

Highlights in this Issue

- **IADI Participants: Save the Date for the IADI Symposium on Cross Border Issues**
- **New Chair of the IADI Training and Conference Committee appointed**
- **Upcoming Fifth Asia Regional Committee Meeting in Hanoi, Vietnam**
- **Member Profile of Deposit Insurance Vietnam**

Cross Border Symposium , IADI Fifth Anniversary Celebration and Second International Week of Deposit Insurance

A Symposium on Deposit Insurance Cross-Border Issues will be held at the Bank for International Settlements on 3 May and it will be followed by a special ceremony celebrating the **Fifth Anniversary of IADI**. IADI hereby cordially invites its **Members, Associates, Observers and Partners** to attend the Symposium and Anniversary Celebration. Places will be limited - [Program and registration details](#) are available on www.iadi.org.

The Second International Week of Deposit Insurance will begin on 6 May 2007 and regional updates and other documents will be issued all that week. Members are encouraged to undertake activities in their own jurisdictions during the week of 6 May 2007 to promote public awareness of the benefits of deposit insurance.

A special Task Force has been established chaired by **Roumyana Markova** with representatives from the **Korea Deposit Insurance Corporation**, the **Malaysia Deposit Insurance Corporation and Fundo Garantidor de Créditos (Brazil)** to assist Members in undertaking activities as part of the International Week of Deposit Insurance. You may contact **Ms. Markova of the Bulgarian Deposit Insurance Fund** at r.markova@dif.bg

Let's make the second international week a special time to remember!

Comments Invited on Research Plan for Developing Guidance for Determining DI Coverage Limit.

A Business Plan outlining the steps that will be taken to develop guidance on determining coverage limits has been issued. Please provide your comments on this Business Plan to **Dr A. Afolabi, Nigeria Deposit Insurance Corporation** at jadeafolabi@yahoo.com

Update on the 5th IADI-ASIA REGIONAL COMMITTEE MEETING AND INTERNATIONAL CONFERENCE





Enhancing the Effectiveness of Deposit Insurance Operations
28-29th March 2007, Daewoo hotel, Hanoi, Vietnam
Co-hosted by Deposit Insurance of Vietnam & the Asian Development Bank

TENTATIVE PROGRAM (As of 28th February 2007)*

ARC MEETING		
09:00 – 09:15	Registration	- ARC members and Representatives from ADB
09:30 – 09:40	Welcome remarks	- Dr. Bui Khac Son, General Director, DIV; Vice-Chairman, ARC
09:40 – 09:50	Opening speech	- Mr. Mutsuo Hatano, Deputy Governor, DICJ ;Chairman,ARC
09:50 – 10:00	Resolution read by ARC Secretary	
10:00 – 10:15	Voting to pass Resolution	- All members
10:15 – 10:30	Coffee break	
10:30 – 11:10	Discussion of new issues	- Mr. Mutsuo Hatano, Chair of the meeting, Venue of 6th ARC, Research Committee, new member, etc
11:10 – 11:20	Closing speech	- Mr. Mutsuo Hatano, Deputy Governor, DICJ ;Chairman,ARC
11:20 – 12:00	Photo Session	- ARC Participants
12:00 – 13:30	International set lunch hosted by DIV at Daewoo Dining Hall	- ARC Participants and ADB representatives
INTERNATIONAL CONFERENCE <i>Enhancing the Effectiveness of Deposit Insurance Operation</i>		
13:30-17:30	THEME I: Legal Framework for Deposit Insurers	
13:15 – 14:00	Registration	
14:00 – 14:05	Opening speech by DIV	- Mr. Do Khac Hai, Chairman of DIV
14:05 – 14:10	Speech of Government Representative	- Vice Prime Minister (To be confirmed)
14:10 – 14:50	<i>First session</i> Presentation in 30' Q&A in 10'	- Dr. Bui Khac Son, General Director of DIV
14:50 – 15:30	<i>Second session</i> Presentation in 30' Q&A in 10'	- Mr. Arthur Mitchell, General Counsel of ADB
15:30 – 15:50	Coffee break	
15:50 – 16:30	<i>Third session</i> Presentation in 30' Q&A in 10'	- Mr. Jiro Hotta, Legal Advisor of DICJ "Legal Foundation of Japanese Deposit Insurance System"



ARC MEETING		
16:30 – 17:10	<i>Fourth session</i> Presentation in 30' Q&A in 10'	- Mr. Ju Hyung Lee, Vice President of KDIC; KDIC/ARC Research Subcommittee "Legal Framework and mandate for Deposit Insurance"
17:10-17:30	Wrap up session and comments by DIV and ARC Chairman of Research Committee	- Dr. Bui Khac Son, General Director of DIV and Mr. Ju Hyung Lee ,Vice President of KDIC
19:00 – 21:00	Welcome Dinner hosted by the Deposit Insurance of Vietnam	- Welcome speech of Chairman of the DIV/Response from the Chairman of ARC
<u>Thursday March 29</u>		
08:30 -12:00	THEME II: Receivership and Resolution	
08:30 – 08:40	Opening speech	- ADB's representative
08:40 – 09:20	<i>First session</i> Presentation in 30' Q& A in 10'	- Mr. Tae Wan Chung, Head, Office of International Affairs of KDIC, "Bank Resolution – Korean Cases"
09:20 – 10:00	<i>Second session</i> Presentation in 30' Q&A in 10'	- Mr. Mutsuo Hatano, Deputy Governor of DICJ; DICJ/ARC Research Subcommittee "Bridge bank introduction and case studies from ARC members"
10:00 – 10:10	Coffee break	
10:10 – 10:50	<i>Third session</i> Presentation in 30' Q&A in 10'	- Mr. Thomas Rose, Program Manager/Financial Sector Group/WB "Set up and create an effective operational environment for an AMC"
10:50 – 11:30	<i>Fourth session</i> Presentation in 30' Q&A in 10'	- Mr. Mitchell L. Glassman, Director, Division of Resolutions & Receiverships of FDIC "Best Practices of Managing a Closed Bank Estate"
11:30 – 12:00	Wrap up session & comments	- Mr. Johnson Chen, President CDIC Taiwan & ADB Expert
12:30 – 14:00	Luncheon hosted by DIV	
14:00 - 18:00	THEME III: Macro Policy on Deposit Insurance Operation	



ARC MEETING		
14:00 – 14: 40	<i>First session</i> Presentation in 30' Q& A in 10'	- Mr. Le Xuan Nghia, Director of Strategic Planning Dept., State Bank of Vietnam
14:40 – 15: 20	<i>Second session</i> Presentation in 30' Q&A in 10'	- Mr. Tran Xuan Ha, Vice Minister of Ministry of Finance of Vietnam
15: 20 – 16:00	<i>Third session</i> Presentation in 30' Q&A in 10'	- Ms. Usha Thorat, Deputy Governor of Reserve Bank of India
16:00 – 16:10	Coffee break	
16:10 - 16:50	<i>Fourth session</i> Presentation in 30' Q&A in 10'	- Mr. Frederick S. Carns, Director Office of International Affairs, FDIC "Macro Policy on Deposit Insurance Policy; Risk Minimizers"
16:50 – 17:30	<i>Fifth session</i> Presentation in 30' Q&A in 10'	- Mr. Jean Pierre Sabourin, CEO, PIDM; Chairman, IADI
17:30 – 17:40	Closing speech by DIV	- Dr. Bui Khac Son, General Director of DIV
17:40 – 18:00	Photo session	- All participants
19:00 – 21:00	Farewell dinner hosted by the Asian Development Bank	- Remarks by ADB's representative/Response from IADI, Mr. JP Sabourin
<u>Friday, March 30</u>		
06:30	- Sightseeing tour of Ha Long Bay - Golf tournament	- All international participants and spouses (Please select one option)

Member Profile of the DEPOSIT INSURANCE VIETNAM**I. INTRODUCTION ABOUT THE DEPOSIT INSURANCE OF VIETNAM (DIV)**

Deposit Insurance of Vietnam (DIV), a State-owned Financial Institution of Vietnam was established on November 9th 1999. **DIV**'s function is to safeguard the depositors' legitimate rights and interests, to contribute to the stability of insured deposit Institutions and ensure the safe and sound development of the banking industry. **DIV** is a non - profit organization, operating under Government's Degree, and is not governed by the Law on Financial Institutions and the Law on Insurance.



DIV is one of the regulators of the banking and financial system. **DIV** is operating under Ordinance 89/CP and Amendment No. 109/CP.

Head office of **DIV** – located at 18 – 20F.,
Tower B, Vincom City Tower, 191 Ba Trieu, Hanoi.

CURRENT LEGAL FRAMEWORK

Decree No. 89/1999/NĐ-CP of the Government	01/09/1999	On deposit insurance
Decision No. 218/1999/QĐ- TTg of the Prime Minister	09/11/1999	On the establishment of DIV
Decree No. 109/2005/NĐ-CP of the Government	24/08/2005	On the amendment, supplement of a number of provisions of the Government's Decree No.89

II. MAJOR FUNCTIONS OF **DIV**

1. Issue Certificate of Deposit Insurance for financial institutions;
2. Collect deposit insurance premiums from insured Institutions (fixed premium of 0.15% per annum);
3. Reimburse depositors with stipulated maximum level as stated in the regulation;
4. Supervise and monitor the compliance, sound and safe operation of insured Institutions (off-site Supervision and on-site Examination);

5. Support insured Institutions under financial difficulties but not being under special control stage;
6. Participate in receivership and liquidation of the bankrupt insured Institutions;
7. Advise State Bank of Vietnam and competent Authorities for jurisdiction over construction, amendment, supplementation of deposit insurance guidelines or policy;
8. Propagandize deposit insurance and provide consulting services;
9. Cooperate with international financial institutions to strengthen **DIV's** capabilities and deposit insured Institutions;
10. Implement other tasks assigned by the Government's Prime Minister.

III. STRUCTURE AND ORGANIZATION

Organizational Structure:

- ❖ Head-quarter located in Hanoi
- ❖ 6 regional branches located in major cities and provinces along the country
- ❖ 600 staffs
- ❖ Insured Institution: 1001 financial institutions

Current Structure of DIV:

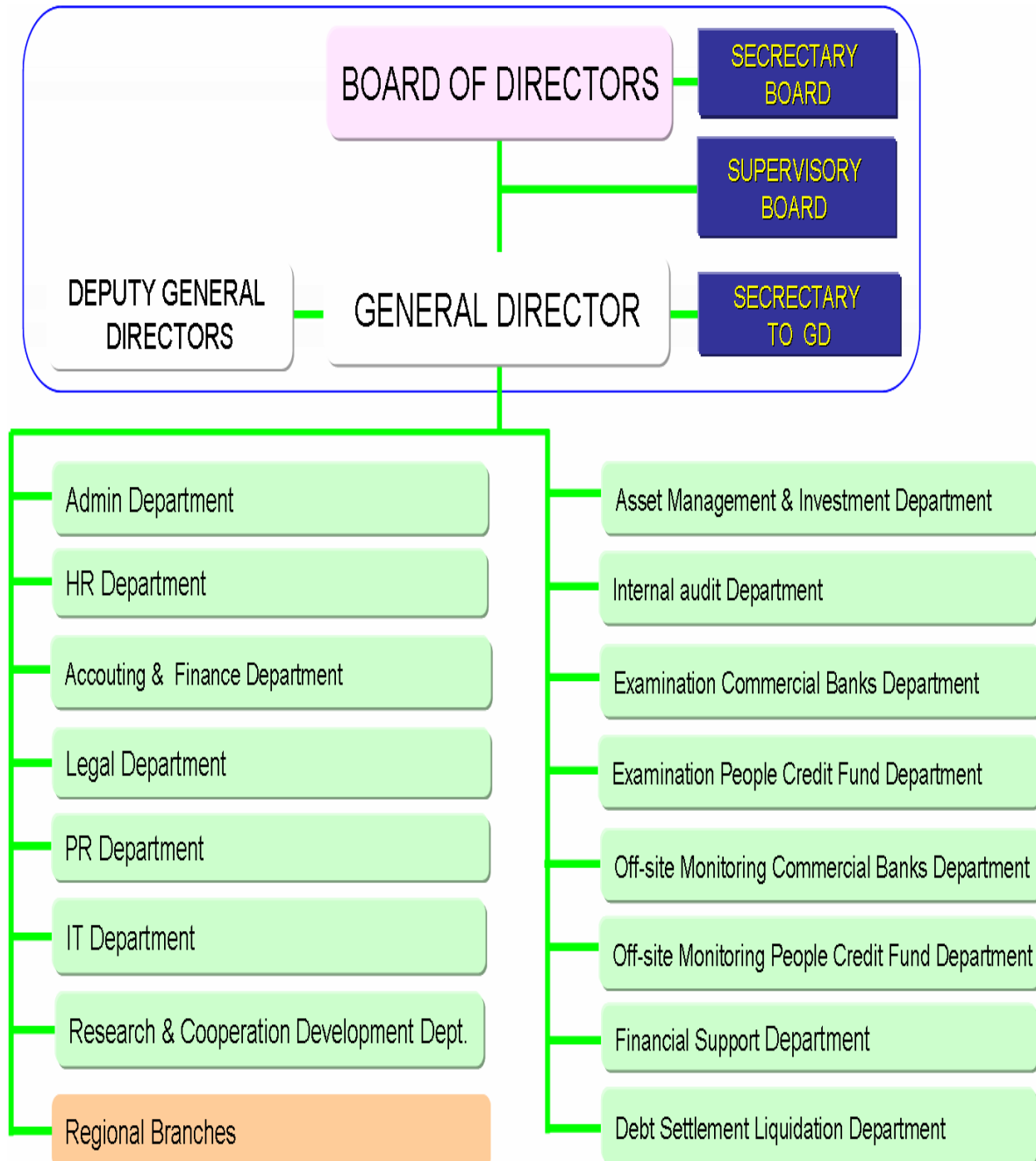
- ❖ Charter and Establishment Decision issued by the Prime Minister
- ❖ Board of Directors are appointed by Gov and include Vice Governor of SBV, Vice Minister of MOF
- ❖ General Director is appointed by the Prime Minister



Chairman of the Board of Directors and Management Board of DIV
and Mr. Nguyen Sinh Hung – First Vice Prime Minister at the Head- office of DIV



Current Organizational Structure:



Branch network and human resources:

Head office: located in Hanoi, 18 - 20 Fl., Tower B, Vincom City Tower, 191 Ba Trieu Str., Hai Ba Trung Dicst., Hanoi.



DIV has six regional branches:

- ❖ Hanoi regional Branch
- ❖ Ho Chi Minh City
- ❖ Mekong Delta regional South Central Part and
- ❖ South Tay Nguyen Regional Branch
- ❖ North Central Regional Branch
- ❖ East North Regional Branch

IV. FINANCIAL HIGHLIGHTS

(as of Dec. 2005)

- ❖ Legal capital: VND1,000 billions (USD 62,5 mio) allocated by the Government.
- ❖ Operational provision: VND 787 billions (USD 49 mio) collected from insurance premiums
- ❖ Other funds and liabilities: VND 204 billions (USD 12,75 mio) from investment and other activities
- ❖ Total liabilities: VND 1,991 billions (USD 124 mio).

Total insured Institutions : 1,001 (included: State owned commercial banks (SOCBs); Joint stock banks (**JSBs**); Foreign bank branches (**FBBs**); Joint venture banks (**JVBs**).

V. MISSION, VISION AND ORGANIZATIONAL VALUE OF DIV'S DEVELOPMENT STRATEGY TO 2015

Necessity for setting up a strategic development plan

- ❖ The Vietnamese economy is moving from a centrally subsidized economy into a market-regulated economy
- ❖ Rapid development speed of banking and financial sector has implicitly contained a highly risk and unstable elements

Identifying DIV's roles in the National Financial System

Financial Regulators and Integrated supervision system			
State Bank of Vietnam	Deposit Insurance of Vietnam	Ministry of Finance	
Country risks Consumer protection Depositor protection			
Systemic Supervision/Monitoring Capacity			
i. Administrative and Technical Structure	ii. Offsite supervision and rating system	iii. On-site examination & institutional building	iv. Enforcement Capacity

Mission:

Deposit Insurance of Vietnam is a State financial institution that contributes to the stability and public confidence in the nation's financial system by insuring deposits, examining and supervising, and managing receiverships and resolution.

Vision:

To build Deposit Insurance of Vietnam into a strong financial institution which will develop in a sustainable and efficient manner in accordance to the international standards, best protect the interests of depositors, enhance the public confidence and ensure the stability of the national financial system.

Organizational Value:

Deposit Insurance of Vietnam will establish a professional human resource that meet the criteria of business competence, professional ethics, flexibility, creativity and efficiency in a cooperative, fair, cautious, honest and corporate loyal manner.



Seminar on Resolution and Non-Performing Loan Recovery
 Conducted by Experts from Deposit Insurance Corporation of Japan
 DIV, October 25, 2006

VI. DIRECTIONS FOR DIV IN THE FUTURE OPERATIONS.

1. To develop a strategic plan to the year 2015 with the objectives of development in a sustainable, extensive, modern and integrating manner.
2. To prepare necessary conditions for recommendation to the Government and the National Assembly to issue the Ordinance and Law on Deposit Insurance.
3. Basing itself on actual operations to recommend the Government to revise and amend the policies and mechanisms on deposit insurance in accordance with the socio-economic development of Vietnam from time to time and international integration.
4. To improve the management and governance and human resources development of DIV.
5. To strengthen its financial capacity to fulfill its functions and tasks with the assistance from the Government, and to safely manage assets with high economic outcome.
6. To improve oversight and supervision of the insured institutions.



7. To carry out financial assistance operations to the insured institutions.
8. To strengthen information technology (IT) and apply successfully IT in operations.
9. To promote communication and information in order to improve the awareness of and support from the public on the role and position of DIV.
10. To actively promote cooperative relationship with the well-built members of the International Association of Deposit Insurers, in order to exchange experiences on management and governance for further development of deposit insurance in Vietnam.

CONTACT ADDRESS

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Fax: (84).4.9742866

Website: <http://www.div.gov.vn>

Email: webmaster@div.gov.vn

What's new at IADI?

New Chair of the Training and Conference Committee appointed

On 1 March 2007, **Martin Gruenberg, Vice Chairman of the Federal Deposit Insurance Corporation** was named Chairman of **IADI's Training and Conference Committee**. A key thrust of IADI over the next several years will be the development of high quality training programs for deposit insurance practitioners. This appointment will help IADI meet its objects of sharing deposit insurance expertise. One of the next initiatives of the TCC will be a **special training session for deposit insurance executives** that will be held in July 2007 at the **FDIC Training Centre located in Arlington, VA**. More details on this program will be released soon.

The **FDIC** is one of the founding members of IADI, and hosted the IADI's Executive Council meeting this month

"Marty is tireless in his efforts to promote financial stability and ensure that deposit insurance contributes effectively to a well-functioning safety net. He will actively employ the energy and experience of all IADI members to achieve these goals," said **FDIC Chairman Sheila Bair**.

As **Chairman of the Training and Conference Committee, Vice Chairman Gruenberg** will direct its activities in assessing the needs of the members, leveraging the resources of the participants and working with IADI partners and other interested parties on training and development matters.

Bio Martin J. Gruenberg

Martin J. Gruenberg was sworn in as Vice Chairman of the FDIC Board of Directors on August 22, 2005. Upon the resignation of Chairman Donald Powell, he served as Acting Chairman from November 15, 2005 to June 26, 2006.

Mr. Gruenberg joined the Board after broad congressional experience in the financial services and regulatory areas. He served as Senior Counsel to Senator Paul S. Sarbanes (D-MD) on the staff of the Senate Committee on Banking, Housing, and Urban Affairs since 1993. **Mr. Gruenberg** advised the Senator on all issues of domestic and

international financial regulation, monetary policy and trade. He also served as Staff Director of the Banking Committee's Subcommittee on International Finance and Monetary Policy from 1987 to 1992. Major legislation in which Mr. Gruenberg played an active role during his service on the Committee includes the Financial Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), the Gramm-Leach-Bliley Act, and the Sarbanes-Oxley Act of 2002.

Mr. Gruenberg holds a J.D. from Case Western Reserve Law School and an A.B. from Princeton University, Woodrow Wilson School of Public and International Affairs.

HONG KONG DEPOSIT PROTECTION BOARD

Vincent Lee has taken up the position of Deputy Chief Executive Officer (Operations) of the **Hong Kong Deposit Protection Board**, and is now the designated representative in IADI.. **Raymond Chan** has taken up other duties within the **Hong Kong Monetary Authority**. IADI participants wish **Raymond Chan** all the best in his future endeavours, and look forward to working with **Vincent Lee**.

Contact details : Vincent.Lee_HKDPB@hkma.gov.hk

Tel. no.: (852)2878 1120 Fax no.: (852)2290 5168

SAVINGS DEPOSIT INSURANCE FUND (TURKEY)

Mr.Ferruh Tunç has left his position as Vice President at **SDIF**, and **Mr. Abdullah Canbek, SDIF Department Head**, is now the IADI designated representative. He will be representing the **SDIF** in the IADI Executive Council.

Canbek's contact details are:

mcanbek@tmsf.org.tr

Tel: 90-212-340-22-97 Fax: 90-212-288-53-10.

Please join us in welcoming Abdullah Canbek to the Executive Council!

Publications:

You may find the following publications of interest:

IMF

Challenges and Opportunities for the Financial Sector and for Savings Banks, speech by Rodrigo de Rato, Managing Director of the International Monetary Fund at the Meeting of the Spanish Confederation of Savings Banks

<http://www.imf.org/external/np/speeches/2007/030207.htm>

Working Paper No. 07/47: Financial Globalization and the Governance of Domestic Financial Intermediaries

Author/Editor: Tressel, Thierry ; Verdier, Thierry

<http://www.imf.org/external/pubs/cat/longres.cfm?sk=20180.0>



This newsletter was issued on 22 March 2007. To submit articles or items for consideration for a future issue, please send them to kim.white@iadi.org.

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