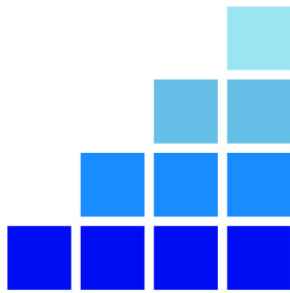




*IADI Survey Briefs analyse the result of surveys amongst IADI members and provide takeaways on policy and research topics of relevance to deposit insurers.*



**NO. 1**

# SURVEY BRIEF

IMPACT OF THE COVID-19 PANDEMIC  
ON DEPOSIT INSURANCE

IADI FOLLOW-UP SURVEY

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# IMPACT OF THE COVID-19 PANDEMIC ON DEPOSIT INSURANCE

## IADI FOLLOW-UP SURVEY

### 1 Introduction

On the 12<sup>th</sup> of January 2021, the International Association of Deposit Insurers (IADI) distributed a survey to its membership on the impact of the Coronavirus (COVID-19) pandemic crisis on their financial sector and the measures taken by regulatory authorities and deposit insurers (DI) to address the crisis.

The survey questions act as a follow-up to the [IADI Survey on COVID-19 Implications for Deposit Insurers](#) conducted in March 2020. A key objective is to facilitate information exchange between IADI Member deposit insurers on the impact of the COVID-19 pandemic on their jurisdictions' financial sector and deposit insurance and regulatory/supervisory environment. The focus in this survey iteration is on developments that have emerged since the initial COVID-19 response by deposit insurers in March/April 2020.<sup>1</sup>

To date, IADI has received 32 submissions. Utilising this information, the following overview of the key results has been prepared. A database has also been created with detailed information on each deposit insurers' responses and is available at:

<https://www.ebis.org/rooms/IADI/CouncilCommittee/CPRC/Covid19/Pages/default.aspx>

### 2 Summary of key findings

The IADI Survey results illustrate a number of key trends in the response of DI to the COVID-19 crisis. Some of the main developments since the initial March/April 2020 response include:

- i. **Additional support measures have been put in place since March/April 2020.** Both regulatory/supervisory (4 out of 5 respondents) and deposit insurance (1 out of 2 respondents) measures have been extended beyond those implemented initially. This suggests that many regulators, supervisors and deposit insurers are continuing to monitor new information on the crisis, and adjusting aspects of their operations accordingly.
- ii. **Plans to review crisis management activities.** Half of the respondents have either reviewed or plan to review contingency planning and/or crisis management activities. This highlights the degree of flexibility being shown by deposit insurers in responding to pandemic implications.
- iii. **Too soon to fully evaluate effectiveness of support measures.** Only 1 out of 3 respondents indicated that they were able to fully evaluate the effectiveness of support measures implemented in terms of maintaining confidence in the financial system. A similar (limited) number of respondents were able to determine which measures had been most welcomed by deposit taking institutions. This reflects the degree of residual uncertainty that still remains as the pandemic continues to impose shocks on the global financial system.
- iv. **Clear trends in a number of core deposit insurance metrics.** A large majority (8 out of 10 respondents) reports an increase in total and insured (covered) deposits and unchanged coverage limits (only 1 respondent reports an

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<sup>1</sup> Link to previous survey summary: <https://www.iadi.org/en/news/recent-iadi-covid-19-survey-results-and-briefing-note-on-ensuring-business-continuity-and-effective-crisis-management-activities-for-deposit-insurers/>

increase in the coverage level). The trend in fund sizes is less clear. Half of respondents reports an unchanged fund size, 4 out of 10 report an increase. The causes for these developments (increase in covered deposits and/or changes as to premium calculations or target fund sizes) are not clear.

- v. **No wide-spread increase in the number of bank failures.** More than 8 out of 10 respondents identified no change in the number of bank failures occurring with their jurisdiction.
- vi. **Looking forward.** A considerable number of respondents (2 out of 5) flagged that COVID-related measures are likely to remain in place post-pandemic. The vast majority thereof relates to increasing the digital nature of DI activities, including payouts or remote working. Half of the respondents identified technical assistance and/or research questions related to the COVID-pandemic, including enhanced early risk detection and stress-testing, preventive capital assistance and risk related to the surge of deposits observed in some jurisdictions.

### 3 Moving forward

The International Association of Deposit Insurers is continuing to closely monitor the current global situation related to COVID-19 and its impact on deposit insurers. At the same time, a number of steps have been taken to safeguard the well-being of staff, Members, Associates and Partners while continuing to maintain normal operations. Further updates will be provided as new information becomes available.

### 4 Detailed results

Most questions in the survey were structured in a binary ‘Yes/No’ format, with subsequent opportunity to provide details, if applicable. Full survey responses are available via the IADI Members-only website aforementioned.

Question	Percentage of ‘Yes’ responses
<p>Have any additional regulatory/supervisory measures or adjustments been put in place to support financial stability in the deposit-taking institution (DTI) sector since March/April 2020?</p> <p><i>Selected case study: Thailand has extended their debt moratorium for retail and SME borrowers until June 2021.</i></p>	78%
<p>Have any additional deposit insurance measures or adjustments been put in place by the DI to support financial stability in the deposit-taking institution (DTI) sector since March/April 2020?</p> <p><i>Selected case study: Changes to the Canada Deposit Insurance Act stemming from the Deposit Insurance Review that were scheduled to come into effect on 30 April 2021 have been delayed until 30 April 2022. The changes include the addition of Registered Education Savings Plans and Registered Disability Savings Plans as eligible deposit categories, the removal of separate coverage for mortgage tax accounts, and increased data requirements for trust deposit accounts.</i></p> <p><i>The Central Deposit Insurance Corporation (Chinese Taipei) aligned with government policies and has temporarily reduced deposit insurance premiums for best-performing domestic banks (by approximately 3%) and for all credit departments of farmers' and fishermen's associations (by approximately 5%).</i></p>	47%

<p><i>The Malaysia Deposit Insurance Corporation temporarily extended the deadline for payment of annual premiums and reduced premium rates.</i></p>	
<p>Has the DI reviewed or does it have plans to review existing crisis management activities and/or contingency planning as a result of the COVID-19 experience?</p> <p><i>Selected case study: The Korea Deposit Insurance Corporation recently updated its contingency plan by adding a pandemic spread to crisis scenarios in order to enhance its preparedness to an emerging crisis. This has been complemented by several crisis simulation exercises with the purpose of strengthening the capacity for orderly and efficient resolution.</i></p>	53%
<p>Is it possible to determine which support measures implemented by financial and/or regulatory authorities (at any time throughout the COVID-19 pandemic) have been most welcomed by DTI's?</p> <p><i>Selected case study: The Central Bank of Jordan has reduced the required reserve ratio on deposits with banks from 7% to 5%, providing banks with additional liquidity.</i></p>	34%
<p>Is it possible to determine which support measures implemented by the DI (at any time throughout the COVID-19 pandemic) have been most welcomed by DTI's?</p> <p><i>Selected case study: The Kenya Deposit Insurance Corporation has received positive feedback from member banks on the benefits associated with deferring premium collection. The increase to the coverage level was also well received, especially by microfinance banks due to the overall boost in confidence within the financial system.</i></p> <p><i>The Malaysia Deposit Insurance Corporation indicated positive feedback from DTIs on the reduction of premium rates and deferment of annual premium collections.</i></p>	20%
<p>Is it possible to determine which support measures implemented by financial and/or regulatory authorities (at any time throughout the COVID-19 pandemic) have been most effective in maintaining confidence in the financial system?</p> <p><i>Selected case study: The re-activation of EBA guidelines on legislative and non-legislative moratoria (December 2020) have enabled banks able to ensure the continued flow of lending to clients, thus supporting ongoing liquidity and the challenges faced by European businesses and, from a wider perspective, maintaining the confidence in the financial system.</i></p>	31%
<p>Is it possible to determine which support measures implemented by the DI (at any time throughout the COVID-19 pandemic) have been most effective in maintaining the confidence of depositors?</p>	32%
<p>Has the DI identified any negative impacts of putting in place additional support measures?</p> <p><i>Selected case study: The Kenya Deposit Insurance Corporation notes the cost to the deposit insurer of income that would have been earned on premiums whose collection has been deferred.</i></p>	6%
<p>Are any changes introduced to DI support measures and operations likely to become partially or fully permanent after the COVID-19 pandemic?</p>	39%

<i>Selected case study: The Indonesian Deposit Insurance Corporation will now use their payment channelling system for future claim processes.</i>			
As a result of the COVID-19 experience, has the DI identified any area(s) where technical assistance or additional research would be helpful to strengthen future responses to such a crisis and financial shock?  <i>Respondents indicate that future research initiatives could be directed towards contingency planning and stress testing exercises.</i>		50%	
What has been the impact of the pandemic on the following indicators in your jurisdiction?			
<b>Indicator</b>	<b>Increase</b>	<b>Same</b>	<b>Decrease</b>
Total and insured (covered) deposit growth	79%	21%	0%
Coverage limits	3%	97%	0%
Fund size	43%	54%	4%
Number of bank failures	9%	83%	9%

## Annex I - Survey Respondents (as of 6 April 2021)

Jurisdiction	Institution
Angola	Fundo de Garantia de Depósitos
Barbados	Barbados Deposit Insurance Corporation
Brazil	Fundo Garantidor do Cooperativismo de Crédito / Credit Cooperatives Guarantee Fund
Canada	Canada Deposit Insurance Corporation
Canada (Québec)	Autorité des marchés financiers
Chinese Taipei	Central Deposit Insurance Corporation
Colombia	Guarantee Fund of Cooperative Entities / Fondo de Garantías de Entidades Cooperativas
Czech Republic	Deposit Insurance Fund
Ecuador	Corporación del Seguro de Depósitos
Finland	Finnish Financial Stability Authority
France	Fonds de Garantie des Dépôts et de Résolution
Hong Kong	Hong Kong Deposit Protection Board
Indonesia	Indonesia Deposit Insurance Corporation
Italy	Interbank Deposit Protection Fund / Fondo Interbancario di Tutela dei Depositi
Japan	Deposit Insurance Corporation of Japan
Jordan	Jordan Deposit Insurance Corporation
Kazakhstan	Kazakhstan Deposit Insurance Fund JSC
Kenya	Kenya Deposit Insurance Corporation
Korea	Korea Deposit Insurance Corporation
Malaysia	Malaysia Deposit Insurance Corporation
Mexico	Instituto para la Protección al Ahorro Bancario
Morocco	Moroccan Deposit Insurance Corporation / Société Marocaine de Gestion des Fonds de Garantie des Dépôts Bancaires
Palestine	Palestine Deposit Insurance Corporation
Philippines	Philippine Deposit Insurance Corporation
Poland	Bank Guarantee Fund
Romania	Bank Deposit Guarantee Fund
Switzerland	esisuisse

Thailand	Deposit Protection Agency
Trinidad and Tobago	Deposit Insurance Corporation
Turkey	Savings Deposit Insurance Fund
United States	Federal Deposit Insurance Corporation
Uruguay	Corporación de Protección del Ahorro Bancario
Vietnam	Deposit Insurance of Vietnam



## Annex II

### IADI Survey Questions

1. Have any *additional* regulatory/supervisory measures or adjustments been put in place to support financial stability in the deposit-taking institution (DTI) sector since March/April 2020?<sup>2</sup>

Yes

No

2. [IF 'Yes' to Q1] Please specify additional measures implemented:

Free text

3. Have any *additional* deposit insurance measures or adjustments been put in place by the DI to support financial stability in the deposit-taking institution (DTI) sector since March/April 2020?<sup>3</sup>

Yes

No

4. [IF 'Yes' to Q3] Please specify additional measures implemented:

Free text

5. What have been the greatest challenges to implementing support measures in your jurisdiction's deposit insurance system?

Free text

6. Are any changes introduced to DI support measures and operations likely to become partially or fully permanent after the COVID-19 pandemic?

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<sup>2</sup> Examples of measures may include heightened monitoring of liquidity and solvency conditions, additional stress testing, reductions in capital buffers, liquidity requirements and provisioning standards, changes in the treatment of non-performing loans and postponements of non-critical reporting.

<sup>3</sup> Examples measures may include heightened monitoring, reporting and stress testing, postponement of non-critical reporting, changes in coverage, target fund size, premium rates, delays in premium collection etc.

Yes

No

Yet to be determined

7. [IF 'Yes' OR 'Yet to be determined' to Q6] Please specify:

Free text

8. Has the DI reviewed or does it have plans to review existing crisis management activities and/or contingency planning as a result of the COVID-19 experience?

Yes

No

Yet to be determined

9. [IF 'Yes' OR 'Yet to be determined' to Q8] Please specify, including any changes made after the review:

Free text

10. Is it possible to determine which support measures implemented by financial and/or regulatory authorities (at any time throughout the COVID-19 pandemic) have been *most welcomed by DTI's*?

Yes

No

11. [IF 'Yes' to Q10] Please include relevant reasoning and/or indicate the metric(s) used to evaluate effectiveness:

Free text

12. Is it possible to determine which support measures implemented by the DI (at any time throughout the COVID-19 pandemic) have been *most welcomed by DTI's*?

Yes

No

13. [IF 'Yes' to Q12] Please include relevant reasoning and/or indicate the metric(s) used to evaluate effectiveness:

Free text

14. Is it possible to determine which support measures implemented by financial and/or regulatory authorities (at any time throughout the COVID-19 pandemic) have been *most effective* in maintaining confidence in the financial system?

Yes

No

15. [IF 'Yes' to Q14] Please include relevant reasoning and/or indicate the metric(s) used to evaluate effectiveness:

Free text

16. What has been the impact of the pandemic on the following indicators in your jurisdiction?

Total and insured (covered) deposit growth [higher, unchanged, lower]

Coverage limits [higher, unchanged, lower]

Fund size [higher, unchanged, lower]

Number of bank failures [higher, unchanged, lower]

17. Is it possible to determine which support measures implemented by the DI (at any time throughout the COVID-19 pandemic) have been *most effective* in maintaining the confidence of depositors?

Yes

No

18. [IF 'Yes' to Q17] Please include relevant reasoning and/or indicate the metric(s) used to evaluate effectiveness:

Free text

19. Has the DI identified any negative impacts of putting in place additional support measures?

Yes

No

20. [IF 'Yes'] Please specify any strategies used to mitigate negative impacts:

21. As a result of the COVID-19 experience, has the DI identified any area(s) where technical assistance or additional research would be helpful to strengthen future responses to such a crisis and financial shock?

Yes

No

22. [IF 'Yes' to Q21] Please specify area(s):

Free text