

Press release

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International Association of Deposit Insurers hosts 6th Biennial Research Conference “Navigating the New Normal for Financial Stability, Deposit Insurance and Bank Resolution”

The International Association of Deposit Insurers (IADI) hosted its 6th Biennial Research Conference from 10-12 May 2021 at the Bank for International Settlements (BIS) in Basel, Switzerland. The conference was attended by 450 participants representing a global audience of around 100 jurisdictions, a new record for the conference.

The conference focused on the theme of “Navigating the New Normal for Financial Stability, Deposit Insurance and Bank Resolution” featuring six invited papers chosen from 45 submissions received in response to a Call for Papers. Each paper was presented by the author and discussed by a reviewer. The attendees were welcomed by David Walker, Secretary General, IADI, who mentioned that this research conference was the first that IADI has held virtually due to the Covid-19 pandemic.

Yury Isaev, President and Chair of the Executive Council of IADI and General Director of the Deposit Insurance Agency of the Russian Federation, delivered the Opening Remarks. He stressed the importance of working with the research community and the Association’s partner international financial institutions on exploring the new risks and examining the effects of new developments and international initiatives on deposit insurance, bank resolution and financial stability issues. As a result, IADI has committed to enhancing its research and policy development efforts as part of IADI’s new 5-year Strategic Plan, including revising the IADI Core Principles for Effective Deposit Insurance Systems.

The Keynote Address was delivered by Andrew Metrick, the Janet L. Yellen Professor of Finance and Management at the Yale School of Management and Director of the Yale Program on Financial Stability. Mr Metrick spoke about his research on the causes and consequences of financial crises, the regulation of systemic risk and the use of resolution tools to manage crises. The research incorporates both quantitative analysis as well as reliance on case studies to better understand lessons learned. Some of the key challenges he raised included managing the trade-offs between maintaining financial stability and minimising moral hazard. Looking ahead, he mentioned a number of areas to monitor such as shadow banking and the possible spill-over risks into the traditional financial sector.

The invited papers covered topics such as the persistent real effects of resolving failed banks, deposit insurance pricing and its related distortions and moral hazard implications, deposit insurance coverage, dynamic banking and the value of deposits, Covid-19 and the stress testing of bank’s digital capabilities and analysing the capital cost consequences for creditors and borrowers related to the completion of the EU banking union. The paper presenters, discussants and session chairs were largely from academia but also included speakers from deposit insurance organisations, central banks and international financial institutions.

Guest Speaker, Fernando Restoy, Chairman of the Financial Stability Institute, began his address by identifying the lack of an effective funding mechanism to facilitate orderly market exit in the European Union (EU). He provided recommendations for reforms such as modifying the financial cap for deposit insurance scheme funding, adjusting MREL requirements and modifying conditions for access to the EU Single Resolution Fund. He saw also the removal of supra-preference for covered deposits and introducing a European Deposit Insurance Scheme (EDIS) as important areas to consider.

Guest Speaker, Martin Merlin, Director, Bank, Insurance, and Financial Crime, Directorate-General for Financial Stability, Financial Services and Capital Markets Union of the European Commission, stressed that deposit insurance was a key ingredient supporting financial stability. He spoke about progress enhancing stability since the global financial crisis through the introduction of measures such as the EU Bank Recovery and Resolution Directive. He said further work was needed to enhance the EU crisis management and deposit insurance framework and a consultation process is presently underway. He closed his remarks by emphasizing the need to complete the banking union and introduce EDIS.

The conference ended with a stimulating discussion at the Regulators' Roundtable where the panellists shared their perspectives on navigating the risk environment ahead. The panellists included Eva Hüpkes, Head of Regulatory and Supervisory Policies, Financial Stability Board, Peter Routledge, President and CEO of the Canada Deposit Insurance Corporation and Marc Dobler, Deputy Division Chief, Financial Crisis Preparedness and Management, International Monetary Fund, and was chaired by David Walker, IADI.

Bert Van Roosebeke, Senior Policy and Research Advisor, IADI, provided the concluding remarks for the conference.

IADI is thankful to the BIS for their support of the conference.

The papers and conference materials can be found [here](#).

The International Association of Deposit Insurers (IADI) was formed in May 2002 to enhance the effectiveness of deposit insurance systems by promoting guidance and international cooperation. Members of IADI conduct research and produce guidance for the benefit of those jurisdictions seeking to establish or improve a deposit insurance system. Members also share their knowledge and expertise through participation in international conferences and other forums. IADI currently represents 85 deposit insurers. IADI is a non-profit organisation constituted under Swiss Law and is domiciled at the Bank for International Settlements in Basel, Switzerland.

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