



**Proceedings from the  
10<sup>th</sup> IADI Annual Conference  
“Beyond the Crisis: The Need for Strengthened  
Financial Stability Framework”  
Warsaw, Poland  
17-21 October 2011**

**c/o BANK FOR INTERNATIONAL SETTLEMENTS  
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## Foreword

The International Association of Deposit Insurers (IADI)'s 10th Annual Conference and Annual General Meeting were held on 17-21 October 2011. The events were hosted by the **Bank Guarantee Fund (BFG)** at the Hilton Hotel in Warsaw, Poland, chaired by Mr. Jerzy Pruski, President of BFG, and Chair of the 2011 Conference Task Force.

The Conference was held with the theme **“Beyond the Crisis: The Need for Strengthened Financial Stability Framework”** and the program featured presentations by internationally recognized experts and deposit insurance practitioners, regulators, policymakers and academics. The audience of 270 was truly international in scope, with 61 countries and jurisdictions represented at the conference. The conference included an **International Exhibition on Deposit Insurance** with thirty three different organizations providing information on their deposit insurance programs or services available to deposit insurers.

I would like to thank many people and organizations that contributed to this summary of the proceedings prepared by an international team of writers organized by the International Relations and Research Office of Central Deposit Insurance Corporation (CDIC, Chinese Taipei). The following organizations and individuals contributed write-ups and other support to this summary.

- ◆ Bank Guarantee Fund (Poland): Romuald Szymczak and Jaroslaw Neneman;
- ◆ Bulgarian Deposit Insurance Fund : Roumyana Markova;
- ◆ Canada Deposit Insurance Corporation: David Walker;
- ◆ Central Deposit Insurance Corporation (Chinese Taipei): Yvonne Fan and Vanessa Lin;
- ◆ Deposit Insurance Agency (Russia) : Nikolay Evstratenko;
- ◆ Deposit Insurance Fund (Czech Republic): Renata Kadlecova;
- ◆ Deposit Insurance of Japan: Yasuko Horibe;
- ◆ Federal Deposit Insurance Corporation: Barbara Ryan, Gail Verley and Vijay Deshpande;
- ◆ Malaysia Deposit Insurance Corporation: Sejal Jitendra Mehta;
- ◆ Nigeria Deposit Insurance Corporation: Jacob Ade Afolabi.



Carlos Isoard  
Secretary General

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## Executive Summary

### Welcoming Remarks

The conference was opened by **Jerzy Pruski**, President, Bank Guarantee Fund, Poland. Mr. Pruski informed participants that the first day of the conference would focus on an overview of the global economy; important regulatory and supervisory issues; the resolution process and a focus on large, systemically important institutions. On the second day, the conference would tackle the problems of deposit guarantee schemes and their role in the global financial crisis, as well as the critical problems of financial inclusion.

### Opening Address

**Jan Vincent Rostowski**, Minister of Finance, Poland, noted that the existing system of supervision–control–support has been fragmented and has proved to be inefficient. The institutions have not been prepared to cope with the crisis of this magnitude. He stressed that there was a need for more harmonization and brave actions to save the world economy.

**Olgierd Dziekonski**, Secretary of State, Cabinet of the President of the Republic of Poland, read the letter from the President of the Republic of Poland Bronislaw Komorowski to participants of the 10<sup>th</sup> IADI Annual General Meeting and the Annual Conference. The President welcomed to Warsaw, Poland all distinguished guests from all over the world. The letter stated that IADI was an important institution with a global scope, which has had many notable successes in recent years. In this context, the President appreciated the Core Principles for Effective Deposit Insurance Systems as a code of good practices with enormous significance for the financial safety and stability of global banking systems.

**Martin Gruenberg**, President/Chair of Executive Council, IADI and Acting Chairman, Federal Deposit Insurance Corporation, United States, began by thanking Jerzy Pruski and the Bank Guarantee Fund of Poland for hosting the conference and organizing the very timely and important program. He acknowledged the difficult circumstances confronting the global environment that had been the topic of earlier discussion, including the slowing economy in the United States and recent developments in Europe. Mr. Gruenberg's remarks focused on the transformative impact the recent financial crisis has had on international recognition of the importance of deposit insurance. Prior

to the crisis, deposit insurance was largely seen as a means for depositor protection. As a result of the crisis, it is now understood that effective systems of deposit insurance are essential to maintaining public confidence and financial stability, particularly during times of stress.

### **Keynote Speaker I**

**Sheila C. Bair**, former Chairman, Federal Deposit Insurance Corporation (FDIC), spoke about the challenges faced and the lessons learned over her tenure at the FDIC (2006 -2011). Ms. Bair commented that an effective deposit insurance system is essential to financial stability. In addition, she noted that having adequate funding and the mechanisms in place for additional funding is critical for the public to be confident that the deposit insurance system can fund insured deposits in the event of a bank failure. Ms. Bair shared her perspective on the role of IADI and the importance of building strong relationships with the bank supervisors and central bankers for addressing problem bank conditions. She concluded her remarks with an assessment of the regulators response to the crisis and the outlook for the reform measures adopted into law in the U.S.

**Session 1: Global Economic Outlook** was moderated by **José Viñals**, Financial Counselor and Director, Monetary and Capital Markets Department, International Monetary Fund. He commented that the global financial crisis could threaten the global economic recovery. He believed that we have entered the political phase of the crisis and that there are increasing doubts in the market because of lack of clear signs that politicians are willing to take the bold and right steps.

**Pier Carlo Padoan**, Deputy Secretary-General and Chief Economist, OECD, focused on the theme of the global economy at a turning point. Admitting that the near-term outlook remains weak, Mr. Padoan explained what some of the short-term requirements are and what we could expect. Macro and structural reforms need to be combined to help restore public confidence.

**Dariusz Filar**, former Monetary Policy Council Member, University of Gdansk, described the phases of the evolving global financial crisis and the growing probability of next recession. Mr. Filar observed that several indicators are pointing toward a growing risk of recession of unknown depth and duration. So, the next phase of the financial crisis may be characterized by undermined credibility of central banks and high inflation.

**Wilson Ervin**, Senior Advisor/former CRO, Credit Suisse, focused on economic outlook and financial stability. He described the various phases of the financial crisis and highlighted the causes and triggers of each phase, such as the mortgage excesses and sovereign debts. He emphasized that sovereign debts are no longer considered “risk free.” He then explained the phenomenon of contagion, and discussed how an “edge bank” (i.e., a bank at the distressed edge of a financial system) might create a trigger and thereby propagate systemic failures.

**Session 2: New macro prudential and micro prudential safety net** was moderated by Per Callesen, Governor, Danmarks Nationalbank.

**Marek Belka**, President, National Bank of Poland, pointed out that pure stability functions of the financial system conducted by central banks were not enough to cope with the current crisis. Policy actions and central banks’ instruments proved to not be efficient enough. He noted the necessity of extending the framework and stressed that stability functions of central banks should evolve into macroprudential policy.

**Per Callesen**, Governor, Danmarks Nationalbank, focused his speech on macroprudential policy issues and noted that such policy is more about preventing the next crisis than solving the current. He gave his views on the framework for national macroprudential institutions and macroprudential instruments, and shared the experience of the Danish resolution regime. The Danish resolution process is usually carried out over a weekend and ensuring all customers’ continued access to their savings and services on Monday, which is not possible under a normal bankruptcy procedure. In closing, Mr. Callesen stated that he was looking forward to the European Commission’s proposal for a common resolution and crisis management framework hoping that a sound proposal will be backed by member states and followed up with specific implementation.

**Session 3: Crisis Management-the Role of Resolution Regime** was moderated by **Martin Gruenberg**, President/Chair of Executive Council, IADI and Acting Chairman, Federal Deposit Insurance Corporation (FDIC). In his introductory remarks, he introduced several specific new authorities granted to FDIC under the Dodd Frank Act include an orderly liquidation authority to resolve bank holding companies and non-bank financial institutions. He also indicated steps that have been taken by FDIC over the past years to carry out these responsibilities.

**Lars Nyberg**, Deputy Governor, Sveriges Riksbank, stated that effective resolution regimes extend substantial influences on both banks' behaviour and on banking supervision. Having a special resolution regime for banks allows carrying on early intervention before a bank face severe difficulties. He also shared his view on resolution tools that are widely adopted.

**Mikhail I. Sukhov**, Member of the Board of Directors, Bank of Russia, mentioned that a fast and effective bank resolution regime was introduced by the Russian Federation in 2008. The new resolution regime enables the Bank of Russia and the Deposit Insurance Agency of Russia to use a wide range of resolution tools including purchase and assumption, facilitating mergers and acquisitions and even allow for a temporary nationalization of systemically important banks.

**Session 4: How to cope with Too Big to Fail Problem** was moderated by **Gary H. Stern**, President, Federal Reserve Bank of Minneapolis. He commented that the problem of too big to fail must be managed effectively, otherwise future crises will be even more severe.

**Stanisław Kluza**, Chairman, Polish Financial Supervision Authority, underlined the roots of the global financial crisis. He considers that the regulatory and supervisory framework did not adequately follow globalization processes or keep pace with the fast speed of information and interconnectedness between financial institutions. He observed that the higher complexity of financial institutions in turn demands a different set of tools.

**Stephen G. Cecchetti**, Economic Adviser and Head of the Monetary and Economic Department, Bank for International Settlements, shared his view on too big to fail. He considered that "too big" is not just about the issue of business scale. Excessive interconnectedness of financial institutions, reliance on a single or few firms for the provision of key financial infrastructure and complexity of operations and cross-border activities are all part of too big to fail.

**Session 5: Role of Deposit Insurance Schemes in the Financial Safety Net** moderated by **Mohammed Al-Ja'fari**, Director General, Jordan Loan Guarantee Corporation. He addressed the role of deposit insurance systems in the financial safety net.

**Alex Kuczynski**, Director of Corporate Affairs, Financial Services Compensation Scheme (U.K.), addressed the role of deposit

insurance schemes in the financial safety net and discussed recent experiences in the U.K. and Europe. He noted that investor and policyholder protection schemes have prominence within the safety net with shared interests between protection schemes relating to consumer protection and market confidence. After the global financial crisis, governments are determined to protect the taxpayers from future costs, and many deposit insurance schemes have gained additional powers, resources and responsibility since then.

**Ridvan Cabukel**, Vice President, Saving Deposit Insurance Fund of Turkey (SDIF), introduced the framework of financial safety net and main features of each safety net player. He also explained interrelationships between safety net players and SDIF. In his closing, he concluded that only when the institutional infrastructure is strong can proper responses be made to the rapid changes in global financial markets.

**Hiroyuki Obata**, Deputy Governor, Deposit Insurance Corporation of Japan, observed that the mandates of deposit insurance systems have expanded in the wake of the global financial crisis. He further discussed Japan's experience in transforming from a pay box to a risk minimizer.

**Fred S. Carns**, Director, Office of International Affairs, Federal Deposit Insurance Corporation, focused on the recent evolution of deposit insurance in the U.S., which primarily involves the reforms prescribed in the Dodd-Frank Legislation and various additional regulatory reactions to the financial crisis, and the global evolution of deposit insurance systems in general over the past few years.

## **Keynote Speaker II**

**John Lipsky**, Special Advisor to the Managing Director, International Monetary Fund, shared his view on how macro prudential policy could effectively limit systemic risk. He discussed macro prudential policy instruments which are used to prevent potential amplification of systemic risk. In his conclusion, he shared preliminary findings on IMF research papers on macro prudential policy

**Session 6: Financial Inclusion** was moderated by **Barbara Ryan**, Chief of Staff to the Acting Chairman, Federal Deposit Insurance Corporation. Ms. Ryan's speech focused on financial inclusion and its association with IADI. Deposit insurance can play a key role in protecting small and unsophisticated depositors. She also introduced IADI's research efforts on this subject and collaboration with other International Standard Setting Bodies (SSBs).

**Pierre-Laurent Chatain**, Lead Financial Sector Specialist, the World Bank Financial Market Integrity Unit, defined terms of branchless banking, E-money and mobile banking. He also discussed the business models of mobile banking, its impact on financial inclusion and related challenges. In this session, customer usage of branchless banking and how to protect them were discussed.

**Stefan Staschen**, Policy Advisory Consultant to the World Bank's Consultative Group to Assist the Poor (CGAP), disclosed data on the scale of financial exclusion in the developing countries. He then further discussed types of micro finance services providers, branchless banking payment instruments such as E-money, the importance of fund safe guarding, fund isolation and risk mitigation measures.

**Rose Detho**, Director, Deposit Protection Fund Board (Kenya), provided a comprehensive case of Kenya's efforts in promoting financial inclusion. Her presentation covered Kenya's financial inclusion initiatives and the co-relationship between the financial inclusion and deposit insurance.

**G. Gopalakrishna**, Executive Director, Deposit Insurance and Credit Guarantee Corporation (India), shared details of India's experiences in promoting financial inclusion through various channels. He outlined the various initiatives undertaken by the government and the Reserve Bank of India to promote financial inclusion and financial literacy.

**Jerzy Pruski**, President, Bank Guarantee Fund (Poland), delivered closing remarks by thanking attendees and presenters for their participation and concluded the event.

## **Conference Proceedings from the IADI Conference on “Beyond the Crisis: The Need for Strengthened Financial Stability Framework”**

### **Welcoming Remarks**

#### **Jerzy Pruski, President of the Bank Guarantee Fund, Poland**

**Jerzy Pruski**, President of the Bank Guarantee Fund (Poland) extended a warm welcome to all distinguished speakers and participants of the 10<sup>th</sup> IADI Annual Conference entitled "Beyond the Crisis: the Need for Strengthened Financial Stability Framework". He informed that the first day of the conference would cover an overview of the global economy, most important regulatory and supervisory issues, resolution process and large, systemically important institutions. On the second day, the conference would tackle the problems of deposit guarantee schemes and their role in the global financial crisis as well as the critical problems of financial inclusion.

Finally, Mr. Pruski introduced Mr. Jan Vincent Rostowski, the Minister of Finance of Poland to deliver the opening address.

### **Opening Address**

#### **Jan Vincent Rostowski, Minister of Finance, Poland**

**Jan Vincent Rostowski**, Minister of Finance (Poland), noted that it is an extremely difficult situation in Europe now as there is a vicious circle of sovereign debt and the need to recapitalize banks which amplifies the sovereign debt problem. The existing system of supervision–control–support has been fragmented and has proved to be inefficient. The institutions have not been prepared to cope with the crisis of this magnitude. He stressed that there is a need for more harmonization and brave actions to strengthen and thereby preserve the world's economies.

#### **Olgierd Dziekonski, Secretary of State, Poland**

**Olgierd Dziekonski**, Secretary of State, Cabinet of the President of the Republic of Poland, read the letter from the President of the Republic of Poland Bronislaw Komorowski to participants of the 10<sup>th</sup> IADI Annual General Meeting and the Annual Conference. The President welcomed to Warsaw, Poland all distinguished guests from all over the world.

The letter underlined that the Conference took place at an extraordinary time of great concern for the stability of the banking sector and the global financial system. It stated that IADI was an

important institution with a global scope and with many notable successes in recent years. In this context, the President appreciated the Core Principles for Effective Deposit Insurance Systems as a code of good practices having enormous significance for the financial safety and stability of global banking systems. He also praised the legal and administrative tools that had been created in recent years thanks to IADI involvement.

President Komorowski conveyed a message that global finance needed a new regulatory and supervisory framework. Actions in the pursuit of these have to be wise and reasoned, because excessive regulatory encumbrance on the financial sector dampens economic development.

**Martin Gruenberg, President/Chair of Executive Council, IADI and Acting Chairman, Federal Deposit Insurance Corporation, U.S.A.**

**Martin Gruenberg** began by thanking Mr. Jerzy Pruski and the Bank Guarantee Fund of Poland for hosting the conference and organizing a very timely and important program. He acknowledged the difficult circumstances confronting the global environment that had been the topic of earlier discussion, including the slowing economy in the United States and recent developments in Europe.

Mr. Gruenberg's remarks focused on the transformative impact the recent financial crisis has had on international recognition of the importance of deposit insurance. Prior to the crisis, deposit insurance was largely seen as a means for depositor protection. As a result of the crisis, it is now understood that effective systems of deposit insurance are essential to maintaining public confidence and financial stability, particularly during times of stress.

It was in response to this that the Financial Stability Forum, the predecessor to the Financial Stability Board (FSB) of the Group of 20 (G-20) countries, recommended in March 2008 that national authorities develop a set of international Core Principles for Effective Deposit Insurance Systems, and utilize a draft set of Core Principles that had been developed by IADI as a starting point.

Pursuant to that recommendation, IADI and the Basel Committee on Banking Supervision (BCBS) undertook a joint effort to develop a set of Core Principles, a project that was completed in June 2009.

IADI and BCBS then collaborated with the International Monetary Fund (IMF) and the World Bank (WB), as well as the European Commission (EC) and the European Forum of Deposit Insurers

(EFDI), to develop a methodology for the implementation of the Core Principles.

That project was completed in late 2010, whereupon the Core Principles were added to the FSB's list of Key International Financial Standards, and were approved by the IMF and WB for use in their Financial Sector Assessment Program (FSAP) reviews of national systems of financial regulation.

For the first time, we now have an internationally recognized set of standards for the operation of effective systems of deposit insurance that can be utilized for purpose of FSAP reviews and national self-assessments. The FSB is now undertaking a thematic peer review of the deposit insurance systems of the G-20 countries, utilizing the Core Principles.

In order to advance the utilization of the Core Principles, IADI has sponsored training programs for the IMF and WB officials, as well as for officials of deposit insurers in all regions of the world.

Going forward, IADI will hold additional training programs on the Core Principles, as well as on other aspects of the operations at deposit insurance systems, such as risk-based assessments, funding, and governance. It is also developing a technical assistance capacity to assist deposit insurers with operational challenges, as well as expanding support for research on deposit insurance issues.

Mr. Gruenberg closed on the point that deposit insurance has now achieved a new status of priority in the framework of international financial regulation, one that IADI is committed to supporting and enhancing.

Mr. Gruenberg then introduced the next speaker, former FDIC Chairman Sheila Bair.

## **Keynote Speech I**

### **Sheila C. Bair, Former Chairman, Federal Deposit Insurance Corporation, U.S.A.**

**Sheila Bair**, the 19<sup>th</sup> Chairman of the FDIC, focused on the challenges faced and the lessons learned over her tenure at the FDIC (2006 - 2011). She noted that a central cause of this recent crisis was excessive debt and leverage across the financial system. While prior regulatory reforms were put in place for federally-insured depository institutions following the crisis of the 1980s and early 1990s, risk began to migrate into the so-called shadow banking system. One of the most powerful inducements toward excess leverage and institutional risk-taking in the period leading up to the

crisis was the lack of effective market discipline on the largest financial institutions that were considered by the market to be Too Big to Fail (systemically important financial institution, SIFI). As a result, the crisis unfolded and the global community was faced with a crisis not unlike the depression in the 1930s. The FDIC actions to respond to this crisis were instrumental in restoring financial stability and paving the way for economic recovery.

Ms. Bair commented that an effective deposit insurance system is essential to financial stability. For example, she recognized the role of FDIC in consumer awareness and outreach including opportunities to educate the media. In addition, she noted that having adequate funding and the mechanisms in place for additional funding is critical for the public to be confident that the deposit insurance system can fund insured deposits in the event of a bank failure. She recognized the staff of FDIC and their abilities to meet FDIC's stretch goals for timeliness and seamless access to deposits at the time of failure was critical to FDIC's success in addressing the resolution of the largest bank failure in the history of FDIC and the many smaller bank resolutions across the country.

Ms. Bair shared her perspective on the role of IADI and the importance of building strong relationships with the bank supervisors and central bankers for addressing problem bank conditions. She concluded her remarks with an assessment of the regulators response to the crisis and the outlook for the reform measures adopted into law in the U.S. Overall, she noted that many positive steps have been taken to address the challenges of this past crisis with increased supervision, better capital standards and the mechanisms in place to facilitate the orderly resolution of a SIFI.

## **Session 1: Global Economic Outlook**

**Chair: José Viñals, Financial Counselor and Director, Monetary and Capital Markets Department, International Monetary Fund**

**José Viñals** stated that we have entered a new phase of the four-year global financial crisis, a crisis of confidence, and its epicenter is Europe and Greece. This crisis could threaten the global economic recovery. He shared three key underlying factors: weak growth, weak balance sheets including rising public debt, and weak politics.

Mr. Viñals believes that we have entered the political phase of the crisis and that there are increasing doubts in the market because of lack of clear signs that the politicians are willing to take the bold and right steps.

Mr. Viñals concluded by sharing his belief that we still can make it – but this will require bold, globally coordinated approach. Immediate actions are needed by the U.S. and Europe in dealing with sovereign debts. He hoped that the European Council in its upcoming meeting will seize the opportunity and take actions.

#### **Panelists:**

#### **Pier Carlo Padoan, Deputy Secretary-General and Chief Economist, Organization for Economic Co-operation and Development**

**Pier Carlo Padoan's** presentation focused on the theme of the global economy at a turning point. The current crisis seems to have brought international trade to a stop. It is spreading to emerging economies and has resulted in high unemployment in Europe and the U.S. We seem to be crawling away from a recession into a phase of soft growth.

He cited five main reasons for the slow down:

- The tsunami and nuclear disasters in Japan and how we underestimated their global impact;
- High commodity prices and the resulting decrease in purchase power;
- Fiscal consolidation and its short term impact on demand;
- Faster private sector balance sheet adjustments; and
- Policy uncertainties and the resulting impact on confidence.

Admitting that the near-term outlook remains weak, Mr. Padoan explained what some of the short-term requirements are and what we could expect. Macro and structural reforms need to be combined to help restore public confidence. Since high public debt would be a major deterrent to economic growth, fiscal consolidation should be a priority. And exchange rate adjustments need to be made to correct the global imbalance in trade. G20 could serve as a primary forum for international dialog on these issues.

He concluded by describing three alternative scenarios:

- Muddling through – slow return to growth - not very likely to happen;
- Double dip – this could be a big dip;
- Sustained growth resulting from structural reforms, innovations, and green growth.

Policy makers need to take the right steps and ultimately make a difference, said Mr. Padoan.

**Dariusz Filar, University of Gdansk, former Member of the Polish Monetary Policy Council (National Bank of Poland), Poland**

**Dariusz Filar** discussed different phases of the global financial crisis. He then described the second phase of the evolving global financial crisis and the growing probability of next recession. The period from 2007–2011 is considered as the Phase I of the financial crisis, characterized by the financial markets crisis, while the 2009-2010 period saw a transformation into Phase II focusing on sovereign debt crisis.

Mr. Filar observed that several indicators are pointing toward a growing risk of recession of unknown depth and duration. The third phase of the financial crisis may be characterized by undermined credibility of central banks and high inflation.

**Wilson Ervin, Senior Advisor/former CRO, Credit Suisse, Switzerland**

**Wilson Ervin** focused on the economic outlook and financial stability. He described the various phases of the financial crisis and highlighted the causes and triggers of each phase, such as the mortgage excesses and sovereign debts. He emphasized that sovereign debts are no longer considered “risk free.”

Mr. Ervin then explained the phenomenon of contagion, and circumstances affecting an “edge bank” (For example, a bank at the distressed edge of a financial system) and how cascading factors can create a trigger, and thereby propagate systemic failures. Mr. Ervin compared the situations in the case of Greece and the Lehman Brothers failures and concluded that the “Rules of the Road” were deeply uncertain and unpredictable.

Mr. Ervin concluded by stating that the current situation is complicated by the interlocking crises of sovereign debt and financial systems. Bail-in is a good tool to use since it avoids taxpayer bail-outs, reduces pressure on government finance, creates new equity for the system and can provide access to a huge pool of capital.

**Session 2: New Macro Prudential and Micro Prudential Safety Nets**

**Chair : Per Callesen, Governor, Danmarks Nationalbank, Denmark**

**Panelists:**

**Marek Belka, President, National Bank of Poland, Poland**

**Marek Belka** pointed out that pure stability functions of the financial system conducted by central banks were not enough to cope with the current crisis. Policy actions and central banks' instruments proved not to be efficient enough. He noted that we did need to extend the framework and that the stability function of central banks should evolve into macro prudential policy. He stressed that the narrow view of stability focused on the financial sector only, and it was likely that action aimed at reducing risk exposures in the financial sector may result in risk reappearing in the real sector. He believes that macro prudential policy should help monetary policy to stabilize the whole economy.

**Per Callesen, Governor, Danmarks Nationalbank, Denmark**

**Per Callesen's** speech focused on macroprudential policy issues. The crisis made clear that a new framework and a battery of instruments for macroprudential policies are needed. One way to define macroprudential policies would be policies primarily targeting system-wide financial stability, which are conceptually in between macroeconomic instruments on the one side and firm-level microprudential instruments on the other side. Macroprudential policy is more about preventing the next crisis than solving the current.

Mr. Callesen then gave his views on the framework for national macroprudential institutions and macroprudential instruments. In addition to the countercyclical buffer, LTV and risk weights for real estate proposed by the European Commission, Mr. Callesen also suggested including liquidity, large exposures, transparency and dynamic provisioning as macroprudential instruments. Mr. Callesen then shared the experience of the Danish resolution regime. The resolution, which is not possible under a normal bankruptcy procedure, is usually carried out over a weekend by taking over the bank, allocating losses as appropriate and still ensuring all customers continued access to their savings and services on Monday.

In closing, Mr. Callesen stated that he was looking forward to the European Commission's proposal for a common resolution and crisis

management framework hoping that a sound proposal will be backed by member states and followed up with specific implementation.

### **Session 3: Crisis Management- the Role of Resolution Regime**

#### **Chair:**

**Martin Gruenberg, President/Chair of Executive Council, IADI and Acting Chairman, Federal Deposit Insurance Corporation, U.S.A.**

**Martin Gruenberg's** introductory remarks pointed out that the recent financial crisis led to the substantial extension of resolution powers of the FDIC which has become responsible for resolution of failing non-banking systemically important financial institutions (SIFIs). To ensure effective implementation of these new powers FDIC created three new departments responsible for monitoring of SIFIs, resolution planning and cross-border coordination. He also indicated new global trends that we were witnessing in recent years – establishment of special resolution regimes for banks and other SIFIs in a number of countries. Then Mr. Gruenberg gave a brief overview of each speaker's biography and explained that the session speakers would present their views on the role of effective resolution regimes, both nationally and globally.

#### **Panelists:**

**Lars Nyberg, Deputy Governor, Sveriges Riksbank, Sweden**

**Lars Nyberg** stated that effective resolution regime influences substantially both banks' behaviors and banking supervision as it creates certainty as to how to deal with failing banks and which options are available. Mr. Nyberg also stressed importance of carrying out a special resolution regime for banks that allows early intervention before a bank faces severe difficulties. Mr. Nyberg pointed out that while the recent trend is to refrain from bank nationalizations - in practice, in some situations, governments have to use this resolution tool. He also expressed his opinion that introduction of such mechanisms as "bail-in" would be a difficult task as there are many uncertainties in relation to the market perception of this tool. He said that failure resolution planning is also a challenge and will require further extensive efforts both at the national and cross-border levels.

**Mikhail I. Sukhov, Member, the Board of Directors, Bank of Russia, Russia**

**Mikhail I. Sukhov** introduced the experience of the Russian Federation which introduced a very effective bank resolution regime in 2008. He pointed out that before 2008 the only available resolution option was deposit payout and bank liquidation. The new resolution regime enables the Bank of Russia and the Deposit Insurance Agency of Russia to use a wide range of resolution tools including purchase and assumption, assisted mergers and acquisitions and even temporary nationalization of systemically important problem banks. Mr. Sukhov stressed that the new resolution regime requires maximum possible use of market approaches and mechanisms. Majority of actual projects of bank rehabilitation are implemented by the Deposit Insurance Agency of Russia together with private sector investors. It is important as it allows avoiding the growth of the government's share in the equity of the banking sector.

Mr. Sukhov stated that effective resolution regime should promote market discipline – through prosecution of former bank management. It is also important to impose strict conditions on providing financial support as well as controls that create incentives for new investors in problem banks to rapidly return funds received from the state.

#### **Session 4: How to cope with the too big to Fail Problem**

**Chair: Gary H. Stern, former President, Federal Reserve Bank of Minneapolis, U.S.A.**

**Gary H. Stern** stressed that the problem of too big to fail must be addressed effectively, otherwise next crises will be more severe. Mr. Stern then introduced the panelists of this session.

#### **Panelists:**

**Stanisław Kluza, Chairman, Polish Financial Supervision Authority, Poland**

**Stanisław Kluza** underlined that among the roots of the global financial crisis that he considered were problems that regulatory and supervisory framework did not follow, such as globalization process, fast speed of information and interconnectedness between financial institutions. It is necessary to change the supervision to a risk-based one and to deal with the issues how to assess, manage and approach risk. Higher complexity of financial institutions demands a different set of tools. He stressed that it is crucial to create confidence between the financial sector and supervisors. He also stated that the supervisor has to understand its role in maintaining financial

stability – setting clear and strong rules on what is allowed and what is not.

**Stephen G. Cecchetti, Economic Adviser and Head of the Monetary and Economic Department, Bank for International Settlements**

**Stephen G. Cecchetti** considers that too big is not just about issue of business scale. Excessive interconnectedness of financial institutions, reliance on a single or few firms for the provision of key financial infrastructure and complexity of operations and cross-border activity are all part of too big to fail. In combination, all these characteristics of a financial institution raise the impact of its failure on the financial system. He stressed that the objectives of regulatory policies developed to address the too big to fail problem have been designed to reduce the probability of failure of global systemically important banks, to reduce the extent or impact of its failure and to level the playing field by reducing the competitive advantages in funding markets that these institutions have.

**Session 5: Role of Deposit Insurance Schemes in the Financial Safety Net**

**Chair: Mohammed Al-Ja'fari, Director General, Jordan Loan Guarantee Corporation, Jordan**

**Mohammed Al-Ja'fari** began this session by stating it was a great honor for him to serve as a moderator. He addressed the role of deposit insurance systems in the financial safety net by looking at the experiences of United Kingdom, Turkey, Japan and the United States. He then introduced panelists of this session.

**Panelists:**

**Alex Kuczynski, Director of Corporate Affairs, Financial Services Compensation Scheme, UK**

**Alex Kuczynski** addressed the role of deposit guarantee schemes (DGS) in the financial safety net and reflected recent experiences in the U.K. and Europe. He introduced the two primary objectives of DGS: to support consumer and market confidence and to support financial stability. As one of the safety net players which has the most direct contact with depositors, DGS needs to manage consumer

awareness concerning financial protection in order to support the objectives of confidence and financial stability. IADI's Core Principles for Effective Deposit Insurance Systems helpfully set out the necessary preconditions for an effective deposit insurance system. These importantly refer to standards required for setting the scope and framework within which the deposit insurer can operate. To engage in relationships with other financial safety net players, DGS needs a clear mandate with established powers in order to execute its role. It is recommended that DGS remain independent within the safety net.

Mr. Kuczynski noted that investor and policyholder protection schemes have prominence within the safety net. There clearly are shared interests between protection schemes relating to consumer protection and market confidence, and the role of consumer awareness to engender market confidence and financial stability. There may also be a trend towards integrated schemes. There are advantages to integration provided by combining resources to achieve a critical mass and an arguably higher state of operational readiness. In any event, schemes need information to be shared, and should consider working together both to plan for a crisis and failures, as well as to deliver both protection itself and clear, consistent messages

Mr. Kuczynski concluded that DGS is neither the first nor the last resort in a financial crisis. Following the financial crisis, governments are determined to protect the taxpayers from future costs. This policy elevated the importance of the role of DGS during the crisis and in subsequent reform measures. The DGS must provide consumer protection, support financial stability and be funded by industry. This is emphasized by the IADI Core Principles. Many DGSs have gained additional powers, resources and responsibilities following the crisis and have improved their operability.

**Ridvan Cabukel, Vice President, Savings Deposit Insurance Fund of Turkey, Turkey**

**Ridvan Cabukel** began his presentation observing that when the financial safety net is broken, taxpayers have to bear the cost. This was a case for many countries facing a financial crisis. Mr. Cabukel then introduced four financial safety net players in Turkey: the Banking Regulation and Supervision Agency (BRSA), the Central Bank of the Republic of Turkey (CBRT), the Secretariat of Treasury (Treasury) and the Saving Deposit Insurance Fund (SDIF). BRSA is responsible for maintaining a sound and safe banking system. SDIF

aims to protect depositors, and has special resolution authority to resolve banks.

Mr. Cabukel further described the framework of the financial safety net in Turkey. The Banking Law regulates the coordination among all of the financial safety net participants. This law gives financial safety net players the responsibility and the powers to share data and information, as well as access to confidential information. The Financial Sector Commission (FSC) was established to exercise responsibility for information exchange, cooperation and coordination among institutions, as well as for proposing joint policies and expressing views. The Coordination Committee was established to ensure the exchange of information between BRSA and SDIF regarding the general condition of the banking sector, measures to be taken with respect to the prompt corrective actions, and factors to be used in the calculation of risk-based insurance premiums. The Financial Stability Board (FSB) was established in 2010 to detect systemic risks which could affect the entire financial system, take necessary actions and set policies in order to minimize them. It consists of Deputy Prime Minister, Governor of CBRT, Undersecretary and Presidents of BRSA and SDIF. FSB not only evaluates systemic risk plans developed by relevant bodies, but also coordinates systemic risk management.

In his closing, Mr. Cabukel stated that members of the financial safety net are committed to taking on the responsibility for protecting the financial system. Only when the institutional infrastructure is strong can proper responses be made to the rapid changes in global financial markets.

**Hiroyuki Obata, Deputy Governor, Deposit Insurance Corporation of Japan, Japan**

**Hiroyuki Obata** stated that the role of deposit insurance schemes has changed from the traditional role of protection of depositors (a micro-economic one) to the role for stability of the financial system (a macro-economic one). He addressed three issues to meet the challenges posed by the expanded mandate, such as payout vs. purchase & assumption (P&A), limited coverage vs. blanket guarantee and pay box vs. risk minimizer and provided Japan's experience in that field.

Mr. Obata explained Japan's case. In Japan, P&A should be the first choice in order to minimize confusion caused by failure of financial institutions. In the recent resolution case of the Incubator Bank of

Japan, DICJ chose P&A to maintain its financial functions such as lending. As for the issues of limited coverage and blanket guarantee, the scheme is: 1) conventional bank failures will be dealt with under the limited coverage, either by payout or financial assistance up to the payout cost; and 2) when it comes to bank failures in the crisis situation, blanket guarantee will be applied. It will be done either by giving financial assistance beyond the payout cost or the acquisition by the DICJ of shares of the failed bank, i.e. in essence “nationalization”. In the recent resolution case of the Incubator Bank of Japan, limited coverage was applied. As for the issue of the pay box and risk minimizer, DICJ is close to the risk minimizer. In addition to payout, DICJ conducts resolution as a financial administrator; however, DICJ does not have the supervisory power over financial institutions.

Mr. Obata said that in Japan, Financial Services Agency supervises financial institutions and decides whether a financial institution is solvent or not. Bank of Japan is also involved in the process as the provider of temporary financing to DICJ as well as the lender of last resort for banks. The recent resolution case of the Incubator Bank of Japan has demonstrated that the current system in Japan is effective in dealing with bank failures.

**Fred S. Carns, Director, Office of International Affairs, Federal Deposit Insurance Corporation, U.S.A.**

**Fred S. Carns’** speech focused on the recent evolution of deposit insurance in the U.S., which involves primarily the reforms prescribed in the Dodd-Frank Legislation and various additional regulatory reactions to the financial crisis, and the global evolution of deposit insurance systems more generally in recent years.

Mr. Carns stated that the Dodd-Frank Legislation has expanded the role of FDIC significantly: strengthened back-up authority; requiring the preparations of the resolution plan (“living wills”); expanded receivership authorities to SIFIs, and provided more discretion for the FDIC to determine the optimal size of the deposit insurance fund. FDIC is also designated as a member of the Financial Stability Oversight Council (FSOC) and there is also a seat on the Council for an independent member with insurance industry expertise. Mr. Carns said that FDIC has taken several actions post-crisis that reflect its expanded powers.

Mr. Carns concluded by saying that while the institutional details may differ, countries around the world will continue of necessity to develop and enhance the functions relating to effective deposit

insurance systems, including resolution processes for SIFIs, means for cross-border harmonization, and coordinated systems of macro prudential supervision. He added that we can seize that opportunity by continuing to work through IADI to ensure that our deposit insurance systems achieve their full potential for contributing to global financial stability.

## **Keynote Speech II**

### **John Lipsky, Special Advisor to the Managing Director, International Monetary Fund (IMF)**

**Mr. Lipsky** began his speech by giving some information on macro prudential policy. Mr. Lipsky recommended to the audience four papers on this subject published by the IMF, namely, "Macro prudential Policy: An Organizing Framework", "Towards Effective Macro Prudential Policy Frameworks: An Assessment of Stylized Institutional Models", "Macro Prudential Policy Tools and Frameworks Update to G20 Finance Ministers and Central Bank Governors", and "Macro Prudential Policy: What Instruments and How to Use Them? Lessons from Country Experiences."

Mr. Lipsky explained that the goal of macro prudential policy is to limit systemic risk; the analytical macro prudential analysis aims to look at the interactions between the financial system and macro economy instead of individual institutions. The linkage between monetary policy and macroeconomic policies needs to be understood as well as its impact on the macro economy and vice versa. Evidently, the linkage has been imperfectly understood, and that's one reason why the 2008-2009 crisis took the world by surprise. There are three key elements in analyzing macro prudential policy:

- Identifying and monitoring systemic financial risk.
  - Specifying and calibrating the potential instruments of macro prudential policy.
  - Creating the specific instruments and specifying their governance that will have to reflect on the need for coordination of prudential tools used for financial stabilization.
- Mr. Lipsky commented that it was important to address the data gap in order to successfully implement macro-prudential policy. There was no way to understand the systemic stability issues without knowing the aspects of the maturity and liquidity mismatch, measuring the risk exposure, tracking the CDs market and OTC derivative market.

Mr. Lipsky introduced macro prudential policy instruments to prevent potential amplification of systemic risk. Limit excessive credit growth,

limitation on maturity mismatch, foreign exchange lending and non-core lending are instruments to prevent and control systemic risk. IMF proposed imposing a capital surcharge on SIFIs in the G20 Toronto summit; in the future, financial institutions should bear their own resolution cost. Mr. Lipsky also emphasized the importance of governance for macro prudential policy to be successful.

In conclusion, Mr. Lipsky shared some preliminary findings on IMF research papers.

- The central bank should be given a prominent role in macro-prudential policymaking.
- Avoid institutional fragmentation: Fragmentation can reduce the effectiveness of risk identification and increases the likelihood that more time in coordination will be needed.
- Participation of the treasury in the policy process is useful, but a leading role poses risks.
- Systemic risk prevention and crisis management are different functions that should be supported by separate organizational arrangements.
- For successful macro prudential policy, some institutions should be able to access all of the relevant data. Someone has to put it all together. It won't work if the data can not be integrated.
- Institutional mechanisms need to support the willingness to act. Macro prudential authority should be identified and should be accountable.
- Macro prudential action should not comprise the authority of other agencies or prevent their policy from being effected.

## **Session 6: Financial Inclusion**

**Chair: Barbara Ryan, Chief of Staff to the Acting Chairman, Federal Deposit Insurance Corporation, U.S.A.**

**Barbara Ryan's** speech focused on financial inclusion and its association with IADI. First, Ms. Ryan gave the definition of financial inclusion and estimated the number of unbanked populations around the world. She further explained how financial inclusion relates to deposit insurance. Deposit insurance can play a key role in protecting small, unsophisticated savers. Through public awareness initiatives, deposit insurance systems can inform depositors about safe methods of storing their money and help build trust in formal financial institutions. By promoting confidence in formal financial institutions and the banking system, deposit insurance can promote access to the mainstream financial sector.

Ms. Ryan provided some background information on this issue including an increasing interest by the G-20, and the standard setting bodies. Each has been requested to further contribute to encouraging financial inclusion, consistent with their respective mandates. IADI has established a Subcommittee on Financial Inclusion and Innovation to address related issues for deposit insurers such as striking the right balance between controlling risks and encouraging innovation in the promotion of financial inclusion and issues raised by new technology and delivery innovations. The Subcommittee issued a survey which focused on deposit insurance, financial inclusion and financial access innovation. Survey data compilation and analysis are still underway.

**Pierre-Laurent Chatain, Lead Financial Sector Specialist, the World Bank Financial Market Integrity Unit**

**Pierre-Laurent Chatain** defined terms of branchless banking, E-money and mobile banking. Branchless banking is using agents or other third parties as the principal interface with customers and relying on technologies to deliver financial services outside conventional bank branches. E-money is a type of stored-value instrument or product with several attributes such as electronically recorded value, value stored on a device and convertible to cash.

Mr. Chatain stated that mobile banking is using mobile phones to access financial services and implement financial transactions. He further explained the business models of mobile banking, the impact of mobile banking on financial inclusion, challenges that policymakers face now and how to protect customers. The issue of funds protection is one the most challenging parts in the non-bank led model due to non-bank issuers taking funds from the public sector while at the same time, they may not be prudentially regulated or supervised. In practice, policy responses seem to converge towards funds safeguarding.

Mr. Chatain concluded that there are two lines of defense, and observed that several options have been considered and applied. For example, financial products should be issued by a bank, setting liquidity requirements and safe investment and restriction on fund use. Funds underlying issued E-money should be insulated from institutional risk of claims by issuer creditors. The second line of defense include many raising issues such as should the funds representing the E-float be covered by deposit insurance schemes? Is E-money kept in bank account exposed to bank failure? At what costs should a safety net for E-banking be established.

## **Stefan Staschen, Policy Advisory Consultant to the World Bank's Consultative Group to Assist the Poor (CGAP)**

**Stefan Staschen** gave background information on CGAP, which is an independent policy and research centre dedicated to advancing financial access for the world's poor. CGAP offers advisory services to governments, micro finance providers, donors and investors. Housed at the World Bank, CGAP is supported by over 30 development agencies who share a common mission to alleviate poverty.

Mr. Staschen mentioned that CGAP research shows that 70 percent of adults in developing countries do not have deposit accounts with regulated financial institutions and 20 percent in developed countries. Numbers of regulated micro finance institution (MFI) loans per 1,000 adults for countries that provided data for 2008 and 2009, which have shown an increase in some countries like Burundi, Madagascar, Bolivia, Georgia, Gambia and Pakistan. However, some of the countries remained unchanged including Ethiopia, Yemen and Uganda. It was discovered that only 59 out of 142 countries have the central banks or other financial regulators regulating the MFIs.

Mr. Staschen indicated that a wide range of legal entities can provide micro finance services: such as: non-governmental organizations financial cooperatives, commercial banks and non-bank retail agents.

Regulatory approaches can be distinguished into three categories:

- No specific micro finance law: Existing legal window(s) might allow for microfinance services provision.
- Special legal window for MFIs: In many cases, separate law for deposit-taking MFIs.
- Microfinance-specific statutory regulations under general "financial institutions" law: Defining microfinance as one activity and adjusting regulations to allow for microfinance services provision. Standard banking regulations when applied to microfinance may not fit the risk profile of deposit-taking microfinance institutions (DMFIs). Also with standard banking regulations there are limits on unsecured lending while in the case of microfinance, it is often impractical for character-based lending.

Mr. Staschen further talked about the features and characters of E-money. E-money can be defined as the monetary value as represented by a claim on an issuer. This can be redeemed as cash, transferred between customers, or used for payments at multiple sites. There are three main options on how to regard e-money which stretch the boundaries of payment and banking legislation. These are as follows:

- Option 1: Regard e-money as the exclusive domain of prudentially regulated financial institutions (South Africa, India, and Pakistan).
- Option 2: E-Money is used as a service to be offered by banks and nonbanks (Philippines, Nigeria, Afghanistan, and EU).
- Option 3: E-Money is used as a payment service (Kenya, but soon to change).

In closing, Mr. Staschen stressed the importance of fund safe guarding, fund isolation and risk mitigation measures. Fund safe guarding is to maintain liquid assets equivalent to e-float while fund isolation involves ownership of funds. Transaction limits also serve as overall risk mitigation measure. Maximum value of individual transaction, maximum monthly/periodic load and also maximum holdings help in tackling money laundering in the financial system.

**Rose Detho, Director, Deposit Protection Fund Board (DPFB), Kenya**

**Rose Detho** provided a comprehensive case of Kenya's efforts in promoting financial inclusion. She stated that the financial sector is one of the most important sectors for development and went on to explain the number of financial inclusion initiatives undertaken. Through the adoption of these initiatives, Kenya significantly expanded the reach of its financial services. The positive growth was cited in the FinAccess Survey of 2006 and 2009. She also explained the usage and impact of M-PESA, the new innovation in mobile payments. Launched in 2007, the innovation brought new transformation as it was able to generate a large number of clientele compared to banks and was therefore acknowledged by the government as a good tool to promote financial inclusion. She also deliberated on other tools such as microfinance to promote financial inclusion in Kenya.

Ms. Detho highlighted the global financial inclusion initiatives undertaken by the Central Bank of Kenya who is the founding member of the Alliance for Financial Inclusion (AFI) which seeks to promote sharing of cutting edge financial inclusion policies. Her presentation then touched upon strengthening Kenya's financial inclusion initiatives which includes promoting evidence-based financial inclusion policy, enhancing consumer empowerment, the strengthening of disclosures and transparency of charges and lending rates, proportionate regulation to support development of wide spread financial services delivery channels across the country and the strengthening of deposit protection and safety mechanism.

Ms. Detho concluded her presentation by discussing the co-relationship between the financial inclusion initiatives and deposit insurance. Ms. Detho explained that due to the financial inclusion drive, there has been a surge in deposits which has resulted in the DPFB rethinking ways to expand insurance coverage and the ideal coverage level. DPFB is also tasked with balancing the need for fund growth against the need to keep access to deposit services inexpensive in order to encourage financial inclusion. Before ending her presentation, she briefly discussed the risk associated with Kenya's banks' regional expansion and how DPFB should handle mobile payment models.

**Gurappa Gopalakrishna, Executive Director, Deposit Insurance and Credit Guarantee Corporation, India**

**Gurappa Gopalakrishna** commenced his presentation by highlighting India's achievements in promoting financial inclusion through various channels. He explained that only a small number of the population is covered by banking services - especially in the rural areas as 145 million households in India are financially excluded and do not have access to the financial system. The Indian approach to financial inclusion is a broad-based government and central bank effort. To promote growth and inclusiveness in the financial system, by March 2012, all villages with above 2,000 in population will be provided access to financial services and villages with a lesser number will be covered in an integrated manner.

Mr. Gopalakrishna then outlined the various initiatives undertaken by the Government and the Reserve Bank of India to promote financial inclusion and financial literacy. This includes the establishment of Financial Stability and Development Council, the Financial Literacy and Credit Counselling Centres by banks and the setting up of the Financial Inclusion and Financial Inclusion Technology Fund. He briefly discussed the obstacles faced in promoting financial inclusion such as the absence of required technology infrastructure, coverage, the viable delivery mechanism and a feasible business model. He emphasised that the current stand is that financial inclusion should be carried out only through banks and not the mobile companies.

The other part of his presentation focused on strengthening of the business correspondent model, coverage and transparency issues, the extension of banking products, operational issues faced, future expectations and current challenges affecting the financial inclusion efforts in India. Mr. Gopalakrishna concluded his presentation by emphasizing the importance of a global collaboration in promoting financial inclusion and he extended an invitation to countries with

financial inclusion models to come to India and share their own models.

## **Closing Remarks**

### **Jerzy Pruski, President, Bank Guarantee Fund, Poland**

**Jerzy Pruski** gave a wrap up and shared his views on major topics covered in the conference.

Mr. Pruski commented that macro prudential supervision is as important as micro supervision. It is very difficult to create a meaningful macro supervision authority. To build up an effective macro prudential system, one crucial task for deposit insurers is to utilize special new tools derived from a global perspective.

Mr. Pruski noted that although some countries have adopted the resolution framework, the results seem to be insufficient. The real challenge for adopting an effective resolution system is to cope with SIFIs and manage the problems associated with being too big to fail. He further discussed the role of deposit insurance systems. The role and functions of deposit insurance systems have been significantly improved. The roles and functions of many deposit insurers have moved from pay boxes to risk minimizers; from ex-post financing to ex-ante financing; from lower coverage to higher coverage, and from delays to prompt reimbursement payout. He characterized these changes as illustrating the importance of deposit insurance and its future role.

This revolution has been reflected in the BCBS-IADI Core Principles for Deposit Insurance Systems adopted in recent years. The Core Principles describe the fundamental, robust activities and important role that deposit insurance schemes represent in the safety net, both globally and domestically. Finally, Mr. Pruski thanked the attendees and presenters for their participation and concluded the event.

## **Annex: Conference Program**

The 2011 IADI Annual Conference features presentations by internationally recognized high-rank policy makers, regulators, academics and deposit insurance practitioners.

### **Opening Remarks**

Welcoming Remarks:

Jerzy Pruski, President, Bank Guarantee Fund

Martin Gruenberg, Acting Chairman, Federal Deposit Insurance Corporation and President, International Association of Deposit Insurers

Olgierd Dziekoński, Secretary of State, Cabinet of the President of the Republic of Poland

Keynote speech:

Sheila C. Bair, former Chairman, Federal Deposit Insurance Corporation

### **Session 1:**

*Global economic outlook*

Panelists:

José Viñals, Financial Counselor and Director, Monetary and Capital Markets Department, International Monetary Fund

Pier Carlo Padoan, Deputy Secretary-General and Chief Economist, OECD

Dariusz Filar, former Monetary Policy Council Member, University of Gdansk

Wilson Ervin, Senior Advisor/former CRO, Credit Suisse, Switzerland

### **Session 2:**

*New macro prudential and micro prudential safety nets*

Panelists:

Andrea Enria, Chairperson, European Banking Authority (EBA)

Marek Belka, President, National Bank of Poland

Per Callesen, Governor, Danmarks Nationalbank

### **Keynote speech:**

*Financial Crisis Management – the Implications for Public Finances*

Jan Vincent-Rostowski, Minister of Finance, Poland

### **Session 3:**

*Crisis management - the role of resolution regime*

Panelists:

Martin Gruenberg, Acting Chairman, Federal Deposit Insurance Corporation and President, International Association of Deposit Insurers

Lars Nyberg, Deputy Governor of Sveriges Riksbank

Mikhail I. Sukhov, Member of the Board of Directors, Bank of Russia

### **Session 4:**

*How to cope with Too Big to Fail problem?*

Panelists:

Gary H. Stern, former President, Federal Reserve Bank of Minneapolis

Stanisław Kluza, Chairman, Polish Financial Supervision Authority

Stephen G. Cecchetti, Economic Adviser and Head of the Monetary and Economic Department, Bank for International Settlements

Alessandro Profumo, former Chief Executive Officer, UniCredit Group

### **Session 5:**

*The role of deposit insurance schemes in financial safety net*

Panelists:

Mohammed Al-Ja'fari, former Director General, Jordan Deposit Insurance Corporation

Alex Kuczynski, Director of Corporate Affairs, Financial Services Compensation Scheme (UK)

Ridvan Cabukel, Vice President, Savings Deposit Insurance Fund of Turkey

Hiroyuki Obata, Deputy Governor, Deposit Insurance Corporation of Japan

Fred Carns, Director, International Affairs, Federal Deposit Insurance Corporation

### **Keynote speech:**

John Lipsky, Special Advisor to the Managing Director, International Monetary Fund

### **Session 6:**

*Financial inclusion*

Panelists:

Barbara Ryan, Deputy to the Vice Chairman, Federal Deposit Insurance Corporation

Pierre-Laurent Chatain, Lead Financial Sector Specialist, the World Bank Financial Market Integrity Unit, Washington, DC  
Stefan Staschen, Policy Advisory Consultant to the World Bank's Consultative Group to Assist the Poor (CGAP)  
Rose Detho, Director, Deposit Protection Fund Board (Kenya)  
Gurappa Gopalakrishna, Executive Director, Deposit Insurance and Credit Guarantee Corporation (India)

Closing Remarks