan Fan, Assistant Director of Business Department, CDIC Taiwan**, briefing on the topic of “Implementation of Risk-Based Premium System”.

CDIC, Taiwan:

The bilingual proceedings from the “International Symposium on Financial Risk Management & Crisis Resolution” held by **Central Deposit Insurance Corporation (Taiwan)** on 27 October, 2003 are available at the following location: http://www.cdic.gov.tw/eng/rptall_e.jsp

CDIC, Taiwan:



Mr. James R. Hambric III, Director of BearingPoint, Jakarta, made a visit to **Central Deposit Insurance Corporation (CDIC)** on 21 June, 2004 to hold meetings on the major topics of deposit insurance, financial restructuring, and asset management.

Taiwan is now facing a series of financial reformations. Mr. Hambric, with years of experiences working in **Federal Deposit Insurance Corporation** and Indonesia Bank Restructuring Agency, shared thoughts and had a wide range of discussion with CDIC. This regional visit is believed to enhance further communication on the current financial systems.

PUBLICATIONS:

You may find the following articles of interest:

International Monetary Fund

Working Paper No. 04/101: Toward a Framework for Safeguarding Financial Stability
<http://www.imf.org/external/pubs/cat/longres.cfm?sk=17446.0>

Working Paper No. 04/105: Financial Crisis, Economic Recovery and Banking Development in Russia, Ukraine, and Other FSU Countries
<http://www.imf.org/external/pubs/cat/longres.cfm?sk=16549.0>

The IMF at 60: What Role for the Future? Anne O. Krueger, First Deputy Managing Director, IMF
<http://www.imf.org/external/np/speeches/2004/062404.htm>

Bank for International Settlements:

[International Journal of Central Banking \(BIS Press Releases 26 Jul 2004\)](#) (23.07.2004 17:36)
- HTML, 14668 bytes

[Some New Directions for Financial Stability? - Per Jacobsson Lecture, June 2004](#) (27.06.2004 09:54) - PDF, 58379 bytes

Full text of the lecture given by Prof. Goodhart in occasion of the AGM of the BIS June 2004
<http://www.bis.org/events/agm2004/sp040627.pdf>

Introduction to Basel II (Revised International Capital Framework): International Convergence of Capital Measurement and Capital Standards: a Revised Framework
<http://www.bis.org/publ/bcbs107.htm>

About the Central Bank Research Hub <<http://www.bis.org/cbhub/aboutcbhub.htm>>
(24.06.2004 14:00) - HTML, 18753 bytes

Facility to promote the search and dissemination of economic research published by central banks. <http://www.bis.org/cbhub/aboutcbhub.htm>

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This newsletter was issued on 24 August 2004. Want to share your expertise? To submit articles or items for consideration for a future issue please send them to info@iadi.org by 15 September 2004.