

## Highlights in this Issue

- Member Profile of Savings Deposit Insurance Fund, Turkey
- Joint ERC MENA EURASIA Meetings and Interregional Conference, Istanbul
- IADI welcomes a new Observer and a new Partner
- IADI [Sixth Annual Conference Site live](#)



FARKLI ÜLKELERDEKİ FİNANSAL İSTİKRARIN  
GÜÇLENDİRİLMESİNDE MEVDUAT SİGORTACILIĞININ ROLÜ  
THE ROLE OF THE DEPOSIT INSURANCE SYSTEMS IN  
ENHANCING FINANCIAL STABILITY IN DIFFERENT COUNTRIES



Next week from 25 to 27 June, **our founding Member SDIF, Turkey** will be hosting a series of special events: [The MENA, ERC and Eurasia Regional Committee Meetings and the First Interregional MENA Eurasia Europe Conference "The role of the Deposit Insurance Systems in Enhancing Financial Stability in Different Countries"](#), 26 and 27 June 2007.

The events are taking place at the Hotel Conrad, Istanbul. A large audience of international participants is expected to take part in the following Program:

The 1st IADI Inter-regional Conference (Europe, Eurasia, MENA) "The Role of the Deposit Insurance Systems in enhancing Financial Stability in Different Countries"		
June 26-27, 2007 Istanbul-Turkey Preliminary Program		
DATE	TIME	EVENT
	08:00 09:00	Registration for the conference & Reception
JUNE 26, 2007	09:00 10:00	<b>Conference Official Opening - Welcome Speeches:</b> - State Minister, Mr. Ali Babacan - Mr. Ahmet Ertürk, Chair of Savings Deposit Insurance Funds of Turkey - Mr. Tevfik Bilgin, Chairman of Banking Regulation and Supervision Agency of Turkey - Mr. Jean Pierre Sabourin, Chair of the Executive Council of IADI and President of Malaysia Deposit Insurance Corporation - Dr. Mohammed Al-Ja'fari, Chair of the MENA Regional Committee ; Conference Coordinator
	10:00 11:30	<b>Session I : Moral Hazard and Deposit Insurance Function</b> Moral hazard appears in different types of contract covering financial transaction and relations. Effective deposit insurance schemes solve this problem in different ways. This session is set out to tackle this issue by reflecting different countries schemes and practices <b>Moderator :</b> - Mr. Jean Pierre Sabourin, Chair of the Executive Council of IADI / Chief Executive Officer of the Malaysia Deposit Insurance Corporation
		<b>Speakers:</b> - Andrei Melnikov, Deputy General Manager, Deposit Insurance Agency ( Russian Federation) - Dr. Mohammed Al-Ja'fari, General Director of the Jordan Deposit Insurance Corporation - Josef Tauber, Chairman of the Board of Administration of Deposit Insurance

		Fund (Czech Republic) - Dr. Alovsat Muslumov, Associate Professor - Department of Economics and Finance - Dogus University
		Question and Answer Session
	<b>11:30</b> <b>12:00</b>	Coffee Break
<b>JUNE 26, 2007</b>		<b>Session II: Information Sharing: Prevention before Cure</b>
		Healthy financial institutions make healthy and stable financial systems, effective deposit insurance system is intended to maintain a healthy system in collaboration with other safety net members. Preventive actions depend on timely information, which necessitates wide scope and clear mechanisms for contemporary information flows to maintain the soundness of the financial systems
	<b>12:00</b> <b>13:30</b>	<b>Moderator :</b> - Dr. Ekrem Keskin, General Secretary of The Bank Association of Turkey
		<b>Speakers:</b> - Mohamed Mahraoui, Bank Supervisor Bnk Al-Maghrib / Morocco - Guillaume Tabourin, Representative of French Banking Commission - Ms. Cristina Orbeta, Executive Vice President, Phillippine Deposit Insurance Corporation - Dr. Ridvan ÇABUKEL, Head of Insurance and Risk Monitoring Department- Savings Deposit Insurance Fund of Turkey
		Question and Answer Session
	<b>13:30</b> <b>14:30</b>	Lunch
<b>JUNE 26, 2007</b>		<b>Session III: Recoveries and Deposit Insurance Ability to Enhance Financial Stability</b>
		The deposit insurers' contribution to financial stability hinges on its ability to meet contingent obligations when realized; the recoveries are significantly important to replenish and maintain deposit insurers reserves. This session is expected to reflect countries experiences in this area to highlight the risks associated with the delayed recoveries on insurer's readiness
	<b>14:30</b> <b>16:00</b>	<b>Moderator :</b> - Mr. Mutsuo Hatano, Deputy Governor of Deposit Insurance Corporation of Japan
		<b>Speakers:</b> - Alexandru Matei, Director of Deposit Guarantee Fund in the Banking System / Romania - Valeriy Ogiyenko, Executive Director of Deposit Guarantee Fund Ukraine - Dr. Choi, Chairman of the Korean Deposit Insurance Corporation
		Question and Answer Session
	<b>16:00</b> <b>16:30</b>	Coffee Break
<b>JUNE 26, 2007</b>		<b>Session IV: Bank Failure: Who is Responsible?</b>
		Bank failure could be attributed to several factors, regulators need to understand these factors to prevent future failures. Panellists will present their own experience in this area to bring out and to analyze both systematic and insured specific factors of failure.
	<b>16:30</b> <b>18:00</b>	<b>Moderator :</b> - Johnson Chen, President of CDIC and Chair of the RGC Committee of IAD
		<b>Speakers:</b> - Mrs. Bakhyt Mazhenova, General Director of Kazakhstan Deposit Insurance Fund - Mr. Charles Cornut, Président du directoire, Fond de Garantie des Dépôts, France - Mr. Dragomir Nedeltchev, Bulgaria Deposit Insurance Fund - Mr. Rasim Yilmaz, Associate Professor of Economic, Dumlupinar University
		Question and Answer Session

	20:00 23:00	Social events for our guests from abroad
JUNE 27, 2007		<b>Session V: Cooperation Among Safety- Net Members in Bank Resolution: Practical Considerations</b>
		When dealing with individual bank failures, interrelationships become more complex and they depend on the insurers' ability to reimburse depositors and to manage the resolution process efficiently in close cooperation with other Safety Net Members. Different countries however have different interrelationship architecture, which affects the insurer's efficiency and effectiveness. This particular session is expected to highlight this critical relationship between interrelation architecture and the efficiency of the bank resolution process.
	09:00 10:30	<b>Moderator :</b> - Mr. Ferruh TUNÇ, Tax Partner, KPMG, Turkey
		<b>Speakers:</b> - Mr. Jean Pierre Sabourin, Chair of the Executive Council of IADI / Chief Executive Officer of the Malaysia Deposit Insurance Corporation - Johnson Chen, President of CDIC and Chair of the RGC Committee of IADI - Dr. Hicabi Ersoy, Collection Department, Savings Deposit Insurance Fund of Turkey - Mr. Tomasz Obal, Bank Guarantee Fund of Poland

## IADI Sixth Annual Conference and AGM Site Live!



The Malaysia Deposit Insurance Corporation (MDIC) is honoured and delighted to host the **6th IADI Annual Conference and AGM** from 31 October to 2 November 2007.

The theme for this year's Conference is "***Deposit Insurance and Consumer Protection***". This is apt given the increasing significance of consumer protection in the financial industry. The Conference will bring together deposit insurance industry practitioners from across the globe and leading experts in financial services, to discuss and share experiences, views and country lessons. Presenters and participants are expected from over 50 countries including the World Bank, International Monetary Fund, Bank for International Settlements, Islamic Financial Services Board, Asian central banks and banking institutions.

You can expect a highly informative and stimulating conference.!

In conjunction with the Conference, MDIC is also organising an **Asian Country showcase** on 30 October 2007. Selected Asian countries will present the investment potential of their financial sector. This forum will also assist business partners, policymakers, financial industry players, researchers and academics to understand the policies and incentives of the participating countries.

MDIC is looking forward to welcoming you to Kuala Lumpur!

Link to [Conference site](http://www.pidm.gov.my/iadi/index.php):  
<http://www.pidm.gov.my/iadi/index.php>

### IADI welcomes a new Participant, Observer Société Générale!

Please join The IADI Executive Council in welcoming the **Société Générale**, represented by **Mr Benoit Cintrat**, to the IADI community. **Mr Cintrat**, Director for Central Banks and Supranational Organizations, Structured Products - Equity Derivatives can be reached at Tel.: 33 (0)1 42 13 38 85 [benoit.cintrat@sgcib.com](mailto:benoit.cintrat@sgcib.com) [www.sgcib.com](http://www.sgcib.com)

### IADI welcomes a new Partner, Union of Arab Banks

The Executive Council is proud to announce that a Partnership arrangement was put in place with the **Union of Arab Banks** and IADI. The IADI community looks forward to cooperating with UAB, represented by **Dr. Fouad Shaker**. **Dr. Shaker** and **Dr. Al Jafari**, **Chair of the IADI MENA Regional Committee**, expressed the intention to build on this important step and to continue their future cooperation in facilitating joint Seminars and Conferences. A profile of **UAB** can be read at: [www.uabonline.org](http://www.uabonline.org)

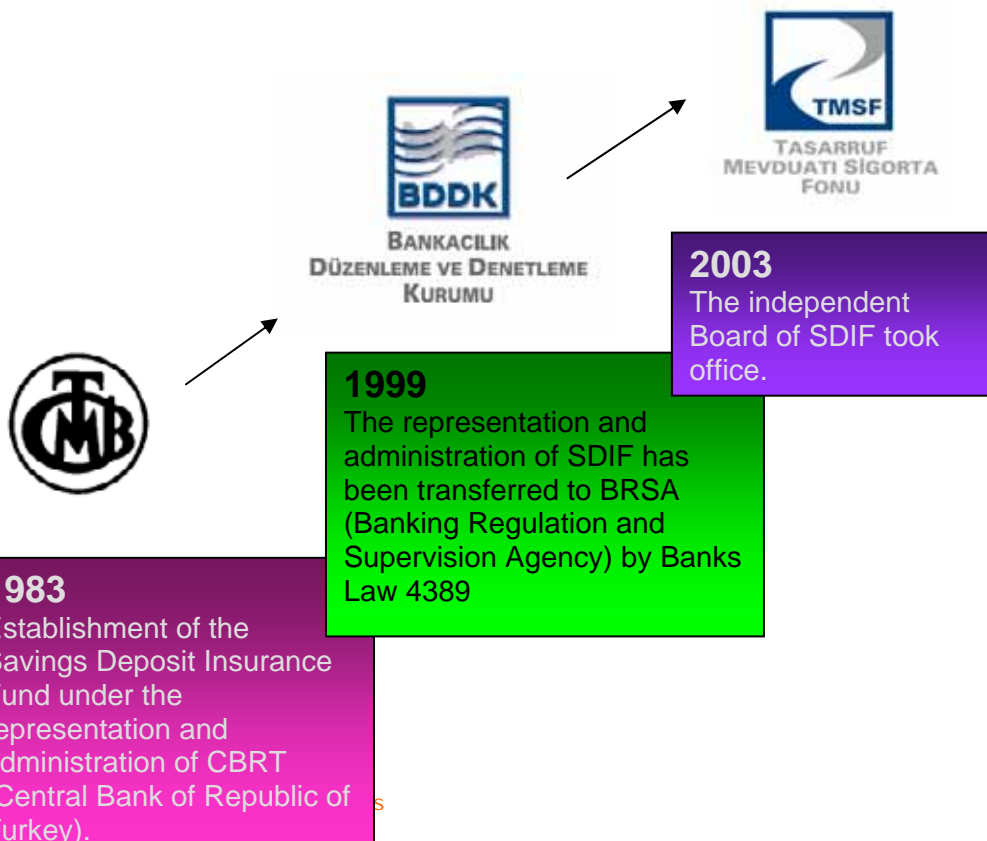


SAVINGS  
DEPOSIT INSURANCE  
FUND

## MEMBER PROFILE OF THE SAVINGS DEPOSIT INSURANCE FUND TURKEY A FOUNDING MEMBER OF IADI

### HISTORICAL OVERVIEW

**SDIF (Savings Deposit Insurance Fund)** exists as a legal entity since 1983 in order to safeguard the rights and benefits of the small depositors, to contribute confidence and stability of the banking system. The **Savings Deposit Insurance Fund** insures savings deposit and participation funds. **SDIF** resolves the failed banks and assets transferred to it. It was firstly represented and administered by the Central Bank of Turkey then by BRSA (Banking Regulation and Supervision Agency). In 2003, according to the provisions of Act Nr. 5020 (Making Amendments to the Banks Act and other Acts) the representation and administration of SDIF has been transferred to the newly created the Board of the Fund. In 29.01.2004 the Board of the Fund took office as independent of BRSA.



## MANAGEMENT STRUCTURE



**Ahmet ERTURK**  
*The President of SDIF*

The decision making body of **SDIF** is the Board of the Fund. The Board of the Fund is comprised of seven members appointed by the Council of Ministers upon proposal of the relevant minister. The Council of Ministers appoints one of the Board members as the chairman, and one member as the second chairman. The Chairman of the Board is the President of the Fund. Term of office of the chairman and members of the Board of the Fund is six years.

Two vice-presidents of the Fund may be appointed by decision of the Board in order to assist the chairman on performance and management transactions. The management reports to the parliament.

## MISSION AND ACTIVITIES of SDIF

### Mission

The Mission of **SDIF** is to provide an effective insurance system which is sensitive to the risk levels of the banks and the industry and which enables early warning and to protect small depositors and to contribute to the stability of the financial system.

### Activities

The Savings Deposit Insurance Fund has two main activity areas. These are deposit insurance activities and bank resolution activities.

#### **SDIF's Deposit Insurance Activities**

- Insures the savings deposit and participation funds of natural persons in credit institutions.
- Sets the scope and the amount of natural persons' savings deposits and the participation funds subject to insurance.
- Sets the tariff, collection time, method and other conditions of the risk-based insurance premium. Pays the insured portions of the clearly proven savings deposit and participation funds at the credit institutions whose operating permission has been revoked.

#### **SDIF's Resolution Activities**

- Transfers, sells or merges the banks partially or fully, on the condition that the loss will be deducted from the capital of the existing partners after the transfer of the shareholder rights except dividends and supervision and management of the banks to itself.
- Realizes bankruptcy and liquidation transactions for the banks through taking over the management and supervision of them after BRSA's revocation of operating permissions.

Besides being a founding member of IADI, **SDIF** is also a member of European Forum of Deposit Insurers (EFDI) and believes that sharing information and experience with the deposit

insurers all around the world is an effective tool to develop the close relations among these institutions.

#### BASIC PARAMETERS OF TURKISH DIS

<b>Legal Status</b>	Autonomous legal entity (SDIF)
<b>Administration</b>	Official
<b>Type</b>	Explicit
<b>Membership</b>	Compulsory For all the banks that accept deposits/participation funds in Turkey
<b>Premium Base</b>	Savings deposit and participation funds
<b>Premium system</b>	Quantitative- Risk based
<b>Premium collection</b>	Ex-ante
<b>Type of insured deposit</b>	The savings deposit and/or participation fund– YTL, FX and gold belonging to the each natural person in each bank
<b>Uncovered deposit</b>	<ul style="list-style-type: none"> <li>✓ Majority shareholders of the credit institution as well as their direct family members</li> <li>✓ The chairman and members of the board of directors of the institution, senior managers as well as their direct family members</li> <li>✓ Proven criminals and money launderers</li> <li>✓ Other deposits, participation funds and accounts determined by the Board</li> </ul>
<b>Insurance limit</b>	50.000 YTL
<b>Coinsurance</b>	N/A
<b>Intervention Authority</b>	No ( Supervisory Authority -BRSA has the intervention authority)
<b>Authority of Licence Revocation</b>	No (Supervisory Authority - BRSA has the authority of licence revocation)

#### INTERRELATIONSHIPS AMONG FINANCIAL SAFETY NET PLAYERS

The Financial Safety Net Players in the Turkish financial sector are

- Central Bank of Republic of Turkey (CBRT)
- Banking Regulation and Supervision Agency (BRSA)
- Savings Deposit Insurance Fund (SDIF)
- Turkish Treasury

CBRT, BRSA, SDIF, Treasury, and the State Planning Organization exchange views regarding the implementation of monetary, credit and banking policies.



## Update on the 5th IADI-ASIA REGIONAL COMMITTEE MEETING AND INTERNATIONAL CONFERENCE



With the great preparation efforts undertaken by the **DIV**, the **Fifth ARC annual meeting** and international conference on deposit insurance was successfully organized at Hanoi, Vietnam, on March 28-29, 2007.

The 5th ARC meeting started in the morning of 28 March with opening remarks by **Dr. Son, General Director, DIV**. The **Chair Mr. Hatano, Deputy Governor of DICJ**, and participants from 13 institutions in Asian countries and regions discussed a range of issues including the membership promotion activities, regional participation in the upcoming AGM in KL and venue & dates of the next ARC meeting. The representatives of the Bank of Lao, invited by the DIV, were also present at the meeting. A deposit insurance fund established in the Bank of Lao has been in operation since 2000.

The meeting was followed by the international conference titled **"Enhancing the Effectiveness of Deposit Insurance Operation"**. It was divided into three themes over two days: 1. Legal Framework for Deposit Insurance, 2. receivership and resolution, and 3. Macro Policy on Deposit Insurance Operation.

The conference, co-hosted by the Asian Development Bank, was commenced with the opening remarks by **Mr. Hai, Chairman of DIV**, then, followed by the speech of **Mr. Le Duc Thuy, Governor of the State Bank of Vietnam**. The speakers from many deposit insurance institutions as well as international organizations such as **ADB** and World Bank made very interesting and instructive presentations, which provided us with great opportunities of discussing the latest issues. It is also noted that two on-going projects conducted by the Research Subcommittee within the ARC were presented in the conference, namely, "Legal Framework of deposit insurance" by **KDIC** as well as "Bridge Bank Schemes in the Asian Region" by **DICJ** respectively.

With over 100 participants from 27 institutions or 26 countries and regions, the international conference was very well attended with some heated discussions among participants.

In addition, the 5th ARC annual meeting and international conference on deposit insurance has drawn the great attention of the local press and media. Over 50 journalists have attended and posted news on over 13 local newspapers. The National TV and Radio also aired the 5th ARC event on 28 and 29 of March.

### Save the Date!

For the Next ARC annual meeting (6th meeting) which will be hosted by the **Indonesian Deposit Insurance Corporation** and held in **Bali, Indonesia on 20 – 22 March 2008**.



## What's new at IADI?

### Korea Deposit Insurance Corporation:

The Secretariat was informed by the **Korea Deposit Insurance Corporation's Chairman and President Jang-Bong Choi**, that Mr. Ju-Hyung Lee, Vice President of the KDIC has been appointed the KDIC's representative in IADI. Mr. Lee prior held positions at the Ministry of Finance and Economy and the Asian Development Bank before joining the KDIC in 2003. Mr Lee will provide great benefits to IADI activities and to the international community of deposit insurers based on his wide range of experience, Mr Lee can be reached at: [juhlee@kdic.or.kr](mailto:juhlee@kdic.or.kr)

Mr Dong Il Kim has taken up an important position the Woori Financial Group, one of the largest financial holding companies in Korea. Mr Dong Il Kim had been the delegated representative of KDIC in the IADI, an active Member of the Executive Council and Vice Chair of the Research and Guidance Committee.

The IADI Community wishes Mr Dong Il Kim the very best in the pursuit in this new endeavours and looks forward to working with Mr Ju-Hyung Lee!

This newsletter was issued on 22 June 2007. To submit articles or items for consideration for a future issue, please send them to [kim.white@iadi.org](mailto:kim.white@iadi.org).

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