Basel Committee and IADI issue Core Principles for Effective Deposit Insurance Systems

The Basel Committee on Banking Supervision and the International Association of Deposit Insurers (IADI) today issued the Core Principles for Effective Deposit Insurance Systems.

The deposit insurance Core Principles, which were developed by a joint working group between the Basel Committee and IADI, address a range of issues including deposit insurance coverage, funding and prompt reimbursement. They also focus on issues related to public awareness, resolution of failed institutions and cooperation with other safety net participants, including central banks and supervisors. Events during the recent international financial turmoil illustrate the importance of effective depositor compensation arrangements and the need for authorities to agree on an international set of principles for effective deposit insurance systems.

Martin Gruenberg, President of IADI and member of the Basel Committee, noted that “The Core Principles issued today respond to one of the lessons of the financial crisis: the need for effective deposit insurance guidelines to help maintain public confidence. They set an important benchmark for countries to use in establishing or reforming deposit insurance systems.”

The Basel Committee and IADI published for public comment a consultative version of the Core Principles in March 2009 and the paper issued today represents the final version.