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International Association of Deposit Insurers

Press Release – 18 October 2019

The International Association of Deposit Insurers

Holds its 18th Annual General Meeting and Conference in Istanbul, Turkey

The International Association of Deposit Insurers (IADI) held its 18th Annual General Meeting and Conference on 10 - 11 October 2019 in Istanbul, Turkey, hosted by the Savings Deposit Insurance Fund of Turkey (SDIF). Two hundred and eighty (280) participants from approximately 70 jurisdictions worldwide attended the events.

The IADI Annual General Meeting

During the IADI Annual General Meeting (AGM) held on 11 October 2019, IADI announced the election results for the position of the Executive Council members, effective 11 October 2019. The 15 new Councilmembers elected are: Mohamud Ahmed (Kenya Deposit Insurance Corporation), Nikolay Evstratenko (Deposit Insurance Agency, Russian Federation), Zaher Hammouz (Palestine Deposit Insurance Corporation), Mu'taz Ibrahim Barbour (Jordan Deposit Insurance Corporation), Giuseppe Boccuzzi (Interbank Deposit Protection Fund, Italy), Michel Cadelano (Fonds de Garantie des Dépôts et de Résolution, France), Patrick Déry (Autorité des marchés financiers, Quebec, Canada), Daniel Dominioni (Corporación de Protección del Ahorro Bancario, Uruguay), Yvonne Fan (Central Deposit Insurance Corporation, Chinese Taipei), Mariano Herrera (Fondo de Garantía de Depósitos de Entidades de Crédito, Spain), Daniel Lima (Fundo Garantidor de Créditos, Brazil), Gabriel Limón González (Instituto para la Protección al Ahorro Bancario, Mexico), Sonja Lill Flo Myklebust (The Norwegian Banks' Guarantee Fund), Mirosław Panek (Bank Guarantee Fund, Poland), and Seongbak Wi (Korea Deposit Insurance Corporation). They shall act in the best interests of the Association, and will all serve for a three-year term.

The IADI Annual Conference

The IADI Annual Conference, titled **“Realizing Reforms: What has Changed in Deposit Insurance Systems since the Crisis?”**, featured presentations and panel discussions by top policymakers, deposit insurers and prominent academics on key issues affecting the global economy, financial stability, deposit insurance and bank resolution.

Mr Muhiddin Güral, SDIF Chairman and President, welcomed the participants and emphasised that after the global financial crisis, the global financial system has changed significantly and the importance of a deposit insurance system in maintaining financial stability has increased. In this regard, deposit insurers are expected to be more involved in early detection and timely intervention processes and continue with their efforts to adapt the resolution framework to the newly introduced international standards. He also mentioned that cross-border issues have become crucial because of globalization and noted that rapid change in financial technologies should be addressed adequately by the deposit insurers in order to avoid risks and seize opportunities.

In his opening remarks, Mr Katsunori Mikuniya, IADI President and Governor of the Deposit Insurance Corporation of Japan, highlighted that the national financial safety nets, including deposit insurance systems, have been developed and strengthened through the experience of various kinds of financial difficulties in the past, reflecting each jurisdiction's idiosyncratic factors as well as global agreements. He also emphasised that the global financial crisis reaffirmed the importance of financial stability and the role of deposit insurers, stating that deposit insurance systems would minimise the likelihood of the emergence of future crises, mitigate the impact of financial difficulties and help the economy recover resiliently.

Keynote speaker Ms Jelena McWilliams, Chairman of the Federal Deposit Insurance Corporation (FDIC), United States, spoke about deposit insurance fund management and pricing. One of the most fundamental questions deposit insurers face is how large the deposit insurance fund should be, in other words, how do deposit insurers determine the optimal fund size and the appropriate target for the fund reserve ratio. She discussed different types of analysis that can inform decisions on the target for the fund reserve ratio, referring to the history of, and efforts made by FDIC economists to analyse how the FDIC's fund had performed over time. Chairman McWilliams also highlighted work currently underway at the FDIC regarding the factors that determine loss rates. She concluded her speech by emphasising the limits of analytics and stated that the most analysis can do is to clarify the choices available in statistical terms, identifying the level of confidence that a fund of a given size will be sufficient for its obligations. Ultimately, setting an appropriate target for the size of the insurance fund is a policy choice and a matter of judgment.

Mr Juan Carlos Izaguirre, Senior Financial Sector Specialist, Consultative Group to Assist the Poor (CGAP), the World Bank, stressed in his keynote speech that e-money's role in expanding financial inclusion in developing economies calls for reflection on whether and how it should be covered by a country's deposit insurance system. He emphasised that policy makers should balance financial inclusion with protection, stability, and integrity objectives when deciding on a deposit insurance approach to e-money. He ended his presentation by noting that it is important for IADI and deposit insurers to continue exploring the best way to protect e-money funds, as failures in the system would affect the very vulnerable customers we care the most about.

Mr Fabio Natalucci, Deputy Director, Monetary and Capital Markets Department, the International Monetary Fund (IMF), delivered a presentation on the global financial markets development. Responsible for the IMF's Global Financial Stability Report, he discussed the issues of financial conditioning, drawing attention to financial vulnerability and risk that affect advanced and emerging economies. He covered some recent issues including the trade tensions among major economies, and concluded his speech by mentioning the future outlook for the global financial markets.

Mr Dominique Laboureix, Member of the Board and Director of Resolution Planning and Decisions, Single Resolution Board (SRB), stressed the increasing importance of the resolution authorities. He outlined the European Union's approach on managing bank failures through the SRB from three perspectives, namely, what has been done to date, what the situation is at present, and where to go for tomorrow. He noted the need to establish a common deposit insurance scheme, and to also include the essentials of harmonisation in insolvency rules. It is necessary to continue reinforcing the crisis preparedness as the more resolvable the banks are, the more remote the possibility of a crisis will be.

In his closing remarks, Mr David Walker, IADI Secretary General, stressed that much has been accomplished in terms of enhancing early warning and intervention tools, resolution regimes (particularly regarding more loss absorbency and new tools such as bail-in) and cross-border information and coordination. However, he also emphasised that financial systems continue to evolve and we face emerging new risks and challenges. The reform process since the crisis still has unfinished business in areas such as ensuring adequate funding and liquidity available to support resolution. Finally, FinTech and its implications for financial stability and deposit insurance – both positive and negative – is an issue we are facing and trying to harness for our mutual benefit.

The International Association of Deposit Insurers (IADI) was formed in May 2002 to enhance the effectiveness of deposit insurance systems by promoting guidance and international cooperation. Members of IADI conduct research and produce guidance for the benefit of those jurisdictions seeking to establish or improve a deposit insurance system. Members also share their knowledge and expertise through participation in international conferences and other forums. IADI currently represents 92 deposit insurers. IADI is a non-profit organisation constituted under Swiss Law and is domiciled at the Bank for International Settlements in Basel, Switzerland.

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