



What's New at IADI ?

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Focus on NDIC's Public Awareness Week

“Memories of Taipei”

A Special Thank-You to our Conference Host

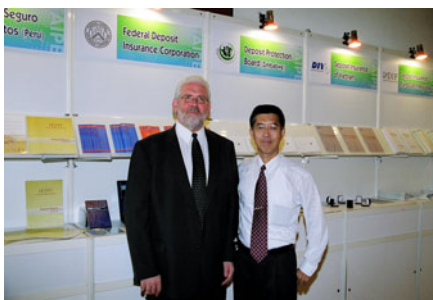
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Central Deposit Insurance Corporation



One of the featured events in Taipei was the first-ever **International Week of Deposit Insurance**. To mark this event, an **International Exhibition on Deposit Insurance** was organised at The Grand Hotel from 27 to 29 September. Thirty-two exhibitors provided information on the key characteristics of depositor protection arrangements in countries around the world.





In the media area, there were interactive video presentations and many deposit insurers demonstrated key techniques to promote the benefits and limitations of deposit insurance. Copies of key studies on various aspects of deposit insurance including bank resolution and sources of liquidity for deposit insurers were made available to the public.

In addition, **CDIC** organized a retrospective illustrating its 20 years of history. The Exhibition was an outstanding success and will be repeated at next year's **Annual Conference** in Rio de Janeiro in mid-November 2006.

Ever since its establishment in 1985, **Central Deposit Insurance Corporation** has endeavoured to promote the deposit insurance practice in Taiwan, assist the execution of monetary supervisory mechanisms, and stabilize financial system. In order to safeguard the benefits of the depositors, to encourage savings, to maintain credit order and to promote healthy development of the financial operations, relevant laws and regulations were formulated. **CDIC** was set up jointly by the **Ministry of Finance** and the **Central Bank**. **CDIC** since its establishment has been regarded as the most competent "Financial Fireman" in preventing runs on banks. The mandatory insurance system was implemented in 1999 to further consolidate the protection of depositors' interests. **CDIC** is dedicated to furthering international connections. In May 2002, for example, it became a founding member of **IADI**.

The celebration of the **CDIC 20th Anniversary** was held at The Grand Hotel during the morning of 27 September 2005.



Lai In-Jaw, Honourable Grand Justice of the **Judicial Yuan**, delivered welcoming remarks at the ceremony. **Hou Ching-Ying**, Chairperson of the Board, **Taiwan Academy of Banking and Finance**, and **Cheng Shen-Chih**, Chairman of **The Bankers Association of the Republic of China**, were the presenters for the **CDIC Present and Former Chairmen and Presidents Contribution Awards**.

Chin-Tsair Tsay, Chairman of the Board, and **Johnson Chen**, President presented a "Collaborator Appreciation Award" to partners and sponsors of this event, including **National Deposit Insurance Fund of Hungary**, **Korea Deposit Insurance Corporation**, **Korea Asset Management Corporation**, **The Bankers Association of the Republic of China** and **The Bankers' Association of Taipei** as well as the **Gold Medal Distinguished Awards for 20 years of services** to the **CDIC** colleagues.

VIPs participating in the ceremony included senior government officials such as Vice Chairperson **Susan Chang** of the **Financial Supervisory Commission** and former Ministers of **Finance Lee Yung-San** and **Yen Ching-Chang**. Also, **Jean Pierre Sabourin**, President and Chair of **IADI**, **Shunichi Nagata**, Governor of **Deposit Insurance Corporation** of Japan, **Choi Jang-Bong**, Chairman and President of **Korea Deposit Insurance Corporation**, and 150 international delegates from more than 50 countries and regions brought a total 500 guests participating in the ceremonies.

The activities connected with the AGM and Conference were attended by high level government officials that included Premier **Frank Hsieh**, Finance Minister **Lin Chuan**, Grand Justice **Lai In-Jaw** of the Judicial Yuan, and Vice Chairperson **Susan Chang** of the Financial Supervisory Commission, as well as other dignitaries from finance and academia.



Central Deposit Insurance Corporation Awarded Prestigious “Deposit Insurance Organization of the Year”

J.P. Sabourin, Chair of the Executive Council presented the first-ever Deposit Insurance Organization of the Year Award to **Chin-Tsair Tsay**, Chairman of the Board, **Central Deposit Insurance Corporation**.

The **Deposit Insurance Organization of the Year Award** is conferred on a Member in celebration of an important achievement and/or in recognition of their contribution to the furtherance of **IADI**'s objects. The award collectively recognizes the contribution of all the staff and management of the Member and is not intended to single out the work of just one individual.

Finance Minister Lin attended the Welcome Dinner and he joined Premier **Frank Hsieh** at the Opening of the **Fourth Annual IADI Conference** at The Grand Hotel on 28 September 2005.

Central Deposit Insurance Corporation is a founding Member of **IADI**, is a member of the Executive Council, chairs the Research and Guidance Committee, chaired the **2005 IADI Conference Task Force**, is an active member of the Asia Regional Committee and **CDIC (Taiwan)** has successfully completed the transition from the blanket guarantee period.

A Review of the Fourth Annual Conference

The Conference was opened by the Conference Chairman **Chin-Tsar Tsay** who provided a warm welcome to all the delegates. The Keynote address was delivered by **J. P. Sabourin**, Chair of the Executive Council and President and Chief Executive Officer of the **Malaysia Deposit Insurance Corporation**.

The first session, moderated by **Shinichi Yoshikuni** of the **Bank for International Settlements**, featured a review of the **“Initiatives by Financial Safety Net Players to help make Banks “Too Good to Fail”**, with presentations by **George Kaufmann**, **David G. Mayes**, **George Hanc** and **Johnson Chen**.

“Developing an Effective Deposit Insurance System” was the topic of the next session and it provided an opportunity for experts to share “country experiences” with presentations by **Fred Carns, Jungryol Kim and Wai Keen Lai**.

Session III, moderated by **Joseph Pasquirello** from **Goodmans LLP**, focused on **Cross-Border Challenges in Handling Bank Insolvencies**, with presentations by **Kelly Naphtali** and **Tetsuo Yamashita**.

Session IV, moderated by **David Walker**, reviewed the proposed guidance that is being developed by **IADI** for aiding the resolution of a failed bank and what could be learned from recent experiences. The main focus of the panel was a presentation by **William Su, CDIC**, the chair of the sub-group that prepared the discussion paper. **Mohammed Al Jafari, Jordan Deposit Insurance Corporation**, was one of the discussants while **Do Khac Hai** of **Deposit Insurance of Vietnam** discussed the internationally agreed principles to deal with banking resolution and insolvency being developed by **The World Bank**.

There were two concurrent sessions that took place in Session V. The first one addressed means to **promote international co-operation** with remarks by **Allan Popoff, European Bank for Reconstruction and Development, Gulen Atay** of the **Asian Development Bank, Mario Beauregard, IPAB** (Mexico) and **Peter Sinclair, University of Birmingham**.

The second part of Session V focused on **Contingency Planning for dealing with a failed bank** and it was a joint presentation by **J. P. Sabourin, MDIC, Michael Mackey, Deloitte & Touche, David Walker, CDIC, and Ray LaBrosse, IADI**.

Session VI included a presentation by **Winston Carr, Jamaica Deposit Insurance Corporation** on **IADI’s guidance for promoting effective interrelationships among financial safety net players**. The discussants were **Mutsuo Hatano, of Japan Deposit Insurance Corporation, Louis Chen, Professor at Law of Taipei National University**, and Roumyana Markova of the **Bulgarian Deposit Insurance Fund**

Ray LaBrosse provided the conference participants with an update on **IADI’s** recent and planned activities for the Association and **Neusa Fátima Fantini Siliprandi** of **Fundo Garantidor de Créditos** invited everyone to next year’s conference in Rio De Janeiro, in November 2006.

[Photos of the many events and presentations can be viewed on IADI’s site.](#)

The Secretariat and **Central Deposit Insurance Corporation** are preparing proceedings from the conference. The **Central Deposit Insurance Corporation** is also intending to issue a book containing the presentations and/or papers delivered at the Conference.

A number of the papers presented at the conference will be published in a future issue of The Journal of Banking Regulation. Information about the Journal can be found at the following link: http://www.henrystewart.com/banking_regulation/index.html

Member Profile



FONDO DE SEGURO DE DEPÓSITOS PERUVIAN DEPOSIT INSURANCE FUND (FSD)

www.fsd.org.pe

"A FOUNDING MEMBER OF IADI"



Lima. Main Square. Archbishop Palace and Cathedral

The **Deposit Insurance Fund (FSD)** is a private legal entity whose task is to safeguard deposits in the financial institutions of its members under the criteria established in the amended Law No. 26702 (General Law of the Financial System and Insurance System and Organic Law of the Superintendence of Banking and Insurance General Law).

Created in 1991, the **FSD** has from the outset complied with its legal mandate to protect savings.

The **FSD** has an Executive Secretariat and a Management Council whose functions and powers are established in its statutes.

The Administrative Council is composed of:

- A representative from the office of the **Superintendent of Banking and Insurance (SBS)**, who acts as the chairman and who is appointed by the Superintendent.
- A representative from the **Central Reserve Bank of Peru (BCRP)**, appointed by its Board of Directors.
- A representative from the **Ministry of Economy and Finance**, appointed by the Minister.
- Three representatives from the **financial system**, appointed by its Member Assembly.

Since its creation, the **FSD** has dispersed approximately US\$308 million to cover the savings of 320,000 depositors affected by the intervention or liquidation of financial institutions.

According to amendments Nos. 27008, 27102 and 27331 to Law No. 26702, the **FSD** was declared a legal entity, and assigned new functions and operations, giving it an active role in any stage of the resolution process of a financial institution. These changes contribute to maintaining the financial system sound and reliable. Consequently, the **FSD** is empowered to:

- During the Surveillance Procedure, rehabilitate a financial institution whose liquidation could negatively affect other institutions in the system (Systemic Risk), and in which neither shareholders nor third parties have made any capital additions.

- Facilitate the transfer of the “good” assets of a financial institution, subject to Intervention Procedure, to other entities within the financial system (one or more banks) in the form of cash contributions to be used to pay all insured depositors. “No-good” or “residual” assets become part of the liquidation process.
- Acquire all or part of the insured deposits of a financial institution subject to Intervention Procedure in order to subrogate the legal position of the depositors.
- Establish a company within the financial system to acquire all or part of the assets and liabilities of financial institutions that have been subject to Intervention Procedure. This entity will operate for a maximum of one year. Its operations can be lengthened for up to three years through annual extensions approved by the **FSD**.

The **FSD** carries out all of these operations when the **SBS** determines that it should do so.



Lima. Historical Center. Square of San Martin.

Major Features:

Membership: Obligatory membership for all financial institutions authorized by the Superintendence of Banking and Insurance to accept deposits from the public

Coverage Limit: S/. 73,317 (approx US\$21,691). Coverage is updated on a quarterly basis according to the Wholesale Price Index.

Premiums: premiums are determined by taking an average of the deposits covered in the quarter and the corresponding risk classification of each member. The rate ranges from 0.45% to 1.45%.

Coverage: The **FSD** covers all nominal deposits made by individuals, such as demand deposits, savings deposits, time deposits, and term of service compensation deposits. In the case of Certificates of Deposits, only those that are non-negotiable are covered. In the case of private not-for-profit entities, the **FSD** backs all nominal deposits (demand deposits, savings deposits, and time deposits). Regarding other private entities, the **FSD** only backs demand deposits, except for those that correspond to the entities belonging to the financial system.

What's New in Your World?

KDIF



From 8-10 November 2005 **Bakhyt Mazhenova**, the General Director of the **KDIF**, visited the **Deposit Insurance Agency** (Moscow, Russia).

To promote cooperation within the **EARC**, **Bakhyt Mazhenova** met with **Alexander Turbanov**, the General Director of the **Deposit Insurance Agency**, on 9 November 2005 in Moscow.

During the meeting, issues concerning the **KDIF** and the **DIA** works and future development were considered. The parts also discussed to further **EARC** activity.

Andrey Melnikov, **DIA** Deputy General Director, **Bakhyt Mazhenova**, **KDIF** General Director, and **Alexander Turbanov**, **DIA** General Director, at the **DIA** Moscow headquarters .



On 11 November 2005, **Bakhyt Mazhenova**, visited the **National Bank of Azerbaijan**.

Mrs Mazhenova met with Mr. **Vadim Khubanov**, the Deputy Chairman of the Board of the **National Bank of Azerbaijan**, and **Rufat Aslanov**, the member of the Board of the **National Bank of Azerbaijan**.

Issues related to mutual cooperation in the field of deposit insurance were discussed.

Rufat Aslanov, Member of the Management Board of the **NBA**, **Bakhyt Mazhenova**, General Director of the **KDIF**, and **Vadim Khubanov**, Deputy Chairman of the Management Board of the **NBA**, at the headquarters of the **National Bank of Azerbaijan** in Baku.

Azerbaijan is planning to implement a deposit insurance system in 2006 and is currently studying the foreign experience in this area. **Mrs. Mazhenova** conducted a seminar on the Kazakhstan DIS for the employees of the **Control over Credit Organizations Department**, the **Legal Department**, and the **Analysis and Statistics Department of the National Bank of Azerbaijan**.

Nigeria Deposit Insurance Corporation holds First NDIC Depositor Protection Awareness Week & celebrates 16TH NDIC Anniversary

9/21/2005 - The Role of Deposit Insurance in Contributing to Financial Stability: A Global Perspective

Remarks of John Raymond LaBrosse, Secretary General, **IADI**, at the Public Lecture of the **First Deposit Protection Awareness Week and 16th Anniversary of the Nigeria Deposit Insurance Corporation**, Abuja, Nigeria, 15 September 2005

9/21/2005 - The Role of Deposit Insurance in Ensuring Financial System Stability in Nigeria

Speech and presentation by Ganiyu Ogunleye, Managing Director, CEO of the **NDIC**, at the **Public Lecture of the First Deposit Protection Awareness Week and 16th Anniversary of the Nigeria Deposit Insurance Corporation**.

The **Nigeria Deposit Insurance Corporation (NDIC)** dedicated 12th-16th September 2005 to **Depositor Protection Awareness**.

The occasion was also used to commemorate the Corporation's 16th Anniversary.

The events of the week included: a Press Briefing; a Novelty Football match, a Public lecture, and a Gala Night.



Special Guests at Opening Ceremony

The **Press Briefing**, which took place on 12 September 2005, provided the Corporation an opportunity to inform the public about its activities and challenges, as well as the benefits and limitations of a DIS. The key issues covered by the **Press Briefing** were:

- the establishment of **NDIC**;
- functions of **NDIC**;
- vision and mission of **NDIC**;
- achievements of the Corporation;
- relationship with other safety-net participants;
- international Networking and collaboration;
- **NDIC**'s contribution to the promotion of financial stability and
- Nigeria's economic reform programme.



Cup Presentation to Winning Team Captain

The Press Briefing was followed by a novelty football match between "**Bankers United**" and "**Depositors United**" (both constituted by **NDIC** staff) on 14 September 2005. The match was used to attract depositors to the occasion of the awareness week and underscore the importance of physical exercise in maintaining good health. The match was won by "**Depositors United**" which underscored the fact that the survival of banks depend largely on depositor confidence and patronage.

The key event of the week, a public lecture, was held on 15 September 2005. It was chaired by the **Minister of State for Finance, Nenadi Usman** while representatives of the major stakeholders such as **Central Bank of Nigeria**, the Legislature, the Judiciary/Legal Profession; Managing Directors of banks; the media participated.

The lecture covered two key areas:

- The Role Of Deposit Insurance In Contributing To Financial Stability: Global Perspective by **Raymond LaBrosse, Secretary General, IADI** and
- The Role Of Deposit Insurance In Ensuring Financial Stability In Nigeria by **G.A. Ogunleye, MD/CEO NDIC**.



Book Launch

In addition, a **book on Bank Liquidation in Nigeria (1994 - 2004)** was presented by **Prof. P. N. Umoh**, Executive Director, Operations (**NDIC**) and reviewed by **John. M. Chikura**, Chief Executive Officer, **Deposit Protection Board, Zimbabwe**.

The paper on the Global Perspective examined the different forms and alternatives to deposit insurance and then focused on key aspects of explicit DIS systems. **IADI's** contribution to the development of DIS was also highlighted. The paper on the Nigerian experience highlighted the contributions of **NDIC** to the promotion of financial stability.

It also drew attention to the **numerous challenges** faced by the Corporation which included :

low recovery of risk assets of failed banks, slow and cumbersome judicial process, inadequate legal powers for prompt intervention in failing institutions, absence of indemnification for **NDIC** officials, wrong public perception of DIS, weak corporate governance in banks etc.



Tiv Dancers at Gala Nite

The week was rounded up with a gala night. It was a night to enjoy the music and performance of cultural dancers; cut anniversary cake, recognize staff who recorded outstanding performances in specific tasks, listen to rib-cracking jokes; and take in the beautiful picture the night presented. **NDIC's** international guests ("fellow Nigerians") were dressed in "aso-oke", a Nigerian traditional wear. The night provided a colourful end to the week-long activities.



Gala Nite



Cutting Anniversary Cake

DEPOSIT INSURANCE FUND Czech Republic

The new address of the **Deposit Insurance Fund** is:

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110 00 Prague 1

Czech Republic

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You may find the following articles of interest:

International Monetary Fund:

Financial Integration in Asia, Good Governance, and the IMF, Address by **Takatoshi Kato**, Deputy Managing Director of the International Monetary Fund
<http://www.imf.org/external/np/speeches/2005/101905a.htm>

The Role of the IMF in Safeguarding Global Financial Stability, Remarks by **Rodrigo de Rato**, Managing Director, International Monetary Fund, At the Institut International d'Etudes Bancaires (IIEB), Barcelona, Spain, October 21, 2005
<http://www.imf.org/external/np/speeches/2005/102105.htm>

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