



July 14, 2025

BY EMAIL

Mrs Carole Eleuthere-Jn Marie
Chief Executive Officer
Barbados Deposit Insurance Corporation
5th Floor, Tom Adams Financial Centre
Spry Street
Bridgetown
BB11000

Dear Mrs Eleuther-Jn Marie,

Re: Feedback on the IADI Revised Core Principles for Effective Deposit Insurance Systems

The Financial Services Commission (the “Commission”) welcomes the opportunity to comment on the draft revised International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems (the “Core Principles”). We commend the IADI for taking a holistic and forward-thinking approach, particularly in light of emerging risks and evolving financial sector structures globally.

We also take this opportunity to articulate our general support for the expanded emphasis on cross-functional coordination between deposit insurance, resolution, supervision, and crisis management, which is essential for jurisdictions with integrated or closely coordinated financial safety-net arrangements.

Further, we offer the following perspectives on the identified principles:

Principle 3 – Governance

The Commission supports the requirement for operational independence and accountability mechanisms for deposit insurers. However, we suggest that IADI consider offering further guidance on how small jurisdictions, where resource constraints may necessitate shared governance structures, can meet the governance expectations without compromising independence. Or alternatively, where significant coordination is required between the deposit insurer and a separate competent authority responsible for prudential supervision and regulation.

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Principle 7- Membership

The mandatory nature of membership is appropriate. However, in markets like ours, with both commercial banks and credit unions, we recommend clearer guidance on transitional arrangements and due diligence requirements where new institutions or legacy entities seek to enter the deposit insurance system under exceptional circumstances. Exceptional circumstances where transitional arrangements may be warranted include institutions undergoing mergers or acquisitions that alter their risk profile or compliance readiness, or the entry of newly formed institutions that require a probationary period to meet capital adequacy and governance thresholds.

Principle 8 – Coverage

The Commission supports the continued emphasis on limited, credible coverage that supports depositor confidence without encouraging excessive risk-taking. However, in the interest of greater financial inclusion, we recommend stronger guidance on the treatment of digital deposits and e-money products, which are increasingly relevant in our market and may be stored outside traditional bank accounts.

Principle 9 – Funding for the deposit insurer

The Commission supports the principle that funding should be primarily borne by member institutions. Nonetheless, guidance on setting appropriate target fund sizes and structuring financial safety nets, such as government guarantees or emergency borrowing facilities, would be beneficial for new or underdeveloped systems.

The Commission also welcomes the inclusion of the ‘additional criteria’ in addition to the baseline expectations (‘essential criteria’). While these voluntary best practices may not be appropriate for Barbados’ deposit insurance system in every case, we appreciate the role they may play in ensuring the continued relevance of the Core Principles over time. In particular, we find great merit in the risk-based approach inherent in a differential premium system.

Principle 10 – Public Awareness

The Commission appreciates the emphasis on public awareness. Especially in jurisdictions where financial literacy varies significantly across demographic groups. We recommend including expectations for multilingual or culturally adapted communication where applicable to ensure clarity and equity of access. Additional guidance and/or best practices for effectively engaging unsophisticated small-scale depositors would be particularly useful.

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Principles 11 & 17 - Crisis Preparedness and Coordination

The Commission endorses the enhanced focus on interagency coordination. In practice, however, smaller jurisdictions may lack formal mechanisms for joint simulations or resolution planning. We suggest IADI consider offering guidance or templates for memoranda of understanding and joint crisis playbooks suited for resource-constrained environments.

We commend IADI for integrating climate and Environmental, Social and Governance (ESG) risks into the Core Principles. Given the acute exposure of Caribbean jurisdictions to climate-related financial risks, we would welcome more concrete guidance on incorporating ESG considerations into fund management and risk assessment practices, including examples of permissible ESG-aligned investments under different governance models.

The Commission welcomes the revised Core Principles as a critical step in aligning global deposit insurance frameworks with the realities of modern financial systems and emerging threats. We respectfully request that IADI consider the context of small and developing jurisdictions in the final guidance, particularly with regard to resource allocation, climate resilience, and financial innovation.

Should additional details be required, you may contact us, at 421-2142, or alternatively at sjemmott@fsc.gov.bb.

Yours faithfully,
FINANCIAL SERVICES COMMISSION

Sade Jemmott

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Sade Jemmott (Mrs)
General Counsel