



International Association of Deposit Insurers

2011 / 2012 ANNUAL REPORT

IADI

International Association of Deposit Insurers

Vision

To share deposit insurance expertise with the world.

Mission

To contribute to the enhancement of deposit insurance effectiveness by promoting guidance and international cooperation.

Objects

To contribute to the stability of financial systems by promoting international cooperation in the field of deposit insurance and to encourage wide international contact among deposit insurers and other interested parties.

The Reporting period for this Annual Report covers IADI's financial year from 1 April 2011 to 31 March 2012.



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About IADI

The International Association of Deposit Insurers (IADI or Association) provides a forum for deposit insurers, central banks and international organizations to enhance the effectiveness of deposit insurance and bank resolution systems and cooperate on related financial stability issues. As of the date of this report, 84 organizations – including 64 deposit insurers – are IADI Members or Participants. IADI draws upon its membership to provide guidance on the establishment or enhancement of effective deposit insurance systems as well as on training, outreach, educational programs and research.

Founded in 2002, IADI is a non-profit organization constituted under Swiss law and domiciled at the Bank for International Settlements (BIS) in Basel, Switzerland. IADI contributes to the stability of financial systems by promoting international cooperation in the field of deposit insurance, and encouraging ongoing interaction among deposit insurers and other interested parties.

The IADI organization is hosted by the BIS, which also supports several other groups that seek to promote and to strengthen national and international financial stability. These organizations include the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the Central Bank Governance Forum, and the Financial Stability Board. The Financial Stability Institute, also located at the BIS, provides training to financial institution supervisors and deposit insurers. These organizations share common goals and similar constituents – including financial supervisors, deposit insurers, and monetary authorities – that participate in country financial safety-nets. These organizations provide resources and services to ensure that countries' financial systems operate effectively, support economic growth, and interact in a global environment increasingly characterized by cross-border interests. Being grouped with similar organizations enables IADI to engage in partnerships and collaborations to achieve its objectives and increase its value to its Members.

In addition to advising on the establishment or enhancement of effective deposit insurance systems, IADI has identified five major goals for the Association. As set out in its statutes, IADI strives to:

- Advance the understanding of common interests and issues related to deposit insurance;
- Provide guidance to enhance the effectiveness of deposit insurance systems and structures;
- Facilitate the sharing and exchange of expertise and information on deposit insurance issues through training, development, and education programs;
- Undertake research and provide guidance on issues relating to deposit insurance; and
- Take such other actions as may be necessary or useful for its objectives and activities.

IADI is governed by an Annual General Meeting (AGM) of Members, and its Executive Council (EXCO). The AGM elects the officers of the Association, including the President and Treasurer. At the Thirty-Fifth EXCO meeting in February 2012, Mr. Jerzy Pruski, President, Bank

Guarantee Fund of Poland, was appointed by EXCO to serve as its Vice Chair until the end of the mandate of the current Chair at the 2012 AGM. The AGM is also responsible for approving the annual budget and business plans, including the annual fees and initial fund contributions of Participants; approving the IADI Annual Report and audited financial statements; releasing Council members from all responsibility in respect of the past financial year; appointing an independent external auditor; and approving the process for developing guidance to enhance the effectiveness of deposit insurance systems (DIS).

EXCO ensures the sound functioning of the Association's affairs, and its responsibilities and powers are defined in the statutes and by-laws of the Association. EXCO is structured as an inclusive organization to ensure active and maximum participation, and the number of its members is approved by the AGM. There are 25 EXCO members and they are elected by the AGM, typically to serve three-year terms.

EXCO establishes committees to support IADI's objectives. As of 31 March 2012 there were six standing committees and eight regional committees. Terms of reference for each committee are approved by EXCO, and include objectives and responsibilities. *For information on EXCO and standing and regional committees, please see the "Leadership" section, which includes organization charts.*

In the 10 years since its founding, IADI has grown from 25 to 64 Members as of 31 March 2012. IADI is funded by initial fund contributions and annual fees, which vary depending on the type of Participant. The BIS provides IADI's office space and meeting facilities. In addition, the BIS provides valuable support in accounting, legal services, information technology and human resources, as well as a financial contribution to IADI's operations. IADI also receives significant donations from individual Members for staffing through secondments, sponsoring of meetings, hosting of seminars, and other contributions to support the Association's initiatives. Numerous IADI Participants, including many IADI Partners, co-sponsor meetings and contribute subject-matter experts to address issues related to deposit insurance and financial stability. A list of IADI Participants is included in Annex I.



President's Message

On the occasion of IADI's 10th anniversary, it is worth noting the remarkable impact IADI has made during its relatively short history. IADI is now recognized as the standard-setting body (SSB) for deposit insurance by all the major public international financial institutions, including the Financial Stability Board (FSB) of the Group of 20 (G-20), the Basel Committee for Banking Supervision (BCBS), the International Monetary Fund (IMF), and the World Bank. IADI's success reflects the commitment of its membership, the leadership of its Executive Council, and the vision of its founding Members, who in May 2002 developed an initial set of objectives aimed at sharing expertise, experience, and understanding among deposit insurers worldwide.

During the past year, IADI continued to make significant advancements in each of its key priorities. One of IADI's top initiatives over the past year was to expand official recognition of the Core Principles for Effective Deposit Insurance Systems and the Methodology for the assessment of compliance with the Core Principles. Additional key objectives over the past year were to enhance our training and technical assistance programs, continue to maintain a robust research program, collaborate with our global partners in international financial regulation on matters related to the financial safety net, continue to expand IADI's membership, and strengthen IADI's Secretariat. Following is a discussion of some of our recent accomplishments in these areas and where our efforts will be focused in the future.

Expand the Official Recognition of the Core Principles and the Compliance Assessment Methodology

In 2011, the FSB approved a revision of its Compendium of Standards to include the Core Principles for Effective Deposit Insurance Systems among its list of 12 Key International Standards for Sound Financial Systems. These Key Standards are broadly accepted as representing minimum requirements for good practices that countries are encouraged to meet or exceed. The IMF and the World Bank also officially recognized the Core Principles for use in their Financial Sector Assessment Program (FSAP) reviews, which they conduct to assess the adequacy of national systems of financial regulation.

Following this official recognition and adoption of the Core Principles, IADI has focused on the development of an effective training system designed to encourage use of the Core Principles and Methodology. During 2011, IADI held training sessions for IMF and World Bank officials to prepare them to apply the Core Principles in the FSAP process; and IADI's Regional Committees organized training programs around the world for national deposit insurers, bank supervisors and central bankers to facilitate use of the Core Principles in self-assessments of their deposit insurance systems.

In March 2011, the FSB began a peer review in order to assess FSB members' deposit insurance systems using the Core Principles as a benchmark, and to seek to draw lessons on the effectiveness of reforms implemented in response to the crisis. In February 2012, the FSB issued the findings and recommendations in their report "Thematic Review on

Deposit Insurance Systems". In response, IADI is working in consultation with the BCBS and other relevant bodies to produce a set of focused papers to update existing guidance to address areas where the Core Principles may need more precision to achieve effective compliance, or to better reflect leading practices.

Enhance Training and Technical Assistance Programs

Training activities support the collective and regional training needs of Members and assist in developing future deposit insurance leaders. These efforts continued in the past year and included several initiatives.

Seven training programs were held during this reporting period including a joint seminar with the Financial Stability Institute (FSI) conducted at the Bank for International Settlements (BIS) on "Core Principles Compliance Assessment Methodology for Deposit Insurance". This seminar provided training for professionals to conduct assessments of jurisdictions' compliance with the Core Principles. Collaboration with the FSI is on-going for the development and presentation of the next joint seminar titled "Bank Resolution: Current Developments, Challenges and Opportunities" to be held in 2012.

IADI and the FSI are also working together on the development of a series of on-line tutorials addressing deposit insurance issues. Four such tutorials were available at the start of this reporting period and the fifth was completed in 2011 and covers the Core Principles. Based upon feedback from an IADI Member survey, the sixth FSI tutorial now under development will cover Bank Resolutions from a Deposit Insurer's Perspective. Each of IADI's Members is provided three subscription licenses to FSI Connect as part of their annual fee, and this represents an increase of two additional subscriptions to each Member from the prior year.

Maintain a Robust Research Program

Maintaining a robust research program remains a key priority. In June 2011, IADI hosted at the BIS the first IADI Research Conference. The conference brought together leading academics and researchers to consider the implications of the financial crisis and the role of deposit insurance and resolution policy in promoting financial stability. The next research conference will be held in 2013 and will highlight the IADI work completed in response to the recommendations in the FSB's thematic review of deposit insurance to enhance the Core Principles, and evolving best practices resulting from the recent financial crisis.

During this past year, IADI's Research and Guidance Committee had 17 research projects underway. Among others, four projects are in the completion stages: "Transitioning from a Blanket Guarantee or Extended Coverage to a Limited Coverage System", "Handling of Systemic Crises", "Early Detection and Timely Intervention for Deposit Insurance Systems" and "Reimbursement Systems and Processes". In addition, two new research projects were initiated: "Dealing with Parties at Fault in a Bank Failure and Frauds in Deposit Insurance" and "Recoveries from the Assets of Failed Bank". A research project on "Integrated Deposit Insurance" is also underway.

President's Message

IADI has developed an extensive worldwide deposit insurance system database and reporting tool together with the BIS's Monetary and Economic Department. The first IADI Annual Deposit Insurers Survey was launched in June 2011. Responses are posted on the IADI external website and much of the survey results are shared with the public. The next scheduled release will be in mid-year 2012 and will reflect data as of year-end 2011. Full survey results are available to the FSB and the BIS.

Collaborate with Global Partners on Financial Safety-Net Matters

Ongoing cooperation with other international organizations and standard setters helps to strengthen IADI and facilitate its responsive leadership role. IADI regularly collaborates with numerous international organizations, including the BCBS, the FSB, the FSI, the International Association of Insurance Supervisors, the IMF, the World Bank, SEACEN, The Toronto Leadership Centre, USAID Partners for Financial Stability, the European Forum of Deposit Insurers, the European Commission (EC), the Financial Services Volunteer Corps, the US Treasury Office of Technical Assistance, and others.

IADI became a member of the FSB's Resolution Steering Group (ReSG) in January 2011 and is now represented on the ReSG and its subcommittees. In November 2011, the G-20 Finance Ministers endorsed the FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions. These Key Attributes set out the core elements that the FSB considers necessary for an effective resolution regime and includes the ability to manage the failure of large, complex and internationally active financial institutions in a way which minimises systemic disruption and avoids the exposure of taxpayers to the risks of loss. In January 2012, a special ReSG working group was created to draft an Assessment Methodology. IADI is actively participating in this working group alongside a number of FSB member jurisdictions and international organizations such as the IMF, the World Bank and the EC.

Also, IADI's Financial Inclusion and Innovation Subcommittee is engaged on issues related to the G-20 financial inclusion initiative along with our SSB partners and other involved international organizations.

Membership Growth and Secretariat Support

IADI has grown from 26 founding Members in 2002 to 84 Participants in 2011, including 64 Members, eight Associates and 12 Partners. The growth in participation clearly indicates that the pursuit of IADI's objectives is providing value to deposit insurers around the world, and we anticipate continued membership growth as we move forward. Providing greater value to Members and other Participants is an on-

going priority. Enhancing research and guidance, expanding training programs geared to the Core Principles and providing access to other experts will continue to provide a greater return on Members' investment in IADI. In 2011, IADI approved a strategy prepared by its Membership and Communications Committee to leverage the Association's resources to retain and attract new Participants. IADI Outreach Strategy: "Fostering Growth" includes a plan for enhancing the value of IADI membership and increasing the number of deposit insurers in the Association. As part of the strategy, new materials have been developed and are in use to promote participation in the Association.

IADI has been able to further its objectives largely due to the commitment of the Secretariat. I would like to thank Carlos Isoard, IADI's Secretary General, and Kim Peeters White, its Deputy Secretary General, and the staff of the Secretariat in Basel, as well as our host, BIS, for contributing to IADI's success. Also, I would like to thank IADI's membership for their dedication and support of IADI's mission and goals.

The Year Ahead

We look forward over the next year to continue to strengthen IADI's position among international organizations concerned with financial stability, and to further expand membership in the Association. We are fortunate that IADI is well-positioned to continue to make strong contributions to the enhancements of deposit insurance effectiveness worldwide by promoting guidance and international cooperation.

As President of IADI and Chair of the Executive Council for the past five years, it has been my great privilege to help advance several important objectives of our mission and vision. I take particular pride in our developing and bringing to fruition the first internationally accepted standards for effective deposit insurance systems.

IADI's vision of sharing deposit insurance expertise and its mission of enhancing deposit insurance effectiveness by promoting guidance and international cooperation, are carried out by an active and engaged Executive Council. I want to thank each member of the Executive Council for the team approach that they have taken to tackling issues and for helping to build a strong community of interest.

My tenure as IADI President and Chair of the Executive Council will come to an end this October. It has truly been a rewarding experience for me to have served with so many dedicated deposit insurance leaders from around the world. I express my deep gratitude to all current IADI Members and wish the Association continued prominence, growth and success.

Martin J. Gruenberg

President and Chairman of the Executive Council



Letter from the Secretary General

As we mark the tenth anniversary of IADI, I am especially proud to serve as the Association's Secretary General, and express my sincere gratitude to the entire IADI Community for their support and cooperation.

Over the past year, the Secretariat made significant strides towards helping accomplish IADI's strategic objectives. We provided support for activities that strengthen both the Association as well as its Members' deposit insurance systems. IADI Secretariat's ability to carry out its key responsibilities is largely the result of the valuable support we receive from the Bank for International Settlements (BIS). Our location at the BIS in Basel, Switzerland, has proven to be critical in facilitating collaboration and communication with other BIS-sponsored organizations, especially in the areas of training and research. I wish to express our gratitude to the BIS for their ongoing support.

The Association experienced further growth in membership during this reporting period as the Executive Council welcomed Brunei Darussalam Deposit Protection Corporation as a Member and the Ministry of Finance, British Virgin Islands, as an Associate. As of the end of March 2012, IADI had 64 Members, eight Associates and 12 Partners.

As the Association grows, communications with our Members increasingly become a high priority for the Secretariat as we pursue efficient and timely means to inform our Members and other interested parties of IADI activities and events. During the year, the Secretariat, in collaboration with the Membership and Communications Committee, launched a restructured and user-friendly semi-annual newsletter to share information on initiatives and updates on Members' activities. Future IADI-sponsored events are now regularly displayed on the IADI's website homepage as are the weekly deposit insurance headline updates of relevant events occurring around the world.

Our Standing and Regional Committees continue to make significant contributions to IADI's success in several areas – especially in increasing IADI's membership; in conducting and sharing valuable research; and in providing training and capacity building opportunities. We owe a special thanks to each of the respective Chairpersons for all of their efforts. During this reporting period, the Secretariat's secondees were directly involved with, and had the opportunity to directly assist the Membership and Communications Committee, the Finance and Planning Committee and the Audit Committee as well as the Treasurer. Additionally, the secondees provided direct assistance to the Subcommittees on Data and Information and Financial Inclusion and Innovation. One of our secondees participated in the Financial Stability Board's (FSB) Resolution Steering Group activities. The Secretariat also participated with the Regional Committees' outreach efforts to enlarge IADI's membership and promote effective deposit insurance in the regions.

Thanks to the BIS' strong financial backing, IADI is able to have a full-time Secretary General in Basel. In addition to my position as Secretary General, the Secretariat team is comprised of Deputy Secretary General Kim White along with three secondees who are stationed at the Secretariat and funded by their Member organizations: Kazuaki Hara from the Deposit Insurance Corporation of Japan; Siyul Sung from the Korean Deposit Insurance Corporation; and Tom Murray from the U.S. Federal Deposit Insurance Corporation. Additionally, administrative assistance is provided on a part-time basis by Jocelyne Amourette. The enhanced Secretariat is able to provide much needed support to the IADI leadership and Members in successfully implementing IADI programs and in building relationships with key international organizations and prospective members.

This has been an exciting and fulfilling year for me and my colleagues at the Secretariat and we look forward to IADI's continued growth and success over the coming years.

Carlos Isoard
Secretary General

IADI 10th Anniversary – Highlights, Achievements and a Look to the Future

On this occasion of IADI's 10th Anniversary, it is worthwhile to review the formative events and efforts that led to the establishment of the Association; the many accomplishments and successes achieved by the Association through collaboration and partnerships; and to take a view of the Association's future directions.

In May 2002, a number of deposit insurers from systems around the world assembled at the Bank for International Settlements (BIS) in Basel, Switzerland, to approve the establishment of an international association of deposit insurers. Participants in the founding sessions expressed the need for an ongoing mechanism to advance dialogue and practitioner-focused research to assist deposit insurance systems in their efforts to contribute to financial stability. The founding members viewed the emerging role and importance of deposit insurance in a global context. Increased economic interdependence, the advance of new technologies and the cross-border operations of financial institutions created a need for international mechanisms to bolster financial stability.

IADI's vision of sharing deposit insurance expertise and its mission of enhancing deposit insurance effectiveness by promoting guidance and international cooperation have been integral since the Association's inception, with a team approach exercised by an active and engaged EXCO. Challenging objectives were established from the beginning to meet the original vision and mission. During IADI's first decade, significant and noteworthy milestones have been met, with more accomplishments visible on the horizon.

To meet the vision of "sharing deposit insurance expertise with the world", IADI adopted an open-access policy which encouraged Members and others to collaborate and to seek the views of seasoned deposit insurers in order to share expertise and information on operational and policy issues. The current IADI "Capacity Building Program" represents the high-tech evolution of this original effort. Members now have ready access to a stylized and efficient Internet-based process, arranged according to specific deposit insurance-related areas, which provides immedi-

ate identification of other Members offering to share their deposit insurance and resolution and receivership-based expertise, consulting services and more.

From the beginning, the business model of IADI included the Secretariat, an active and engaged Executive Council and support from a full range of Standing and Regional Committees. This model has served us well in our first decade, as our Standing Committees have grown to six and our Regional Committees from four to eight, while numerous research papers have been produced and over 120 Regional Committee meetings and seminars have been held during our first 10 years.

From the first year of formation, IADI's attention was especially focused on international cooperation, along with the development of guidance pertaining to the design of deposit insurance systems. From the outset, research papers were produced to provide reference for our Members and others seeking to benchmark or remodel their systems. Among the papers produced within the Association's first two years were a Research Paper on "Questions on the Design of a Deposit Insurance System", along with Guidance Papers on the "Resolution of Bank Failures" and "Interrelationships among Safety-Net Players". Several more papers dealing with topics of interest to deposit insurance regimes followed, and continue to be produced under the auspices of our Research and Guidance Committee.

In 2007, as financial market turmoil spread, it became apparent that IADI's earlier objective to develop guidance for effective deposit insurance systems had served as a valuable foundation for the next stage of becoming an integral player in helping to strengthen the financial safety-net. In 2008, the Financial Stability Forum, which later became the Financial Stability Board (FSB) of the G20 Countries, recommended that national authorities agree on an international set of principles for effective deposit insurance systems. At that time, although there were international standards for banking supervision and the regulation of securities and insurance, there were no comparable guidelines or best practices for deposit insurance systems. Establishing international standards was

viewed as essential in allowing countries at all stages of development to develop or improve their deposit insurance systems according to their specific circumstances and in a consistent way.

The Financial Stability Forum's call for international deposit insurance standards in 2008 set the stage for what followed. A joint working group consisting of IADI deposit insurers, bank supervisors and central bankers from the Basel Committee on Banking Supervision (BCBS) developed a document entitled Core Principles for Effective Deposit Insurance Systems. Executive bodies of IADI and the BCBS approved this document in June 2009. The principles made for an excellent beginning, but countries still needed specific guidance on how to apply them. The next step was to develop a methodology, a sort of road map or blueprint that nations could use to apply the principles to their individual circumstances and institutional settings. Representatives of IADI, the BCBS, the International Monetary Fund (IMF), the World Bank, the European Forum of Deposit Insurers (EFDI), and the European Commission joined forces to develop and test this Methodology, which IADI and the BCBS then approved in late 2010.

Core Principles for Effective Deposit Insurance Systems Adopted as a Key Standard: Standard setters' ongoing collaborative work achieved another major milestone in early 2011, when the Financial Stability Board of the G20 approved a revision of its Compendium of Standards to include the Core Principles for Effective Deposit Insurance Systems among its Key Standards for Sound Financial Systems. The IMF and World Bank also officially recognized the principles for use in their Financial Sector Assessment Programs (FSAPs), which are conducted to review the adequacy of national systems of financial regulation. Deposit insurance as spelled out by the Core Principles is now established as an integral part of the FSAP process.

Production of the Handbook for the Assessment of Compliance with the Core Principles for Effective Deposit Insurance Systems: After the completion and adoption of the Methodology, a Handbook was devel-

IADI 10th Anniversary – Highlights, Achievements and a Look to the Future

oped for use by jurisdictions conducting self-assessments of compliance with the Core Principles. It includes background on the Core Principles and the Methodology, and a discussion of the assessment process, including preparation, field work and post-field work requirements.

Development of a Training Program for Core Principles Methodology Assessors:

This project involves developing a training strategy and programs to educate an international cadre of professionals (with backgrounds in deposit insurance, bank supervision, liquidation, receivership and related areas in financial and banking sectors) to conduct assessments of jurisdictions' compliance with the Core Principles for Effective Deposit Insurance Systems. The four target groups for training and their respective objectives are:

- 1) IMF and World Bank staff – to provide general guidance and an overview for conducting FSAP reviews;
- 2) an instructor cadre – to teach Methodology seminars;
- 3) IADI and EFDI members – to receive training in how to conduct self-assessments and prepare for FSAP reviews; and
- 4) the FSB and G20 staff – to prepare them for conducting thematic reviews and peer reviews. In order to disseminate the Methodology among these potential users, IADI has conducted several training sessions in Washington D.C., Basel, Tirana, Abuja, and Kuala Lumpur. Additional sessions are planned for 2012 to 2013 in Bogota, Nairobi and Manila.

FSB Thematic Review of Deposit Insurance: Following the release of the FSB's Thematic Peer Review of Deposit Insurance Systems in February 2012, IADI developed a response initiative to address all recommendations. The FSB Peer Review of the deposit insurance systems of the G20 countries took stock of FSB member jurisdictions' deposit insurance systems using the Core Principles for Effective Deposit Insurance Systems as a benchmark. The FSB Peer Review assessed the effectiveness of reform implemented in response to the crisis, and made a number of

recommendations, including the adoption of an explicit deposit insurance system (DIS) for all FSB members. The Peer Review also recommended that IADI, in consultation with the BCBS and other relevant bodies where appropriate, update its guidance that predates the financial crisis. In response, and in preparation for the next chapter of IADI's role as a global standard setter for deposit insurance matters, work is underway to develop additional guidance to address areas including coverage levels, payout, moral hazard, funding, public awareness and effective coordination across systems in jurisdictions with multiple DISs. IADI's work plan includes prompt, deliberative and collaborative preparation of these guidance updates on a rolling production basis through the end of 2013.

Furthering IADI's Role in the FSAP Process:

Discussions are ongoing with the IMF and the World Bank regarding IADI's contribution to strengthening the FSAP process. IADI's role in the FSAP process marks the latest in a series of remarkable advances which the Association has achieved in its first decade. This work, along with further collaborative efforts, will place IADI in the best position to advance its mission of establishing international standards for deposit insurance; making it possible for nations and jurisdictions to implement those standards; and promoting a deeper understanding of the role of deposit insurance in a stronger global financial system.

IADI continues to work with deposit insurance organizations, the FSB, BIS, BCBS, IMF, World Bank, EFDI and other standard setters, along with various financial safety-net participants, to promote international cooperation, contribute to more resilient financial sectors, and maintain depositors' confidence in banks.

Strategic Priorities of the Association

Strategic Priority One:

Advance Strong Deposit Insurance Systems by Promoting Compliance with the Core Principles for Effective Deposit Insurance Systems, and Providing and Supporting Technical Assistance and Training as Necessary

Advancing Strong Deposit Insurance Systems

As further described under Strategic Priority Three, IADI's Guidance Group (GG) reviews in-process research papers and also conducts further research to enhance existing guidance on promoting effective deposit insurance systems. The GG is in the process of revising *The Strategic Plan for the Development and Promotion of IADI Research, Guidance and Core Principles* to include an updated development process for the joint IADI/BCBS Core Principles and accompanying Methodology. (See fuller descriptions of this group's ongoing work under Strategic Priority Three.)

IADI Capacity Building Program Initiative

Under the Capacity Building Program, which was fully implemented in 2010, a framework was developed to facilitate the provision of technical assistance on deposit insurance, resolution and receivership matters to IADI Participants and deposit insurance schemes.

Technical assistance provided under the program includes onsite consultation and training, and consultation by telephone conference or videoconference. A clearing house website, set up by the Secretariat to help organizations identify available resources, includes a standard form for requesting capacity building expertise. The potential for ongoing collaboration in the provision of technical assistance on deposit insurance with interested international organizations such as the World Bank is being explored.

FSI-Connect – Provision of e-training opportunities: FSI-Connect is a product of the Financial Stability Institute (FSI) of the BIS, and is the leading online learning tool and information resource for financial sector supervisors worldwide. In collaboration and partnership with the FSI, IADI is jointly developing and providing deposit insurance e-learning tutorials and modules which are available to all FSI-Connect subscribers, including IADI Members. To date, IADI has partnered with the FSI to develop six tutorials on various deposit insurance topics, with

a seventh tutorial on Resolution and Bridge Banking expected to be released in late 2012. The FSI has already provided e-learning tutorials on the following topics: Basics of Deposit Insurance; Premiums and Fund Management; Deposit Insurance – Reimbursing Depositors (Parts 1 and 2); Liquidation of Failed Bank Assets; and Deposit Insurance Core Principles.

IADI Members use FSI-Connect as a supplement to seminar and conference participation. At the 35th IADI EXCO Meeting in Istanbul, IADI's Training and Conference Committee announced the purchase of up to three additional FSI-Connect subscriptions for each Member. The usage of these tutorials provides extremely powerful state-of-the-art learning tools for our Members in building institutional capacity, as well as complementing their own in-house training programs.

Beyond the tutorials specifically pertaining to deposit insurance, many of FSI-Connect's other tutorials (of which there are over 200) are also relevant for the broader deposit insurance community, as they cover a range of critical topics including capital adequacy (Basel I, Basel II, and Basel III); key risks such as credit, liquidity, market, operational, and insurance, and their management; various accounting issues; and other areas of supervisory concern, such as risk-based supervision, dealing with problem banks, and macroprudential supervision.

The following events to advance strong deposit insurance systems were held in the 2011/2012 financial year:

Seminar on "Deposit Insurance Assessments and Fund Management", Washington, DC, USA, 5-7 April 2011

The US Federal Deposit Insurance Corporation (FDIC) sponsored this IADI Training Seminar, held at the FDIC's training facility in Arlington, Virginia, on 5-7 April 2011. Nearly 70 participants and speakers attended the event. The seminar provided an opportunity to discuss funding strategies, as well as the different premium and levy methods used by various deposit insurance systems. The seminar was held again in Chinese Taipei on 15-17 November 2011.

International Joint Workshop on "Integrated Deposit Insurance System; Experience and Future Development", Seoul, Korea, 21-22 April 2011

The Korea Deposit Insurance Corporation (KDIC) held a two-day international workshop aimed at sharing experiences in operating an integrated deposit insurance system on 21-22 April 2011 at the KDIC in Seoul, Korea.

The workshop was jointly hosted by the Indonesia Deposit Insurance Corporation (IDIC), the Malaysia Deposit Insurance



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Corporation (MDIC), and the KDIC. The workshop was attended by nearly 30 speakers and discussants, including senior officials of these three deposit insurers and a Director of the U.S. FDIC. There were five sessions, in which participants discussed a range of topics including: how their respective countries introduced an integrated deposit insurance system; how the systems are being operated; and the sharing of experiences in deposit insurance system implementation (e.g. fund management, accountability investigation, insurance company failure resolution), along with discussions of future plans.

Lead delegates from each deposit insurer discussed how to further develop several subject areas:

- 1) In the wake of the global financial crisis, countries around the world are trying to establish comprehensive regulation of large, complex financial institutions and enhance the protection of financial consumers in an effort to better deal with new types of financial risks.
- 2) Against that backdrop, many deposit insurers are faced with the need to reorganize their systems to respond to risks in a pre-emptive manner. In that regard, an integrated deposit insurance system may be a viable alternative.
- 3) Participating deposit insurers agreed to strengthen working-level exchanges and cooperation to create an IADI subcommittee on integrated deposit insurance systems through the Research and Guidance Committee.

3rd Seminar on Islamic Deposit Insurance "Building an Effective Islamic Deposit Insurance System", Khartoum, Sudan, 26–28 April 2011

The Third Seminar on Islamic Deposit Insurance took place in Khartoum, Sudan, on 26–28 April 2011. Participants included many deposit insurers and other financial safety-net players from countries where Islamic banking services operate. The seminar achieved its goal of sharing knowledge and expertise, along with providing discussions on important topics for Islamic Deposit Insurance systems and related matters.

The seminar covered the following topics:

- (1) Philosophical and moral principles upon which the Islamic economy stands, the targets of the Islamic economy, and the justification of insuring deposits in Islamic banks;
- (2) The history and development of Islamic finance, the philosophy and principles of Shariah, the differences between the

Islamic and conventional financial system, the crucial factors to be considered in the implementation of an Islamic financial system, as well as Islamic banking finance and deposit products under various Shariah contracts;

- (3) The experiences of Sudan and Malaysia in developing and implementing Islamic banking systems, including the regulatory framework and a Shariah-compliant deposit insurance system;
- (4) IADI Discussion Paper on "Deposit Insurance from the Shariah Perspective";
- (5) Survey on Islamic Deposit Insurance; and
- (6) Issues and challenges for developing and implementing an Islamic deposit insurance system.

Africa Regional Committee Workshop on "Purchase and Assumption: Resolution of Problem Banks", Abuja, Nigeria, 9–13 May 2011

The Nigeria Deposit Insurance Corporation (NDIC) hosted this regional workshop organized by IADI's Africa Regional Committee (ARC) on 9–13 May 2011. The workshop drew more than 40 participants and speakers from Nigeria, Kenya, Zimbabwe, Tanzania and the USA.

The workshop featured a series of capacity building sessions focusing on the procedures and processes of bank resolution, P&A transactions, onsite due diligence, legal transfer of assets and deposits, legal authorizations and asset valuations, among other issues.

The workshop noted that, for problem bank resolution to be effective, there must also be



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a robust collaborative framework among all safety-net players, with clear definitions of the responsibilities of each player to avoid overlaps and duplications of efforts. There is also a need to leverage the expertise of deposit insurance agencies in problem bank resolutions by ensuring that the deposit insurer handles and administers bank resolution cases even in situations where government funds are involved.

Workshop on “Core Principles Methodology Instructors’ Facilitation”, Washington DC, USA, 10–12 May 2011

The Core Principles Working Group collaborated with the FDIC’s Corporate University to develop this three-day workshop. The target audience for the program included individuals who would provide future training on conducting self-assessments. IADI’s Regional Committees nominated individuals from



Board and was facilitated by the Toronto Leadership Centre.

The purpose of the seminar was to provide financial system safety-net players with the opportunity to learn critical supervisory leadership skills in the context of a changing environment. The seminar was attended by 50 participants drawn from the Africa Region, specifically the IADI Member countries Tanzania, Nigeria, Zimbabwe, and Kenya. Other countries that participated and do not yet have deposit insurance frame-



their regions to participate in the program, which was held on 10–12 May 2011 at the FDIC’s Seidman Center in Arlington, Virginia. Twenty-eight participants from 22 countries attended this session.

Africa Regional Committee Workshop on “Regional Banking Leadership Seminar: Problem Banks” – Facilitated with financial assistance from the Toronto Leadership Centre, Mombasa, Kenya, 23–27 May 2011

The seminar was held at the Sarova Whitesands in Mombasa on 23–27 May 2011. It was hosted by Kenya’s Deposit Protection Fund

works included Ghana, Southern Sudan, Uganda, Rwanda, Malawi, Zambia, and Botswana. The Kenyan participants included government officials from other entities involved in the country’s financial safety-net.

Leveraging off practical experience and case studies, the seminar focused on supervisory considerations and challenges faced in assessing “red flags” in troubled institutions, as well as the reliability of prudential reporting as an indicator of an institution’s safety and soundness. Case studies were presented by the Chief Executive Officers of the National Bank of Kenya Ltd and the Consolidated Bank of Kenya Ltd. Each bank had experi-

enced unique challenges, including liquidity crises, consolidation and nationalization. Both banks offered their success stories and discussed the support and forbearance they received from the Supervisory Authority (Central Bank of Kenya). Their processes of restructuring and rehabilitation have taken over 10 years, and the two banks are now poised to declare dividends for the first time in that 10-year period.

Participants also benefited from discussions of the decision-making process and the critical elements in rehabilitation programs, together with assessing the optimum institutional frameworks for intervention.

IADI Research Conference and 33rd Meeting of IADI’s EXCO and Standing Committees – “Financial Crises and the Role of Deposit Insurance”, Basel, Switzerland, 6–9 June 2011

In June 2011, IADI hosted at the BIS the first IADI Research Conference, in conjunction with the IADI EXCO meeting. The conference brought together leading academics and researchers to consider how deposit insurance systems and bank resolution mechanisms performed during the recent financial crisis, and how deposit insurance and resolution systems may be improved and adjusted in response to lessons learned from the crisis, to further promote financial stability.

More than 160 individuals participated in the conference, which was attended by many financial safety-net players, including central bankers, financial regulators, members of international organizations and deposit insurers. The conference offered a platform for sharing practices and experiences among the various authorities.

Three distinguished experts and academics presented research papers for the conference:

- David Hoelscher, former Assistant Director and Division Chief, Monetary and Capital Markets Department, International Monetary Fund, USA, presented a paper on deposit insurance policies and the financial crisis;
- Richard Herring, Jacob Safra Professor of International Banking; Professor of Finance, University of Pennsylvania, pre-

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sented a paper on resolution policies and the financial crisis; and

- Eva Hüpkes, Advisor on Regulatory Policy and Cooperation, Financial Stability Board, presented a paper on the role of deposit insurance and resolution policy in promoting financial stability.

The conference was opened with welcoming remarks by Martin J. Gruenberg, President of the Association, and Hervé Hannoun, Deputy General Manager, BIS, who discussed the importance of deposit insurance for financial stability.

William R. White, Chair of the Economic and Development Review Committee, Organization for Economic Co-operation and Development (OECD), moderated a roundtable discussion on deposit insurance and bank resolution reforms adopted in response to the crisis.

Other distinguished discussants included Mar Gudmundsson, Governor, Central Bank of Iceland, and Gary Stern, Former President, Federal Reserve Bank of Minneapolis. The panel provided informative presentations and instructive discussions. Active audience participation occurred during this session and throughout the entire conference.

Africa Regional Committee Annual Conference (ARC) on Financial Stability in Africa: Role of Deposit Insurance & Financial Inclusion, Victoria Falls, Zimbabwe, 22–24 June 2011

The conference was hosted by the Deposit Protection Board of Zimbabwe, with over 42

participants and speakers from Kenya, Tanzania, Nigeria, South Africa, Lesotho, Zambia, Mozambique, Chinese Taipei, Malaysia, the USA, Germany, India, and Switzerland.

Papers presented during the event centered on the conference's theme: "Financial Stability in Africa: Role of Deposit Insurance and Financial Inclusion". The topics discussed included an insight into the Core Principles for Effective Deposit Insurance Systems, the benefits of deposit insurance, financial inclusion initiatives, the role of the financial sector, and international guidance on bank resolutions. Additionally, the conference discussed different country's experiences relating to bank resolutions, public awareness initiatives, and Islamic deposit insurance.

As highlighted in the papers, deposit insurance has become an integral part of the finan-

cial safety-net in most jurisdictions. Currently, most African countries are grappling with the problem of financial exclusion – in which the majority of the population has no access to banking and financial services. The consensus among the attendees was that deposit insurers in Africa need to play a more prominent role in building public confidence in order to develop a savings culture – which is so essential to economic growth; and that African countries would also benefit economically from deposit insurance schemes as they protect the savings of lower income groups.

Training Session on Core Principles Assessments, Tirana, Albania, 6–8 July 2011 – Facilitated with financial assistance from the USAID Partners for Financial Stability Program

The first regional workshop of the Core Principles Compliance Assessment was successfully conducted on 6–8 July 2011, in Tirana, Albania. It was partially supported by the USAID Partners for Financial Stability Program. Thirty-seven officials representing 16 jurisdictions participated in the workshop, including several senior representatives from Albania's central bank, supervisory agency, and Ministry of Finance. Based on the results of the completed self-assessment, a corrective action plan was developed to mitigate the identified deficiencies, and Albania is exploring various sources of funding to assist in implementing the necessary corrective actions.



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Seminar on “Methodology for Assessing Core Principles for Effective Deposit Insurance Systems” with the FSI, Basel, Switzerland, 6–8 September 2011

IADI and the FSI jointly conducted this seminar, held on 6–8 September 2011 at the BIS. The audience for the seminar included a mix of 48 deposit insurance practitioners, central bank staff and bank supervisors representing 36 countries.



Fourth Eurasia Regional Committee (EARC) Annual Meeting and Seminar “Problem Bank Resolution Methods and Payouts of the Deposit Insurance Coverage”, Almaty, Kazakhstan, 12–14 September 2011

The Kazakhstan Deposit Insurance Fund hosted the Fourth EARC Annual Meeting and Seminar on 12–14 September 2011, in Almaty, Kazakhstan.

The event was attended by about 50 participants, including EARC members and observers, and invited representatives from the DISs of Poland, the USA, and Switzerland, as well as countries from the Commonwealth of Independent States (CIS – an economic union of former Soviet Union republics) who are not yet IADI Members. The IADI Secretary General and the Deputy Governor of the National Bank of Kazakhstan also took part in the seminar.

The Fourth Annual Meeting of the EARC included a discussion on strengthening cooperation within the Committee, and

the presentation of the EARC research paper on “Comparative Analysis of DISs in the Commonwealth of Independent States countries”.

The seminar’s participants shared their experiences and knowledge on various issues relating to the development of their own domestic deposit insurance systems. There were some lively discussions and several topics were covered, including: main resolution methods for problem banks; challenging

issues in the generation of depositors’ registers; payout processes, and liquidation processes for problem banks. Further, the seminar included a special session dedicated to the self-assessment Methodology for evaluating compliance of the deposit insurers’ operations with the IADI Core Principles for Effective Deposit Insurance Systems.

It was decided that the Fifth EARC Annual Meeting and Seminar would be hosted by the Azerbaijan Deposit Insurance Fund in Baku in August 2012.

Tenth IADI Annual General Meeting and Conference on “Beyond the Crisis: The Need for Strengthened Financial Stability Framework”, Warsaw, Poland, 19–20 October 2011

IADI’s Tenth AGM and Conference was held in Warsaw, Poland, in October 2011. The conference was attended by over 270 representatives of deposit insurance schemes from all over the world and participants representing central banks, including the National Bank of Poland, supervisory authorities, ministries of finance, and international financial institutions, such as the World Bank, IMF, European Commission, BIS and OECD. Representatives of 61 countries were present at the events.

The program of the IADI Annual Conference was composed of six sessions:

- Global Economic Outlook
- New Macro Prudential and Micro Prudential Safety-Nets
- Crisis Management – the Role of the Resolution Regime
- How to Cope with the Too Big to Fail Problem
- The Role of Deposit Insurance Schemes in Financial Safety-Nets
- Financial Inclusion



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The conference covered a wide range of critical issues and started with an overview of the global economy. It then considered the most important regulatory and supervisory issues, as well as focusing on two specific problems, namely resolution and large systemically important financial institutions. Next, it addressed deposit guarantee schemes (DGS) and their role in the global financial crisis and, finally, it ended with a broad overview of concepts pertaining to financial inclusion.

The meeting began with welcoming remarks from Martin J. Gruenberg, Acting Chairman of the FDIC and President of IADI, and Jerzy Pruski, President of the Bank Guarantee Fund, Poland. A letter from the President of the Republic of Poland, Bronisław Komorowski, to the conference participants was read out by Olgierd Dziekoński, Secretary of State in the Cabinet of the President of the Republic of Poland.

The following keynote speakers and panelists, along with several others, delivered speeches during the conference: Sheila C. Bair, former Chairperson of the FDIC; Martin J. Gruenberg, President of IADI and Acting Chairman of the FDIC; John Lipsky, Special Advisor to the Managing Director of the International Monetary Fund and First Deputy Managing Director of the IMF; Per Callesen, Governor of Denmark's Nationalbank; José Viñals, Financial Counsellor and Director, Monetary and Capital Markets Department, IMF; Jan Vincent Rostowski, Minister of Finance of Poland; and Marek Belka, President of the National Bank of Poland.

The conference provided lucid insights into major issues pertaining to global financial

stability, and identified several potential prudent paths for moving forward. The current stage of the crisis has revealed very serious sovereign debt problems within the OECD countries, with many of them facing the challenge of coping with the current situation while possibly lacking adequate tools or abilities to boost domestic demand. Another vital issue discussed was the importance of macroprudential oversight. The creation of a macroprudential entity with the authority to deal with both financial stability issues and macroeconomic imbalances remains a pressing challenge for policymakers.

Among other topics discussed were the effects of fiscal deficits, especially in Europe; and the prospects for the formation of effective resolution regimes to bolster financial safety-nets. The evolution of the role of DGS across the world during the recent crisis was discussed, with an emphasis upon the crucial role of such schemes as members of the financial stability framework. It was also stressed that, in several countries, financial inclusion has become an important component for achieving inclusive growth and development, as it reduces the economic vulnerability of the poor and leads to improvements in the quality of life.

Seminar on "Role of Deposit Insurance in Bank Resolutions Framework – Lessons from Financial Crisis", Jodhpur, India, 13–16 November 2011

India's Deposit Insurance and Credit Guarantee Corporation (DICGC) hosted this international conference as part of its Golden

Jubilee celebrations, in collaboration with IADI. The conference took place on 13–16 November 2011, in Jodhpur, Rajasthan. The theme of the conference reflected the evolving thinking on the various elements of the financial safety-net framework in the post-financial crisis period, given the need for a well-defined resolution framework for banks and closer integration of the deposit insurance agency with other players in the safety-net.

The speakers at the conference included Duvvuri Subbarao, Governor, Reserve Bank of India (RBI); Subir Gokarn, Chairman, DICGC and Deputy Governor, RBI; Martin J. Gruenberg, President of IADI; Hiroyuki Obata, Deputy Governor of the Deposit Insurance Corporation of Japan (DICJ); and Carlos Isoard Secretary General of IADI; along with several senior members and representatives of deposit insurance agencies, and international bodies including the IMF, FSB, and BIS; along with several private practitioners. The international conference was attended by around 80 participants from deposit insurance agencies in around 25 countries, as well as senior officials from the RBI and the DICGC. All attendees were greatly appreciative of the DICGC's initiative in organizing this timely conference on topics that are being highly debated by authorities around the world, and for providing a platform to share views and guidance. The meeting provided the DICGC with the opportunity to play a leadership role in IADI, and is significant for shaping the DICGC's future role in IADI's learning initiatives.



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Regional Workshop on Core Principles Compliance Assessment, Abuja, Nigeria, 13–15 December 2011 – Facilitated with financial assistance from the World Bank

The second Regional Compliance Assessment workshop was hosted by the Nigerian Deposit Insurance Corporation in Abuja, Nigeria, on 13–15 December 2011. The workshop was fully funded by the World Bank. Thirty-one participants from six countries attended the workshop, and provided essential feedback for the preparation of future training sessions. The workshop facilitators also helped Nigeria to identify key corrective actions, and work is underway to obtain financial support from appropriate international financial organizations to implement specific corrective actions.

Annual Europe Regional Committee (ERC) Meeting, Prague, Czech Republic, 27 January 2012

The annual ERC meeting was held on 27 January 2012 in Prague, Czech Republic. Representatives of 15 of the 21 ERC members were present, along with Carlos Isoard, IADI Secretary General. ERC Chairperson András Fekete-Győr welcomed the members to Prague and thanked the Deposit Insurance Fund of the Czech Republic for hosting the event.

The meeting covered a number of timely issues:

Status Report on the EU DGS Directive (Trialogue) and Draft Directive on the EU Resolution Framework. Mr. Jerzy Pruski reviewed the progress of the trialogue negotiations. In September 2011, the European Parliament defined five key areas for the trialogue consultations, and in October 2011 two areas were defined as critically important: the payment period and the ex ante target ratio. The other areas are: usage of DGS funds for resolution purposes; risk-based premium systems; and recognition of Institution Protection Schemes as DGS and solidarity lending.

Regarding the Directive on the EU Resolution Framework, Mr. Jan Nolte said that no draft proposal has yet been published. He expected this to happen in March or April,



and he offered that once the DGS Directive was finalized, it was conceivable that it would include the possibility for DGS funds to also be used for a resolution fund.

ERC Technical Seminar on "Key Legal Modalities for Assisting Cooperation among DIS in Europe". Following the success of the two ERC technical seminars, one on payout procedures in Prague in January 2010 and another on public awareness in Bucharest in March 2011, the committee made plans to hold a third meeting on "Key Legal Modalities for Assisting Cooperation among DIS in Europe" in Sofia, Bulgaria, co-sponsored by IADI, in April 2012.

A Roundtable on the ERC Action Plan was also held, with participants offering overviews of their recent activities and discussing the operational challenges for their jurisdictions. Finally, Ms. Karen Gibbons presented an overview of a Canada Deposit Insurance Corporation (CDIC) banking failure simulation. Ms. Gibbons reported on her visit to the CDIC and offered her observations about the simulation exercise.

35th EXCO MEETING, Istanbul, Turkey, 21–24 February 2012

The 35th Meeting of IADI's EXCO and Standing Committees took place in Istanbul, Turkey, on 21–24 February 2012. More than 60 representatives participated in the meeting.

During the meeting, each committee gave a presentation about their activities and led discussion segments about their ongoing initiatives. During the presentation by the Research and Guidance Committee, Arthur Yuen, Deputy Chief Executive of the Hong Kong Monetary Authority, led a discussion on the key observations and recommendations contained in the FSB's Thematic Peer Review on Deposit Insurance. He provided an overview of the papers commenced by IADI as a result of the review, which will serve to further enhance the effectiveness of DISs.

A workshop on "Integrated Deposit Insurance Systems" was also held during the meeting. Representatives from Member institutions provided overviews of their practices and assessed the steps needed to move towards integrated deposit insurance systems.

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6th DICJ Round Table, "Deposit Insurance Systems in Effective Resolution Regimes", Kyoto, Japan, 7–8 March 2012

The Deposit Insurance Corporation of Japan (DICJ) hosted the 6th DICJ Round Table on 7–8 March 2012 in Kyoto, Japan, bringing together 24 representatives of deposit insurance institutions from 14 countries and jurisdictions around the world. There were lively discussions after the presentations made by speakers based on their experiences and lessons learned from the crisis, focusing on several issues, including: (1) financial crisis and the policy responses by each country; (2) the optimum level of deposit insurance funds; and (3) differential insurance premium rates.

9th Annual LARC Meeting and Conference, Punta del Este, Uruguay, 21–22 March 2012

The Latin America Regional Committee (LARC) held its 9th Annual Meeting and

Conference on 21–22 March 2012, in Punta del Este, Uruguay, hosted by Uruguay's Corporación de Protección del Ahorro Bancario (COPAB). Eleven Members of the Committee (Argentina's SEDESA, Brazil's FGC, Colombia's FOGAFIN, Ecuador's COSEDE, El Salvador's IGD, Guatemala's BANGUAT, Mexico's IPAB, Nicaragua's FOGADE, Paraguay's FGD, Peru's FSD, Uruguay's COPAB) took part in the two-day program. Additionally, Carlos Isoard, IADI Secretary General, attended as an observer. This occasion marked the first time that a LARC Member (a representative from Venezuela's FOGADE) took part in the meeting via videoconference.

At the meeting, besides approving the 2012 Business Plan and past minutes and reviewing a first version of the report on the LARC activities from 2004 to date, the LARC Members approved, in their general form, the updated Terms of Reference and Functions of the LARC's Chairperson and Vice-Chairperson and the selection process for both of these positions. The final versions of these

documents will be submitted to IADI for approval at the 36th EXCO meeting in June 2012.

In addition, this year's conference focused on current strategies for enhancing the stability of financial systems, with the objective of sharing knowledge and experiences on: the recent changes worldwide in resolution regimes for systemically important financial institutions; the development of relationships between financial safety-net participants; the importance of financial stability committees, as well as views on the current financial situation; and the role of such committees within the financial system. Among the invited speakers were representatives from the FDIC's Office of Complex Financial Institutions; from Uruguay's Ministry of Finance, central bank and supervisory authority; and from Mexico's central bank.

Workshop on "Core Principles Compliance Assessment", Kuala Lumpur, Malaysia, 27–30 March 2012

The third regional Compliance Assessment Workshop took place in Kuala Lumpur, Malaysia, on 27–30 March 2012. Thirty-eight participants from 17 Asian, European, and African jurisdictions participated in the workshop, which included a case study on the Malaysia Deposit Insurance Corporation (MDIC). A draft memorandum, including preliminary compliance ratings and recommended corrective actions, was presented to the CEO of the MDIC and senior staff.



Strategic Priority Two: Emphasize Opportunities for Partnering and Collaborating with the Bank for International Settlements Partner Organizations, Other Standard-Setting Bodies, and International Organizations on Safety-Net-Related Matters of Mutual Interest

Collaborations with IADI Sponsors and Partners

Throughout the reporting period, there were several mutual collaborations with constituents that provided financial and other assistance to facilitate seminars, workshops or other services for IADI and its Members. Beyond the BIS-sponsored and related entities mentioned below, other sponsors whose roles and support are also greatly appreciated include the World Bank, the Toronto Leadership Centre and the USAID Partners for Financial Stability Program. Each of them also provided generous assistance in connection with Strategic Priority One (see above).

FSB's Peer Review on Deposit Insurance Systems: The FSB published their Thematic Review on Deposit Insurance Systems on 8 February 2012. The global financial crisis emphasized the importance of effective depositor compensation arrangements. In response, in June 2009 the BCBS and IADI jointly issued the Core Principles for Effective Deposit Insurance Systems. In 2011, using these Core Principles as a benchmark, the FSB launched a review of deposit insurance systems in its member jurisdictions. The peer review team included IADI Members (from Brazil, Canada, France, Hong Kong, Indonesia, Russia, Turkey and the USA), and the results drew lessons about the effectiveness of reforms implemented in response to the crisis.

The crisis resulted in greater convergence in practices across jurisdictions, and the Thematic Review identified a consensus about appropriate deposit insurance design features such as higher coverage levels; the elimination of co-insurance; improvements in the payout process; greater depositor awareness; the adoption of ex ante funding by more jurisdictions; and the strengthening of information sharing and coordination with other safety-net participants. Additionally, the mandates of deposit insurers were found to have evolved, with more jurisdictions assuming responsibilities beyond performing rudimentary "paybox" functions, to now include an expanded resolution mandate.

The FSB report contains four recommendations, including one stating that IADI should, "In consultation with the BCBS and other relevant bodies where appropriate, update its guidance that pre-dates the financial crisis. It should also consider developing additional guidance to address areas where the Core Principles may need more precision to achieve effective compliance or to better reflect leading practices."

Accordingly, IADI's Guidance Group has embarked upon responses to this and the other recommendations contained in the FSB's Thematic Review. Work has already commenced on four research papers in the areas of Coverage, Moral Hazard, Depositor Reimbursement, and Public Awareness. The objective is to present these papers during the FSB's fall plenary session in 2012. Papers on Ex Ante Funding and Multiple Deposit Insurance Systems will follow in 2013.

IADI Working with the FSB to Enhance Effective Resolution Regimes

In addition to the adoption of the Core Principles for Effective Deposit Insurance Systems and the Methodology by the FSB as part of its Compendium of Key International Standards, IADI is also working with the FSB in efforts to develop principles for effective resolution of systemically important financial institutions (SIFIs).

The global financial crisis demonstrated the urgent need to improve resolution regimes so as to enable authorities to resolve failing financial institutions quickly and without destabilizing the financial system or exposing taxpayers to the risk of loss from solvency support. The goal of achieving more effective arrangements for the resolution of SIFIs was formally implemented in 2010 at the Pittsburgh, Toronto and Seoul summits, when the G20 Leaders asked the FSB to commence work in four key building-block areas: strengthened national resolution regimes; cross-border cooperation arrangements; improved resolution planning by firms and authorities; and measures to remove obstacles to resolution.

In early 2011, IADI was invited to join the FSB Resolution Steering Group, which coordinates resolution-related work to set out key attributes for resolution regimes with the aim of avoiding losses to taxpayers, and protect vital economic functions. IADI is represented in the Steering Group by Mr. David Walker, Chair of the IADI Guidance Group and Managing Director of the Canada Deposit Insurance Corporation.

Other Collaborations

During the reporting period, IADI collaborated with other organizations to further enhance and support financial stability. These organizations have contributed knowledge, experience and financial resources to many events, including the IADI Annual Conference, and numerous regional conferences and seminars. IADI Partners and Sponsors include the BIS, BCBS, FSI, IMF, WB, Financial Services Volunteer Corps (FSVC), and US Treasury Office of Technical Assistance.

IADI has undertaken numerous initiatives to increase international recognition of the importance of deposit insurance systems in maintaining financial stability, and in helping policymakers develop and implement effective deposit insurance systems. These initiatives involve interaction among deposit insurers, financial sector supervisors, and central banks.

Strategic Priority Three: Conduct Research and Develop Guidance to Further Promote Effective Deposit Insurance Systems, and Support Operational Improvements and Developments

IADI's Extensive Research Initiatives

IADI remains very active in research initiatives related to events stemming from the financial crisis and having implications for deposit insurance. Such research activities include those conducted in collaboration with other international organizations. A number of IADI Guidance Group Members were actively involved in the FSB's Thematic Review on Deposit Insurance, which was published in February 2012 (see above). The Review contained four recommendations, including that IADI should: "In consultation with the BCBS and other relevant bodies where appropriate, update its guidance that pre-dates the financial crisis. It should also consider developing additional guidance to address areas where the Core Principles may need more precision to achieve effective compliance or to better reflect leading practices." Accordingly, IADI's Guidance Group has embarked upon responses to this and the other recommendations contained in the Review. Work has been initiated on four research papers in the areas of **Coverage, Moral Hazard, Depositor Reimbursement, and Public Awareness**. Two additional papers on **Ex Ante Funding** and **Multiple Deposit Insurance Systems** are planned for 2013.

During the 2011/2012 financial year, IADI's Research and Guidance Committee (RGC) published several timely and pertinent papers. During this reporting period, the following guidance and research papers were approved and released as IADI official papers:

- a. **General Guidance for Developing Differential Premium Systems** (*update of earlier Guidance issued in 2005*)
- b. **Discussion Paper on Transitioning from a Blanket Guarantee or Extended Coverage to a Limited Coverage System**
- c. **Discussion Paper on Evaluation of Deposit Insurance Fund Sufficiency on the Basis of Risk Analysis**
- d. **Discussion Paper on Cross-Border Deposit Insurance Issues Raised by the Global Financial Crisis**
- e. **Research Paper on Deposit Insurance from the Shariah Perspective**

A Regional Paper by IADI's Asia-Pacific Regional Committee on **Funding Mechanisms of Deposit Insurance Systems in the Asia-Pacific Region** was also discussed during the reporting period. The paper looked at: basic frameworks of deposit insurance systems; deposit insurance fund administration; handling of deposit insurer taxes and surpluses; and funding mechanisms for dealing with systemic crises.

In addition, the RGC launched several research projects during the reporting period; some are still at an early stage while others are nearing completion. Research projects launched by the RGC in 2011 include: **Financial Inclusion; Integrated Deposit Insurance Systems; Dealing with Parties at Fault in a Bank Failure and Frauds in Deposit Insurance; an Update of the 2005 IADI General Guidance for the Resolution of Bank Failures; and Recoveries from the Assets of Failed Banks**.

- **Financial Inclusion**

IADI's Financial Inclusion and Innovation Subcommittee, created in 2010, provides a vehicle for the Association to develop an understanding of how emerging trends and issues related to financial inclusion may interact with IADI's mandate, as well as a formal mechanism for it to engage with other international entities on issues related to financial inclusion and deposit insurance. The Subcommittee's work plan calls for it to 1) identify deposit insurance issues raised by the existence of unbanked populations; 2) explore the implications for deposit insurance of financial inclusion innovations through technology, new channels, or other means; and 3) conduct research on topics relevant to deposit insurance and financial inclusion. During 2011, the Subcommittee carried out a survey of deposit insurers to identify the range of practices related to deposit insurance and financial inclusion. The survey results are currently being analyzed and a draft report is being prepared.

- **Integrated Deposit Insurance Systems**

In a number of jurisdictions, a new development has emerged that involves introducing, or exploring the introduction of,

an integrated deposit insurance system and expanding the mandates of some deposit insurers to provide protection to insurance policyholders. Additionally, reviews are underway on the topic of granting deposit insurers the authority to resolve uninsured financial institutions. The RGC launched this research project in 2011 to provide IADI Members with a better understanding of these developments. This project focuses on identifying the current trends in integrated deposit insurance systems, and the associated benefits and limitations. The research plan was recently issued for public consultation.

- **Dealing with Parties at Fault in a Bank Failure and Frauds in Deposit Insurance**

The research project on dealing with parties at fault in a bank failure and frauds in deposit insurance was launched to study and analyze the mandates, powers, responsibilities, roles, and legal authority of deposit insurers, together with an examination of the specific relationships with other financial safety-net participants when dealing with parties at fault in a bank failure and insurance frauds. The paper and its research findings are expected to yield relevant material for supplementing existing guidance to Core Principle 14 (Dealing with parties at fault in a bank failure – a deposit insurer, or other relevant authority, should be provided with the power to seek legal redress against those parties at fault in a bank failure). The research plan was recently issued for public consultation.

- **Update of 2005 IADI General Guidance for the Resolution of Bank Failures**

This project will result in an update to the General Guidance for the Resolution of Bank Failures issued by IADI in 2005. The update will focus on reviewing the relevance of the guidance points for deposit insurers, and introducing some of the new resolution mechanisms established after the global financial crisis of 2008–2009. However, since many other jurisdictions and international bodies have recently released, or are planning to

Strategic Priority Three: Conduct Research and Develop Guidance to Further Promote Effective Deposit Insurance Systems, and Support Operational Improvements and Developments

release, research papers on related resolution issues (such as the FSB's Key Attributes for Effective Resolution Regimes), the RGC has agreed to extend the start date of this project to allow time for receipt and analysis of the resolution research work being conducted elsewhere.

- **Recoveries from the Assets of Failed Banks**

The RGC Subcommittee on Recoveries from the Assets of Failed Banks is studying differences in asset management roles, the responsibilities of deposit insurers and other safety-net participants for handling claims and recoveries, and effective practices for asset management, liquidation and receivership operations. The research plan will be issued by the RGC in the near future.

Development of cBIS Deposit Insurance Database

The rapid growth in potential areas of research related to deposit insurance and activities conducted by IADI's RGC has increased interest in a comprehensive, accurate, and up-to-date database. Under this project, the Data and Information Subcommittee of the RGC, in collaboration with the BIS's Monetary and Economic Department (MED), has developed an extensive worldwide deposit insurance system database and reporting tool. As part of this arrangement, IADI and MED operate through a memorandum of understanding for IADI to use cBIS, a custom-designed database application owned by the BIS, to manage IADI's survey data on worldwide DISs. IADI, its Members, and the BIS benefit from the establishment of the database since all parties are able to draw upon the system capabilities for reporting and analysis of survey data. As a result, the EFDI and the European Commission's Joint Research Centre (JRC) are collaborating with IADI in maintaining and providing this authoritative resource on deposit guarantee schemes.

Strategic Priority Four: Continue to Expand IADI's Membership in the Coming Years, and Strengthen and Deepen IADI's Secretariat in order to Support the Membership and Objectives of the Association

Deposit Insurance Organization of the Year Award 2011

In recognition of its exceptional contributions, the 2011 Deposit Insurance Organization of the Year award was bestowed upon the Malaysia Deposit Insurance Corporation (MDIC). The MDIC was established in 2005 and since then it has grown considerably. The MDIC was nominated to receive the award because of its achievements in strengthening deposit insurance systems and its associated contribution to financial stability in Malaysia. The MDIC received particular appreciation for its willingness to share its knowledge and assist in training other IADI Members, and for all of its efforts and continued contribution in helping IADI to achieve its objectives.

MDIC has contributed greatly to the stability of the Malaysian financial system, together with Bank Negara Malaysia and the Ministry of Finance. The MDIC has promoted international collaboration and exchange by sending expert officials abroad and accepting trainees; by visiting, and receiving visits from, other deposit insurers; and by participating as lecturers in conferences and seminars. As a Member of IADI, the MDIC has consistently made significant contributions to the Association. Congratulations to the MDIC and staff on receiving the 7th Deposit Insurance Organization of the Year Award.

New Members and Outreach Activities

In the course of the financial year, two new Participants joined IADI – one as a Member and one as an Associate. The new Member is the Brunei Darussalam Deposit Protection Corporation and the new Associate is the Ministry of Finance, Government of the British Virgin Islands. See Annex IV for further details.

IADI's Treasurer, Membership and Communications and Finance and Planning Committees worked together to oversee the allocation of funding to promote multiple outreach activities by Regional Committees. The Membership and Communications Committee agreed upon a process by which proposals for funding of outreach activities would be made by Regional Committees, for consideration by the Treasurer, and with ref-

erence to an established budgeting and assessment process.

The Secretariat and its Staff

The BIS hosts IADI at its headquarters in Basel, Switzerland, and in accordance with the terms of a hosting agreement. The BIS-IADI hosting agreement was renewed and extended, thereby maintaining the ongoing arrangement for IADI to interact with other organizations located at the BIS that also contribute to financial stability.

The hosting agreement provides facilities and other support for five full-time staff at the BIS. The Secretariat is composed of the Secretary General, Deputy Secretary General, and three secondees. The current secondees are sponsored by the Deposit Insurance Corporation of Japan (DICJ), the Federal Deposit Insurance Corporation (FDIC; USA), and the Korea Deposit Insurance Corporation (KDIC), each appointed to serve a two-year term.

Use of Technology in Furthering IADI's Objects

The Association's business and affairs are conducted through the significant use of the Internet. This enables more frequent and ongoing communications without the need for additional in-person meetings and the associated costs of both time and travel. Several Committees make use of the technology for electronic meetings. The Association's website (www.iadi.org) is an important tool for Members and other Participants. This year, IADI's internal Members-Only website was enhanced with the addition of an Excel Workbook containing survey results to further support IADI's research efforts. The Workbook contains a complete archive of IADI's internal documents and enables Members to more quickly locate historical materials and governance documents, including Committee Terms of References, and new or updated policies. Each of the Standing and Regional Committees has access to a reserved site enabling storage of working documents and communications with committee Members through announcements and a message forum. As previously mentioned, the IADI Capacity Building Program includes a clearinghouse website for Members and organizations to

use for identifying available resources and the particular expertise offered by other Members. The website includes a standard form for requests for capacity building expertise.

IADI Leadership

The Association is managed by the President and the EXCO. The President and EXCO members are elected by IADI's Members at the AGM. EXCO members are typically elected to serve three-year terms and each person's term on the Council is limited to six consecutive years. Currently, EXCO is composed of 25 members as approved by the Association's Members at the October 2011 AGM.

President of the Association and Chair of the Executive Council

Martin J. Gruenberg, the Acting Chairman of the FDIC, is the President of IADI and is serving as the Chair of EXCO and for a two-year term that began with his election to the position at the 9th IADI AGM on 28 October 2010 in Tokyo, Japan. Mr. Gruenberg became Acting Chairman of the FDIC in July 2011, and was previously sworn in as Vice Chairman of the FDIC in 2005 and had earlier served as Acting FDIC Chairman from 15 November 2005 to 26 June 2006. Prior to joining the FDIC, Mr. Gruenberg played an active role in the development of U.S. banking and financial services industry legislation in the U.S. Senate. He served as Senior Counsel on the staff of the U.S. Senate Committee on Banking, Housing, and Urban Affairs; he has also served as Staff Director of the U.S. Senate Banking Committee's Subcommittee on International Finance and Monetary Policy.

Treasurer of the Association

Bakhyt Mazhenova, Chairman of the Kazakhstan Deposit Insurance Fund (KDIF), continued in her role as the elected IADI Treasurer, serving a three-year term which ends at the 2012 AGM. Ms. Mazhenova previously completed six years of service on EXCO through 24 September 2009. This is her second consecutive three-year term as Association Treasurer. Prior to joining the KDIF, Ms. Mazhenova held senior positions at the National Bank of Kazakhstan and as

Strategic Priority Four: Continue to Expand IADI's Membership in the Coming Years, and Strengthen and Deepen IADI's Secretariat in order to Support the Membership and Objectives of the Association

Deputy Chairman and head of the Treasury Department of the Central Asia Bank for Cooperation and Development.

Vice Chair of the Executive Council

Having a Vice Chair provides EXCO with an experienced leader ready to act in the absence of the EXCO Chair. Mutsuo Hatano retired in September 2011 as Deputy Governor of the Deposit Insurance Corporation of Japan (DICJ) and Vice Chair of IADI's EXCO, where he had served since 2008. Jerzy Pruski, President of the Bank Guarantee Fund (BGF) of Poland, succeeded him as Vice Chair of the EXCO in February 2012. Since September 2009, Mr. Pruski has held the position of President of the Management Board of the BGF and since October 2010, he has served as a member of IADI's EXCO.

Composition of the Executive Council

Several changes in the EXCO membership became effective at the 10th AGM in Warsaw, Poland, on 18 October 2011. The Members elected 10 Designated Representatives for three-year terms. Bakhyt Mazhenova was elected to the position reserved for the Eurasia Regional Committee, and Jumana Hamed was elected to the position reserved for the Middle East and North Africa Regional Committee.

The following Council members were also elected:

Rossen Nikolov, Bulgarian Deposit Insurance Fund;

Howard Wang, Central Deposit Insurance Corporation, Chinese Taipei;

G. Gopalakrishna, Deposit Insurance and Credit Guarantee Corporation, India;

Hiroyuki Obata, Deposit Insurance Corporation of Japan;

Thierry Dissaux, Fonds de Garantie des Dépôts, France;

José Luis Ochoa Bautista, Instituto para la Protección al Ahorro Bancario, Mexico;

Yee-Ming Lee, Malaysia Deposit Insurance Corporation; and

Valentin Araneta, Philippine Deposit Insurance Corporation.

Expressions of gratitude were conveyed to the 10 past Members of the Executive Council who concluded their service as Council members during the year as a result of retirement, reassignment within their home country organizations, or other circumstances:

Bisser Manolov, former Chairman of the Management Board, Bulgarian Deposit Insurance Fund

Andrey Melnikov, Deputy General Director, Deposit Insurance Agency, Russian Federation

Bokkasam Srinivas, former Chief General Manager, Deposit Insurance and Credit Guarantee Corporation, India

Hari Nandan Prasad, former Chief Executive Officer, Deposit Insurance and Credit Guarantee Corporation, India

Mutsuo Hatano, former Deputy Governor of the Deposit Insurance Corporation of Japan

Antonio Bueno, former Chief Executive Officer, Fundo de Garantidor de Créditos, Brazil

Jorge Chávez Presa, former Member of the Board of Governors, Instituto para la Protección al Ahorro Bancario, Mexico

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

Wai Keen Lai, former General Manager, Malaysia Deposit Insurance Corporation

José Nograles, former President, Philippine Deposit Insurance Corporation.

Secretary General

Carlos Isoard continues as the third IADI Secretary General, and has served in this position since appointed by EXCO on 9 June 2010 for a three-year term starting 15 September 2010. Prior to this, Mr. Isoard worked as an independent professional, a member of the Audit Committee of Banco Nacional de Obras y Servicios Públicos, S.N.C. and a member of the Board of Financiera Mexicana para el Desarrollo Rural, S.A de C.V., SFP. Mr. Isoard also served as a Member of the Governing Board of the Instituto para la Protec-

ción al Ahorro Bancario (IPAB), Mexico, from May 1999 through December 2008. Mr. Isoard holds an MA in Economics from the University of Chicago and a BA in the same field from ITAM (Instituto Tecnológico Autónomo de México).

The responsibilities of the Secretary General are set out in the IADI Statutes, and include: acting as Secretary to EXCO; managing the Secretariat and providing services to the Association; processing applications for participation in the Association; maintaining appropriate records and registers of IADI Participants; and executing other functions assigned by EXCO.

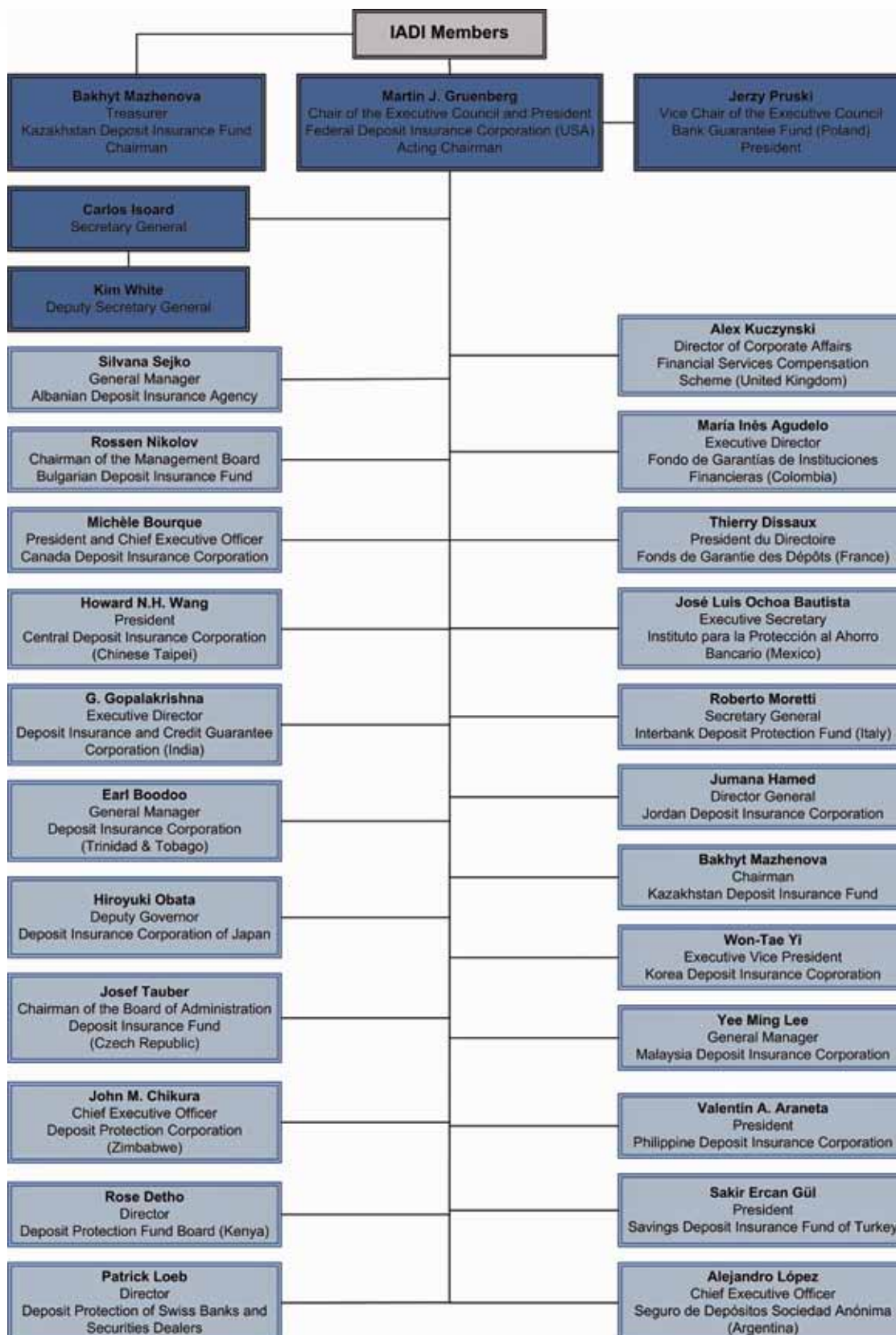
Mr. Isoard is employed by the BIS on a full-time basis on behalf of IADI, and his office is located on the BIS premises in Basel, Switzerland. He reports to the IADI President.

Having a full-time Secretary General posted at the BIS enables IADI to interact more extensively with other safety-net organizations that also conduct activities through the BIS. The European location is central to the Association's Member countries, and enables the Secretary General to more readily participate in the Association's regional activities.

The Secretary General is supported by the Deputy Secretary General, Kim Peeters White, who has been at the BIS for over 12 years, and employed by IADI since 2002. She has served as IADI Deputy Secretary General since 2004.

Leadership

Executive Council (as of 31 March 2012)



Standing Committees as of 31 March 2012

Audit Committee	Chairperson: Rose Detho <i>Deposit Protection Fund Board, Kenya</i>
Vice Chairperson: Valentin A. Araneta <i>Philippine Deposit Insurance Corporation</i>	Jerzy Pruski <i>Bank Guarantee Fund, Poland</i>
Earl Boodoo <i>Deposit Insurance Corporation, Trinidad and Tobago</i>	Ridvan Çabukel <i>Savings Deposit Insurance Funds of Turkey</i>
G. Gopalakrishna <i>Deposit Insurance and Credit Guarantee Corporation, India</i>	Umaru Ibrahim <i>Nigeria Deposit Insurance Corporation</i>
Finance and Planning Committee	Chairperson: Silvana Sejko <i>Albanian Deposit Insurance Agency</i>
Vice Chairperson: Hiroyuki Obata <i>Deposit Insurance Corporation of Japan</i>	Fred S. Carns <i>Federal Deposit Insurance Corporation, USA</i>
Alejandro López <i>Seguro de Depósitos Sociedad Anónima, Argentina</i>	John Chikura <i>Deposit Protection Corporation, Zimbabwe</i>
András Fekete-Györ <i>National Deposit Insurance Fund of Hungary</i>	Rossen Nikolov <i>Bulgarian Deposit Insurance Fund</i>
Andrey Melnikov <i>Deposit Insurance Agency, Russian Federation</i>	Won Tae Yi <i>Korea Deposit Insurance Corporation</i>
Governance Committee	Chairperson: Martin J. Gruenberg <i>Federal Deposit Insurance Corporation, USA</i>
Abdel Gadir Mohamed Ahmed Salih <i>Bank Deposit Security Fund of Sudan</i>	John M. Chikura <i>Deposit Protection Corporation, Zimbabwe</i>
Alex Kuczynski <i>Financial Services Compensation Scheme, UK</i>	José Luis Ochoa Bautista <i>Instituto para la Protección al Ahorro Bancario, Mexico</i>
András Fekete-Györ <i>National Deposit Insurance Fund of Hungary</i>	Michèle Bourque <i>Canada Deposit Insurance Corporation</i>
Bakhyt Mazhenova <i>Kazakhstan Deposit Insurance Fund</i>	Rose Detho <i>Deposit Protection Fund Board, Kenya</i>
Earl Boodoo <i>Deposit Insurance Corporation, Trinidad and Tobago</i>	Silvana Sejko <i>Albanian Deposit Insurance Agency</i>
Fred S. Carns <i>Federal Deposit Insurance Corporation, USA</i>	Yvonne Fan <i>Central Deposit Insurance Corporation, Chinese Taipei</i>
Hiroyuki Obata <i>Deposit Insurance Corporation of Japan</i>	

Standing Committees as of 31 March 2012

Standing Committees as of 31 March 2012

Membership and Communications Committee

Chairperson: Alex Kuczynski
Financial Services Compensation Scheme, U.K.

Vice Chairperson: Roumyana Markova
Bulgarian Deposit Insurance Fund

Abdel Gadir Mohamed Ahmed Salih
Bank Deposit Security Fund of Sudan

Alejandro López
Seguro de Depósitos Sociedad Anónima, Argentina

Ana Graciela Trejo Padilla
Instituto de Garantía de Depósitos, El Salvador

András Fekete-Györ
National Deposit Insurance Fund of Hungary

Bakhyt Mazhenova
Kazakhstan Deposit Insurance Fund

Earl Boodoo
Deposit Insurance Corporation, Trinidad and Tobago

Hiroyuki Obata
Deposit Insurance Corporation of Japan

José Luis Ochoa Bautista
Instituto para la Protección al Ahorro Bancario, Mexico

John M. Chikura
Deposit Protection Corporation, Zimbabwe

Jumana Hamed
Jordan Deposit Insurance Corporation

María Inés Agudelo
Fondo de Garantías de Instituciones Financieras, Colombia

Michèle Bourque
Canada Deposit Insurance Corporation

Patrick Loeb
Deposit Protection of Swiss Banks and Securities Dealers

Thierry Dissaux
Fonds de Garantie des Dépôts, France

Training and Conference Committee

Chairperson: Fred S. Carns
Federal Deposit Insurance Corporation, USA

Alex Kuczynski
Financial Services Compensation Scheme, UK

András Fekete-Györ
National Deposit Insurance Fund of Hungary

Howard N.H. Wang
Central Deposit Insurance Corporation, Chinese Taipei

John Chikura
Deposit Protection Corporation, Zimbabwe

Masayuki Sugihara
Deposit Insurance Corporation of Japan

María Inés Agudelo
Fondo de Garantías de Instituciones Financieras, Colombia

Rafael Demetrio Lara Valenzuela
Fondo de Garantía de Depósitos - Banco Central del Paraguay

Richard Malisa
Deposit Insurance Board of Tanzania

Romuald Szymczak
Bank Guarantee Fund, Poland

Rose Detho
Deposit Protection Fund Board, Kenya

Silvana Sejko
Albanian Deposit Insurance Agency

Sunghyun Yun
Korea Deposit Insurance Corporation

Thierry Dissaux
Fonds de Garantie des Dépôts, France

Umaru Ibrahim
Nigeria Deposit Insurance Corporation

Yee Ming Lee
Malaysia Deposit Insurance Corporation

Yvonne Fan
Central Deposit Insurance Corporation, Chinese Taipei

Standing Committees as of 31 March 2012

Regional Committees as of 31 March 2012

Research and Guidance Committee	Chairperson: Yvonne Fan <i>Central Deposit Insurance Corporation, Chinese Taipei</i>	
Alejandro López <i>Seguro de Depósitos Sociedad Anónima, Argentina</i>	Jerzy Pruski <i>Bank Guarantee Fund, Poland</i>	
András Fekete-Győr <i>National Deposit Insurance Fund of Hungary</i>	José Luis Ochoa Bautista <i>Instituto para la Protección al Ahorro Bancario, Mexico</i>	
Andrey Melnikov <i>Deposit Insurance Agency, Russian Federation</i>	Julien Reid <i>Autorité des Marchés Financiers, Québec</i>	
Andrey Pekhterev <i>Deposit Insurance Agency, Russian Federation</i>	Jumana Hamed <i>Jordan Deposit Insurance Corporation</i>	
Bakhyt Mazhenova <i>Kazakhstan Deposit Insurance Fund</i>	Karen Gibbons <i>Financial Services Compensation Scheme, UK</i>	
Barbara Ryan <i>Federal Deposit Insurance Corporation, USA</i>	Kyoung Ho Kim <i>Korea Deposit Insurance Corporation</i>	
David Walker <i>Canada Deposit Insurance Corporation</i>	Mohamed Mahraoui <i>Bank Al-Maghrib, Morocco</i>	
Earl Boodoo <i>Deposit Insurance Corporation, Trinidad and Tobago</i>	Patrick Loeb <i>Deposit Protection of Swiss Banks and Securities Dealers</i>	
Fabio Mentone <i>Fundo de Garantidor de Créditos, Brazil</i>	Rossen Nikolov <i>Bulgarian Deposit Insurance Fund</i>	
Hiroyuki Obata <i>Deposit Insurance Corporation of Japan</i>	Thierry Dissaux <i>Fonds de Garantie des Dépôts, France</i>	
Jacob Ade Afolabi <i>Nigeria Deposit Insurance Corporation</i>	Valentin A. Araneta <i>Philippine Deposit Insurance Corporation</i>	

Regional Committees as of 31 March 2012

Africa	Chairperson: John M. Chikura <i>Deposit Protection Board, Zimbabwe</i>	
Abraham M. Rasmini <i>Deposit Insurance Board of Tanzania</i>	Umaru Ibrahim <i>Nigeria Deposit Insurance Corporation</i>	
Rose Detho <i>Deposit Protection Fund Board, Kenya</i>		
Asia-Pacific	Chairperson: Hiroyuki Obata <i>Deposit Insurance Corporation of Japan</i>	
Vice-Chairperson: Andrey Melnikov <i>Deposit Insurance Agency, Russian Federation</i>	Nestor A. Espenilla Jr. <i>Bangko Sentral ng Pilipinas</i>	
A. G. Karunasena <i>The SEACEN Centre</i>	Ng Chuin Hwei <i>Monetary Authority of Singapore</i>	
Azad Javadov <i>Azerbaijan Deposit Insurance Fund</i>	Ooi Sin Teik <i>Singapore Deposit Insurance Corporation</i>	
Bakhyt Mazhenova <i>Kazakhstan Deposit Insurance Fund</i>	S.K. Sur Chowdhury <i>Bangladesh Bank</i>	

Regional Committees as of 31 March 2012

Asia-Pacific

Batbaatar Batjargal
Bank of Mongolia

Firdaus Djaelani
Indonesia Deposit Insurance Corporation

G. Gopalakrishna
Deposit Insurance and Credit Guarantee Corporation, India

Howard N. H. Wang
Central Deposit Insurance Corporation, Chinese Taipei

Ian McLauchlan
Australian Prudential Regulation Authority

Khac Son Bui
Deposit Insurance of Vietnam

Masahiro Kawai
Asian Development Bank

Singha Nikornpun
Deposit Protection Agency, Thailand

Siriporn Eamrunroj
Bank of Thailand

Tess Leung
Hong Kong Deposit Protection Board

Tracy Chong Kun Ling
Brunei Darussalam Deposit Protection Corporation

Valentin A. Araneta
Philippine Deposit Insurance Corporation

Won Tae Yi
Korea Deposit Insurance Corporation

Yee Ming Lee
Malaysia Deposit Insurance Corporation

Caribbean

Chairperson: Earl Boodoo
Deposit Insurance Corporation, Trinidad and Tobago

Antoinette McKain
Jamaica Deposit Insurance Corporation

Cassandra C. Nottage
Deposit Insurance Corporation of Bahamas

Jenifer C. O'Neal
Ministry of Finance, British Virgin Islands

Warrick Ward
Barbados Deposit Insurance Corporation

Eurasia

Chairperson: Bakhyt Mazhenova
Kazakhstan Deposit Insurance Fund

Andrey Melnikov
Deposit Insurance Agency, The Russian Federation

Azad Javadov
Azerbaijan Deposit Insurance Fund

Olena Sharova
Deposit Guarantee Fund, Ukraine

Europe

Chairperson: András Fekete-Györ
National Deposit Insurance Fund of Hungary

Vice-Chairperson: Thierry Dissaux
Fonds de Garantie des Dépôts (France)

Alex Kuczynski
Financial Services Compensation Scheme (UK)

Andrea Brüllmann
Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association

Andrey Melnikov
Deposit Insurance Agency, Russian Federation

Ben Dunning
Guernsey Banking Deposit Compensation Scheme

Daniel Barr
Swedish National Debt Office

Dirk Cupei
Deposit Protection Fund of the Association of German Banks

Jerzy Pruski
Bank Guarantee Fund, Poland

Josef Tauber
Deposit Insurance Fund, Czech Republic

Josip Nevjestic
Deposit Insurance Agency of Bosnia and Herzegovina

Lidija Perovic
Deposit Insurance Agency, Serbia

Olena Sharova
Deposit Guarantee Fund, Ukraine

Patrick Loeb
Deposit Protection of Swiss Banks and Securities Dealers

Ridvan Çabukel
Savings Deposit Insurance Fund of Turkey

Regional Committees as of 31 March 2012

Europe

Eugen Dijmărescu
Bank Deposit Guarantee Fund, Romania

Herman Debremaeker
Deposit and Financial Instrument Protection Fund, Belgium

James Mews
Jersey Bank Depositors Compensation Board

Roberto Moretti
Interbank Deposit Protection Fund, Italy

Rossen Nikolov
Bulgarian Deposit Insurance Fund

Silvana Sejko
Albanian Deposit Insurance Agency

Latin America

Chairperson: José Luis Ochoa Bautista
Instituto para la Protección al Ahorro Bancario, Mexico

Adela Hounie
Corporación de Protección del Ahorro Bancario, Uruguay

Alejandro López
Seguro de Depósitos Sociedad Anónima, Argentina

Ana Graciela Trejo Padilla
Instituto de Garantía de Depósitos, El Salvador

David Alastre
Fondo de Protección Social de los Depósitos Bancarios, Venezuela

Fabio Mentone
Fundo Garantidor de Créditos, Brazil

Juan Klingenberg
Fondo de Seguro de Depósitos, Peru

María Inés Agudelo
Fondo de Garantías de Instituciones Financieras, Colombia

Miguel Ruiz
Corporación de Seguro de Depósitos, Ecuador

Rafael Demetrio Lara Valenzuela
Fondo de Garantía de Depósitos - Banco Central del Paraguay

Rolando José Sevilla Boza
Fondo de Garantía de Depósitos de las Instituciones Financieras, Nicaragua

Sergio Francisco Recinos Rivera
Banco de Guatemala como administrador del Fondo para la Protección del Ahorro

Middle East and North Africa

Chairperson: Abdel Gadir Mohamed Ahmed Salih
Bank Deposit Security Fund of Sudan

Vice-Chairperson: Jumana Hamed
Jordan Deposit Insurance Corporation

General Secretary: Al Musbah Dardug
Bank Deposit Security Fund of Sudan

Abderrahim Bouazza
Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts, Morocco

Choaib El-Hassar
Bank of Algeria

Khater Abi Habib
Institut National de Garantie des Dépôts, Lebanon

Mohamed Mahraoui
Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts, Morocco

Ridvan Çabukel
Savings Deposit Insurance Fund of Turkey

North America

Chairperson: Michèle Bourque
Canada Deposit Insurance Corporation

General Secretary: Joshua Lattimore
Canada Deposit Insurance Corporation

Danielle Boulet
Autorité des marchés financiers, Québec, Canada

Fred S. Carns
Federal Deposit Insurance Corporation, USA

José Luis Ochoa Bautista
Instituto para la Protección al Ahorro Bancario, Mexico

To the General Meeting of
International Association of Deposit Insurers, Basel

Zurich, 20 June 2012

Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, income statement, cash flow statement and notes) of International Association of Deposit Insurers for the financial year ended 31 March 2012.

These financial statements are the responsibility of the Executive Council. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of the Association's personnel and analytical procedures as well as detailed tests of the Association's documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law (art. 957 et seqq. Code of Obligations (CO)) and the articles of association.

Ernst & Young Ltd



Rolf Bächler
Licensed audit expert
(Auditor in charge)



Armin Imoberdorf
Licensed audit expert

Enclosure

- Financial statements (balance sheet, income statement, cash flow statement and notes)

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of Financial Position

As at 31 March 2012

(in Swiss Francs)

		31 March 2012	31 March 2011
ASSETS			
Cash	6	1,653,231	1,473,031
Accounts receivable	7	104,958	17,641
		<u>1,758,189</u>	<u>1,490,672</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	8	50,190	82,714
Deferred revenue	9	-	11,390
		<u>50,190</u>	<u>94,104</u>
Unrestricted Net Assets			
Capital - Initial Fund contributions	10	652,741	641,351
Retained unrestricted assets		755,217	579,848
Unrestricted assets for the current year		300,041	175,369
		<u>1,707,999</u>	<u>1,396,568</u>
		<u>1,758,189</u>	<u>1,490,672</u>

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of Activities

For the year ending 31 March 2012

(in Swiss Francs)

		For the period ended 31 March 2012	For the period ended 31 March 2011
CHANGES IN UNRESTRICTED NET ASSETS			
<u>Operating revenue</u>			
Members Fees	1	720,418	700,485
Associates Fees	1	64,069	55,526
Observers Fees	1	-	-
BIS Contribution	4	400,000	400,000
Total operating revenue		1,184,486	1,156,011
<u>Operating Expenses</u>			
Salaries		(645,586)	(634,403)
Conferences, Seminars and Meetings		(96,265)	(99,596)
Training Initiatives		(47,413)	(50,662)
Travel		(46,433)	(127,255)
Administration		(15,026)	(35,899)
Audit		(4,010)	(4,541)
IT and Communications		(1,130)	(3,090)
Membership & Outreach support		(28,267)	(22,667)
Publications and Research		(2,080)	(3,950)
Depreciation		-	(267)
Total operating expenses		(886,210)	(982,330)
CHANGES IN OPERATING UNRESTRICTED NET ASSETS		298,276	173,681
Interest Income	11	1,649	1,604
Other Income		129	-
Uncollected Receivables		-	-
Uncollected Annual Fees from Prior years		-	-
Exchange Difference	3	(13)	84
CHANGES IN UNRESTRICTED NET ASSETS		300,041	175,369

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of cash flows

For the period ending 31 March 2012

(in Swiss Francs)

	Notes	For the period ended 31 March 2012	For the year ended 31 March 2011
Cash flow from / (used in) operating activities			
Operating unrestricted net assets		300,041	175,369
Non-cash flow items included in operating unrestricted net assets			
Depreciation		-	267
Net change in operating assets and liabilities			
Deferred revenue		(11,390)	2,846
Accounts receivable		(87,317)	9,338
Prepayments		-	22,823
Accounts payable		(32,524)	73,483
Net Cash flow from / (used in) operating activities		168,811	284,126
Cash flow from / (used in) financing activities			
Capital contributions from new members	10	11,390	91,120
Net Cash flow from / (used in) financing activities		11,390	91,120
Net Increase / (decrease) in cash		180,201	375,246
Cash at beginning of accounting period		1,473,031	1,097,785
Cash at end of accounting period	6	1,653,231	1,473,031

International Association of Deposit Insurers

Notes to the Financial Statements

Year Ended 31 March 2012

1. NATURE OF ORGANIZATION

The International Association of Deposit Insurers (IADI, "the Association") is a non-profit organization organized under Swiss Law, domiciled in Basel, at the Bank for International Settlements.

Its Objects are to contribute to the stability of financial systems by promoting international cooperation in the field of deposit insurance and to encourage wide international contact among deposit insurers and other interested parties.

The Association receives annual Member, Associate and Observer fees from its participants:

Members: Entities that, under law or agreements, provide deposit insurance, depositor protection or deposit guarantee arrangements as set out in Article 5 of the Statutes.

Associates: Entities that do not fulfill all the criteria of Members, but who are considering the establishment of a deposit insurance system or other entities that are part of a financial safety net and have a direct interest in the effectiveness of a deposit insurance system.

Observers: Other interested parties such as international organizations, financial institutions, or not-for-profit professional firms. At the AGM of 24 September 2009, IADI Members amended the Statutes to eliminate the participation of for-profit Observers in the Association.

Partners: Entities who enter into cooperative arrangements with the Association in the pursuit and furtherance of the Objects of the Association. They may be involved in the activities of the Association in a manner determined by the Executive Council.

Annual Fees:

Members: CHF 11,390 fee with an initial fund contribution of CHF 11,390 payable over two years, have a right to vote at meetings and hold office.

Associates: CHF 8,542.50 fee, no vote but may participate in the activities of IADI.

Observers: CHF 5,695 fee, no vote but may participate in the activities of IADI.

Partners: No fees due.

The governing bodies of the Association are the General Meeting of Members and the Executive Council. The Executive Council has established Standing Committees covering Audit, Training and Conferences, Research and Guidance, Membership and Communications, Finance and Planning, and Governance. Eight regional committees have been established (Africa, Asia Pacific, the Caribbean, Eurasia, Europe, Latin America, and the Middle East & North Africa, and North America). The Secretary General acts as the Secretary to the Executive Council supported by the Deputy Secretary General.

The Executive Council is composed of duly elected members who govern the business and affairs of the IADI. Martin Gruenberg, Vice Chairman of the Federal Deposit Insurance Corporation, is the Chair of the Executive Council and acts as

President of the Association. The Treasurer is Bakhyt Mazhenova, Chairman of the Kazakhstan Deposit Insurance Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounts of IADI are drawn up on an historical cost basis and income and expense items are recorded on the accrual basis.

A. Scope of the financial statements

These financial statements contain all assets and liabilities that are controlled by the Association and in respect of which the economic benefits as well as the rights and obligations lie predominantly with the Association.

B. Functional and presentation currency

Being an international organization, the Association is exposed to various currencies when conducting its activities. The main currencies the Association deals in are CHF and EUR.

All transactions are recorded in CHF at the exchange rates prevailing at the date of the transaction.

Exchange differences arising from the retranslation of monetary assets and liabilities are included as net foreign exchange gains or losses in the statement of activities.

C. Cash

The Association considers cash to be current bank accounts.

D. Investments held to maturity

Investments are made in accordance with the investment policy, which was approved by the Executive Council in 2005 amended in 2009 and which is reviewed periodically. All revenues from cash and investments are accounted for in Interest Income.

E. Accounts Receivable and Accounts Payable

Accounts receivable and accounts payable are principally short-term amounts relating to the settlement of transactions as a result of activities of the organization. They are included in the balance sheet at nominal value.

F. Uncollected Annual Fees

Provisions are recognised, as a charge to the statement of activities, if the Association has a concern over the recovery of outstanding accounts receivable.

3. SENSITIVITY TO FOREIGN EXCHANGE MOVEMENTS

Trading activity in the year was predominantly denominated in CHF, but the financial statements have been slightly affected by fluctuations in the US\$ and EUR.

At the Executive Council Meeting on 11 June 2008, it was agreed to change the Association's official currency to Swiss Francs (previously U.S. dollars) to reduce sensitivity to foreign exchange movements. As of the financial year ending 31 March 2009, IADI collects its Annual Fees in CHF, and most expenses are in CHF.

4. BENEFITS RECEIVED

The Association is hosted by the Bank for International Settlements, Basel, and benefits from administration, meeting facilities, IT services, accounting, a contribution to its operations and other advisory services provided by the Bank for International Settlements. IADI's members also contribute resources to support the strategic objectives of the Association, including staff seconded to IADI and support for regional conferences and Executive training.

The total amount of these benefits has not been determined.

5. INCOME TAXES

The Association is exempt from income tax.

6. CASH

	Exchange rates at 31 March 2012	31 March 2012 CHF Value	Exchange rates at 31 March 2011	31 March 2011 CHF Value
CHF Current Accounts		1,651,890		1,471,551
EUR Current Accounts	CHF / EUR: 1.203699	1,341	CHF / EUR: 1.29898	1,480
CAD Current Account		-		-
		1,653,231		1,473,031

7. ACCOUNTS RECEIVABLE

	31 March 2012 CHF Value	31 March 2011 CHF Value
Membership fees	2,848	11,390
Other receivables	2,110	6,251
Contribution to operations	100,000	-
	104,958	17,641

A BIS contribution to operations due for the period January to March 2012, amounting to CHF 100,000, was collected on 11th April 2012.

8. ACCOUNTS PAYABLE

Accounts payable mainly consists of year-end accruals for transactions incurred as a result of the Association's activities during March 2012. These amounts are payable to the Bank for International Settlements, the Auditors and other parties who have performed services for the benefit of the Association.

	31 March 2012	31 March 2011
	CHF Value	CHF Value
Audit	4,400	4,170
Salaries	25,729	47,372
Conferences, Seminars and Meetings	-	3,307
Travel	5,531	12,746
Administration, IT and Communications	14,530	15,119
	50,190	82,714

9. DEFERRED REVENUE

There was no deferred Revenue for the current financial year. The FY 2010/11 deferred revenue related to a prepaid Members fee.

	31 March 2012	31 March 2011
	CHF Value	CHF Value
Members	-	11,390
Associates	-	-
Observers	-	-
	-	11,390

10. CAPITAL: Initial Fund Contributions

	31 March 2012	31 March 2011
	CHF Value	CHF Value
Initial Fund Contributions	664,131	652,741
less unpaid Initial Fund Contributions	(11,390)	(11,390)
Paid up Initial Fund Contributions	652,741	641,351
Number of Members	64	63

The unpaid Initial Fund Contributions relate to payments due in future accounting periods.

11. INTEREST INCOME

	31 March 2012	31 March 2011
	CHF Value	CHF Value
Bank accounts	1,649	1,604

Annex I: Participants in the International Association of Deposit Insurers as of 31 March 2012

IADI's Participants include Members, Associates, Observers and Partners.

Members are entities that, under law or agreement, have a deposit insurance system, and have been approved for membership in the Association. An **Associate** is an entity that does not fulfill all of the criteria to be a Member, but which is considering the establishment of a deposit insurance system, or is part of a financial safety-net and has a direct interest in the effectiveness of a deposit insurance system. **Observers** are interested parties that are not-for-profit entities which do not fulfill the criteria to be an Associate, and **Partners** are not-for-profit entities that enter into a cooperative arrangement with the Association.

For complete definitions, please see the **Statutes of the International Association of Deposit Insurers**.

Members

Albanian Deposit Insurance Agency
Silvana Sejko
General Manager

Australian Prudential Regulation Authority
Ian McLauchlan
FCS and Crisis Management Advisor

Autorité des Marchés Financiers (Québec, Canada)
Danielle Boulet
Superintendent of Solvency

Azerbaijan Deposit Insurance Fund
Azad Javadov
Executive Director

Banco de Guatemala como Administrador del Fondo para la Protección del Ahorro
Sergio Francisco Recinos Rivera
General Manager

Bangladesh Bank
S.K. Sur Chowdhury
Deputy Governor

Bank Al-Maghrib, Fonds Collectif de Garantie des Dépôts (Morocco)
Abderrahim Bouazza
Director, Banking Supervision Department

Bank Deposit Guarantee Fund (Romania)
Eugen Dijmărescu
Chief Executive Officer

Bank Deposit Security Fund of Sudan
Abdel Gadir Mohamed Ahmed Salih
General Manager

Bank Guarantee Fund (Poland)
Jerzy Pruski
President

Barbados Deposit Insurance Corporation
Warrick Ward
Chief Executive Officer

Brunei Darussalam Deposit Protection Corporation
Tracy Chong Kun Ling
Senior Manager

Bulgarian Deposit Insurance Fund
Rossen Nikolov
Chairman of the Management Board

Canada Deposit Insurance Corporation
Michèle Bourque
President and Chief Executive Officer

Central Deposit Insurance Corporation (Chinese Taipei)
Howard N.H. Wang
President

Corporación de Protección del Ahorro Bancario (Uruguay)
Jorge Sánchez
General Manager

Corporación del Seguro de Depósitos (Ecuador)
Miguel Ruiz
Presidente

Deposit and Financial Instrument Protection Fund (Belgium)
Herman Debremaeker
Secretary General

Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association
Andrea Brüllmann
Legal Counsel, International Affairs

Deposit Guarantee Fund (Ukraine)
Olena Sharova
Managing Director

Deposit Insurance Agency (Russian Federation)
Andrey Melnikov
Deputy General Director

Deposit Insurance Agency (Serbia)
Lidija Perovic
Acting Director

Deposit Insurance Agency of Bosnia and Herzegovina
Josip Nevjestic
Director

Deposit Insurance and Credit Guarantee Corporation
G. Gopalakrishna
Executive Director, DICGC

Deposit Insurance Board of Tanzania
Abraham Rasmini
Acting Director

Deposit Insurance Corporation (Trinidad and Tobago)
Earl Boodoo
General Manager

Deposit Insurance Corporation of Japan
Hiroyuki Obata
Deputy Governor

Deposit Insurance Corporation, Central Bank of the Bahamas
Cassandra Nottage
Board Member

Deposit Insurance Fund (Czech Republic)
Josef Tauber
Chairman of the Board of Administration

Deposit Insurance of Vietnam
Khac Son Bui
General Director

Deposit Protection Agency (Thailand)
Singha Nikornpun
President

Deposit Protection Corporation (Zimbabwe)
John M. Chikura
Chief Executive Officer

Deposit Protection Fund Board (Kenya)
Rose Detho
Director

Annex I: Participants in the International Association of Deposit Insurers as of 31 March 2012

*Deposit Protection of Swiss Banks and
Securities Dealers*

Patrick Loeb

Director

Federal Deposit Insurance Corporation (USA)

Martin J. Gruenberg

Acting Chairman

Financial Services Compensation Scheme (UK)

Alex Kuczynski

Director of Corporate Affairs

Fondo de Protección Social de los Depósitos

Bancarios (Venezuela)

David Alastre

President

*Fondo de Garantía de Depósitos de las
Instituciones Financieras (Nicaragua)*

Rolando Sevilla Boza

President

*Fondo de Garantía de Depósitos –
Banco Central del Paraguay*

Rafael Demetrio Lara Valenzuela

Director

*Fondo de Garantías de Instituciones
Financieras (Colombia)*

María Inés Agudelo

Executive Director

Fondo de Seguro de Depósitos (Perú)

Juan Klingenberg

President

Fonds de Garantie des Dépôts (France)

Thierry Dissaux

Chief Executive Officer

Fundo Garantidor de Créditos (Brazil)

Fabio Mentone

Director

*Guernsey Banking Deposit Compensation
Scheme*

Charles Tracy

Chairman of the Board

Hong Kong Deposit Protection Board

Tess Leung

Deputy Chief Executive Officer

Indonesia Deposit Insurance Corporation

Firdaus Djaelani

Chief Executive Officer

*Institut National de Garantie des Dépôts
(Lebanon)*

Khater Abi Habib

Chairman and General Manager

*Instituto de Garantía de Depósitos
(El Salvador)*

Ana Graciela Trejo Padilla

President

Instituto para la Protección al Ahorro

Bancario (Mexico)

José Luis Ochoa Bautista

Executive Secretary

Interbank Deposit Protection Fund (Italy)

Roberto Moretti

Secretary General

Jamaica Deposit Insurance Corporation

Antoinette McKain

Chief Executive Officer

Jersey Bank Depositors Compensation Board

James Mews

Director, Finance Industry Development

Jordan Deposit Insurance Corporation

Jumana Hamed

Director General

Kazakhstan Deposit Insurance Fund

Bakhyt Mazhenova

Chairman

Korea Deposit Insurance Corporation

Won-Tae Yi

Executive Vice-President

Malaysia Deposit Insurance Corporation

Yee-Ming Lee

**General Manager, Policy & International
Division**

National Deposit Insurance Fund of Hungary

András Fekete-Györ

Managing Director

Nigeria Deposit Insurance Corporation

Umaru Ibrahim

Managing Director & Chief Executive

Philippine Deposit Insurance Corporation

Valentin Araneta

President

Savings Deposit Insurance Fund of Turkey

Sakir Ercan Gül

President

*Seguro de Depósitos Sociedad Anónima
(Argentina)*

Alejandro López

Chief Executive Officer

Singapore Deposit Insurance Corporation

Ooi Sin Teik

Chief Executive Officer

Swedish National Debt Office

Daniel Barr

**Head of the Financial Stability & Consumer
Protection Department**

*Deposit Protection Fund of the Association of
German Banks*

Dirk Cupei

Director Deposit Protection

Associates

Bangko Sentral ng Pilipinas

Nestor A. Espenilla Jr.

Deputy Governor

Bank of Algeria

Choaib El-Hassar

Deputy Governor

Bank of Mauritius

Yandraduth Googoolye

First Deputy Governor

Bank of Mongolia

Batbaatar Batjargal

**Supervisor of Policy and Restructuring
Division of Supervision Department**

Bank of Thailand

Siriporn Eamrungrroj

Director, Fund Management Office

*Ministry of Finance, Government of the
British Virgin Islands*

Neil M. Smith

Financial Secretary, Ministry of Finance

*The Monetary Authority of Singapore left
IADI as of 1 April 2012, while the
Singapore Deposit Insurance Corporation
remains as a member.*

Ng Chuin Hwei

Director, Prudential Policy Department

Annex I: Participants in the International Association of Deposit Insurers as of 31 March 2012

National Treasury

Ingrid Goodspeed

**Chief Director, Financial and Market
Conduct**

South African Reserve Bank

Andre Bezuidenhout

Head, Financial Stability Department

Union of Arab Banks

Wissam Fattouh

Secretary General

The World Bank

Claire McGuire

Financial and Private Sector Development

Partners

Asian Development Bank Institute

Masahiro Kawai

Dean and Chief Executive Officer

*Association of Supervisors of Banks of the
Americas (ASBA)*

Rudy V. Araujo Medinacelli

Secretary General

Centro de Estudios Monetarios

Latinoamericanos (CEMLA)

Javier Guzmán Calafell

Director General

*European Bank for Reconstruction and
Development*

Alan Popoff

Deputy Director, Financial Institutions

European Forum of Deposit Insurers

Roberto Moretti

Chairman

Inter-American Development Bank (IADB)

Kurt Focke

**Division Chief Capital Markets and
Financial Institutions**

International Monetary Fund

Ceyla Pazarbiasoglu

Technical Assistance Advisor

The SEACEN Centre

A.G. Karunasena

Executive Director

*The Toronto International Leadership Centre
for Financial Sector Supervision*

Chris Cardoza

Program Director

*US Department of the Treasury Office of
International Affairs Technical Assistance*

Paul A. Leonovich

**Associate Director for Banking & Financial
Services**

Annex II: Executive Summary of the Proceedings from the 10th IADI Annual Conference, Warsaw, Poland (October 2011)

IADI's 10th Annual Conference and Annual General Meeting were held on 17–21 October 2011

The events were hosted by the Polish Bank Guarantee Fund (BFG) at the Hilton Hotel in Warsaw, Poland, and chaired by Mr. Jerzy Pruski, President of the BFG.

The theme of the conference was “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 international in scope, with 61 countries and jurisdictions represented.

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 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 had become fragmented and had proved to be inefficient. Institutions were unprepared to cope with a 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 a letter from the President of the Republic of Poland, Bronislaw Komorowski, to participants. The President welcomed the 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 practice with enormous significance for the financial safety and stability of global banking systems.

Martin J. Gruenberg, President/Chair of Executive Council, IADI and Acting Chairman, Federal Deposit Insurance Corporation, USA, 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 discussions, including the slowing economy in the USA 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 bank supervisors and central bankers for addressing problem bank conditions. She concluded her remarks with an assessment of the regulators' responses 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 Counsellor 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 a 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 the 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 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 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-Nets was moderated by **Per Callesen**, Governor, Danmarks Nationalbank.

Marek Belka, President, National Bank of Poland, pointed out that the purely financial

Annex II: Executive Summary of the Proceedings from the 10th IADI Annual Conference, Warsaw, Poland (October 2011)

stability-based functions carried out 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 the necessity of extending the framework and stressed that the 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 one. 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 involves ensuring that all customers continue to have 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 Regimes was moderated by **Martin J. Gruenberg**, President/Chair of Executive Council, IADI and Acting Chairman, Federal Deposit Insurance Corporation (FDIC). In his introductory remarks, he outlined several specific new authorities granted to the FDIC under the Dodd-Frank Act, including an orderly liquidation authority to resolve bank holding companies and non-bank financial institutions. He also described the steps that have been taken by the FDIC over the past years to carry out these responsibilities.

Lars Nyberg, Deputy Governor, Sveriges Riksbank, stated that effective resolution regimes exert substantial influence on both banks' behavior and banking supervision. Having a special resolution regime for banks allows early intervention before a bank faces severe difficulties. He also shared his views on certain resolution tools that have been 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 allowing for a temporary nationalization of systemically important banks.

Session 4

How to Cope with the 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 would be even more severe.

Stanisław Kluza, Chairman, Polish Financial Supervision Authority, examined the origins of the global financial crisis. He considered that the regulatory and supervisory framework had not adapted sufficiently to globalization processes or kept pace with the fast speed of information and interconnectedness between financial institutions. He observed that the greater 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

The Role of Deposit Insurance Schemes in Financial Safety-Nets 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, UK, addressed the role of deposit

insurance schemes in the financial safety-net and discussed recent experiences in the UK 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 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), presented the framework of the Turkish financial safety-net and the main features of each safety-net player. He also explained the interrelationships between safety-net players and the SDIF. In his closing, he concluded that only when the institutional infrastructure is strong can proper responses be made to 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 paybox 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 macroprudential policy could effectively limit systemic risk. He discussed macroprudential policy instruments which are used to prevent a potential amplification of systemic risk. In his conclusion, he shared preliminary findings on IMF research papers on macroprudential policy.

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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 the 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, customers' 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), discussed data on the scale of financial exclusion in the developing countries. He then further discussed types of micro-finance service providers, branchless banking payment instruments such as e-money, the importance of fund safeguarding, fund isolation and risk mitigation measures.

Rose Detho, Director, Deposit Protection Fund Board (Kenya), provided a comprehensive overview of Kenya's efforts to promote financial inclusion. Her presentation covered Kenya's financial inclusion initiatives and the co-relationship between 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 different 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 the closing remarks, observing that the conference had provided

lucid insight into the major issues pertaining to global financial stability and charted a way forward. He also thanked attendees and presenters for their participation, and concluded the event.

Annex III: Research and Guidance Committee Advisory Panel

Research and Guidance Committee Advisory Panel

Since 2008, IADI's Research and Guidance Committee (RGC) has had in place an Advisory Panel consisting of experts on deposit insurance and financial stability issues, to provide advice and independent reviews of IADI research papers and proposed guidance. The Advisory Panel currently has 17 members:

Prof. Andrew Campbell

*Professor of International Banking and Finance Law
School of Law, University of Leeds
Leeds, UK*

Dr. Louis Chen

*Professor of Institute of Intellectual Property,
National Taipei University of Technology
Taipei, Chinese Taipei*

Mr. David Hoelscher

*Financial Sector Policy Advisor
Washington D.C., USA*

Dr. Pongsak Hoontrakul

*Senior Research Fellow
Sasin of Chulalongkorn University
Bangkok, Thailand*

Dr. Eva Hüpkens

*FSB Adviser
Financial Stability Board
Basel, Switzerland*

Dr. Małgorzata Iwanicz-Drozdowska, Ph. D.

*Professor of Szkoła Główna Handlowa w
Warszawie (Warsaw School of Economics)
Warsaw, Poland*

Prof. George G. Kaufman

*College of Business Administration Loyola
University
Chicago, Illinois, USA*

Dr. Masahiro Kawai

*Dean and Chief Executive Officer
Asian Development Bank Institute
Tokyo, Japan*

Mr. John Raymond LaBrosse

*Honorary Visiting Fellow
School of Law
University of Warwick
and Partner
Patterson & LaBrosse Financial
Consultants Ltd.
Ottawa, Ontario, Canada*

Dr. Rosa M. Lastra

*Professor of International Financial and
Monetary Law
Centre for Commercial Law Studies
Queen Mary College, University of London
London, UK*

Dr. David G. Mayes

*BNZ Professor of Finance
University of Auckland
Auckland, New Zealand*

Dr. Gordon S. Roberts

*CIBC Professor of Financial Services
Schulich School of Business
York University
Toronto, Ontario, Canada*

Dr. Jean Roy

*Professor of Finance
HEC Montréal
Montreal, Quebec, Canada*

Dr. Dalvinder Singh

*Professor of Law, School of Law,
University of Warwick
Coventry, UK*

Dr. Sergey Smirnov

*Associate Professor
Head of Financial Engineering &
Risk Management Lab,
Department of Risk Management and
Insurance, State University
Higher School of Economics
Moscow, Russia*

Dr. Bent Vale

*Assistant Director
Research Department, Norges Bank
Oslo, Norway*

Mr. Larry D. Wall

*Financial Economist and Senior Policy
Adviser
Research Department
Federal Reserve Bank of Atlanta
Atlanta, Georgia, USA*

Brunei Darussalam Deposit Protection Corporation



The Brunei Darussalam Deposit Protection Corporation (BDPC) is a corporate body under the Ministry of Finance which administers the Deposit Protection Scheme. The BDPC was established on 1 January 2011 and provides protection to depositors with respect to their deposits placed with member institutions, in the event that such member institutions are unable to meet their deposit liabilities and promote or contribute to the stability of the financial system.

Coverage limit is 50,000 Brunei Dollars per depositor per member institution, which is almost equivalent to 40,000 US Dollars by the exchange rate of 31 March 2012. Separate coverage is provided for individual and corporate accounts, joint and trust accounts, sole proprietorships and partnerships.

Covered deposits include savings deposits, current account deposits, fixed deposits, Islamic Investment deposits, and foreign currency deposits.

The deposit insurance system of the BDPC is prefunded, with annual premiums collected from member institutions.

Annex IV: New Participant Profile – Associate

Ministry of Finance – British Virgin Islands

The Ministry of Finance (MOF), Government of the Virgin Islands, joined IADI as an Associate Member in 2011. The MOF acts as policymaker for all financial and economic areas affecting the Virgin Islands, and is headed by the Financial Secretary under the direction of the Premier and Minister of Finance.

Continued efforts are underway by the Government of the British Virgin Islands to establish a deposit insurance system to protect the territory's banking and overall economic environment. The establishment of a deposit insurance scheme in the territory is in keeping with the government's mandate to facilitate the development and implementation of an overall economic and fiscal strategy aimed at promoting the financial and economic stability, growth and development of the British Virgin Islands.

The primary objective of The Virgin Islands Deposit Insurance Corporation (VIDIC) will be to establish and manage a scheme for the insurance of deposits against the risk of loss. VIDIC will form the third part of the financial safety-net within the Virgin Islands, joining the central government and the Financial Services Commission (the regulator). VIDIC will be an ex ante scheme, collecting premiums at least semi-annually from participants who, once licensed as a deposit-taking institution, will be mandatory members. The Corporation will be formally established once the Act becomes law in the House of Assembly, and will report to the government and the House of Assembly through the Ministry of Finance.

IADI Secretariat

International Association of Deposit Insurers
c/o Bank for International Settlements

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Fax. +41 (61) 280 9554
General E-mail: **Service.IADI@bis.org**
Website: **www.iadi.org**

Secretariat Members

Carlos Isoard, *Secretary General*
E-mail: **Carlos.Isoard@iadi.org**

Kim White, *Deputy Secretary General*
E-mail: **Kim.White@iadi.org**

Kazuaki Hara, *Sr. Policy Analyst*
Seconded from the Deposit Insurance Corporation of Japan
E-mail: **Kazuaki.Hara@iadi.org**

Tom Murray, *Sr. Policy Analyst*
Seconded from the Federal Deposit Insurance Corporation
E-mail: **Tom.Murray@iadi.org**

Si Yul Sung, *Sr. Policy Analyst*
Seconded from the Korea Deposit Insurance Corporation
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