International Association of Deposit Insurers

Press Release –
The International Association of Deposit Insurers held its Biennial Research Conference in Basel, Switzerland, 23 to 24 May 2019

The International Association of Deposit Insurers (IADI) held its fifth Biennial Research Conference at the Bank for International Settlements (BIS) in Basel, Switzerland on 23 and 24 May 2019. The conference was titled “Towards Building a More Resilient Financial System – Challenges in Deposit Insurance and Bank Resolution” and was attended by over 200 participants from 75 jurisdictions.

The BIS Deputy General Manager Mr Luiz Awazu Pereira da Silva welcomed the participants to the Bank and highlighted the so-called “Basel Process” which refers to the BIS role in hosting and supporting the work of international groups – six committees and three associations, including IADI – engaged in standard setting and the pursuit of financial stability. The Basel Process is based on three key features: synergies of co-location; flexibility and openness in the exchange of information; and support from the BIS’s expertise in economics, banking and regulation.

In his remarks, IADI Secretary General David Walker stressed that 63 research papers were received for the conference and from these the eight most relevant papers for the conference were selected. The research offered a diverse range of perspectives on issues of critical importance to deposit insurers and resolution authorities, including the impact of financial crisis on credibility and confidence in deposit insurance systems (DIS); bank re-capitalisation and risk-shifting in a crisis environment; deposit insurance pricing and its impact on interbank lending behaviour; as well as research into shadow banking, private deposit insurance, the European Deposit Insurance System and bank insolvency regimes.

Mr Katsunori Mikuniya, IADI President and Governor of the Deposit Insurance Corporation of Japan, delivered opening remarks stating that each jurisdiction’s mechanism to respond to financial crises has been established through the actual need to deal with real financial difficulties. The more financial transactions are developed, complicated and globalised, the more new challenges are faced. An actual crisis sometimes emerges unexpectedly in a new manner. President Mikuniya emphasised that good supervision and effective resolution and DIS regimes could prevent and mitigate such impacts and play an important role in keeping the economy resilient.

In his keynote address, Mr Stijn Claessens, Head of Financial Stability Policy and Deputy Head of the Monetary and Economic Department, BIS, reviewed lessons on crisis management from earlier crisis episodes. While vulnerabilities can be reduced, crisis are likely to recur. He highlighted the need to plan ahead for such cases, including in terms of resolution, not only as regards to individual banks, but also as to the banking system as a whole.

Distinguished Guest Speaker, Mr Thomas M. Hoenig, former President and Chair of the Executive Council, IADI, and former Vice Chairman, Federal Deposit Insurance Corporation (FDIC), shared
his views on the future of banking. Four main points were made. First, despite the global economy’s many challenges, it is recovering from the economic shocks of a decade ago. Financial institutions are better capitalised and those best capitalised have seen the most success. Second, memories are short and the industry and some regulatory authorities are unwisely seeking elimination of useful prudential standards. Third, regulations that create endless process and establish ever more difficult barriers to entry, encouraging further consolidation, concentration and less choice, should be repealed or amended. Finally, the public is best served by writing simple, clear rules, relying on strong accountable levels of capital so that systemic crises and bailouts are less likely to occur in the first place.

Conference attendees were privileged to receive presentations by the papers’ authors and discussants from Brazil, Canada, Germany, Indonesia, Italy, Japan, Nigeria, Portugal, Switzerland, the United Kingdom and the United States. The European Central Bank, the Financial Stability Board, the Financial Stability Institute and the International Monetary Fund also contributed speakers and discussants to the conference. A Panel Discussion “Deposit Insurance Fund – Uses and Safeguards” and a Regulators’ Roundtable “Perspectives on the Global Financial Safety Net” were conducted as well.

Ahead of the conference, the 58th Meeting of the IADI Executive Council (EXCO) was held at the same venue. Among other items, the EXCO approved the Membership applications by the Spanish Deposit Guarantee Fund, the Agency of Deposit Compensation of the Republic of Belarus and the Massachusetts Credit Union Share Insurance Corporation, which has brought to 90 the number of IADI Members.

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 countries 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 90 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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