PANEL DISCUSSION

Deposit Insurance Fund – Uses and Safeguards
Moderator and panelists

- **Moderator:** Kumudini Hajra, Senior Policy and Research Advisor, International Association of Deposit Insurers

- **Speakers:**
  - Dean Cosman, Executive Vice President and Chief Risk Officer, Canada Deposit Insurance Corporation
  - Riccardo De Lisa, Senior Advisor, Interbank Deposit Protection Fund, Italy
  - Prince Aghatise Erediauwa, Executive Director (Operations), Nigeria Deposit Insurance Corporation
  - Ruth Walters, Senior Advisor, Financial Stability Institute, Bank for International Settlements
Issues for discussion

- Deposit insurance funds no longer used only for payouts; in fact, payouts are only relevant for small banks that can be liquidated.
- Deposit insurance funds not only providing funds for resolution; also, in some cases, providing liquidity support to banks.
- Various safeguards can be applied to limit the overall costs of resolution for example through (a) choosing a least costly resolution strategy, (b) limit on DI not paying more than it would reimburse to depositors in a payout case, or (c) placing a financial cap on the use of DI funds (exposure to a particular bank).
- Separate deposit insurance funds and resolution funds emerging but little information available.
Questions

1. What is the framework governing use of DI funds in your jurisdiction or that you have come across in your work? Have there been any legal or regulatory changes in the framework that governs the use of funds in light of lessons from the financial crisis?
2. If DI funds are used for bank resolution, what safeguards can be applied while providing funds for bank resolution? Is the least cost criteria a sufficient safeguard?
3. Are DI funds allowed to be used for purposes besides bank resolution, example open bank assistance and provision of liquidity? What in your view are risks to the deposit insurer?
4. What are your views regarding resolution versus deposit insurance funds? What are benefits and limitations of two separate (ex ante) funds?
THANK YOU FOR YOUR ATTENTION
Questions

5. What is the practice in your jurisdiction regarding ranking of DI’s claim in creditor hierarchy and its impact on the potential size of deposit insurance fund?