



**IADI Newsletter Volume 8, Issue 1
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Core Principles for Effective Deposit Insurance Systems

On 18 June 2009, the Basel Committee on Banking Supervision (BCBS) and the International Association of Deposit Insurers (IADI) published ***Core Principles for Effective Deposit Insurance Systems***.

IADI published a draft set of Core Principles on 29 February 2008, reflecting the collective experience of deposit insurance practitioners. The Financial Stability Forum acknowledged the IADI publication in its 7 April 2008 ***Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience***. The report called for authorities to agree on an international set of principles for effective deposit insurance systems.

Following the FSF recommendation, a joint working group between the Basel Committee and IADI was tasked to consider the FSF recommendation to develop an agreed set of Core Principles. The BCBS provides a wide perspective that includes supervisors, deposit insurers, and central bankers. The joint working group included representatives of the European Forum of Deposit Insurers, in consultation with the BCBS Cross-border Bank Resolution Group, and BCBS International Liaison Group, including many non-Basel Committee member countries, and the G10 Task Force on Deposit Insurance. The BCBS and IADI approved the recommendation by their joint

task force and the Core Principles were released for public comment in March 2009. The public comments were largely supportive and no further changes were made.

The Core Principles are designed to be adaptable to a broad range of country circumstances to take into account the broader characteristics of safety net arrangements and address a comprehensive range of issues including coverage, funding, powers, membership, transitioning from blanket to limited coverage and prompt reimbursement. They also focus on issues related to public awareness, resolution of failed institutions and cooperation with other safety net participants, including central banks and supervisors.

IADI President Martin Gruenberg presented the Core Principles to the plenary meeting of the Financial Stability Board (FSB) on 27 June 2009 for inclusion in the FSB Compendium of Standards. IADI will be working with the IMF to explore how the Core Principles can be included in IMF surveillance activities, including the Financial Sector Assessment Program (FSAP).

Please see the website for the press release and publication, www.iadi.org.

IADI 8th Annual Conference on Core Principles and Annual General Meeting

The *Conference on Core Principles for Effective Deposit Insurance Systems* will be co-sponsored by the Basel Committee on Banking Supervision and the Financial Stability Institute, and will be held in Basel Switzerland on 23 – 24 September 2009.

The annual conference will bring together leading experts to provide a forum to consider the roles of Core Principles in supervision and deposit insurance, necessary prerequisites for effective systems, individual principles and practitioners' experience, and the next steps – implementation challenges and assessment.

The Annual General Meeting will be held on 24 September following the Annual Conference.

The conference is open to all IADI participants, and to representatives from all deposit insurance systems, and other organizations that have a stake in financial stability. Please see the IADI website for the conference program, registration information, and other materials. The website will also provide information for Members on the Annual General Meeting at <http://www.iadi.org/2009IADIAGM.html>.

Africa Regional Conference

The Deposit Protection Fund Board of Kenya hosted the IADI African Regional Conference on *The Role of Deposit Insurance in the Stability of the Financial System* from 7 to 9 July 2009 in Mombasa, Kenya. The conference included representatives from Kenya, Zimbabwe, Nigeria, Sudan, Tanzania, South Africa, Ghana, Algeria, USA, Jordan, and Switzerland.

The conference focused on inter-relationships among safety net participants and included the following topics:

- The role of deposit insurance in the stability of financial systems,
- The design of an effective deposit insurance system and IADI core principles,
- The role and experience of deposit insurance scheme in the financial safety net,
- Effective failure resolution,
- Impact and lessons from the recent global financial crisis.

Member Profile: Deposit Protection Fund Board of Kenya (DPFB)

The Deposit Protection Fund Board of Kenya (DPFB) hosted the Africa Regional Committee Meeting and Conference in Mombasa, Kenya on 7 – 9 July 2009.

Please view the DPFB Kenya member profile at:

http://www.iadi.org/profiles/DPFB_Kenya_PROFILE_JUNE2009.pdf

Twenty-seventh Executive Council Meeting

Meetings of the Executive Council and its Committees will take place on 21-23 July 2009 in Basel, Switzerland at the Bank for International Settlements.

Seventh IADI Asia Regional Committee and International Conference

The IADI Asia Regional Committee held its Seventh Annual meeting and International Conference from 27-29 May in Almaty Kazakhstan.

The meeting was hosted by the Kazakhstan Deposit Insurance Fund (KDIF). Fifty delegates from Kazakhstan and IADI Members participated in the conference on “The Primary Responsibilities of the Deposit Insurer in the Case of Bank Failure”. Delegates from Kazakhstan included the KDIC, the National Bank of Kazakhstan, Financial Supervision Agency, and Ministry of Finance. Delegates representing 20 IADI Member countries -- IADI Member countries Japan, South Korea, Taiwan, Thailand, Russia, India, Indonesia, Malaysia, the Philippines, Singapore, Vietnam, Hong Kong, Bangladesh, USA, Poland, China, Mongolia, Azerbaijan, Kyrgyz Republic and Tajikistan participated in the event.

The following topics were discussed:

- Measures of different countries in coping with financial crisis, including actions on enhancing depositors’ protection
- Claims process and depositors’ register preparation and payout mechanisms – Country cases
- Issues on depositors’ access to their deposits in the cases of Early Banking Resolution
- Claims and Recoveries.



This newsletter was issued on 15 July 2009. To submit articles or items for consideration for a future issue, please send them to kim.white@iadi.org.

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