



## **IADI Newsletter Volume 8, Issue 3, March 2010**

### **Highlights in this Issue:**

- **IADI Welcomes New Members**
- **Core Principles Methodology**
- **Activities, Conferences, Training, and E-learning**
- **Save the Date for IADI Ninth Annual Conference and AGM**
- **IADI Research and Surveys**
- **Member News**

### **IADI Welcomes New Members**

Nine members have recently joined IADI, bringing its total number of deposit insurers to 60. The new members represent several regions, including Latin America (Ecuador and Paraguay), Europe (Belgium, Germany, Guernsey, Italy, and Switzerland), Eurasia (Azerbaijan), and Asia Pacific (Australia).

The following applications were approved by the Executive Council at its meeting on 11 February 2010, and its Regional and Membership Committees.

Name of organizations	Representative	Homepage
Australian Prudential Regulation Authority (APRA)	Paul Tattersall ( <a href="mailto:Paul.Tattersall@apra.gov.au">Paul.Tattersall@apra.gov.au</a> )	<a href="http://www.apra.gov.au/">http://www.apra.gov.au/</a>
Azerbaijan Deposit Insurance Fund	Azad Javadov ( <a href="mailto:azad@adif.az">azad@adif.az</a> )	<a href="http://www.adif.az/">http://www.adif.az/</a>
Corporación del Seguro de Depósitos (Ecuador)	José Ricardo Villagrán ( <a href="mailto:jvillagran@cosede.gov.ec">jvillagran@cosede.gov.ec</a> )	<a href="http://www.cosede.gov.ec/">http://www.cosede.gov.ec/</a>
The Deposit Protection Fund of the Association of German Banks	Dirk Cupei ( <a href="mailto:dirk.cupei@bdb.de">dirk.cupei@bdb.de</a> )	<a href="http://www.bdb.de/">http://www.bdb.de/</a>

The Deposit Protection of Swiss Banks and Securities Dealers	Patrick Loeb ( <a href="mailto:patrick.loeb@sba.ch">patrick.loeb@sba.ch</a> )	<a href="http://www.garantie-des-depots.ch/">http://www.garantie-des-depots.ch/</a>
The Interbank Deposit Protection Fund (Italy)	Roberto Moretti ( <a href="mailto:rmoretti@fitd.it">rmoretti@fitd.it</a> )	<a href="http://www.fitd.it/">http://www.fitd.it/</a>
Fondo de Garantia De Depositos, Banco Central del Paraguay	Hernan Colmán Rojas ( <a href="mailto:hcolman@bcp.gov.py">hcolman@bcp.gov.py</a> )	<a href="http://www.bcp.gov.py/">http://www.bcp.gov.py/</a>

The information on governing statutes of these organizations can also be found on IADI website, <http://www.iadi.org/di.aspx?id=69>.

Please click [here](#) to see the current IADI Participants directory.

## Core Principles Methodology

In June 2009, IADI and the Basel Committee on Banking Supervision, jointly published the *Core Principles for Effective Deposit Insurance Systems* after extensive collaboration with interested organizations, including the G10 Task Force on Deposit Insurance, and the European Forum of Deposit Insurers (EFDI). The Core principles serve as a guide for jurisdictions introducing or improving their Deposit Insurance Systems (DIS).

The next step is now underway to develop a Methodology to enable assessments of deposit insurance systems. Assessments can include self assessments, or by third parties including consultants, and the Financial Sector Assessment Programs (FSAP) which are conducted by international organizations, including the IMF or World Bank, and peer reviews from the Financial Stability Board. A draft of the Methodology was provided to EXCO at its meeting last year to be used as the starting point.

On 16 December 2009, representatives from IADI, IMF, the Basel Committee, EFDI and World Bank met in Washington, DC to initiate the process to develop a Methodology with input from interested parties. To provide overall direction and coordination to the effort, a Steering Committee was formed with representatives from IADI, IMF, the Basel Committee, and EFDI. A representative from the European Commission was later appointed to act as observer. Four Working Groups were established to draft assessment methodology for related groups of Core Principles. Each Working Group is headed by a member of the Steering Committee.

The Steering Committee met in Basel on February 10, 2010 to decide the composition of the Working Groups, determine milestones and deliverables, and establish a project time line.

The SC and the Working Groups met on 15-16 March 2010 at the IMF in Washington, DC to review and discuss the preliminary changes to the initial draft Methodology proposed by each working group, and the rationale behind the changes. The SC plans to send a final draft to all members of IADI and EFDI for their review and comment by 30 April 2010. After review by the Executive Boards of these bodies, the

draft methodology will be published for public consultation and field testing. The objective is to submit the final document to the Financial Stability Board (FSB) by the end of October 2010.

The FSB has included the Core Principles in their detailed list of international standards, and has indicated that they may be included in the FSB's Compendium of "key" international standards once a Methodology has been accepted.

## **Activities, Conferences, Training, and E-learning**

IADI participants are actively supporting, sponsoring and organizing a growing number of conferences and seminars. The seminars provide opportunities to collaborate and learn from the experience of others, and improve deposit insurance organizations. These events are widely attended, by deposit insurers, and bank supervisors, and central bankers.

**Several programs are planned for 2010.** IADI-sponsored events are typically open to all IADI participants. Other organizations may participate by arrangement.

Here is a summary of upcoming meetings, conferences and training seminars. Please refer to the IADI [website](#) for updates and current information.

### **■ 5<sup>th</sup> Annual International Week of Deposit Insurance**

Deposit insurance organizations are encouraged to acknowledge the week 3 – 9 May in their home jurisdictions with the theme ***Deposit Insurance: Contributions to Financial Stability***". Please send your activities to the Secretariat so that they may be featured in a news release and the next IADI Annual Report this year.

### **■ Conference on Bank Insolvency in the Caribbean Law & Best Practice**

The conference was sponsored by the Jamaica Deposit Insurance Corporation on 24 to 26 March in Montego Bay, Jamaica. To learn more about the conference, please visit <https://conference.jdic.org/>.

### **■ [Seminar on Resolution of Problem Banks](#)**

The seminar will take place from 5 to 9<sup>th</sup> of April in Washington, DC (Arlington, Virginia). The seminar agenda highlights the four deposit insurance Core Principles related to failing banks and provides opportunities to learn from experienced practitioners around the globe. The seminar includes presentations by Argentina, Canada, Mexico, Peru, Russia, Turkey, United Kingdom, and the United States. The speakers will address alternative types of resolutions, powers needed by the resolution regime, least-cost analysis, and the importance of information sharing and other collaboration amongst the safety-net players before, during, and after the resolution of a problem bank. Please click here for [Invitation Letter](#), [Schedule](#), and [Registration Form](#).

## ■ **Philippines Deposit Insurance Corporation (PDIC) Summit Conference and Claims Management Seminar**

On 26 and 27 April, the PDIC will host a Summit for CEO's and heads of deposit insurance organizations in the Asia Pacific Region to discuss measures implemented in response to the crisis, and steps to be taken moving forward, first day. Day two provides a forum for senior technical officials to discuss the latest innovations and advances in the claims management and payout process. [Registration](#) is now open.

## ■ **Bank Guarantee Fund Conference on Global Financial Crisis: Lessons for the Stability of the Financial Sector**

On May 21, the Bank Guarantee Fund of Poland will host a Conference on the *Global Financial Crisis: Lessons for the Stability of the Financial Sector* in Warsaw, Poland on the occasion of the 5th anniversary of its founding. Due to the limited capacity of the conference facilities, only one participant per DIS can attend the conference. Please click here for [Program](#) and [Registration Form](#), and please register promptly.

## ■ **30<sup>th</sup> EXCO Meeting and Latin America Regional Committee Seminar**

The 30<sup>th</sup> EXCO, including Regional and Standing Committee Meetings, will be held from 7 to 11 June in Mexico City, Mexico. Details will be provided on the IADI website soon.

## ■ **Seminar on Claims Management: Reimbursement to Insured Depositors**

The training seminar on *Claims Management: Reimbursement to Insured Depositors* will be held from 5<sup>th</sup> to 8<sup>th</sup> July in Washington, DC (Arlington), USA. The seminar will provide practitioner experience on the pre-closing, closing, and post closing phases of claims management. In addition, presenters will share information on the systems used by their organizations to automate the claims process.

## ■ **Africa Region Annual Conference – *The Benefits of Deposit Insurance in Africa***

The Deposit Insurance Board of Tanzania will host the 2010 Africa Regional Meeting and Conference on 29<sup>th</sup> and 30<sup>th</sup> July in Dar es Salaam, Tanzania. Details will be provided on the IADI website soon.

## ■ **7<sup>th</sup> LARC Annual Conference and 15 year SEDESA Celebration**

The 7<sup>th</sup> LARC Annual Conference will be held from 7<sup>th</sup> to 13<sup>th</sup> August in Buenos Aires, Argentina hosted by Seguro de Depósitos Sociedad Anónima (SEDESA) together with 15 year SEDESA celebration.

## ■ **Seminar on Resolution of Problem Banks**

The seminar will be held 16<sup>th</sup> – 20<sup>th</sup> August in Kuala Lumpur, Malaysia, hosted by the Malaysia Deposit Insurance Corporation. The seminar highlights the four Deposit Insurance core principles that address bank resolution, and provides opportunities for participants to hear from experienced practitioners around the globe. The

seminar format will be similar to the format in the April Seminar on problem bank resolutions in Washington, DC. Details will be provided on IADI website.

### ■ Joint Conference of IADI and EFDI

The International Association of Deposit Insurers and the European Forum of Deposit Insurance will co-host a joint conference -- *Strengthening Financial Stability: Deposit Insurance Contributions* -- on 22 and 23 September in Rome, Italy. Details will be provided soon on IADI website.

## Save the Date for IADI Ninth Annual Conference and AGM



The [IADI 9<sup>th</sup> Annual Conference and Annual General Meeting](#) will be hosted by the **Deposit Insurance Corporation of Japan** in Tokyo on 27- 28 October 2010. Details will be posted to the IADI website soon.

### ■ E-learning

Deposit Insurance tutorials are now available via [FSI Connect](#)! A *Deposit Insurance Overview* tutorial was released last year, and the on-line tutorial on *Premiums and Fund Management* just became available in December 2009. The *Premiums* tutorial provides background information on the tradeoffs among ex-ante and ex-post funding, describes differential risk-based premium systems, and how to

levy premiums that reflect the risk that banks pose to their deposit insurer, and other issues related to the deposit insurance fund.

Look for three more tutorials in the next few months, including *Claims Management for Reimbursement of Insured Deposits* and *Asset Management: The Role of the Receiver* in the near future. Plans are underway for the development of a tutorial on the Core Principles by the end of the next fiscal year.

Each IADI member is provided one **free license to more than 160 tutorials** provided in FSI-Connect. These tutorials include practical information on the related safety net operations, and education on numerous topics, including accounting, prudential supervision, and monetary policy. The tutorial information is of interest to all of the participants that support the financial safety net. FSI Connect allows its users to track usage, and provides cost effective training for professional development.

## IADI Research and Surveys

### Research and Guidance

The Research and Guidance Committee conducts research on deposit insurance. Its publications, research plans, and Advisory Group are provided on [www.iadi.com](http://www.iadi.com). The latest paper ***Guidance for the Establishment of a Legal Protection Scheme for Deposit Insurance Systems*** was released on 26 February 2010. Four Public Consultation Research Plans were updated to the website recently. These topics are informed by the financial crisis responses; please see *Cross Border Issues, Public Policy Objectives, Payout Process, and Transitioning Issues*.

### IADI Surveys Update

Our members contribute to the research and training efforts of IADI through participation in surveys. During the last quarter of 2009 and first quarter of 2010, IADI released three surveys using the IADI Survey email account. The results of the surveys will be available to our members for deposit insurance research on the newly established IADI survey data base. The survey database will enable customized research, and it provides a unique resource to IADI.

Please contact the IADI Secretariat at [IADI.Service@bis.org](mailto:IADI.Service@bis.org) if you have questions about the database and how it can be used to address research questions.

- The ***Financial Crisis Survey*** was mailed to deposit insurance organizations on 23 October 2009, and the response was due by 4 December 2009. The survey provides information on actions taken to increase coverage or protect depositors during the last two years. Fifty-eight deposit insurers responded to the survey, 39 from IADI and 19 from EFDI members. Results of the survey will soon be published on the IADI internal website.
- The ***Training Requirements and Capacity Building Survey*** was emailed in December 2009 to determine the members' training priorities for the next two years. The survey included information to identify capacity building

needs and opportunities. Thirty-four organizations responded to the survey. Sixty-eight percent of the respondents indicated a need for expert advice on specific deposit insurance topics, and thirty-eight percent are willing to commit resources to provide the advice. A new *Capacity Building* website page will be released later in 2010. Members that need expert advice can use this site to locate organizations that can provide the advice.

- The ***Payout Survey*** was released 5 January 2010. Seventeen deposit insurance organizations responded to the survey. The survey results are being analyzed by the Malaysia Deposit Insurance Corporation (MDIC), the Chair of the Payout Subcommittee. The preliminary results noted that reimbursement to insured depositors varied between 2 days to 3 months. The survey requested information to identify the most challenging impediments to a prompt and effective payout. Forty percent of the survey respondents cited poor quality of depositor records at banks as their main concern. The survey results will be published in a ***Payout*** research paper, and the individual survey responses will be available on the IADI internal site.

Future surveys are planned to support subcommittees of the Research and Guidance Committee. Survey topics will include *transitioning from a blanket guarantees to limited coverage, differential premiums, and public policy objectives*. Target release dates are anticipated within the next two quarters in 2010.

## Member News

### New Designated Representatives to IADI

The following individuals have been designated by their organization as IADI designated representatives:

- **Mr. Earl Boodoo**, Deposit Insurance Corporation of Trinidad & Tobago. Mr. Boodoo replaces **Mr. Junior Frederick**, who has retired. Junior Frederick was a Founding Member of IADI, served on the Executive Council, was the first Chairperson of the Audit Committee, and also chaired the Caribbean Regional Committee.
- **Mr. Ridvan Cabukel** now represents the Savings Deposit Insurance Fund of Turkey as Executive Councilmember, following the retirement of **Mr. Ahmet Erturk**. Mr. Erturk served as Executive Councilmember, as well as Audit Committee Chairperson. Under his tenure SDIF hosted several IADI Regional Conferences and training events, and received the 2009 Deposit Insurance Organization of the Year Award.  
**Mr Şakir Ercan Gül** succeeds Mr Ahmet Erturk as President and Chairman of the SDIF.
- **Mr Umaru Ibrahim**, Nigeria Deposit Insurance Corporation. Former representative **Mr. Ganiyu Ogunleye** was a Founding member of IADI, had served six years on the Executive Council, chaired the Africa Regional Committee, and hosted numerous conferences of the Africa Regional Committee.



- **Mr. Jerzy Pruski**, Bank Guarantee Fund of Poland. Former representative **Ms. Malgorzata Zaleska** has been appointed Board member of the National Bank of Poland. Ms Zaleska served on the Executive Council, and as a member of the IADI Research and Guidance Committee.
- Former Designated Representative **Mr. Normand Côté**, Autorité des Marchés Financiers, Quebec, retired from his organization on 31 March 2010. **He was one of the Founding Members of IADI**, had served on the Executive Council and the Audit Committee. **Mr. Julien Reid** serves as Designated Representative to IADI.

The IADI members are grateful for the efforts of our retiring colleagues to the Association and we wish them well in their future endeavours. The Executive Council welcomes the new representatives.

## Updated Member Profile



# Autorité des marchés financiers (Québec)

Legislative amendments to the *Deposit Insurance Act*

*A Founding Member of IADI*



The *Autorité des marchés financiers* (the "Authority" or the "AMF") is the regulatory and oversight body in charge of enforcing the laws governing the regulation of the financial sector in the province of Québec, Canada, notably in the areas of insurance, securities, the distribution of financial products and services, and **deposit institutions** (other than banks), including the Desjardins Group, the largest cooperative financial group in Canada and sixth in the world.





**Mr. Jean St-Gelais**  
President & CEO

## Deposit Insurance System

Under the ***Deposit Insurance Act***, the functions of the AMF are:

- to govern, within the scope of this Act, the soliciting and receiving of deposits of money from the public;
- to guarantee payment of deposits of money to the extent and in the manner prescribed in this Act and the regulations;
- to manage the deposit insurance fund; and
- to administer the system of permits.

### **Amendments to the *Deposit Insurance Act***

On December 4, 2009, the Québec National Assembly assented to Bill 74 amending various legislative provisions principally to tighten the regulation of Québec's financial sector and to foster its stability and resilience. More specifically, Bill 74 amended the *Deposit Insurance Act* so as to, among other things, eliminate the cap on the financial commitments made by the AMF that can be guaranteed by the Government of Québec, clarify the responsibilities of a security fund established under *An Act respecting financial services cooperatives* and confer new special powers on the AMF regarding the administration of the deposit insurance scheme.

### **Major legislative amendments**

The amendments introduced by Bill 74 are more specifically aimed at:

- improving the resolution process (grant a depositor interest on the deposit of money for the period beginning on the date of an institution's liquidation or winding-up and ending on the date of the final payment);
- purchasing assets to provide liquidity to troubled institutions;
- arranging an M&A transaction to avoid a distress situation;
- adding legal powers to revoke the permit (licence) of an institution which no longer (past three years) receives deposits of money from the public;
- taking legal action against an institution which has committed an offence or is in contravention of the *Deposit Insurance Act*, any Act of the province of Québec, or any regulation, by-law or rule there under;
- eliminating the \$700 million borrowing limit offered by the Québec Government. The new back-up funding amount will depend on the actual sum needed to respond effectively in the event of a failure and to promptly reinforce the confidence of depositors;

- modifying the scope of coverage so that Tax-Free Savings Accounts (TFSA)<sup>1</sup> are eligible as separate guaranteed deposits;
- increasing the temporary coverage limit in case of a systemic threat (blanket guarantee and full coverage);
- issuing guidelines concerning the advertising of, and information supplied about, the guarantee covering money deposit products.

**Links for direct access to the *Deposit Insurance Act*:**

[Deposit Insurance Act \(English version\)](#)

[Loi sur l'assurance-dépôts \(version française\)](#)

**AMF representative to IADI:**

Mr. Julien Reid [Julien.reid@lautorite.qc.ca](mailto:Julien.reid@lautorite.qc.ca)

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**Please provide your feedback to the Secretariat**

*This newsletter was issued on 31 March 2010. To submit articles or items for consideration for a future issue, please send them to [kim.white@iadi.org](mailto:kim.white@iadi.org).*

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<sup>1</sup> New financial instrument introduced by the Government of Canada