



International Association of Deposit Insurers

2017/2018 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

Objectives

To contribute to the stability of financial systems by promoting international cooperation in the field of deposit insurance, and providing guidance for establishing new, and enhancing existing, deposit insurance systems; 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 2017 to 31 March 2018.



International Association of Deposit Insurers

| | |
|---|----|
| About IADI | 1 |
| IADI Membership | 2 |
| President's Message | 3 |
| Letter from the Secretary General | 5 |
| Leadership | 6 |
| Implementing IADI's Strategic Priorities | 8 |
| Outreach and the Key Membership Benefits | 10 |
| IADI Biennial Research Conference 2017 | 11 |
| Council, Technical and Regional Committee Reports | 12 |
| <i>Audit and Risk Council Committee</i> | 13 |
| <i>Core Principles and Research Council Committee</i> | 14 |
| <i>Member Relations Council Committee</i> | 18 |
| <i>Training and Technical Assistance Council Committee</i> | 19 |
| Overview of IADI Training and Education Events in FY 2017/18 | 23 |
| Regional Outreach and Key Focus | 27 |
| <i>Africa Regional Committee – ARC</i> | 27 |
| <i>Asia-Pacific Regional Committee – APRC</i> | 28 |
| <i>Caribbean Regional Committee – CRC</i> | 29 |
| <i>Eurasia Regional Committee – EARC</i> | 30 |
| <i>Europe Regional Committee – ERC</i> | 31 |
| <i>Latin America Regional Committee – LARC</i> | 32 |
| <i>Middle East and North Africa Regional Committee – MENA</i> | 33 |
| <i>Regional Committee of North America – RCNA</i> | 34 |
| Report from the Auditors and Audited Financial Statements | 36 |
| Annex I – Participants as of 31 March 2018 | 46 |
| Annex II – Executive Summary of the Proceedings from the 16th IADI Annual Conference, Québec, Canada (11–12 October 2017) | 49 |
| Annex III – IADI Advisory Panel | 53 |
| Annex IV – New Participant Profiles | 54 |

The International Association of Deposit Insurers (IADI or Association) is the global standard-setting body for deposit insurance systems. It contributes to the stability of financial systems by enhancing the effectiveness of deposit insurance and promoting international cooperation on deposit insurance and bank resolution arrangements in active partnership with other international organisations. As of end-March 2018, 106 organisations are affiliated with IADI, including 84 Members, 8 Associates (primarily central banks and bank supervisors) and 14 Partners (other interested domestic and international organisations). IADI draws upon its membership to provide guidance on the establishment or enhancement of effective deposit insurance systems as well as training, outreach, educational programmes and research. A full list of IADI participants is included in Annex I.

Founded in 2002, IADI is a non-profit organisation constituted under Swiss law and domiciled at the Bank for International Settlements (BIS) in Basel, Switzerland. Along with the other standard setters and committees hosted and supported by the BIS, IADI is part of the Basel Process,¹ sharing with its host and peers the common goal of global financial stability and ensuring the jurisdictions' financial systems operate effectively, supporting economic growth, and interacting in a global environment increasingly characterised by cross-border interests. Being grouped with similar organisations enables IADI to engage in partnerships and collaborations to achieve its objectives and increase its value to its Members.

IADI's standards, outlined in its Core Principles for Effective Deposit Insurance Systems (Core Principles), are part of the Financial Stability Board's (FSB) key international standards for sound financial systems, and are used in the Financial Sector Assessment Program (FSAP) reviews conducted by the International Monetary Fund (IMF) and the World Bank. From among its Members, IADI has identified experts to participate in FSAP evaluations, IMF and World Bank technical assistance programs and FSB peer reviews. In addition, as a member of the FSB's Resolution Steering Group (ReSG), IADI contributes to the design of international standards and guidance for effective resolution regimes.

IADI is governed by the General Meeting (GM) of its Members, and its Executive Council (EXCO). The GM elects the officers of the Association, including the President and Treasurer. Katsunori Mikuniya,

Governor of the Deposit Insurance Corporation of Japan, was elected as the IADI President and Chair of the Executive Council at the Association's 16th Annual General Meeting (AGM), in October 2017. John M. Chikura, Chief Executive Officer of the Deposit Protection Corporation, Zimbabwe, was re-elected Treasurer of the Association at the 16th IADI AGM, in October 2017. IADI's AGM is also responsible for: approving the Association's annual budget and business plans, including the Annual Fees and Initial Fund Contributions of participants; approving the IADI Annual Report and audited financial statements; appointing an independent external auditor; and approving the process for developing guidance to enhance the effectiveness of deposit insurance systems.

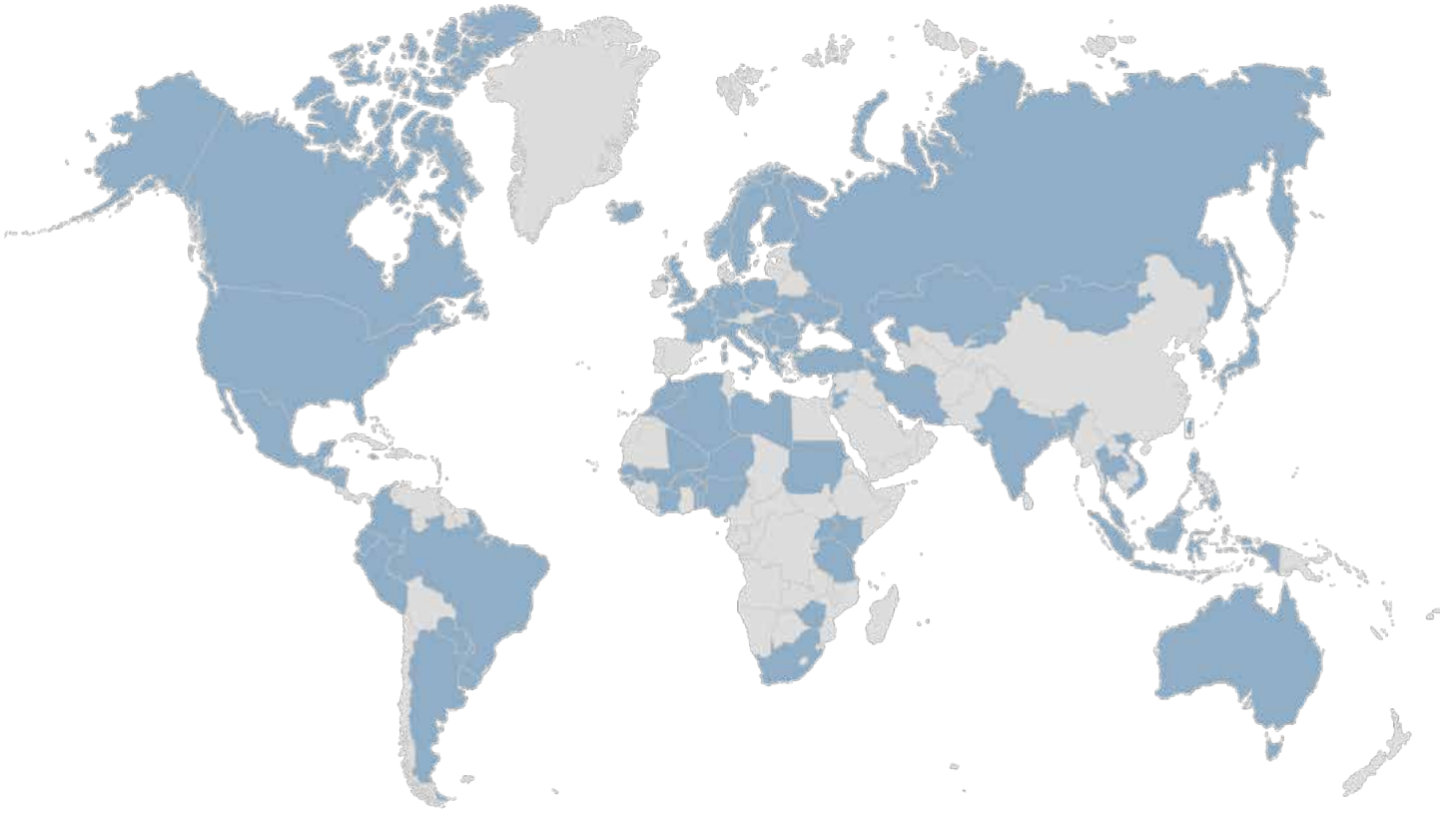
EXCO ensures the smooth functioning of the Association's affairs. It is structured as an inclusive body which involves the active participation of its membership. There are 25 EXCO members and they are elected at the AGM, typically to serve three-year terms. EXCO's composition reflects the regional diversity of the Association. It establishes committees to support IADI's objectives. As of 31st March 2018, there were eight Regional Committees and four Council Committees. The terms of reference for each Committee, including their objectives and responsibilities, are approved by EXCO.

IADI is primarily funded by Initial Fund Contributions and Annual Membership Fees, which vary depending on the type of participant. IADI receives support from the BIS, as well as contributions from individual Members, for staffing through secondments, contributing subject-matter experts to address issues related to deposit insurance and financial stability, and advancing IADI's database capabilities and functionality. Members also provide support through sponsorship of meetings, hosting of seminars, and other assistance to support the Association's initiatives.

The permanent Secretariat, which is based in Basel, Switzerland, remains an operational arm of the Association. Composed of the Secretary General, Deputy Secretary General, a Senior Policy and Research Advisor, four Secondees and one part-time Administrative Assistant, the Secretariat manages the daily business and affairs of the Association. It also supports IADI's agenda and the implementation of its mission, goals and strategic priorities.

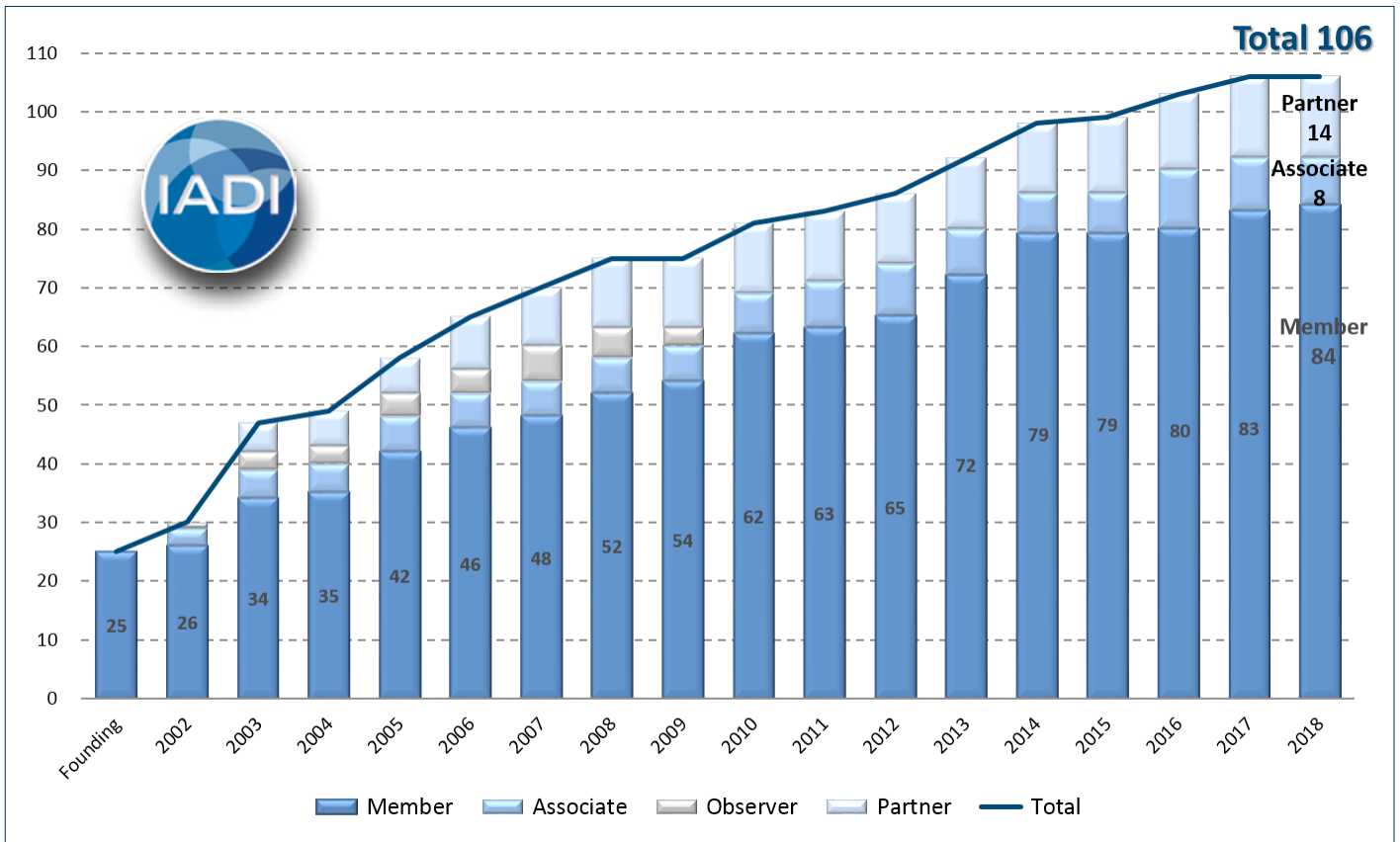
¹ The Basel Process refers to the BIS's role in hosting and supporting the work of international groups – six committees and three associations – engaged in standard setting and the pursuit of financial stability, including: the Basel Committee on Banking Supervision (BCBS), the Committee on the Global Financial System (CGFS), the Committee on Payments and Market Infrastructures (CPMI), the Irving Fisher Committee on Central Bank Statistics (IFC), the Financial Stability Board (FSB), IADI, the International Association of Insurance Supervisors (IAIS), and the Financial Stability Institute (FSI). The Basel Process is based on three key features: synergies of co-location; flexibility and openness in the exchange of information; and support from the BIS's expertise in economics, banking and regulation.

IADI Membership



● IADI Members and Associates

IADI's Membership Growth (as of 31 March 2018)





It is my great pleasure to deliver my first message in this Annual Report as the President of IADI and Chair of the Executive Council.

Failures of financial institutions impose a heavy burden not only on depositors but also on borrowers and other stakeholders including impacts on daily and basic financial transactions. An effective deposit insurance system and resolution regime can prevent or mitigate such impacts and help in maintaining financial stability. Once a crisis occurs, many economic policies are taken. In the case of failures of financial institutions, deposit insurance also plays an important role. It supports the smooth resolution of failed financial institutions, contributes to the continuity of financial functions and helps the financial system and real economy recover more strongly. But such purposes are not achieved solely by regulatory systems. They need to be accompanied by solid business operations. In order to strengthen the functions of the financial safety net system, it is important for deposit insurers to plan and be prepared for the worst in normal times. IADI's strategic goals contribute to these purposes, and hence we need to continue to strengthen the IADI activities.

A decade ago the global financial system experienced one of the worst financial crises in modern history. Last December, the Group of Governors and Heads of Supervision (GHOS) finalised the Basel III reforms symbolizing the end of the crisis. Meanwhile, the global financial situation and regulatory systems have changed dramatically. The Financial Stability Forum was reorganised into the Financial Stability Board (FSB). The "Key Attributes of Effective Resolution Regimes for Financial Institutions" were published by the FSB in 2011. Along with the Key Attributes, many global regulatory systems have been improved and changes introduced, such as the introduction of a Total Loss Absorbency Capacity (TLAC) framework for Global Systemically Important Financial Institutions (G-SIFIs) to help address "Too-Big-To-Fail" issues.

IADI, which was founded in 2002, has contributed to the stability of financial systems by enhancing the effectiveness of deposit insurance systems and promoting international cooperation on deposit insurance and bank resolution arrangements. In 2009, IADI and the Basel Committee on Banking Supervision (BCBS) published the "Core Principles for Effective Deposit Insurance Systems" which was incorporated into the global Compendium of Standards by the FSB in 2011. IADI revised it in 2014 and published the "Core Principles' Handbook for Assessors" in 2016.

In 2015, IADI adopted the "IADI STRATEGIC GOALS: The Way Forward" identifying three strategic goals.

- Promote deposit insurance system compliance with the Core Principles.
- Advance deposit insurance research and policy development.
- Provide members with technical support to modernise and upgrade their systems.

These three strategic goals are to be achieved over the course of five years, and are divided into two Phases. Under Phase I, IADI revised its governance structure. IADI established four new Council Committees which replaced the seven former Standing Committees and recruited a Senior Policy and Research Advisor and Senior Research Analyst and Administrator.

Phase II is to begin with a stock-taking of the success of the initial activities followed by a revision of activities as needed, an evaluation of further hiring needs, and an examination of new funding options including the possibility of a differential fee structure. EXCO approved the establishment of a Working Group on New Funding Options (WGNFO) in Basel in January 2018. Members of the WGNFO exchanged views at the EXCO meeting held in Moscow in May 2018, and they will continue to deliberate and work towards achieving the best solution for the Association's future with the widest possible consensus, as stated in the IADI Code of Ethics and Conduct. It will be a challenging enterprise but IADI needs to stay the course.

IADI's four Council Committees and the Secretariat in cooperation are contributing to the enhancement of IADI's activities. The Audit and Risk Council Committee (ARCC) is monitoring the financial reporting process and internal control and risk management systems in furtherance of the Association's objectives and financial operations. The Core Principles and Research Council Committee (CPRC) has been continuing to draft and discuss several research and guidance papers covering diversified topics. The Member Relations Council Committee (MRC) produced a Code of Ethics and Conduct and focused on the Prioritization of Membership Benefits and Communication Initiatives to promote and disseminate the benefits of Association membership. The Training and Technical Assistance Council Committee delivered a Hosting Policy and has developed an on-line repository of training and technical assistance materials for Members.

The eight Regional Committees cooperate closely with the Training and Technical Assistance Council Committee and the Secretariat, to contribute to the enhancement of the regional activities such as conducting Technical Assistance Workshops (TAWs) alongside regional meetings. As IADI's activities expand and as the number of Members and Associates increases, the importance of the role of Regional Committees will grow even further. In the ongoing work of IADI on communication priorities by the MRC, an enhanced role of Regional Chairpersons is raised as one of the top priorities.

IADI is strengthening its structure. At the EXCO meeting in Moscow in May, Giuseppe Boccuzzi, General Director of the Interbank Deposit Protection Fund, was appointed as the Vice Chair of the Executive Council, while four Council Committees appointed Vice Chairpersons in the past year.

Deposit insurance systems are affected by many factors such as economic situation, legal and regulatory frameworks of the other financial safety net partners and their positioning among safety net players. On the other hand, jurisdictions also need to weave international agreements into their own system, especially after the latest global financial

President's Message

crisis. The IADI Statutes state that "IADI will develop principles, standards and guidance, taking into account different circumstances, settings and structures." In order to integrate our broad direction, IADI strives to be an inclusive Association, attentive to the development of circumstances surrounding us. From my experience, actual crises emerge unexpectedly with unpredictable consequences. But irrespective of changing circumstances, our core mission and principles will never change. We should continue to learn from history and the experiences of others, strive to improve ourselves, cultivate our insights and share them with the next generation. I believe IADI will continue to contribute to these goals and related financial system public policy objectives.

Finally let me sincerely thank again all IADI Participants and the Secretariat for their remarkable contributions to IADI.

Katsunori Mikuniya

*President and Chair of the Executive Council
International Association of Deposit Insurers*



The 2017/18 financial year for the IADI Secretariat was one of significant accomplishments. The Secretariat was fully engaged in helping IADI advance its Strategic Goals, providing input to the Association's planning efforts and supporting the Executive Council in implementing its key initiatives, the advancement of IADI's policy and research efforts, member outreach, and improving the delivery of IADI's training, technical assistance, and capacity building services to our Members.

In the area of policy and research, the Secretariat's Research Unit (RU), headed by Senior Policy and Research Advisor, Ms Kumudini Hajra, in collaboration with IADI's Core Principles and Research Council Committee (CPRC), has been working on the development and articulation of IADI-generated deposit insurance and financial stability policy and research. This has included the development of research on contingency planning and crisis management and identification of emerging trends in deposit insurance and financial stability such as resolution funding, the insurability of mobile deposits and monitoring compliance with the CPs. The Secretariat supported policy development among international institutions and standard setters by participating in the FSB Resolution Steering groups and its subcommittees and communicating work plans to Members.

The Secretariat added to its capacity by the recruitment of Mr Ryan Defina as IADI's Senior Research Analyst and Administrator. Mr Defina's research background in statistics, banking and capital markets will greatly advance the Association's research and policy efforts. The Secretariat has also been fortunate in welcoming Mr Ramadhian Moetomo from the Indonesia Deposit Insurance Corporation and Ms Myeonghee Song from the Korean Deposit Insurance Corporation joined the Secretariat. We would also like to thank Mr Sanjeev Sharma and Mr Sangjun Lee for their tremendous contributions to IADI during their tenures as Seconddees.

The financial year has also witnessed the Secretariat's completion of its work on the fourth Biennial Research Conference, which took place in June 2017 and focussed on the theme of "Designing an Optimal Deposit Insurance System". The invited papers covered topics including, estimating the optimal level of deposit insurance coverage, deposit stability in failing banks, the role of cross-border deposits in crises, financial innovation, interbank market monitoring and bank regulation, the liability structure of banks, and the effect of the design of deposit insurance on the structure of the financial system.

The IADI database has enabled the Association, and researchers around the world, to better analyse global deposit insurance trends, as well as provide insight on these trends for those seeking to enhance their domestic deposit insurance systems. A key example is the collection of deposit insurance related data in the 2017 Annual Survey, which resulted in 131 responses, the largest response to date. In addition, the enhancement of IADI's database through the development of an IADI Survey and Data Management System.

Outreach efforts by the Association and Secretariat representatives to promote collaboration of deposit insurance systems, and encourage wide international contact among deposit insurers and other interested parties, resulted in IADI welcoming two new Members during the reporting period. During the Financial Year 2017-2018, IADI had 106 participants, comprising 84 Members, 8 Associates and 14 Partners. The Secretariat also worked closely with the Member Relations Council Committee (MRC) Working Group on developing a new IADI Code of Ethics and Conduct; and with the MRC in developing more effective means to attract new members and to

enhance the understanding of the benefits provided to existing Members, Associates and Partners.

Another of the Council Committees, the Training and Technical Assistance Committee (TTAC), collaborated with the Secretariat in its planning and facilitation Technical Assistance Workshops (TAWs), in total six TAWs were held in the fiscal year with Secretariat staff working in partnership with Regional Committee Chairs and the Training and Conference Technical Committee (TCTC) in developing programs and helping to facilitate the sessions. Additionally, the Secretariat developed a special training manual for TAWs and other training areas and helped organize and facilitate an expert training workshop in Naples Italy in March 2018.

As part of the duties of the IADI Deputy Secretary General, Kim Peeters White and her team have provided quarterly reports on the financial condition of the Association to the IADI Treasurer, the Audit and Risk Council Committee (ARCC) and the MRC, ensuring that the financial controls and procedures are being followed, and that IADI complies with the internal controls outlined by our host organisation, the Bank for International Settlements (BIS). The Secretariat also provided support the ARCC by organizing the external audit process and Phase II of the website review audit.

The support of the BIS has been integral to our continued achievements. As well as hosting the Association and contributing to its operations, the BIS provides assistance with accounting, logistics, infrastructure, legal matters and human resources. Having the Secretariat located at the BIS in Basel, Switzerland, has been invaluable in facilitating cooperation and communication with other BIS sponsored organisations. In addition to all of this support, the BIS plans to further enhance its contributions to IADI in FY2018/19 which intended to support IADI's training and technical assistance capacity and address IADI's need for additional administrative support.

Reflecting our close working relationship with the BIS, the Secretariat partners with the Financial Stability Institute (FSI) to provide online tutorial subscriptions to FSI Connect for our Members, and jointly host conference and training events. A joint FSI-IADI Policy Implementation Meeting was held in September 2017 looking at early supervisory intervention, banks resolution and deposit insurance. This event was followed by the FSI-IADI Annual Conference in February 2018 on bank resolution and deposit insurance which involved more than 200 participants from over 100 jurisdictions, including deposit insurers, resolution authorities, central bankers and bank supervisors.

Finally, 2017/18 saw the establishment of a Working Group on New Funding Options by the Executive Council to evaluate progress in implementing the first phase of the "IADI Strategic Goals: the Way Forward" and to examine options for implementing the second phase of the Strategic Goals, including exploring the desirability of introducing a differentiated fee system for IADI Members.

During the next financial year, I look forward to working with the IADI Membership, the President and Executive Council, the Secretariat staff and Seconddees-sponsoring organisations to promote more effective deposit insurance systems and to contribute towards global financial stability.

David Walker
Secretary General
International Association of Deposit Insurers

Leadership

President of the Association and Chair of the Executive Council

Katsunori Mikuniya, Governor of the Deposit Insurance Corporation of Japan (DICJ), was elected as IADI President and Chair of the Executive Council at the Association's 16th AGM in October 2017, for a three-year term. Governor Mikuniya has held the position of Governor of the DICJ since March 2015, prior to which he was a Professor at the Policy Alternatives Research Institute at the University of Tokyo, from April 2012 to February 2015, and served as the Commissioner of the Financial Service Agency (FSA), Japan, from July 2009 to August 2011. Governor Mikuniya started his career with the Japanese Ministry of Finance in 1974 and moved to the FSA at the time of its foundation in 2000.

Treasurer of the Association

John M. Chikura, Chief Executive Officer of the Deposit Protection Corporation, Zimbabwe, has served as Treasurer of the Association since his election at the 13th AGM in Port of Spain, Trinidad and Tobago, in October 2014, and was re-elected for a further three-year term at the 16th AGM, in Québec City, Canada, in October 2017. Mr Chikura has held senior management positions in the fields of tourism, mining, health, securities, and insurance. He is also the current Chairperson of IADI's Africa Regional Committee.

Composition of the Executive Council

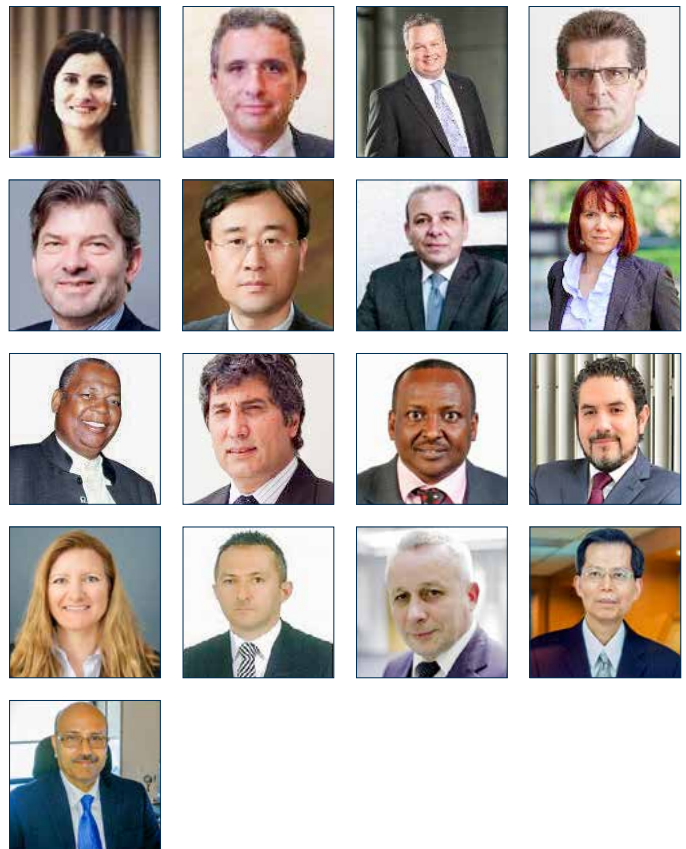


There were several changes in the Executive Council membership that became effective at the 16th AGM. In addition to Governor Mikuniya, the IADI Members elected the following seven (7) Designated Representatives to represent EXCO, each for a three-year term: Rafiz Azuan Abdullah (Malaysia Deposit Insurance Corporation), Diane Ellis (Federal Deposit Insurance Corporation, USA), Gregor Frey (esisuisse, Switzerland), Fauzi Ichsan (Indonesia Deposit Insurance Corporation),

Alex Kuczynski (Financial Services Compensation Scheme, United Kingdom), Alejandro J. López (Seguro de Depósitos Sociedad Anónima (SEDESA), Argentina), and Michelle Rolingson-Pierre (Deposit Insurance Corporation, Trinidad and Tobago).



The remaining EXCO members following the 16th AGM were: Violeta Arifi-Krasniqi (Deposit Insurance Fund of Kosovo), Giuseppe Boccuzzi (Interbank Deposit Protection Fund, Italy), Patrick Déry (Autorité des marchés financiers, Québec, Canada), Nikolay Evstratenko (Deposit Insurance Agency, Russian Federation), András Fekete-Györ (National Deposit Insurance Fund of Hungary), Bumgook Gwak (Korea Deposit Insurance Corporation), Zaher Hammouz (Palestine Deposit Insurance Corporation), Marija Hrebac (State Agency for Deposit Insurance and Bank Resolution, Croatia), Umaru Ibrahim (Nigeria Deposit Insurance Corporation), Hugo Libonatti (Corporación de Protección del Ahorro Bancario, Uruguay), Mohamud A. Mohamud (Kenya Deposit Insurance Corporation), Raúl Castro Montiel (Instituto para la Protección al Ahorro Bancario, Mexico), Sonja Lill Flø Myklebust (Norwegian Banks' Guarantee Fund), İlhami Öztürk (Savings Deposit Insurance Fund of Turkey), Zdzisław Sokal (Bank Guarantee Fund, Poland), William Su (Central Deposit Insurance Corporation, Chinese Taipei), and Kapal Kumar Vohra (Deposit Insurance and Credit Guarantee Corporation, India).



Note: since the EXCO elections at the 16th AGM, there has been a further change in that András Fekete-Györ ended his tenure on EXCO, having left the National Deposit Insurance Fund of Hungary.

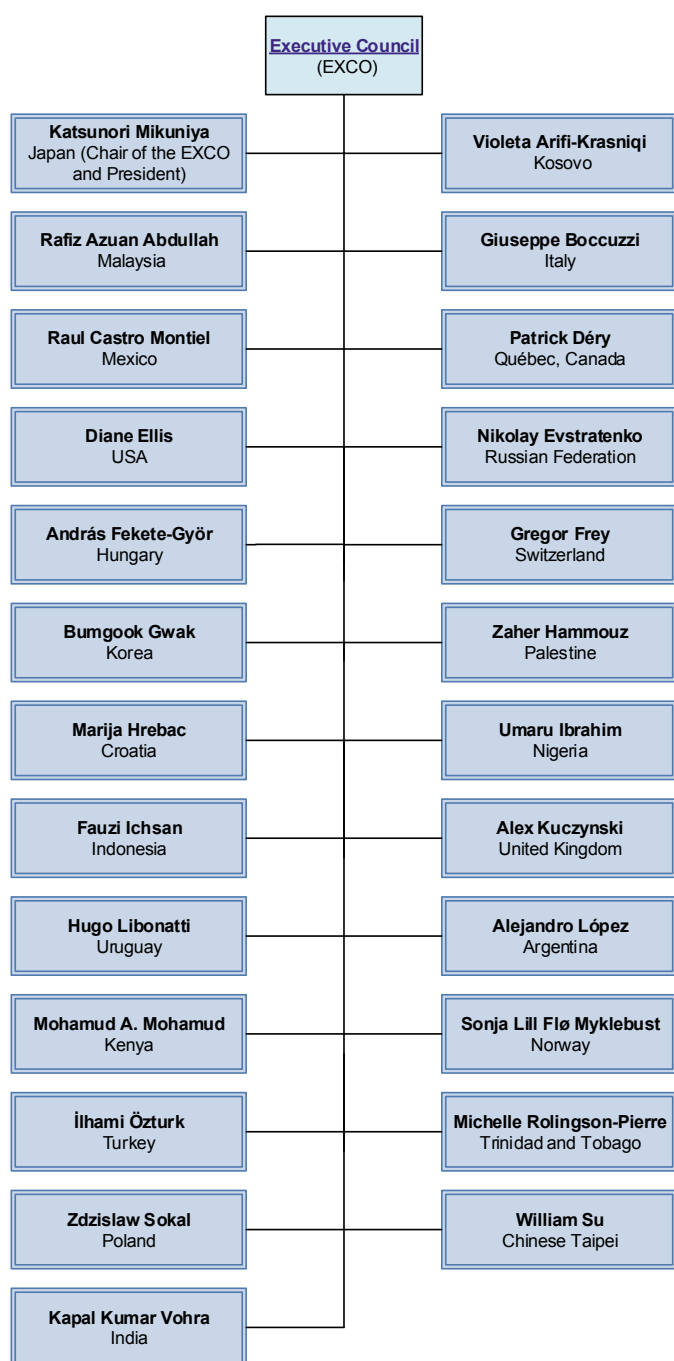
The Members also expressed their gratitude to the following EXCO members who concluded their service on the Executive Council during the past year: Thomas M. Hoenig (former IADI President, Federal Deposit Insurance Corporation, USA), Jorge Castaño Gutiérrez and David Salamanca (both of Fondo de Garantías de Instituciones Finan-

cieras (Fogafin), Colombia), Thierry Dissaux (Fonds de Garantie des Dépôts et de Résolution, France), Yee-Ming Lee (Malaysia Deposit Insurance Corporation), Noel Nunes (Deposit Insurance Corporation, Trinidad and Tobago), Hiroyuki Obata (Deposit Insurance Corporation of Japan), Cristina Orbeta and Roberto Tan (both of Philippine Deposit Insurance Corporation), and John M. Chikura (IADI Treasurer, Deposit Protection Corporation, Zimbabwe).

Secretary General

The responsibilities of the Secretary General are set out in the IADI Statutes, and in further detail in the Secretary General's Accountability Profile, as determined by EXCO. Commencing 1 October 2016, David Walker was appointed as the Association's Secretary General for a four-year term.

The Secretary General is supported by the Deputy Secretary General, Kim Peeters White, who has been employed by IADI since 2002 and has served as IADI Deputy Secretary General since 2004, as well as the Senior Policy and Research Advisor, Kumudini Hajra, who joined the Secretariat in July 2016. In addition, during the 2017/18 financial year, the Secretary General was also supported by the following secondees from their respective Member organisations: Sangjun Lee, Senior Policy Analyst, Korea Deposit Insurance Corporation; Nikolay Remchukov, Senior Research Associate, Deposit Insurance Agency, Russian Federation; Sanjeev Sharma, Senior Policy Analyst, Financial Services Compensation Scheme, United Kingdom; and Takayuki Suzuki, Senior Policy Analyst, Deposit Insurance Corporation of Japan. The Association wishes to express its sincere gratitude to these individuals, and their sponsoring organisations, for their efforts and commitment in helping the Association achieve its objectives.



Implementing IADI's Strategic Priorities

Background and "The Way Forward"

In recognition of the development of the Association since its inception (e.g. the growth in membership, having become an international standard setter and evaluator, assisting its Members and international partners to incorporate these standards into their current activities, and its work with international financial institutions), and the desire to advance IADI as the authoritative voice on deposit insurance, EXCO identified three Strategic Goals for the five-year period 2016–21:

- promoting deposit insurance system compliance with the Core Principles;
- advancing deposit insurance research and policy development; and
- providing members with technical support to modernise and upgrade their systems.

In addition, the paper "IADI Strategic Goals: The Way Forward" was drafted and unanimously approved by EXCO, after outreach to the Members through the Regional Committees. The paper details the activities and proposed strategy for achieving these Strategic Goals, with implementation in two phases – Phase I was to be completed over the 2016–18 financial period, and Phase II over the 2018-21 financial period following an evaluation of the Phase I implementation .

Phase I Activities

Phase I involved promoting deposit insurance compliance with the Core Principles through initiatives including but not limited to: enhancing collaboration with international financial institutions such as the IMF, the World Bank and FSB; encouraging members to undertake self-assessments under the IADI Self-Assessment and Technical Assistance Program (SATAP); and introducing an expert training workshop on the Core Principles.

Another important activity conducted in Phase I involved IADI advancing its ongoing deposit insurance research and policy programmes by adding two experts to the Secretariat's staff — a Senior Policy and Research Advisor (SPRA) in July 2016, and a Senior Research Analyst and Administrator (SRAA), who is scheduled to join the Secretariat in July 2018, following an extensive recruitment and selection process.

In addition, training and capacity building support was provided through a series of regional technical assistance workshops; through initiatives to better customise technical assistance programmes to meet Member needs; and by starting the development of a repository of deposit insurance materials to assist training and capacity building. An enhanced governance structure that improves efficiency, supports active membership participation and strengthens membership benefits has been implemented.

This section, as well as other sections of this Annual Report, describe the specific events and activities that have gone into achieving the goals of Phase I. Many of these events and activities have been undertaken by the four Council Committees, established during 2016/17 financial year, and often working in close collaboration with the Secretariat.

Phase II Activities and the Working Group on New Funding Options

Phase II will begin after an analysis of the success of the initial activities during Phase I, and will involve the revision, where necessary, of the activities to implement the Strategic Goals, an evaluation of further hiring needs, and an examination of new funding options, including the possibility of a differential fee structure.

A Working Group of EXCO – the Working Group on New Funding Options (WGNFO) – led by the IADI President and Chair of EXCO, was established in January 2018 to carry out the aforementioned evaluation, as well as further planning. In order to be inclusive and gather the largest amount of inputs, the WGNFO is composed of the following members: the Vice Chair of EXCO; the Chairpersons of all four Council Committees; the representative of the former IADI President and Chair of EXCO; the Chair of the former Special Working Group on Fees; the Chairpersons of all eight Regional Committees; and the Secretary General (though only when there is no risk of a conflict of interest).

The general elements for Phase II outlined in the "Strategic Goals: the Way Forward" document aimed at building on the Phase I achievements in research and training by developing areas such as: (1) a Core Principles compliance assessment programme to benchmark the progress of Members in meeting higher standards; (2) the identification and regular monitoring of "gaps" and the development of customised technical assistance programmes, including an expansion of SATAP and regional workshops, to address them; (3) the creation of a core curriculum for deposit insurers; and (4) conducting "thematic reviews" to identify emerging trends and common weaknesses, and prioritise the need for reforms.

Secretariat Research Unit

Flowing from the agreed Strategic Goals of the Association, a primary aim of IADI as a standard setter is the continued dissemination of the Core Principles and support for Members in making improvements to their systems, in order to achieve full compliance with the Core Principles. Strengthening the Association's role in research and policy development is one key step towards meeting the Strategic Goals. The Secretariat Research Unit, led by the SPRA, is responsible for, among other things:

- (i) advancing the policy development and research efforts of the Association in international fora; this will entail the drafting of research and policy papers on current and emerging topics, and guidance papers supporting the Core Principles;
- (ii) overseeing the enhancement of IADI's database, including working with the former Data and Survey Standing Committee (DSC) and the Data and Survey Technical Committee (DSTC) to ensure quality control and efficiency in the collection, use and interpretation of IADI data collected primarily from its Members; and
- (iii) participating, on behalf of the Association, in meetings and research conferences related to deposit insurance and financial stability policy, in addition to representing IADI within FSB groups.

The SPRA in collaboration with the CPRC has prepared an annual research plan, provided quality control for the Research and Guidance Technical Committee (RGTC) research papers, and made presentations to EXCO members on FSB matters and on specific topics of emerging relevance, such as the presentation to EXCO on contingency planning and crisis management and resolution funding. Such policy briefs are guided by the research being done in the Secretariat and can be further developed based on the feedback received from IADI Members. These are in addition to “Emerging Issues” presentations made at EXCO meetings and other events.

The SPRA has also been representing the Association in meetings and activities of other standard-setting bodies and international financial institutions, especially the FSB's Resolution Steering Group (ReSG), the Cross-Border Crisis Management Committee (CBCM), and the Workstream on Funding in Resolution (WSFR), thereby ensuring that the views of the Association and the deposit insurance community continue to be represented. In addition, the SPRA has provided support to the World Bank in a technical assistance project for Azerbaijan, and has also provided speaker support to the Core Principles workshops.

Work is already underway (or nearing completion) in a number of different areas, such as the transition of responsibilities from the DSTC to the Secretariat; preparations for the Fifth IADI Biennial Research Conference, to be held in Basel, Switzerland, in May 2019; and the next IADI Annual Survey, due to be launched during the first quarter of the next financial year. It should also be noted that the SPRA with cooperation from IMF and IADI Members has been responsible for the drafting of a research paper on “Deposit Insurers' Role in Contingency Planning and System-wide Crisis Preparedness and Management” – the only research paper launched and completed in Phase I.

IADI Survey Data Management System (ISDMS)

In efforts being led by the Secretariat Research Unit, IADI is seeking to procure a Survey Data Management System (ISDMS). The procurement process is being carried out via the BIS, and under its rules and procedures, on behalf of IADI. ISDMS will enable IADI to automate a seamless end-to-end process in collecting, consolidating and managing information on deposit insurance systems worldwide. The System will also provide an online platform for analysis and reporting via static and ad hoc reports generated from a structured back-end IADI database.

The goals and objectives of this initiative are:

- Simplify data collection, analysis, and reporting processes through the use of an automated online information collection tool;
- Provide online access to multiple data requests, the ability to directly query the database for questions already asked in past requests and corresponding prescribed answers, and create ad hoc reports (based on user queries);
- Implement an online end-to-end automated system for collecting, managing and reporting annual and ad hoc data requests.

Although a procurement process was initiated in the 2016/17 financial year, challenges were encountered following the issuance of a Request for Information (RFI). After discussions were held between the IADI Secretariat and the BIS procurement and IT teams, it was agreed that the survey tool (data collection) and the reporting tool (data analysis, reporting and management) will be separated. In this regard, IADI has issued a Request for Quotation (RFQ) for the survey tool and will be considering the use of an appropriate reporting tool for meeting IADI's requirements.

Further updates are expected during the next financial year.

Outreach and the Key Membership Benefits

During the EXCO meeting in Tokyo, Japan, in February 2017, a number of Council members had recommended that the focus of the Member Relations Council Committee (MRC, established in October 2016) should be on communications and outreach, with a crucial aspect being the definition of membership benefits and advantages, i.e. 'What is the value of being an IADI Member?'

A thorough analysis was undertaken of the practices used in communicating member benefits, along with the structure and content of those practices/media for communication. The practices/media examined included, the IADI website, fact sheets, the IADI Newsletter, past IADI promotional leaflets, leaflets and e-mails to prospective new participants, and verbal presentations provided as outreach in targeted meetings.

The findings of this analysis were widely disseminated and discussed amongst the members of the MRC, a Council Committee that comprises a number of Regional Committee Chairpersons. Subsequently, a list of the Key Membership Benefits (KMBs) was drawn up, and inserted into the IADI Newsletter as well as the updated IADI Profile. The KMBs were also highlighted in e-mails and other correspondence sent by the MRC Chair and the Regional Chairpersons adding momentum to the membership drive.

Importantly, the KMBs not only focus on gaining new Members, but also highlight the benefits of membership for existing Members.

Key IADI Membership Benefits

Since its inception in May 2002, IADI has continually strived to 'share deposit insurance expertise with the world', and in doing so has grown from the 25 founding Members to over 100 participants, in addition to having become a recognised international standard setter and evaluator for deposit insurance systems.

Below are just some of the many benefits of membership of IADI. If you are a prospective, or existing, Member and wish to discover more about these, and other benefits, we invite you to contact the IADI Secretariat.

- IADI is an **international standard-setting body**, with standards recognised and utilised around the world and by international organisations;
- **Participate in developing IADI Core Principles, standards, guidance and assessment methodologies** to enhance the effectiveness of deposit insurance systems;
- **Share expertise and information on deposit insurance issues** through training, development and educational programmes;
- **Participate in** capacity building, conferences, executive training and E-learning;
- Engage in **Regional Technical Assistance Workshops**, to address Member challenges, capacity building, and help in improving compliance with the IADI Core Principles for Effective Deposit Insurance Systems;
- **Access to, and cooperation with, other international organisations**, particularly those involved in issues related to financial markets and the promotion of financial stability (e.g. the Financial Stability Institute, IMF, World Bank, etc);

- **Participation in joint IADI and Financial Stability Institute (FSI) conferences and the FSI-Connect e-learning tool;**
- Access to **IADI's Members-only website**, including comprehensive data on deposit insurers from **IADI Annual Surveys** for benchmarking and other purposes;
- **Create awareness for, and highlight the importance of, deposit insurance** in maintaining financial stability among safety-net partners and deposit-taking institutions in your jurisdiction;
- **Access to ongoing, timely IADI research** on emerging trends in deposit insurance and the resolution of deposit-taking institutions;
- Benefit from **IADI guidance on assessing compliance with the Core Principles** and unique **Members-only access to the Self-Assessment Technical Assistance Program (SATAP)**, of importance in preparing for IMF/World Bank FSAPs, technical assistance and FSB Peer Reviews.

The IADI Secretariat can place you in direct contact with the Chairperson of the IADI Regional Committee in your region to provide you with additional information and assistance.

IADI successfully hosted its 4th Biennial Research Conference on 1-2 June 2017 at the BIS in Basel, Switzerland. The conference was attended by 188 participants representing a global audience of 67 jurisdictions.

The conference focused on the theme of “Designing an Optimal Deposit Insurance System”, featuring one invited paper and six others chosen from 32 submissions received in response to a Call for Papers. Each paper was presented by the author and discussed by two reviewers.

The attendees were welcomed by David Walker, Secretary General, IADI. Thomas Hoenig, the then President and Chair of the Executive Council of IADI and Vice Chairman of the Federal Deposit Insurance Corporation (FDIC), USA, delivered the Opening Remarks. Mr Hoenig emphasised the timeliness of the conference and the topics covered, as optimal deposit insurance design requires us to confront issues of moral hazard, liquidity shocks and other challenges to maintaining financial stability. The Keynote Address was delivered by Hyun Song Shin, Economic Adviser and Head of Research, Monetary and Economic Department, BIS, in which he presented his research on the impact of dividends and management compensation on banks’ capital structure.

The invited paper by Professor Itay Goldstein, The Wharton School, The University of Pennsylvania, USA, and co-authored with Eduardo Dávila, Stern School of Business, New York University, USA, provided a model for estimating the optimal level of deposit insurance coverage. Other papers presented covered the broad topics of deposit stability in failing banks, the role of cross-border deposits in crises, financial innovation as a tool for extracting rents from bailouts, implications of inter-bank market monitoring for bank regulation, the liability structure of banks, and the effect of the design of deposit insurance on the structure

of the financial system. The presenters, discussants and session chairs were largely from academia but also included speakers from deposit insurance agencies, central banks and international financial institutions.

The Distinguished Guest Speaker, Stefan Ingves, Sveriges Riksbank, and Chairman of the Basel Committee on Banking Supervision (BCBS), stressed that deposit insurance systems are a key ingredient for financial stability. Mr Ingves outlined the challenges faced by deposit insurance systems, such as the interaction between deposit insurance, resolution and public guarantees as well as cross-border issues. He emphasised that financial stability is a joint responsibility and that, while striving towards more optimal deposit insurance is important, deposit insurance should only be drawn upon rarely. He highlighted the importance of enhancing the resilience of financial institutions through the post-crisis reforms developed by the BCBS, and ensuring that the regulatory framework is robust.

The conference ended with a stimulating discussion at the regulators’ round table, where the panellists shared their perspectives on the global financial safety-net. The panellists included Thomas Hoenig, IADI and FDIC, Katsunori Mikuniya, Governor, Deposit Insurance Corporation of Japan, Bumgook Gwak, Chairman and President, Korea Deposit Insurance Corporation, and Marc Dobler, Senior Financial Sector Expert, International Monetary Fund, and was chaired by David Walker, Secretary General, IADI.

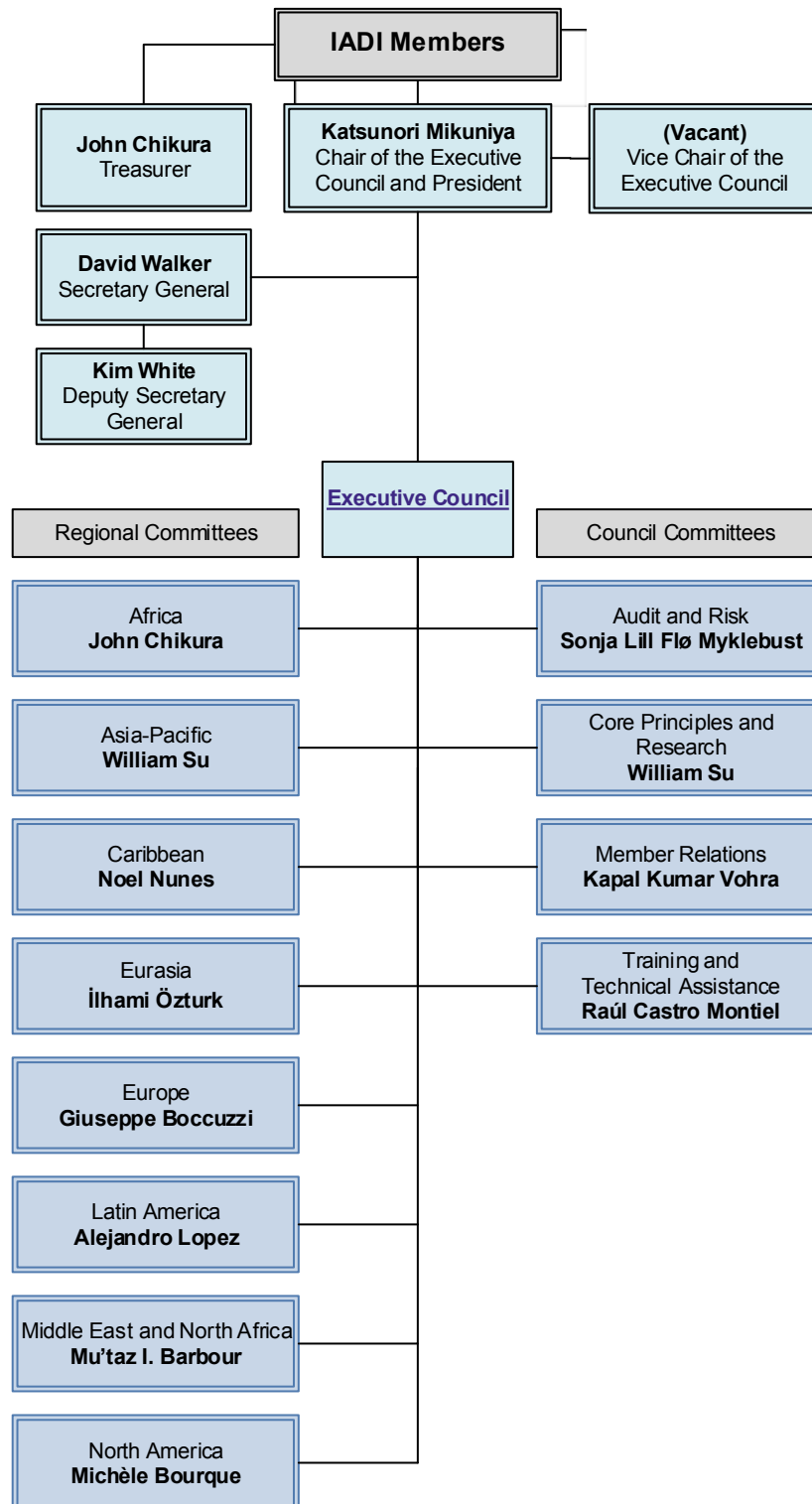
IADI is grateful to the BIS for its support of the conference.

The next IADI Biennial Research Conference is scheduled to be held in May 2019. Further details of the event, including a ‘Save the Date’ will be distributed closer to the time of the Conference.



Council, Technical and Regional Committee Reports

The work of the Association is led by EXCO and its Council, Technical and Regional Committees. The activities of these Committees are described in the following two sections.





Report of the Chairperson

Sonja Lill Flø Myklebust – Norwegian Banks' Guarantee Fund

The main objective of the Audit and Risk Council Committee (ARCC) is to monitor the financial reporting process and internal controls, including the risk management systems, in furtherance of the Association's objectives and financial operations. The Committee also supports the Association in ensuring that its financial resources are used exclusively for pursuing the objectives of the Association, and shall solely be applied to the operating costs of the Association, in addition to the constitution of adequate reserves.

Financial reporting

During the past year, the ARCC held several meetings and performed its tasks according to its mandate, reviewing the quarterly reports and comparing the results against the budgets. The Committee reviewed the financial reporting process, including the internal controls ensuring the integrity of IADI's financial reports. The ARCC reviewed IADI's performance and Annual Report against the budget and the Business Plan, including the endorsement for the approval of the IADI financial statements for the 2017/18 financial year. Further to the conclusion of the financial year, the Committee reviewed the Secretariat's Report on the Statement of Activities and Financial Position, including the BIS Compliance and Risk Unit's statement of no non-compliance or operational risk incidents related to IADI's Secretariat during the year.

Other activities

During the 2017/18 financial year, the ARCC performed a cost and compliance check on an engaged consultant, reviewed the policy on delegation of powers in IADI operations, prepared the Audit Plan for Phase II of the IADI Website Relocation and Enhancement Project, and advised upon the choice of supplier for this assignment.

The ARCC also reviewed the tender process for the future rotation of the Association's external auditor.

In undertaking its activities, the Committee was assisted by the Secretariat team and the BIS Finance Section.

Chairperson

Sonja Lill Flø Myklebust (Norwegian Banks' Guarantee Fund)

Vice Chairperson

İlhami Öztürk (Savings Deposit Insurance Fund of Turkey)

Members

Gregor Frey (esuisuisse, Switzerland), Michelle Rolingson-Pierre (Deposit Insurance Corporation, Trinidad and Tobago), Umaru Ibrahim (Nigeria Deposit Insurance Corporation), Zaher Hammouz (Palestine Deposit Insurance Corporation)

Council Committee Reports

Core Principles and Research Council Committee



Report of the Chairperson

William Su – Central Deposit Insurance Corporation, Chinese Taipei

As the centrepiece of IADI's research and database framework, the Core Principles and Research Council Committee (CPRC) promotes IADI's objectives by providing strategic direction for IADI research and guidance, and supporting the implementation of the Core Principles. As part of the reorganisation process, three interim Technical Committees were established to advance IADI's research, database and survey management. The responsibilities of the three technical committees are as follows:

- Research and Guidance Technical Committee (RGTC) – responsible for drafting research plans and developing research, discussion or guidance papers. The RGTC was dissolved on 31 March 2018. The previous RGTC Subcommittees became the CPRC Technical Committees from the start of the new financial year on 1 April 2018, and continued to develop the remaining ongoing research projects.
- Data and Survey Technical Committee (DSTC) – responsible for facilitating and coordinating the gathering, analysis, storage and validation of deposit insurance-related information. The DSTC is scheduled to be dissolved in October 2018, after the transition of its activities to the IADI Secretariat.
- Islamic Deposit Insurance Technical Committee (IDITC) – responsible for undertaking Islamic deposit insurance research and guidance, promoting Islamic deposit insurance awareness, and facilitating the sharing of experience and information on Islamic deposit insurance systems. The IDITC is set to continue its operations until April 2021.

During the reporting period, under the auspices of the CPRC and the RGTC, IADI published a research paper entitled "Resolution Issues for Financial Cooperatives – Overview of Distinctive Features and Current Resolution Tools". This paper provides an overview of financial cooperatives' distinctive features and the tools used for their resolution, along with the challenges associated with the use of those tools, using data collected mainly from the survey responses and case studies prepared by IADI Members and non-members.

The discussion paper "Shariah Governance for Islamic Deposit Insurance Systems" was also published. This paper presents a set of recommended guiding principles based on the discussion of Shariah governance structures and processes for Islamic deposit insurance systems (IDIS).

Two new research projects, on "Risk Management and Internal Control Systems of Deposit Insurance Systems" and "Differential Premium Systems", were approved in October 2017 for the 2018/19 financial year.

In addition to the above, IADI Advisory Panel members support IADI's research efforts by providing expert advice and independent reviews of IADI research papers and proposed guidance. A full list of IADI Advisory Panel members may be found in Annex III.

Chairperson

William Su (Central Deposit Insurance Corporation, Chinese Taipei)

Members

Diane Ellis (Federal Deposit Insurance Corporation, USA), Fauzi Ichsan (Indonesia Deposit Insurance Corporation), Giuseppe Boccuzzi (Interbank Deposit Protection Fund, Italy), Hugo Libonatti (Corporación de Protección del Ahorro Bancario, Uruguay), Kapal Kumar Vohra (Deposit Insurance and Credit Guarantee Corporation, India), Katsunori Mikuniya (Deposit Insurance Corporation of Japan), Mohamud A. Mohamud (Kenya Deposit Insurance Corporation), Nikolay Evstratenko (Deposit Insurance Agency, Russian Federation), Patrick Déry (Autorité des marchés financiers, Québec, Canada), Rafiz Azuan Abdullah (Malaysia Deposit Insurance Corporation), Raúl Castro Montiel (Instituto para la Protección al Ahorro Bancario, Mexico), Sven Stevenson (De Nederlandsche Bank, the Netherlands), Zdzisław Sokal (Bank Guarantee Fund, Poland)



Report of the Chairperson

Yvonne Fan – Central Deposit Insurance Corporation, Chinese Taipei

During the 2017/18 financial year, the RGTC continued developing research, discussion or guidance papers according to the approved CPRC Annual Work Plan. In addition to the research paper on “Resolution Issues for Financial Cooperatives – Overview of Distinctive Features and Current Resolution Tools” published by IADI in January 2018, the research paper “Deposit Insurance Fund Target Ratio” completed the public consultation process and was subsequently approved by the CPRC and EXCO for publication in May 2018. The research paper on “Deposit Insurance and Bail-in” was approved as an IADI internal paper.

Five other papers are underway, covering the following topics: purchase and assumption, recoveries from assets of failed banks, financial inclusion and innovation, public policy objectives, and deposit insurers’ role in contingency planning and system-wide crisis preparedness and management. These papers are scheduled to be published in 2018/19.

Chairperson

Yvonne Fan (Central Deposit Insurance Corporation, Chinese Taipei)

Members

Alejandro López (Seguro de Depósitos Sociedad Anónima, Argentina), Andrey Pekhterev (Deposit Insurance Agency, Russian Federation), Bakyt Kogulov (Kazakhstan Deposit Insurance Fund), Carlos Alfredo de Villemor Vianna (Fundo Garantidor de Créditos, Brazil), Didik Madiyono (Indonesia Deposit Insurance Corporation), Fred Carns (Federal Deposit Insurance Corporation, USA), Nobuyuki Sato (Deposit Insurance Corporation of Japan), David Salamanca (Fondo de Garantías de Instituciones Financieras, Columbia), Julien Reid (Autorité des marchés financiers, Québec, Canada), Kapal Kumar Vohra (Deposit Insurance and Credit Guarantee Corporation, India), Karen Gibbons (Financial Services Compensation Scheme, United Kingdom), Krzysztof Broda (Bank Guarantee Fund, Poland), Mu’taz I. Barbour (Jordan Deposit Insurance Corporation), Noel Nunes (Deposit Insurance Corporation, Trinidad and Tobago), Radoslav Milenkov (Bulgarian Deposit Insurance Fund), Raúl Castro Montiel (Instituto para la Protección al Ahorro Bancario, Mexico), Thierry Dissaux (Fonds de Garantie des Dépôts et de Résolution, France), Yury O. Isaev (Deposit Insurance Agency, Russian Federation)



Report of the Chairperson

Eugenia Kuri Alamillo – Instituto para la Protección al Ahorro Bancario, Mexico.

The primary objectives of the Data and Survey Technical Committee (DSTC) are to facilitate and coordinate the gathering, analysis, storage and validation of deposit insurance-related information in furtherance of the Association's goals and to coordinate the transition of its functions to the Secretariat.

Transition to the Secretariat

In accordance with IADI's revised governance structure, the Data and Survey Committee (DSC) ceased to exist. Subsequently, and to ensure a smooth transition, the former Data and Survey Committee became part of the Core Principles & Research Council Committee (CPRC), as an interim technical committee tasked with overseeing the transition of functions to the Secretariat. As a result of remarkable cooperation between the Secretariat and DSTC members, the transition process includes an ambitious project to improve the existing data management system and to amend the existing processes for information collection and access. In this regard, during the 54th EXCO meeting in Basel, the CPRC approved the extension of the DSTC's term until July 2018, with a possible further extension.

Projects

In September 2017 the DSTC, in collaboration with the Secretariat, launched the seventh IADI Annual Survey. The Committee received 131 survey responses, a record number for any IADI survey. This version has also become the first IADI survey to receive responses from all Members of the Association. Additionally, in order to ensure good progress in validation activities, to be concluded by the 17th IADI Annual General Meeting, the eighth edition of the IADI Annual Survey was launched in May 2018.

Further, the Committee issued three surveys during the reporting period: financial inclusion, international experience of the scope of coverage of certain financial products by the deposit insurance system; and Technical Assistance Technical Committee: special survey on the Registry of Experts and a form for seeking assistance for capacity building.

The DSTC and the Secretariat have been striving to build an integrated deposit insurance database while ensuring its accuracy, reliability and security. Gathering all these needs, the Data Collection, Analysis, Reporting and Management System (DCARMS) project was developed to enhance control of the data received by IADI. However, due to the wide scope of the project, it was not possible to find a supplier capable of covering all the requirements.

Nevertheless, the Secretariat, upon the recommendation of the BIS, proposed to separate DCARMS into two different solutions: the IADI Survey Data Management System (ISDMS), designed to serve as an improved survey tool; and the reporting tool, aimed at developing a reporting system. This process has been agreed to and fully supported by the DSTC and will be submitted for approval to the CPRC.

To handle this stage of the project, the DSTC and the Secretariat are working together on a detailed strategy in compliance with IADI policies and procedures.

Chairperson

Eugenia Kuri Alamillo (Instituto para la Protección al Ahorro Bancario, Mexico)

International Survey Coordinator

Juan Carlos Lopez Mora (Fondo de Garantías de Instituciones Financieras, Colombia)

Members

Janusz Okrutnik (Bank Guarantee Fund, Poland); Kumudini Hajra (IADI); Rosemary Tesha Tenga (Deposit Insurance Fund of Tanzania); Roumyana Markova (Bulgarian Deposit Insurance Fund); Sangjun Lee (IADI); Teruhisa Mitsuyu (Deposit Insurance Corporation of Japan); Yvonne Fan (Central Deposit Insurance Corporation, Chinese Taipei)



Report of the Chairperson

Ronald Rulindo – Indonesia Deposit Insurance Corporation

The Islamic Deposit Insurance Technical Committee (IDITC) has been reconstituted from an element of the former Research and Guidance Standing Committee, namely, the Islamic Deposit Insurance Group. As such, the IDITC is mandated to: study members' experiences with establishing and implementing an Islamic deposit insurance system; explore possible issues and practices related to resolution of Islamic banks; develop guidance, supporting guidance and effective practices on issues relating to Islamic deposit insurance and resolution of Islamic banks; and promote awareness, provide a forum for discussion and facilitate the exchange of expertise to promote further development and implementation of Islamic deposit insurance and Sharia-compliant resolution of Islamic banks.

Shariah Governance for Islamic Deposit Insurance Systems

The discussion paper "Shariah Governance for Islamic Deposit Insurance Systems" was approved for publication by IADI's EXCO at its meeting in Basel, Switzerland, on 31 January 2018. The paper was published soon afterwards and is now available on the IADI website.

Core Principles for Effective Islamic Deposit Insurance Systems

The IDITC has completed the fourth draft of the Core Principles for Islamic Finance Regulation: Effective Islamic Deposit Insurance Systems (Islamic CPs). In pursuing efforts to increase the input of expertise into Islamic CPs, discussions have been held with the Islamic Financial Services Board (IFSB). Efforts are currently underway to draw up a Memorandum of Understanding (MoU), in order to formalise their collaboration on developing joint IADI-IFSB Core Principles for Effective Islamic Deposit Insurance Systems. A meeting to discuss this collaboration was held on 8 November 2017. One of the aims of the Islamic CPs is to provide guidance on the matter specifically to the members of both organisations, as well as the deposit insurance sector in general. A first joint working group meeting is scheduled to be held in Malaysia in August 2018, with a final draft of the Islamic CPs expected to be ready at the end of 2019.

Both organisations will also work together to promote the implementation of prudential standards to facilitate the development of Islamic deposit insurance, and enhance awareness through knowledge sharing and organisation of executive programmes, workshops, seminars, etc.

Chairperson

Ronald Rulindo (Indonesia Deposit Insurance Corporation)

Members

Abdel Gadir Mohamed Ahmed Salih (Bank Deposit Security Fund of Sudan), İlhami Öztürk (Savings Deposit Insurance Fund of Turkey), Kuanyshbek Abzhanov (Kazakhstan Deposit Insurance Fund), Mohamed Mahraoui (Moroccan Deposit Insurance Corporation), Mohd Sobri bin. Mansor (Malaysia Deposit Insurance Corporation), Mu'taz I. Barbour (Jordan Deposit Insurance Corporation), Osama El Naas (Depositor's Insurance Fund, Libya), Richard Kwach Jr. (Kenya Deposit Insurance Corporation), Rosemary Tesha Tenga (Deposit Insurance Board of Tanzania), Tijjani Sule Yakasai (Nigeria Deposit Insurance Corporation)

Council Committee Reports

Member Relations Council Committee



Report of the Chairperson

Kapal Kumar Vohra – Deposit Insurance and Credit Guarantee Corporation, India

The mandate of the Member Relations Council Committee (MRC) is to support efforts to expand, and maintain, membership of the Association, review budgets and business plans, act in the best interests of the Association, and operate in an open and transparent manner.

Outreach and Membership Benefits

During the reporting period, commendable efforts were made in a number of regions, including Africa, Asia-Pacific and the Middle East and North Africa regions, towards an increase in membership. As a result of the concerted efforts by the Regional Committee Chairpersons and the Secretariat, there was an increase in the number of jurisdictions showing interest in applying for membership. During the reporting period, the Association gained two new Members, and these were the Bank Deposit Guarantee Fund, Algeria, and the West African Monetary Union Deposit Insurance Fund (representing eight jurisdictions in Africa). Further, information from Regional Committee Chairpersons suggests that more new member applications will be received early in the new financial year.

Close and proactive contact has been maintained with a number of potential Members/Associates within various regions, who are at various stages of establishing an explicit deposit insurance system.

As part of the outreach strategy, opportunities continued to be taken by the Secretary General, event hosts and Regional Committee Chairpersons to hold specially convened meetings with potential new Members during the Regional Technical Assistance Workshops. These meetings have provided an open platform for membership queries to be raised directly with representatives of the Association, and the benefits of IADI membership to be described to those present.

Key Membership Benefits

A statement of Key Membership Benefits (KMBs) was developed and agreed upon by the MRC in conjunction with the Secretariat. The document outlines the advantages of being an IADI participant, both for potential and existing Members. Further details, along with the KMBs, may be found in the section “Outreach and Key Membership Benefits” above.

Prioritisation of Membership Benefits and Communications Initiatives

Given the large and diverse range of potential initiatives under the Membership Benefits and Communications Strategy, an exercise was undertaken during the year to prioritise those initiatives, whilst giving due consideration to the limited resources available within the Association/Secretariat for their implementation. In efforts led by Michèle Bourque, President and Chief Executive Officer of the Canada Deposit Insurance Corporation (CDIC), and her colleagues, an MRC Working Group was established and input gathered from that Working Group,

the Secretary General, and almost all Regional Committee Chairpersons, regarding which of the numerous possible initiatives should have the highest priority.

The results of the analysis of the various inputs are expected to be publicised early in the new financial year. The findings will provide the MRC members and the Secretariat with valuable guidance in formulating and costing upcoming membership and communications initiatives.

Working Group on the Code of Ethics and Conduct (WGECC)

Following consultation with the Regional Committee Chairpersons and their regional members, EXCO approved the new IADI Code of Ethics and Conduct drawn up by the Working Group on the Code of Ethics and Conduct led by Giuseppe Boccuzzi, of the FITD, Italy. The purpose of the Code of Ethics and Conduct is to preserve and enhance the reputation, integrity, credibility and image of IADI. It outlines the values, principles and rules of conduct for IADI, and may be found here (log in required to Members-only website).

Pending ongoing review by the BIS Legal Service, the current Code of Ethics and Conduct document may be subject to revision.

Transition of duties from the Finance and Planning Technical Committee

As reported above for other former Standing Committees, and as a result of IADI’s revised governance structure, the Finance and Planning Committee (FPC) ceased to exist in October 2016. However, in order to ensure a smooth transition, the former FPC was re-established as a technical and interim committee, known as the Finance and Planning Technical Committee (FPTC) under the auspices of the MRC.

Having served its purpose, the FPTC was disbanded in October 2017, with its duties having been transitioned to the MRC. The MRC wishes to thank the FPTC for its efforts, especially the FPTC’s former Chairperson, Mr Hiroyuki Obata of the Deposit Insurance Corporation of Japan.

Chairperson

Kapal Kumar Vohra - Deposit Insurance and Credit Guarantee Corporation (India)

Other Members

Alejandro López (Seguro de Depósitos Sociedad Anónima, Argentina), Giuseppe Boccuzzi (Interbank Deposit Protection Fund, Italy), John M. Chikura (Deposit Protection Corporation, Zimbabwe), Marija Hrebac (State Agency for Deposit Insurance and Bank Resolution, Croatia), Michèle Bourque (Canada Deposit Insurance Corporation), Mohamud A. Mohamud (Kenya Deposit Insurance Corporation), Mu’taz I. Barbour (Jordan Deposit Insurance Corporation), Roberto Tan (Philippine Deposit Insurance Corporation), William Su (Central Deposit Insurance Corporation, Chinese Taipei)

Council Committee Reports

Training and Technical Assistance Council Committee



Report of the Chairperson

Raúl Castro Montiel – Instituto para la Protección al Ahorro Bancario, Mexico.

The mandate of the Training and Technical Assistance Council Committee (TTAC) includes: (i) overseeing the development of high-quality training and conference programmes on effective deposit insurance systems and other issues relating to global financial stability; (ii) promoting and facilitating the sharing and exchange of expertise among Members, Partners and Associates and the dissemination of information through training, development and educational programmes; and (iii) promoting the Association's recognition worldwide as an international standard setter on deposit insurance issues.

To accomplish these objectives, two Technical Committees support the TTAC's work: the Training and Conference Technical Committee (TCTC) and the Technical Assistance Technical Committee (TATC).

Establishing Guidelines on IADI Workshops and Knowledge Events

Last year, the TTAC worked on developing general guidelines and technological tools for the preparation, development and follow-up of knowledge events and workshops. In particular, the Committee initiated the following projects: policy on hosting IADI Annual General and Executive Council Meetings and Conferences (Hosting Policy); the IADI Members-only repository; document "Lessons Learned: IADI Technical Assistance & Training Initiatives"; and manual for planning and conducting Training and Technical Assistance Workshops (CP Manual).

Strengthening the IADI Technical Assistance Programme

As of 31 March 2018, the TTAC – together with the IADI Secretariat, Regional Committees and the Technical Committee Chairpersons – has assisted in conducting Regional Technical Assistance Workshops (TAW) for most of the IADI regions, and one Self-Assessment Technical Assistance Program (SATAP).

- The TAWs were the following: European Regional Committee (Bari, Italy, 5–6 April 2017); Caribbean, Latin and North America Regional Committees (São Paulo, Brazil, 24–26 April 2017); Asia-Pacific Regional Committee (Yogyakarta, Indonesia, 17–18 July 2017); and Eurasia Regional Committee (Almaty, Kazakhstan, 4–6 September 2017).
- A SATAP review was conducted for the Deposit Insurance of Vietnam (DIV) with the assistance of IADI experts. The team of experts completed the assessment and onsite review between 22 and 26 January 2018. A final draft report was submitted to the DIV for review and final approval.

Increasing knowledge and compliance with the Core Principles

The TTAC, jointly with the TCTC and IADI Secretariat, is working on a proposal to develop four different types of Core Principles (CPs) Workshops: High Level, General CPs, Specific CP and CP Expert Training. These projects are tailored to various target levels of knowledge on compliance with and implementation of the Core Principles.

- The first session of the IADI Expert Training took place in Naples, Italy, on 26–28 March 2018. The objective of this event was to provide intensive training on CP assessment and expand the roster of IADI experts capable of conducting SATAP, FSAPs and FSB peer reviews, in particular. Sixteen participants from sixteen jurisdictions attended this event.

Building a peer assistance framework

The TTAC, with the support of its two TCs, has developed different initiatives to identify the specific needs for training and technical assistance, as well as Members' areas of expertise that could be made available to the rest of the IADI membership. Additionally, the TTAC has identified potential speakers and experts on deposit insurance and compliance with the CPs. The initiatives developed so far are the following:

- Request form for organisations seeking capacity building assistance on specific topics: the TATC has collected requests from 16 Members: Albania, Brunei Darussalam, Colombia, Ecuador, Guatemala, Kazakhstan, the Kyrgyz Republic, Mongolia, Morocco, Palestine, Paraguay, Peru, the Philippines, Trinidad and Tobago, Uganda, and Zimbabwe. The Committee is developing a strategy to cover these requests.
- Information request form for the IADI registry of capacity building expertise (special survey): this survey was created by the TATC on the basis that each IADI Member has different areas of experience to share with other Members, and taking as a reference each of the 16 CPs and the applicable Essential Criteria. The survey received 56 replies and the TATC is working on a methodology to match technical assistance needs with specific experts.
- The experts registry and speaker database. The TATC shared the survey results with the CPRC and the TCTC, to develop the expert registry and the speaker database for current and future training and conferences. The speaker database initiative is intended for presentation at the first EXCO meeting in the new financial year.

Council Committee Reports

Training and Technical Assistance Council Committee

Chairperson:

Raúl Castro (Instituto para la Protección al Ahorro Bancario, Mexico)

- Training and Conference Technical Committee (TCTC) Chair: Fred Carns (Federal Deposit Insurance Corporation, USA)
- Technical Assistance Technical Committee (TATC) Chair: Alex Kuczynski (Financial Services Compensation Scheme, United Kingdom)

Members:

Alejandro López (Seguro de Depósitos Sociedad Anónima, Argentina), Bumgook Gwak (Korea Deposit Insurance Corporation), Kuanyshbek Abzhanov (Kazakhstan Deposit Insurance Fund), Michèle Bourque (Canada Deposit Insurance Corporation), Michelle Rolingson-Pierre (Deposit Insurance Corporation Trinidad and Tobago), Nikolay Evstratenko (Deposit Insurance Agency, Russian Federation), Roberto Tan (Philippines Deposit Insurance Corporation), Violeta Arifi-Krasniqi (Deposit Insurance Fund of Kosovo)

Council Committee Reports

Training and Conference Technical Committee



Report of the Chairperson

Fred Carns – Federal Deposit Insurance Corporation, USA

The Training and Conference Technical Committee (TCTC) is charged with supporting IADI Members and the Secretariat in the organisation and planning of the Annual IADI Conference, Biennial Research Conference, and other training initiatives. Additionally, the TCTC is responsible for coordinating IADI's Self-Assessment Technical Assistance Program (SATAP), as well as regional, Core Principles and expert training workshops.

For 2017/18, the Committee oversaw the development of workshops designed to ensure that IADI Members have advanced knowledge of the Core Principles for Effective Deposit Insurance systems. The TCTC also provided assistance to the Regional Committees in developing TAWs, which are designed to develop strategies for addressing gaps among Members in meeting the Core Principles.

During the period, an experts training workshop took place. The workshop was designed to provide intensive training on the IADI Core Principles assessment methodology, in order to expand the roster of experts capable of providing technical assistance. In addition, regional TAWs were hosted by the Caribbean Regional Committee, Asia-Pacific Regional Committee and Eurasia Regional Committee, while the third America's Deposit Insurance Forum was hosted by the Latin American Regional Committee, Regional Committee of North America and Caribbean Regional Committee. The TCTC is currently planning for a high-level workshop on the CPs to be held after the 17th AGM, in addition to TAWs for each region in the next financial year.

The Committee reviewed, and approved for the TTAC's consideration, a manual on the provision of technical assistance. The manual, which will serve as guidance to those planning a TAW, details the steps involved in conducting a technical assistance workshop and the points of contact for each step.

The Committee is also undertaking a review of the FSI Connect tutorial related to the preparation of self-assessments.

Chairperson

Fred Carns (Federal Deposit Insurance Corporation, USA)

Members

Antonia Caballero (Instituto de Garantía de Depósitos, El Salvador), Jerry Sociedade (Canada Deposit Insurance Corporation), Kuanyshbek Abzhanov (Kazakhstan Deposit Insurance Fund), Sung Wook Youn (Korea Deposit Insurance Corporation), Vilma Rosa Leon-York (Office of Technical Assistance, US Treasury Department, USA), Vincent Gros (Fonds de Garantie des Dépôts et de Résolution, France), Violeta Arifi-Krasniqi (Kosovo Deposit Savings Fund), Yvonne Fan (Central Deposit Insurance Corporation, Chinese Taipei)

Council Committee Reports

Technical Assistance Technical Committee



Report of the Chairperson

Alex Kuczynski – Financial Services Compensation Scheme, United Kingdom

The work of the TATC, chaired by Alex Kuczynski, considers how IADI should identify and meet the requirements for specific training needs from each member (or in some cases, regional members), and act accordingly in order to provide a demand-driven, tailor-made response or solution for the DIS concerned. Such needs might arise from IADI workshops or conferences, or from local assessments or reviews. The term ‘technical assistance’ in this context should be understood as support provided by sharing expertise, knowledge and information among members (i.e. peer collaboration).

During the reporting period, the TATC reviewed the requests received for technical assistance from Members, agreed on a methodology for assessing requests and worked on a process for matching the requests with Members, in collaboration with the Secretariat and the Regional Committees. The TATC is now working with the DSTC and the TCTC to develop appropriate questions for the IADI Annual Survey to identify Members’ technical assistance needs.

The TATC is also charged with developing a list of experts and areas of expertise related to the CPs, in order to be able to build an improved registry of experience which can be drawn on and offered to the regions and Members – with experts arranged by topic and by CP, not by Member, in order to facilitate the coordination of technical assistance between the experts, and between the expert and the recipient. In this regard, and working to the plan of the TTAC, the TATC developed a survey of Members to capture the technical expertise that could be offered as assistance to Members, and potential members. As intended, the survey recorded that expertise by region, type and maturity of Member, as well as by the Core Principle experiences. In total, 56 Members responded to the survey. The information gathered was shared with the TCTC to support the expert speaker database.

The next phase is to road-test the methodology and outputs over the next year or so, working with the IADI Secretariat and Regional Committees.

Chairperson

Alex Kuczynski (Financial Services Compensation Scheme, United Kingdom)

Members

Kapal Kumar Vohra (Deposit Insurance and Credit Guarantee Corporation, India), Kuanyshbek Abzhanov (Kazakhstan Deposit Insurance Fund), Maria Ester Hanopol (Philippine Deposit Insurance Corporation), Michel Canta (Fondo de Seguro de Depósitos, Peru), Mohamed Mahraoui (Moroccan Deposit Insurance Corporation), Thorbjörn Karp (Auditing Association of German Banks), Vincent Gros (Fonds de Garantie Dépôts et de Résolution, France), Violeta Arifi-Krasniqi (Deposit Insurance Fund, Kosovo)

Overview of IADI Training and Education Events in FY 2017/18



52nd EXCO Meeting, Basel, Switzerland, 29–31 May 2017

The 52nd Executive Council (EXCO) Meeting, and associated Council and Technical Committee meetings, were hosted at the BIS, on 29–31 May 2017. During the EXCO Meeting, Mr Bumgook Gwak, the Chair of the Working Group (WG) on the Council Committee Terms of Reference (TOR) gave a presentation on the WG’s final report. The revised draft TORs – which describe the mandate, objectives and responsibilities of the four newly created Council Committees – were approved by the EXCO members. The meeting also included reports on the Association’s financial statements, research programme, member relations, and technical assistance and training initiatives. Regional issues were discussed and included a review by the Asia-Pacific Regional Committee on lessons from the operations of other IADI Regional Committees.

The meeting provided an opportunity for Mr Bumgook Gwak, Chairman and President of the Korea Deposit Insurance Corporation (KDIC), to announce the opening of the KDIC’s new Global Academy. The Academy comprises state-of-the-art learning, accommodation and recreational facilities, with plans to offer professional courses on five key areas to KDIC staff and international colleagues, with a view to it becoming a useful tool for IADI Members. For further information, please visit the KDIC website.

IADI 4th Biennial Research Conference, Basel, Switzerland, 1–2 June 2017

The 4th IADI Biennial Research Conference, entitled “Designing an Optimal Deposit Insurance System – Theory and Practice” was held on 1–2 June 2017. For more details, see above.



15th APRC Annual Meeting, APRC Regional Workshop and APRC International Conference, Yogyakarta, Indonesia, 17–20 July 2017

The APRC Annual Meeting was hosted by the Indonesia Deposit Insurance Corporation (IDIC) in Yogyakarta, Indonesia. A Regional Technical Assistance Workshop took place on 17–18 July 2017 and was aimed at providing guidance on three main resolution-related topics: dealing with problem banks; financial safety-net arrangements; and resolution funding. Following the APRC Annual Meeting, the APRC International Conference, entitled “Reforming Deposit Insurance – How Far

Overview of IADI Training and Education Events in FY 2017/18

Have We Gone?” was held on 19 July 2017. The Conference (which was open to all IADI participants) included discussions on reforming deposit insurance systems (DISs) in the wake of previous financial crises, particularly DIS mandate expansion and how to strengthen a DIS’s capacity to respond to the dynamics of a financial system. It also covered the lessons learned from transformation of DISs around the globe, experiences with bank restructuring programmes from past financial crises, and how to prepare for a future crisis by establishing sound coordination among financial safety-net members.



Bank Resolution Workshop and Simulation Exercise and CRC Meeting, Montego Bay, Jamaica, 17–21 July 2017

The Caribbean Regional Committee (CRC) organised a Bank Resolution Workshop and Simulation Exercise hosted by the Jamaica Deposit Insurance Corporation (JDIC) in Montego Bay, Jamaica, on 17–21 July 2017. The sessions, which were facilitated by subject matter experts from the U.S. Department of the Treasury’s Office of Technical Assistance (US OTA), exposed participants to the standards of best practices and principles relating to: problem bank identification; enforcement actions and monitoring; bank intervention and resolution planning; determining the least-cost resolution option by comparing liquidation to a purchase and assumption (P&A) option; and settlement processes and receivership in a purchase and assumption transaction.



The workshop included presentations, case studies, and the sharing of real-life experiences by the presenters. Participants also simulated the key roles of members of a financial safety-net and a bank intervention team in the closure of a hypothetical failed bank, by role-playing various scenarios and conducting desktop exercises.

The Workshop and Simulation Exercise was attended by 41 participants, representing deposit insurers, bank supervisors, and officials from ministries of finance and treasury departments from 15 agencies within the Caribbean and Latin America.

10th EARC AGM and International Technical Seminar and Conference, Almaty, Kazakhstan, 4–6 September 2017

The 10th Eurasia Regional Committee (EARC) Annual Meeting, hosted by the Kazakhstan Deposit Insurance Fund (KDIF), was held in Almaty, Kazakhstan, on 4–6 September 2017, in conjunction with the International IADI Technical Seminar-Conference on “Core Principles for Effective Deposit Insurance Systems, Problem Bank Resolution, and

Islamic Deposit Insurance”. As host, the KDIF welcomed 39 foreign deposit insurance experts at the level of executive officers, deputy CEOs, and lead experts representing deposit insurance organisations from 15 jurisdictions across Eurasia, Asia-Pacific, Europe and North America. In addition, representatives from the National Bank of the Republic of Kazakhstan and the members of the KDIF’s Board of Directors took part in the events.

The two-day International Seminar and Conference focused on two issues:

- 1) Global best practices in bank failure resolution processes, and
- 2) Islamic deposit insurance.

The sessions covered harmonisation of deposit insurance and banking legislation in the member countries of the Eurasia Economic Union, Islamic deposit insurance systems and IADI Core Principles (CPs) directly affected by them, and how the Core Principles deal with problem bank resolution. In the course of the special round table workshop, an open discussion was held on practical experiences with problem bank resolution and liquidation, challenges faced and possible solutions. Subsequently, common action plans were developed by the round table session participants in order to improve their systems. The events concluded with a presentation by a World Bank representative summarising its independent assessment of the KDIF’s operations and compliance with the CPs.

Joint FSI-IADI Policy Implementation Meeting, Basel, Switzerland, 12–13 September 2017

The FSI and IADI held their first joint Policy Implementation Meeting (PIM) on “Early Supervisory Intervention, Resolution and Deposit Insurance’ in Basel, Switzerland, on 12–13 September 2017. The PIM, attended by 40 supervisors and deposit insurers/resolution authorities, provided an opportunity for heads of department at supervisory and deposit insurers/resolution authorities to explore the practical and critical implementation challenges and coordination issues related to the concept of ‘early intervention and resolution’. Those attending were mid-to-high-level practitioner deposit insurers with bank resolution mandates (e.g. Canada, Chinese Taipei, Colombia, Italy, Japan, Kenya, Korea, Malaysia, Mexico, Nigeria, the Philippines, Poland, Russia, and USA). Due to its success, future PIM events are planned.

53rd EXCO Meeting, 16th IADI Annual General Meeting and Conference, Québec City, Canada, 8–13 October 2017

The Autorité des marchés financiers (AMF) hosted the 16th IADI Annual General Meeting and Annual Conference and the 53rd EXCO Meeting on 8–13 October 2017 at the Fairmont le Château Frontenac in Québec City, Canada. The event was chaired by Louis Morisset, President and Chief Executive Officer of the AMF. Over 230 participants, representing around 70 jurisdictions worldwide, attended this event.

The week began with three days of meetings for the IADI Subcommittees, Technical Committees, Regional Committees, Council Committees, EXCO, and the Meeting of the President with non-EXCO members.

Overview of IADI Training and Education Events in FY 2017/18

The 16th IADI Annual Conference, lasting one-and-a-half days, took the theme “Deposit Insurance for All – Adapting the Core Principles to Different Structures, Mandates and Types of Institutions”. This edition focused on two main topics: structures, mandates and types of institutions; and financial inclusion. It featured presentations and panel discussions by top policymakers, deposit insurers, industry members and prominent academics, who discussed, debated and provided insights on how the international standards and resolution tools developed for traditional banks after the financial crisis could be adapted for non-bank deposit-taking institutions. A summary of the Annual Conference may be found at Annex II of this Annual Report.

Following the Conference, IADI held its Annual General Meeting during which Katsunori Mikuniya, Governor of the Deposit Insurance Corporation of Japan, was elected to replace Thomas Hoening as IADI President and Chair of EXCO for a three-year term.

International Seminar on Recovery and Resolution Plans of Systemically Important Financial Institutions, Taipei City, Chinese Taipei, 7–8 November 2017

The Central Deposit Insurance Corporation (CDIC, Chinese Taipei) hosted the International Seminar on Recovery and Resolution Plans of Systemically Important Financial Institutions at the Chang Yung-Fa Foundation International Convention Center in Taipei City, Chinese Taipei. The seminar was attended by over 150 participants, including representatives from 14 jurisdictions worldwide. Experts from the Americas, Europe and Asia shared their experiences of setting up Recovery and Resolution Plans (RRPs), legal frameworks and mechanisms, and implementing RRP in their respective jurisdictions. Financial institutions’ practices and experiences in developing RRP, and the orderly liquidation of systemically important financial institutions (SIFIs) were also covered.

ARC Annual Conference, Victoria Falls, Zimbabwe, 6–8 November 2017

The Africa Regional Committee (ARC) Annual Meeting and Annual Conference was held on 6–8 November 2017, at Victoria Falls, Zimbabwe, and was hosted by the Deposit Protection Corporation, Zimbabwe. The Conference, with the theme “Deposit Protection and Financial Technology Linked Deposits”, was attended by 48 delegates from jurisdictions such as Ghana, Japan, Kenya, Nigeria, South Africa, Swaziland, Switzerland, Uganda, and Zimbabwe. Discussions centred around three main approaches for extending deposit protection to financially linked technology deposits, namely: the direct approach, the indirect approach, and the pass-through approach. However, it was noted that many jurisdictions are still in the process of identifying the best approach for them, given the complexity of defining a deposit, especially with regard to products linked to technological innovation.

The conference also discussed the issue of the increase in digital currencies such as Bitcoin, and the problems associated with these currencies, as they are not regulated.

The topics discussed included: emerging international trends in the protection of financial technology products/deposits; the growth of financial technology services in Africa: challenges for DISs; coordina-

tion between safety-net participants in the financial services sector; and the role of deposit insurance in financial inclusion.

MENA Seminar, Tunisia, 21–23 November 2017

The Middle East and North Africa Regional Committee (MENA) Seminar on the IADI Core Principles (conducted in Arabic) was held in late November 2017, in Tunis, Tunisia. Reflecting MENA’s commitment to promoting familiarity with the IADI Core Principles among countries in the region, the workshop’s primary focus was on the Core Principles – and especially on implementation issues from a legal and operational standpoint, while taking into account each jurisdiction’s particular characteristics. The MENA Regional Committee and the Institute of Tunisia Central Bank in Tunis worked together in organising this event. The event was hosted by the Tunisia Central Bank and held under the patronage of the Deputy Governor of Tunisia Central Bank and the Chairperson of the MENA Regional Committee. It was attended by both IADI Members as well as potential Members and Associates in the region.

54th EXCO Meeting, Basel, Switzerland, 29–31 January 2018

The 54th Executive Council (EXCO) Meeting and associated Committee Meetings were hosted by IADI on 29–30 January 2018 in Basel, Switzerland. During the EXCO Meeting, Mr Giuseppe Boccuzzi, the Chair of the Working Group on the Code of Ethics and Conduct gave a presentation on the aims, structure and content of the newly created Code, which was then approved and adopted by EXCO. Following this, the President of IADI and EXCO Chair, Katsunori Mikuniya, presented a paper on IADI’s new funding options, in line with the Association’s Strategic Goals and Business Plan 2017/2020, and proposed that a Working Group be set up to address relevant key issues, following an insightful discussion amongst the EXCO Members.

Joint Financial Stability Institute (FSI)-IADI Conference, Basel, Switzerland, 31 January–2 February 2018

IADI and the BIS’s Financial Stability Institute (FSI) co-hosted their eighth joint conference on bank resolution, crisis management and deposit insurance on 31 January–2 February 2018 in Basel, Switzerland. The Conference was hosted by IADI President and EXCO Chair, Katsunori Mikuniya, and Fernando Restoy, Chairman of the FSI. Distinguished speakers and panels from a variety of fields had a wide-ranging discussion and shared their views on the main conference themes: resolution frameworks; global resolution standards; interaction between banking supervision, resolution and deposit insurance; lessons learned from previous bank failures; and future challenges.

Keynote speakers were Mark Branson (Chief Executive Officer of the Swiss Financial Market Supervisory Authority and Chair of the Financial Stability Board Resolution Steering Group) and Paul Tucker (Chair of the Systemic Risk Council and Senior Fellow at the Center for European Studies at Harvard University), with the closing remarks given by Agustín Carstens (BIS General Manager). The event was attended by some 250 central bankers, banking supervisory officials and deposit insurers representing 130 financial authorities in around 80 jurisdictions worldwide.

Overview of IADI Training and Education Events in FY 2017/18

ERC Annual Meeting and International Conference, Naples, Italy, 22–23 March 2018

The IADI Europe Regional Committee (ERC) held its Annual Meeting and International Conference on 22–23 March 2018 in Naples, Italy, hosted by the Interbank Deposit Protection Fund, Italy. The Conference, based on the theme “Resolution and Deposit Guarantee Schemes in Europe: Incomplete Processes and Uncertain Outcomes”, provided an updated picture of resolution processes in Europe from the point of view of banks and authorities. The event was attended by close to 150 participants, consisting of deposit insurers, international and Italian banking institutions, and academics.

Expert Training Workshop, Naples, Italy, 26–27 March 2018

IADI hosted its Experts Training Workshop for Assessing Compliance with the IADI Core Principles for Effective Deposit Insurance Systems (the Core Principles) on 26–27 March 2018 in Naples, Italy. Sixteen carefully selected, highly qualified senior staff nominated by IADI Members from various regions participated in training by ten Core Principles experts. In-depth discussions were held on a number of technical topics surrounding compliance assessment methodology, based upon case studies conducted by IADI over the last six years. Participants also discussed special issues, including: the application of the Core Principles to private deposit insurance systems; FSB Key Attributes; and the deposit insurer’s role in resolution regimes.

The expert training programme is designed to build a team of recognised experts on the Core Principles, who may be utilised by the World Bank and International Monetary Fund in assessing a jurisdiction’s financial stability. These recognised experts could also assist with conducting Self-Assessment Technical Assistance Program (SATAP) reviews, holding IADI workshops on Core Principles overviews and peer reviews, and conducting FSB peer reviews.

16th Annual APRC Meeting and APRC International Conference, Hanoi, Vietnam, 16–18 April 2018

The IADI Asia-Pacific Regional Committee (APRC) held its Annual Meeting and International Conference on 16–18 April 2018 in Hanoi, Vietnam, hosted by the Deposit Insurance of Vietnam. During the Conference, entitled “Small and Medium-sized Insured Institutions – What We Can Do for Them”, participants shared their experience and best practices on their functions and mandates, specifically addressing critical issues pertaining to small and medium-sized insured institutions. They also discussed the application of the Core Principles and the implementation of IADI’s Self-Assessment Technical Assistance Program (SATAP) in various countries. Around 230 participants from 23 jurisdictions attended this event.

Third Americas Deposit Insurance Forum, Regional Committee Meeting and Technical Assistance Workshop, Mexico City, Mexico, 23–26 April 2018



Three IADI Regional Committees, namely the Latin America, Caribbean and North America Regional Committees, came together to hold their third Americas’ Deposit Insurance Forum and Regional Committee Meetings in Mexico City, Mexico, on 23–26 April 2018, hosted by Mexico’s Instituto para la Protección al Ahorro Bancario (IPAB). With the theme of “Bank Resolution and Crisis Management: Beyond the Core Principles”, the Forum aimed to share experiences in the areas of deposit insurance, bank resolution and crisis management. Numerous sessions, several of which included an interactive component, covered investment policy and funding, safety-net cooperation and governance, resolution planning and toolkits, resolution case studies, and a workshop on IADI Core Principle Self-Assessments. Over 90 participants from more than 20 jurisdictions attended this event, and IADI is pleased to report that the Forum and individual sessions were highly rated by participants.

IADI Regional Committees have been created for Africa, Asia-Pacific, the Caribbean, Eurasia, Europe, Latin America, the Middle East & North Africa, and North America to reflect regional interests and common issues through the sharing and exchange of information and ideas.

The Chairpersons of the Regional Committees are responsible for recommending actions to EXCO and communicating plans and activities, as well as reporting on their activities at each meeting of EXCO, in order to ensure focus and transparency. This approach ensures EXCO's awareness of Member jurisdictions' regional interests and develop-

ments. Furthermore, the Regional Committees are critical to a proactive outreach programme, being the contact points for IADI membership, newcomers and potential Members, in disseminating information on IADI, its Core Principles, its research and guidance, events and activities. The Regional Committees once again held a number of training events organised jointly with the Training and Technical Assistance Council Committee (for details, see the TTAC section above). The table below outlines the activities undertaken by each Regional Committee during the period under review.

Africa Regional Committee – ARC

Chairperson:

John M. Chikura – Zimbabwe

Members:

- Mohamud A. Mohamud – Kenya
- Umaru Ibrahim – Nigeria
- Abdel Gadir Salih – Sudan
- Emmanuel Makwaia Boaz – Tanzania
- Justine Bagyenda – Uganda
- Habib Soumana – West African Monetary Union

Associates:

- Yandraduth Googoolye – Mauritius
- Ingrid Goodspeed – South Africa

Outreach and Focus

The Committee focuses on capacity building for regional deposit insurers and on the recruitment of new Members. In September 2017, IADI welcomed a new participant from the Africa region, the West African Monetary Union Deposit Insurance Fund.

ARC Members continue to focus on finding ways to extend deposit protection to mobile banking products and related electronic products. These efforts will help to better protect depositors and advance financial inclusion.

In all its events, the ARC invites jurisdictions that are setting or are yet to set up deposit protection systems to join IADI as part of its outreach programme.

ARC Annual Conference

The Deposit Protection Corporation, Zimbabwe, hosted the ARC Annual Conference and Annual General Meeting in Victoria Falls on 6–8 November 2017. Further details may be found in the section “Overview of IADI Training and Education Events”, above.

The topics discussed at the Conference included: emerging international trends in the protection of financial technology products/deposits; growth of financial technology services in Africa: challenges for DISs; IADI initiatives on protecting financial technology deposits; deposit protection frameworks for financial technology deposits – experiences and initiatives from members; overview and evolution of financial technology deposits in Zimbabwe: issues and challenges; Basel II/III and TLAC Standards and their impact on deposit protection; the role of the deposit insurer as a resolution authority; coordination between safety-net participants in the financial services sector; and the role of deposit insurance in financial inclusion.



Regional Outreach and Key Focus

Asia-Pacific Regional Committee – APRC

Chairperson:

William Su – Chinese Taipei

Vice Chairperson:

Nguyen Quang Huy – Vietnam (till April 2018)

Roberto Tan – Philippines (elected at the APRC Annual Meeting, April 2018)

Members:

- Greg Newton – Australia
- Vugar Abdullayev – Azerbaijan
- S.K. Sur Chowdhury – Bangladesh
- Tracy Chong Ling Kun – Brunei Darussalam
- William Su – Chinese Taipei
- Daryl Ho – Hong Kong
- Kapal Kumar Vohra – India
- Fauzi Ichsan – Indonesia
- Katsunori Mikuniya – Japan
- Bakyt Kogulov – Kazakhstan
- Bumgook Gwak – Korea
- Zhyrgalbek Kasymov – Kyrgyz Republic
- Rafiz Azuan Abdullah – Malaysia
- Bum-Erdene Khariyu – Mongolia
- Roberto B. Tan – Philippines
- Nikolay Evstratenko – Russian Federation
- Denise Wong – Singapore
- Satorn Topothai – Thailand

Associates:

- Nestor A. Espenilla, Jr. – Philippines

Partners:

- Robin Newnham – Alliance for Financial Inclusion
- Naoyuki Yoshino – Asian Development Bank Institute
- Hans Genberg – The SEACEN Centre



Outreach and Focus

The APRC's current business plan consists of the following six activities: promoting IADI Membership and participation in the region; promoting dialogue through meetings and other opportunities in the region; conducting deposit insurance related studies from the perspective of the region; enhancing regional cooperation by providing support to deposit insurers and other interested parties; collaborating with international financial institutions; and providing a platform for communication among members in the region.

William Su, Central Deposit Insurance Corporation, Chinese Taipei, was elected as the APRC's new Chairperson for a two-year term in December 2017 to succeed Hiroyuki Obata, who retired from his position as the Deputy Governor of the Deposit Insurance Corporation of Japan (DICJ) in October 2017. Mr Su's appointment as Regional Committee Chairperson was ratified by the IADI EXCO in January 2018.

Under the new Chairpersonship, the APRC has initiated the review and revision of the APRC Terms of Reference (TORs), in order to implement the Strategic Priorities and Action Plans approved by the APRC in July 2017, and to enhance its sustainability and continuity. The major amendments to the TORs entail creating a permanent position of APRC Vice Chairperson, as well as establishing Technical Committees. In addition, the selection procedures for the positions of APRC Vice Chairperson, as well as Technical Committee Chairpersons and members have been added. The revised TORs were approved by the APRC via correspondence vote during the reporting period, subsequently ratified by the APRC in April 2018, and approved by EXCO in May 2018.

Further, the positions of APRC Vice Chairperson, as well as Technical Committee Chairpersons were filled, and new members admitted following the Expressions of Interest (EOIs) process. These appointments were officially approved at the 16th APRC Annual Meeting in Hanoi, Vietnam, in April 2018. The appointments are as follows: Roberto Tan, Philippine Deposit Insurance Corporation, as APRC Vice Chairperson, succeeding Nguyen Quang Huy, of the Deposit Insurance of Vietnam; Rafiz Azuan Abdullah, Malaysia Deposit Insurance Corporation, as Chairperson of the APRC Research Technical Committee; and Sung Wook Youn, Korea Deposit Insurance Corporation (KDIC), as Chairperson of the Training and Assistance Technical Committee.

Events held

During the reporting period, several training events, seminars and conferences on a variety of topics were organised by the APRC and its members, including the "One Asia with KDIC" training programme in June 2017, the 15th APRC Annual Meeting, Technical Assistance Workshop and International Conference in Yogyakarta, Indonesia, in July 2017, the IADI Technical Seminar and International Practical Conference in Almaty, Kazakhstan, in September 2017, the International Seminar in Chinese Taipei, in November 2017 and the 10th DICJ Round Table in Kyoto in March 2018, which reflected the diversity of the APRC members' interests and mandates.

Caribbean Regional Committee – CRC

Chairperson:

Noel Nunes – Trinidad and Tobago

Members:

- Abhilash Bhachech – Bahamas
- Arlita John – Barbados
- Antoinette McKain – Jamaica

Associates:

- Jeremiah Frett – British Virgin Islands

Outreach and Focus

A review of the outreach efforts within the Caribbean Region for the 2017/18 financial year, revealed that IADI CRC was more engaged in regular, scheduled teleconference meetings with special emphasis on research topics related to setting a target for the Deposit Insurance Fund and the establishment of a new operational structure via newly documented Terms of Reference. With regards to the profile of the regional committee, the Memorandum of Cooperation has officially admitted the Bahamas Deposit Insurance Corporation and moves are afoot to include the De Nederlandsche Bank (DNB) (Caribbean) as a member of the CRC.

The Regional Committee also continues its review of the Caribbean Community and Common Market (CARICOM) Financial Services Agreement in the context of its implications for regional deposit insurers. Further, CRC Members are making contributions towards the establishment of a model deposit insurance system based on the IADI Core Principles under the authority of CARICOM.

The CRC remains committed to work closely with representatives of the British Virgin Islands (BVI), particularly after the passage of Hurricane Irma on September 6, 2017 and Hurricane Maria fourteen days thereafter, both of which severely affected the Islands' infrastructure. Notwithstanding this major challenge, the BVI continues to work on the development of the Virgin Islands Deposit Insurance Corporation, designed to be fully compliant with the Core Principles and other international best practices. The Government of the British Virgin Islands has also commenced the process of drafting the accompanying Regulation to the Virgin Islands Deposit Insurance Act 2016, and in doing so has solicited technical assistance from the Canada Deposit Insurance Corporation.

The Government of Guyana passed legislation in June 2018 to establish its deposit insurance corporation. Other jurisdictions or organisations in the Caribbean region that are currently studying the establishment of an explicit deposit insurance system are Haiti and the Eastern Caribbean Central Bank (ECCB).

The CRC continues to maintain its cooperation with neighbouring Regional Committees, namely, the Latin America Regional Committee and the North America Regional Committee, and has jointly held the first, second and third Americas Deposit Insurance Forums.

Regional Outreach and Key Focus

Eurasia Regional Committee – EARC

Chairperson:

İlhami Öztürk – Turkey

Vice Chairperson:

Zhyrgalbek Kasymov – Kyrgyz Republic

Members:

- Vugar Abdullayev – Azerbaijan
- Bakyt Kogulov – Kazakhstan
- Bum-Erdene Khariyu – Mongolia
- Georgy Agaptsev – Russian Federation
- Kostyantyn Vorushylin – Ukraine

Observers:

- Hermine Harutyunyan – Armenia
- Valeriy Telipko – Belarus
- Abduvose Hakimov – Tajikistan

Outreach and Focus

In the 2017/18 financial year, the EARC continued to work to fulfil the objectives outlined in its business plan, including increasing IADI membership in the region, intensifying dialogue between the Committee’s members, and promoting capacity building and technical assistance related to deposit insurance within the region. EARC welcomed Vugar Abdullayev as the new representative of the Azerbaijan Deposit Insurance Fund, succeeding Azad Javadov.

The 10th EARC Annual Meeting and International Technical Seminar and Conference were held on 4–6 September 2017 in Almaty, Kazakhstan, hosted by the Kazakhstan Deposit Insurance Fund. The seminar was on the topic of “Core Principles for Effective Deposit Insurance Systems and Islamic Deposit Insurance”, and facilitated the sharing of experiences between Regional Committee members and the participating observers, as well as group discussions and teamwork to develop common action plans.

With regard to furthering IADI’s collaboration with international financial institutions, some of the EARC members worked together with the World Bank to assess compliance with the revised Core Principles and to enhance bank resolution activities. In addition, EARC members strengthened cooperation with the financial safety-net participants in their respective jurisdictions, and with IADI Members from other regions. Promotion of public awareness and financial literacy, and IT systems improvement were other areas of focus.



Europe Regional Committee – ERC

Chairperson:

Giuseppe Boccuzzi – Italy

Vice Chairperson:

Lidija Perović – Serbia (till March 2018)

Sonja Lill Flø Myklebust – Norway (elected at the ERC Annual Meeting, 22 March 2018)



Members:

- Genci Mamani – Albania
- Herman Debremaeker – Belgium
- Josip Nevjestić – Bosnia and Herzegovina
- Radoslav Milenkov – Bulgaria
- Marija Hrebac – Croatia
- Renata Kadleková – Czech Republic
- Taos Tuija – Finland
- Thierry Dissaux – France
- Dirk Cupei – The Deposit Protection Fund of the Association of German Banks, Germany
- Georgia Karageorgi – Greece
- Richard Denton – Guernsey
- András Komar – Hungary
- Brynjar Kristjánsson – Iceland
- Tom Fothergill – Jersey
- Violeta Arifi-Krasniqi – Kosovo
- Rafik Yezza – Liechtenstein
- Predrag Marković – Montenegro
- Sven Stevenson – Netherlands
- Zdzisław Sokal – Poland
- Petre Tulin – Romania
- Nikolay Evstratenko – Russian Federation

Outreach and Focus

The ERC continued to promote IADI membership in the region.

At present, the ERC membership is composed of 30 Members and 1 Associate.

The ERC's ongoing initiatives are focused on:

- Leadership planning: developing and proposing possible future actions to ERC members;
- Inter-regional cooperation;
- The ERC's contribution to IADI (sharing experiences and issues, reviewing IADI papers, promoting projects, participation in IADI Working Groups);
- Advancing compliance with the Revised Core Principles.

ERC events

1. The ERC met in Québec City on 10 October 2017, during the 2017 IADI Annual Meeting. Future ERC activities were discussed, and the venue and date of the next ERC Annual Meeting were presented (Naples – end of March 2018).
2. The 2018 ERC Annual Meeting and International Conference was held in Naples, Italy, on 22–24 March 2018. It was organised and hosted by the Fondo Interbancario di Tutela dei Depositi (FITD – Interbank Deposit Guarantee Scheme – Italy). ERC members met on 22 April for the ERC Annual Meeting at Palazzo Nunziante, a historic building of the city.

A total of 27 out of 31 ERC members were present. After an outline of the main actions of the last three years and a debate on specific issues, ERC official delegates renewed the mandate of Giuseppe Boccuzzi (FITD General Director) as ERC Chairperson and elected Sonja Lill Flø Myklebust (Director - Norwegian Banks' Guarantee Fund) as ERC Vice Chairperson.

The topic of the Conference on 23 March was: "Resolution and Deposit Guarantee Schemes in Europe: Incomplete Processes and Uncertain Outcomes".

The Conference was structured as three panel discussions:

- European banks between old and new risks;
- How do we resolve banks?
- EDIS: missing pillar or pillar to miss?

Speakers from European and international institutions (European Commission, European Banking Authority, European Single Resolution Board, Bank for International Settlements, World Bank), academia, major European commercial banks and central banks shared their different views on resolution processes in Europe and the role of Deposit Guarantee Schemes (DGSs) in light of the third pillar of the Banking Union: the single European Deposit Insurance System (EDIS).

Regional Outreach and Key Focus

- Peter Kupljen – Slovenia
- Helena Persson – Sweden
- Gregor Frey – Switzerland
- İlhami Öztürk – Turkey
- Alex Kuczynski – United Kingdom
- Kostyantyn Vorushilin – Ukraine

Associates:

- Michael Hemker and Manfred Kühnle – Auditing Association of German Banks

Latin America Regional Committee – LARC

Chairperson:

Alejandro López – Argentina

Vice Chairperson:

David Salamanca – Fondo de Garantías de Instituciones Financieras, Colombia

Members:

- André Arantes Loes – Fundo Garantidor de Créditos, Brazil
- Lúcio César de Faria – Fundo Garantidor do Cooperativismo de Crédito, Brazil
- Alvaro Vanegas Manotas – Fondo de Garantías de Entidades Cooperativas, Colombia
- Lorena Freire Guerrero – Ecuador
- Ana Graciela Trejo Padilla – El Salvador
- Oscar Roberto Monterroso Sazo – Guatemala
- César Ferdinando Carranza Euceda – Honduras
- Raúl Castro Montiel – Mexico
- Rolando José Sevilla Boza – Nicaragua
- José Antonio Meza Cáceres – Paraguay
- Michel Canta – Peru
- Hugo Libonatti – Uruguay

Invitees:

Ana Lillo Cervantes and Carlos Colao Osorio – Spain

Outreach and Focus

The objectives of LARC (or CRAL in Spanish), as set out in the Committee's business plan, are to: prepare LARC research papers (including comparative studies of the main features of deposit insurance systems in the region); organise meetings and conferences to promote the exchange of knowledge, experience and ideas among members; evalu-

ate the need for technical assistance, advice and training in the region; and promote membership and participation in IADI among regional DISs and with relevant international organisations.

In support of these objectives, LARC members held or coordinated various training and education initiatives, including regional workshops – some held jointly with the Inter-American Development Bank (IADB), as part of the project “Strengthening and Harmonising the Bank Resolution Process and Deposit Insurance in Central America” – and other seminars and conferences, several of which involved the participation of speakers from international organisations such as the World Bank, the IMF and the IADB.

The IADI event in Naples continued into 26-27 March with the Expert Training Workshop on IADI Core Principles, attended by 35 participants from various countries.

ate the need for technical assistance, advice and training in the region; and promote membership and participation in IADI among regional DISs and with relevant international organisations.

In support of these objectives, LARC members held or coordinated various training and education initiatives, including regional workshops – some held jointly with the Inter-American Development Bank (IADB), as part of the project “Strengthening and Harmonising the Bank Resolution Process and Deposit Insurance in Central America” – and other seminars and conferences, several of which involved the participation of speakers from international organisations such as the World Bank, the IMF and the IADB.

Papers produced

In the recent years, the Committee significantly advanced its regional research, issuing five regional papers (in both English and Spanish). These were: “Assessment of Compliance with the Core Principles”, “Payout process in the Latin American Region”, “Optimal Reserve Level”, “IADI Core Principles for Effective Deposit Insurance Systems” and “Asset Investment Policy for a Deposit Insurance System”.

In addition, LARC continued to monitor the latest developments in the region related to deposit insurance. With the aim of increasing information sharing, the Committee set up a LARC members' website, in order to collect information and documents on the region (in both English and Spanish).

Annual Meeting

The Committee organised the third Americas Deposit Insurance Forum, which was attended by members of the Regional Committees of North America, Latin America and the Caribbean, on 23–26 April 2018, in Mexico City, Mexico.

The Deposit Insurance Forum, attended by over 90 participants from more than 20 jurisdictions, provided a valuable opportunity to share knowledge with a particular focus on the varied experiences of the Americas region.

During the Forum, LARC members presented the final results of the analysis of regional Core Principles Self-Assessments.

Furthermore, an Investment Policy Group was created, and its mandate and future actions were agreed upon.

Middle East and North Africa Regional Committee – MENA

Chairperson:

Mu'taz I. Barbour – Jordan

Vice Chairperson:

Mohamed Mahraoui – Morocco

Secretary:

Nada Shihabi – Jordan

Members:

- Sebhi Moftah – Algeria
- Mohammad Talebi – Iran
- Khater Abi Habib – Lebanon
- Osama El Naas – Libya
- Zaher Hammouz – Palestinian Authority
- Abdel Gadir Salih – Sudan
- İlhami Öztürk – Turkey

Associates:

- Bank of Algeria
- Hiba Zahoui – Bank Al Maghrib, Morocco
- Hamad Almulla – Qatar Central Bank

Partner:

Wissam H. Fattouh – Union of Arab Banks

**Objectives**

The Committee's objectives, outlined in the MENA business plan, include: promoting IADI membership and participating in the MENA region in line with the IADI outreach activities; promoting dialogue and cooperation on deposit insurance among MENA members in the region; strengthening MENA's relationships with other IADI jurisdictions; improving participation by MENA members in IADI Committees; undertaking research from the perspective of the region on issues related to deposit insurance; collaborating with regional and international financial institutions and other interested parties.

Outreach Activities

The Committee engaged in outreach activities towards non-member jurisdictions with deposit insurance systems in place or under development. In June 2017, IADI welcomed a new participant from the MENA region, the Fonds de Garantie des Dépôts Bancaires FGDB/Bank Deposit Guarantee Fund, from Algeria.

Collaborative Endeavours

As part of collaborative endeavours to share information and expertise in the field of deposit insurance between deposit insurers and within safety-net structures, the Committee facilitated cooperation among member jurisdictions, and with other IADI Committees. Such cooperation took the form of either Memoranda of Understanding (MOUs), reciprocal visits, participation in deposit insurance-related events, and training programmes. Each year, the MENA Regional Committee holds its Annual Meeting together with the IADI Annual Conference or thematic workshops.

First Arabic-Speaking Workshop, Tunis, Tunisia, 21–23 November 2017

The workshop was organized by the Institute of Tunisia Central Bank in collaboration with the MENA Regional Committee. The event was hosted by the Central Bank of Tunisia and held under the patronage of its Deputy Governor and the Chairperson of the MENA Regional Committee. A welcoming speech from the IADI Secretary General was delivered by Mohamed Mahraoui of the Moroccan Deposit Insurance Corporation.

The workshop focused on several topics related to deposit insurance, the revised IADI Core Principles, and assessments of compliance with the Core Principles. For the first time, a workshop was held in the Arabic language, which is widely spoken in the region. The Workshop was led by Mohamed Mahraoui and covered the following topics: funding and investment activities; payout and key related issues; public awareness policies and tools; and Islamic deposit insurance systems.

In addition to the topics above, a simulation exercise on payout was conducted on the last day of the event.

The Workshop was attended by around 38 participants from 10 countries; in addition, it was honoured with the presence of representatives from the Ministry of Finance, the Insurance Sector Authority and the Banking Association of Tunisia.

Memoranda of Understanding (MOUs)

The Jordan Deposit Insurance Corporation signed an MOU with the Moroccan Deposit Insurance Corporation (SGFG), in June 2017.

The Palestine Deposit Insurance Corporation signed an MOU with the Korea Deposit Insurance Corporation (KDIC) in Québec City, Canada, in October 2017.

Research Initiatives

A survey of members of the MENA region was conducted in mid-2017. It included questions on the main features of their deposit insurance systems. Its purpose was to establish a comprehensive database, to be used as a main source of information for future MENA research papers and associated documents.

Regional Outreach and Key Focus

Regional Committee of North America – RCNA

Chairperson:

Michèle Bourque – Canada Deposit Insurance Corporation (CDIC), Canada

Vice Chairperson:

Fred Carns – USA

General Secretary:

Jerry Sociedade – CDIC, Canada

Members:

- Patrick Déry – Autorité des marchés financiers (AMF), Québec, Canada
- Raúl Castro Montiel – Mexico
- Stanley Change – Credit Union Deposit Insurance Corporation of British Columbia (CUDIC), Canada

Outreach and Focus

The RCNA's key objectives include sharing the knowledge and experience of RCNA member jurisdictions in the operation of their deposit insurance systems, as well as strengthening the relationships of RCNA members with other IADI jurisdictions.

Three RCNA meetings were held during the 2017/18 financial year: in May and October 2017, and in January 2018. This last meeting was the 20th meeting of the Committee.

During these meetings, each member shared new developments at their respective organisations and jurisdictions, discussed issues arising at IADI-related meetings, and planned work pertaining to items in the Committee's business plan. Discussions were also held regarding the IADI Core Principles and the process of Self-Assessments undertaken by RCNA members and those contemplating such an exercise.

The RCNA members are currently exploring the idea of undertaking joint research on the roles of resolution authorities, since all RCNA members have this responsibility in their respective jurisdiction. The goal is to achieve greater collaboration and strengthen the respective organisations within the RCNA. In addition, the Regional Committee is planning to add this work to IADI's body of research, for use by all IADI Members in the future.

The RCNA also collaborated with two other IADI Regional Committees (the Latin America and Caribbean Regional Committees) to organise the third Americas Deposit Insurance Forum, held in Mexico City, Mexico, during the reporting period. These joint fora represented good opportunities to serve RCNA objectives, which included sharing knowledge and training initiatives, and improving relationships with other jurisdictions.



**2019 IADI Annual Conference and AGM,
Istanbul, Turkey
Hosted by the Savings Deposit Insurance Fund
Turkey
Save the Date
7 October 2019**



Report from the Auditors and Audited Financial Statements



Ernst & Young Ltd
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CH-4002 Basle

Phone +41 58 286 86 86
Fax +41 58 286 86 00
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To the Executive Council of
International Association of Deposit Insurers, Basle

Basle, 30 May 2018

Report of the statutory auditor on the limited statutory examination


As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of International Association of Deposit Insurers for the year ended 31 March 2018.

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 company personnel and analytical procedures as well as detailed tests of company 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 and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Ernst & Young Ltd



Christian Fleig
Licensed audit expert
(Auditor in charge)



Meik Babylon
Licensed audit expert

Enclosure

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

Report from the Auditors and Audited Financial Statements

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of Financial Position

As at 31.03.2018

(in Swiss Francs)

| | | 31 March 2018 | 31 March 2017 |
|--|----|-------------------------|-------------------------|
| ASSETS | | | |
| Cash | 6 | 3,870,994 | 3,533,573 |
| Prepaid expenses and accrued income | 7a | 7,159 | |
| Short-term receivables | 7b | 66,501 | 17,704 |
| | | <u>3,944,653</u> | <u>3,551,277</u> |
| LIABILITIES AND NET ASSETS | | | |
| Liabilities | | | |
| Short-term liabilities | 8 | 350,589 | 206,118 |
| Accrued expenses and deferred income | 9 | 142,443 | 106,655 |
| Provision for doubtful accounts receivable | 7b | 66,501 | |
| | | <u>559,532</u> | <u>312,773</u> |
| Equity | | | |
| Capital - Paid up Initial Fund contributions | 10 | 897,626 | 874,846 |
| Balance brought forward | | 2,363,658 | 2,138,221 |
| Net result for year | | 123,837 | 225,437 |
| | | <u>3,385,121</u> | <u>3,238,504</u> |
| | | <u>3,944,653</u> | <u>3,551,277</u> |

Report from the Auditors and Audited Financial Statements

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of Activities

For the period ending 31.03.2018

(in Swiss Francs)

| | | For the period ended 31 March 2018 | For the period ended 31 March 2017 |
|---|----|--|--|
| CHANGES IN UNRESTRICTED NET ASSETS | | | |
| <u>Operating income</u> | | | |
| Members Fees | | 1,470,832 | 1,451,712 |
| Associates Fees | | 105,920 | 132,400 |
| BIS Contribution | | 400,000 | 400,000 |
| Total operating income | | <u>1,976,752</u> | <u>1,984,112</u> |
| <u>Operating Expenses</u> | | | |
| Salaries | 12 | (1,267,233) | (1,250,862) |
| Conferences, Seminars and Meetings | | (205,761) | (48,444) |
| Training Initiatives | | (107,104) | (73,741) |
| Travel | 12 | (95,363) | (214,072) |
| Administration | | (6,645) | (9,971) |
| Audit | | (5,507) | (4,672) |
| IT and Communications | | (2,271) | (46,412) |
| Membership & Outreach support | | (78,352) | (79,885) |
| Publications and Research | | (18,343) | (13,119) |
| Provision for doubtful debts | | (66,501) | (17,650) |
| Miscellaneous | | - | (1) |
| Total operating expenses | | <u>(1,853,079)</u> | <u>(1,758,829)</u> |
| Operating result | | <u>123,673</u> | <u>225,283</u> |
| Financial Income | 11 | | 158 |
| Other Income | 11 | 164 | |
| Financial Expense | | | (4) |
| Net result for the year | | <u>123,837</u> | <u>225,437</u> |

Report from the Auditors and Audited Financial Statements

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of cash flows

For the period ending 31.03.2018

(in Swiss Francs)

| | Notes | For the period ended 31 March 2018 | For the period ended 31 March 2017 |
|--|-------|---------------------------------------|---------------------------------------|
| Cash flow from / (used in) operating activities | | | |
| Net result for the year | | 123,837 | 225,437 |
| Net change in operating assets and liabilities | | | |
| Accrued expenses and deferred income | | 35,788 | 53,586 |
| Short-term receivables | | (48,797) | (6,397) |
| Prepaid expenses and accrued income | | (7,159) | 5,679 |
| Short-term liabilities | | 144,471 | 100,986 |
| Provision for doubtful accounts receivable | | 66,501 | |
| Net Cash flow from / (used in) operating activities | | 314,641 | 379,292 |
| Cash flow from / (used in) financing activities | | | |
| Capital contributions from new members | 10 | 22,780 | 28,475 |
| Net Cash flow from / (used in) financing activities | | 22,780 | 28,475 |
| Net Increase / (decrease) in cash | | 337,421 | 407,767 |
| Cash at beginning of accounting period | | 3,533,573 | 3,125,806 |
| Cash at end of accounting period | 6 | 3,870,994 | 3,533,573 |

Report from the Auditors and Audited Financial Statements

International Association of Deposit Insurers

Notes to the Financial Statements

Year Ended 31 March 2018

1. NATURE OF ORGANISATION

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

Its objectives are to contribute to the stability of financial systems by promoting international cooperation in the field of deposit insurance, providing guidance for establishing new, and enhancing existing, deposit insurance systems; and to encourage wide international contact among deposit insurers and other interested parties.

The Association receives Annual Fees from its Members, Associates and Observers:

Members: Entities that, under law or agreements, provide deposit insurance, depositor protection or deposit guarantee arrangements as set out in Article 2 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 that are not-for-profit entities which do not fulfill the criteria to be an Associate but have a direct interest in the effectiveness of deposit insurance systems; and may include international organisations, financial institutions and 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: Not-for-profit entities who enter into cooperative arrangements with the Association in the pursuit and furtherance of the objects of the Association.

Annual Fees:

Members: CHF 17,650 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 13,240 fee, no vote but may participate in the activities of IADI.

Observers: CHF 8,825 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 Council Committees covering Audit and Risk, Core Principles and Research, Training and Technical Assistance, and Member Relations. Eight regional Committees have been established (Africa, Asia Pacific, the Caribbean, Eurasia, Europe, Latin America, 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. Mr Katsunori Mikuniya, Governor of the Deposit Insurance

Report from the Auditors and Audited Financial Statements

Corporation of Japan (DICJ), Japan acts as President of the Association. The Treasurer is John M. Chikura, Chief Executive Officer of Deposit Protection Corporation of Zimbabwe.

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. The Financial Statements have been prepared on a going concern basis.

B. Functional and presentation currency

Being an international organisation, 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 valued at the nominal amount.

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) the Investment Policy is reviewed periodically. All revenues from cash and investments are accounted for in interest income.

E. Short-term receivables and Short-term liabilities

Accounts receivable and accounts payable are principally short-term amounts relating to the settlement of transactions as a result of activities of the organisation. 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 EUR.

At the Executive Council Meeting on 11 June 2008, it was agreed to change the Associations official currency to CHF (previously USD) 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.

Report from the Auditors and Audited Financial Statements

4. BENEFITS RECEIVED

The Association is hosted by the Bank for International Settlements, 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 2018 | 31 March 2018 CHF Value | Exchange rates at 31 March 2017 | 31 March 2017 CHF Value |
|----------------------|--|--------------------------------|--|--------------------------------|
| CHF Current Accounts | | 3,870,941 | | 3,533,553 |
| USD Current Accounts | USD / CHF: 0.95480000 | - | USD / CHF: 0.99460000 | - |
| EUR Current Accounts | EUR / CHF: 1.17640908 | 53 | EUR / CHF: 1.08361670 | 20 |
| | | | | |
| | | 3,870,994 | | 3,533,573 |

7a. PREPAID EXPENSES AND ACCRUED INCOME

| | 31 March 2018 | 31 March 2017 |
|--------------|----------------------|----------------------|
| | CHF Value | CHF Value |
| Travel costs | 7,159 | - |
| | 7,159 | - |

Report from the Auditors and Audited Financial Statements

7b. SHORT-TERM RECEIVABLES

| | 31 March 2018 | 31 March 2017 |
|--|----------------------|----------------------|
| | CHF Value | CHF Value |
| Membership and Associate fees total outstanding | 66,501 | 35,354 |
| Less: Provision for doubtful accounts receivable | (66,501) | - |
| Less: Bad debt write-off | - | (17,650) |
| | <u>-</u> | <u>17,704</u> |

The provision in the financial statements, reflects the amounts that are owed to the Association and are past due, but not yet deemed irrecoverable as at 31 March 2018.

8. SHORT-TERM LIABILITIES

Accounts payable mainly consists of year-end accruals for transactions incurred as a result of the Association's activities during March 2018. 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 2018 | 31 March 2017 |
|--|-----------------------|----------------------|
| | CHF Value | CHF Value |
| Audit | 4,900 | 4,200 |
| Salaries | 202,519 | 101,968 |
| Regional Outreach Funding | 58,448 | 45,000 |
| Conferences, seminars and meetings | 3,790 | - |
| Travel | 33,452 | 16,900 |
| Administration, IT & communications, and Publications & research | 16,041 | 38,050 |
| Training Initiative Support | 31,439 | - |
| | <u>350,589</u> | <u>206,118</u> |

Report from the Auditors and Audited Financial Statements

9. ACCRUED EXPENSES AND DEFERRED INCOME

Deferred revenue relates to the prepayment of a partial Member's or Associate's fee for the financial year 2017/18.

| | 31 March 2018 | 31 March 2017 |
|---------------------------|----------------------|----------------------|
| | CHF Value | CHF Value |
| Members | - | 330 |
| Associates | 748 | - |
| Prepayments for secondees | 141,695 | 106,325 |
| | 142,443 | 106,655 |

10. CAPITAL: INITIAL FUND CONTRIBUTIONS

| | 31 March 2018 | 31 March 2017 |
|---|----------------------|----------------------|
| | CHF Value | CHF Value |
| Initial fund contributions | 914,711 | 891,931 |
| Less: Unpaid initial fund contributions | (17,085) | (17,085) |
| Paid up initial fund contributions | 897,626 | 874,846 |
| Number of Members | 82 | 83 |

The unpaid initial fund contributions relate to payments due in future accounting periods. Upon joining the Association, each Member shall settle, in addition to the annual members fee, an initial fund contribution of CHF 11,390, which is payable over the first two years of membership in the Association. The Initial Fund Contribution shall not be refundable in the event of the resignation or expulsion of a member.

11. FINANCIAL INCOME/EXPENSE

| | 31 March 2018 | 31 March 2017 |
|-------------------|----------------------|----------------------|
| | CHF Value | CHF Value |
| Financial income | | 158 |
| Financial expense | | (4) |
| Other Income | 164 | |
| | 164 | 154 |

12. STAFF COSTS

| | 31 March 2018 | 31 March 2017 |
|--------------|----------------------|----------------------|
| | CHF Value | CHF Value |
| Salaries | 1,267,233 | 1,250,862 |
| Travel costs | 95,363 | 214,072 |
| | 1,362,596 | 1,464,934 |

The IADI has no more than 50 full time positions.

13. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

There were no significant events between the Balance Sheet and the approval of these financial statements by the IADI Executive Council on 30 May 2018 which could impact the book value of assets and liabilities or which should be disclosed in these Financial Statements.

Annex I – Participants as of 31 March 2018

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 fulfil 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 fulfil the criteria to be an Associate, and **Partners** are not-for-profit entities that enter into a cooperative arrangement with the Association in the pursuit and furtherance of the Objectives of the Association.

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

Members and Designated Representatives

Albanian Deposit Insurance Agency

Genci Mamani
General Director

Australian Prudential Regulation Authority

Chris Gower
General Manager, Resolution & Enforcement

Autorité des marchés financiers (Québec, Canada)

Patrick Déry
Superintendent, Solvency

Azerbaijan Deposit Insurance Fund

Vugar Abdullayev
Executive Director

Banco de Guatemala como Administrador del Fondo para la Protección del Ahorro

Oscar Roberto Monterroso Sazo
General Manager

Bangladesh Bank

S.K. Sur Chowdhury
Deputy Governor

Bank Deposit Guarantee Fund (Romania)

Petre Tulin
Chief Executive Officer

Bank Deposit Security Fund of Sudan

Abdel Gadir Mohamed Ahmed Salih
Chairman and General Manager

Bank Guarantee Fund (Poland)

Zdzisław Sokal
President of the Management Board

Bank of Uganda

Justine Bagyenda
Executive Director, Supervision

Barbados Deposit Insurance Corporation

Arlita John
Chief Executive Officer

Brunei Darussalam Deposit Protection Corporation

Tracy Chong Kun Ling
Senior Manager

Bulgarian Deposit Insurance Fund

Radoslav Milenkov
Chairman of the Management Board

Canada Deposit Insurance Corporation

Michèle Bourque
President and Chief Executive Officer

Central Deposit Insurance Corporation (Chinese Taipei)

William Su
Executive Vice President

Corporación de Protección del Ahorro Bancario (Uruguay)

Hugo Libonatti
Vice President

Corporación del Seguro de Depósitos (Ecuador)

Lorena Freire
Chair of the Board of Directors

Credit Union Deposit Insurance Corporation of British Columbia (Canada)

Stanley Chang
Acting Executive Director, Deposit Insurance, and Chief Financial Officer

De Nederlandsche Bank (the Netherlands)

Sven Stevenson
Policy Coordinator, Deposit Insurance

Deposit Guarantee and Investor Compensation Foundation PCC (Liechtenstein)

Rafik Yezza
Secretary

Deposit Guarantee Fund (Ukraine)

Kostyantyn Vorushylin
Managing Director

Deposit Guarantee Fund of Finland

Tuija Taos
Director General, Financial Stability Authority of Finland

Deposit Guarantee Scheme of Slovenia

Peter Kupljen
Head of Resolution Unit, Bank of Slovenia

Deposit Insurance Agency (Russian Federation)

Nikolay Evstratenko
Director, International Cooperation

Deposit Insurance Agency (Serbia)

Lidija Perović
Member of the Board of Directors

Deposit Insurance Agency of Bosnia and Herzegovina

Josip Nevjestić
Director

Deposit Insurance and Credit Guarantee Corporation (India)

Kapal Kumar Vohra
Chief Executive Officer

Deposit Insurance Board of Tanzania

Emmanuel Makwaia Boaz
Director

Deposit Insurance Corporation (Trinidad and Tobago)

Michelle Rolingson-Pierre
General Manager

Deposit Insurance Corporation of Japan

Katsunori Mikuniya
Governor

Deposit Insurance Corporation of Mongolia

Bum-Erdene Khariyu
Chief Executive Officer

Deposit Insurance Corporation, Central Bank of The Bahamas

Karen V. Rolle
Manager of the Bank Supervision Department, Member of the Board of Management

Deposit Insurance Fund of Kosovo

Violeta Arifi-Krasniqi
Managing Director

Annex I – Participants as of 31 March 2017

Deposit Insurance of Vietnam

Nguyen Quang Huy
Chairman

Deposit Protection Agency (Thailand)

Satorn Topothai
President

Deposit Protection Agency of the Kyrgyz Republic

Zhyrgalbek Kasymov
Executive Director

Deposit Protection Corporation (Zimbabwe)

John M. Chikura
Chief Executive Officer

Deposit Protection Fund (Montenegro)

Predrag Marković
Director

Depositor's Insurance Fund (Libya)

Osama Mohamed El Naas
General Manager

esisuisse (Switzerland)

Gregor Frey
Chief Executive Officer

Federal Deposit Insurance Corporation (USA)

Diane Ellis
Director, Division of Insurance and Research

Financial Market Guarantee System (Czech Republic)

Renáta Kadlecová
Chairperson of the Management Board and Managing Director

Financial Services Compensation Scheme (United Kingdom)

Alex Kuczynski
Director of Corporate Affairs

Fond de Garantie des Dépôts Bancaires (Algeria)

Sebhi Meftah
General Manager

Fondo de Garantía de Depósitos – Banco Central del Paraguay

José Antonio Meza Cáceres
Deputy

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

Rolando José Sevilla Boza
President

Fondo de Garantías de Entidades Cooperativas (Colombia)

Alvaro Vanegas Manotas
Director

Fondo de Garantías de Instituciones Financieras (Colombia)

David Salamanca
Managing Director

Fondo de Seguro de Depósitos (Peru)

Michel Canta
President

Fondo de Seguro de Depósitos (Honduras)

César Ferdinando Carranza Euceda
Executive President

Fonds de Garantie des Dépôts dans l'Union Monétaire Ouest Africaine (FGD-UMOA)

Habib Soumana
General Manager

Fonds de Garantie des Dépôts et de Résolution (France)

Thierry Dissaux
Chief Executive Officer

Fundo Garantidor de Créditos (Brazil)

André Arantes Loes, Chief Executive Officer
Carlos Alfredo de Villemor Vianna,
Executive Officer

Fundo Garantidor do Cooperativismo de Crédito (Brazil)

Lúcio César de Faria, Executive Director
Cláudio Luis Medeiros Weber, *Director of Monitoring and Supervision*

Guernsey Banking Deposit Compensation Scheme

Richard L. Denton
Chair

Het Garantiefonds (Belgium)

Christel Devleeschauwer, Attaché
Dieter Berckvens, *Economist*

Hong Kong Deposit Protection Board

Daryl Ho
Chief Executive Officer

Icelandic Depositors' and Investors' Guarantee Fund

Brynjar Kristjánsson
Managing Director

Indonesia Deposit Insurance Corporation

Fauzi Ichsan
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)

Raúl Castro Montiel
Executive Secretary

Interbank Deposit Protection Fund (Italy)

Giuseppe Boccuzzi
General Director

Iran Deposit Guarantee Fund

Mohammad Talebi
Chief Executive Officer

Jamaica Deposit Insurance Corporation

Antoinette McKain
Chief Executive Officer

Jersey Bank Depositors' Compensation Board

Michael J Halsey
Member of the Board

Jordan Deposit Insurance Corporation

Mu'taz I. Barbour
Director General

Kazakhstan Deposit Insurance Fund

Kuanyshebek Abzhanov
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Mohamud A. Mohamud
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Korea Deposit Insurance Corporation

Bumgook Gwak
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Malaysia Deposit Insurance Corporation

Rafiz Azuan Abdullah
Executive General Manager

National Deposit Insurance Fund of Hungary

András Kómár
Chief Executive Officer

Nigeria Deposit Insurance Corporation

Umaru Ibrahim
Managing Director and Chief Executive Officer

Annex I – Participants as of 31 March 2017

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Philippine Deposit Insurance Corporation

Roberto Tan
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Savings Deposit Insurance Fund of Turkey

İlhami Öztürk
Board Member

Seguro de Depósitos Sociedad Anónima (Argentina)

Alejandro López
Chief Executive Officer

Singapore Deposit Insurance Corporation

Denise Wong
Chief Executive Officer

Société Marocaine de Gestion des Fonds de Garantie des Dépôts Bancaires (Morocco)

Lhassane Benhalima
General Manager

State Agency for Deposit Insurance and Bank Resolution (Croatia)

Marija Hrebac
General Manager

Swedish National Debt Office

Helena Persson
Deposit Guarantee Manager

TEKE (Hellenic Deposit & Investment Guarantee Fund, Greece)

Georgia Karageorgi
Director

The Association of German Banks – The Deposit Protection Fund of the Association of German Banks

Dirk Cupei
Managing Director, Financial Stability

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Bank of Algeria

Mohamed Loukal
Governor

Bank of Mauritius

Yandraduth Googoolye
First Deputy Governor

Ministry of Finance

Government of the British Virgin Islands
Glenroy A. Forbes
Financial Secretary, Ministry of Finance

National Treasury (South Africa)

Roy Havemann
Chief Director, Financial Markets and Stability South African Reserve Bank

South African Reserve Bank

Nicola Brink
Head, Resolution Planning, Financial Stability Department

Qatar Central Bank

His Excellency Sheikh Fahad Bin Faisal Al-Thani
Deputy Governor

PARTNERS

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Asian Development Bank Institute (ADBI)

Naoyuki Yoshino
Dean and Chief Executive Officer

Association of Supervisors of Banks of the Americas (ASBA)

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Fernando Tenjo Galarza
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Consultative Group to Assist the Poor (CGAP)

Timothy Lyman
Lead Policy Officer

European Bank for Reconstruction and Development (EBRD)

Sibel Beadle
Senior Banker, Financial Institutions

European Forum of Deposit Insurers (EFDI)

Thierry Dissaux
Chairman

Inter-American Development Bank (IADB)

Kurt Focke
Division Chief, Capital Markets and Financial Institutions

International Monetary Fund (IMF)

Marina Moretti and Marc Doblér
Financial Crisis Preparedness and Management Division Head
Senior Financial Sector Expert, Monetary and Capital Markets Department

SEACEN Centre

Hans Genberg
Executive Director

Toronto International Leadership Centre for Financial Sector Supervision

Babak Abbaszadeh
President and CEO

World Bank

Yira Mascaro
Manager of Finance and Integrity Group

Union of Arab Banks

Wissam H. Fattouh, Secretary General
Feda Al Hajar (Jordan Office)

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

Vilma Rosa Leon-York
Adviser – Deposit Insurance Systems

Annex II – Executive Summary of the Proceedings from the 16th IADI Annual Conference, Québec City, Québec, Canada (11–12 October 2017)

Hosted by the Autorité des marchés financiers (AMF), during the 50th anniversary of the establishment of the Québec deposit insurance system, IADI held its 16th Annual Conference in Québec City, Canada, on 11–12 October 2017. The event was attended by over 230 participants, representing around 70 jurisdictions worldwide.

The IADI Annual Conference, lasting one and half days, took the theme “**Deposit Insurance for All – Adapting the Core Principles to Different Structures, Mandates and Types of Institutions**”, and featured presentations and panel discussions by top policymakers, deposit insurers, industry members and prominent academics, who discussed, debated and provided insights on how the international standards and resolution tools developed for traditional banks after the financial crisis could be adapted for financial cooperatives.

Wednesday 11 October 2017 (Day 1) Welcome Remarks

Louis Morisset, President and Chief Executive Officer, Autorité des marchés financiers (AMF), Québec, Canada

Louis Morisset began the IADI Annual Conference 2017 by welcoming the over 200 international representatives from deposit insurers and resolution agencies, central banks, regulators and other major international organisations, to Québec City and the historically important setting of Château Frontenac. Mr Morisset then outlined the events and the ways in which the AMF had evolved during its 50-year existence, from a paybox mandate to one of a risk minimiser – meaning that it could not only choose from a full suite of resolution powers and strategies

in the event of bankruptcy by an institution, but also use a prudential regulatory toolbox in an integrated manner in order to reduce the probability of such an event.



Opening Remarks

Michèle Bourque, President and Chief Executive Officer, Canada Deposit Insurance Corporation, Canada

Michèle Bourque outlined two main challenges deposit insurers and resolution authorities around the world encounter in this hyper-connected world: the faster speeds at which information travels and the greater use of technology. She emphasised the need to challenge existing planning assumptions given today’s rapidly changing financial landscape, in which deposit insurers and resolution authorities may be called upon to take action within a very short period of time. Ms Bourque shared a few lessons that her organisation, the Canada Deposit Insurance Corporation, had internalised over the years. These include the importance of having a robust risk assessment process, fast access to depositor data, an ongoing public awareness campaign, and a comprehensive resolution preparedness framework supported by continuous testing of this readiness.

Opening Address

Patrick Déry, Superintendent, Solvency, Autorité des marchés financiers (AMF), Québec, Canada

In his Opening Address, **Patrick Déry** expanded upon the theme of the Conference, “Deposit Insurance for All”, as a compelling way to recognise and celebrate the diversity and wealth of our respective experiences, operating in distinct jurisdictions and with very different regulatory models and mandates. Providing examples of each, Mr Déry spoke of the diversity faced in such areas as political and legal systems, financial systems, business models, and regulatory tools. Drawing these together, Mr Déry made three general observations: diversity is a reality that is here to stay, whether we like it or not; there are no easy answers to the complex issues in today’s world, and there are no one-size-fits-all solutions to address our needs; and there are many ways to achieve financial stability. In conclusion, Mr Déry noted that we can all learn and improve by sharing our perspectives, experiences and concerns. Further, he stated that since its establishment in 2002, IADI has adapted to all sorts of situations and, on numerous occasions, has demonstrated its ability to build bridges and reach consensus.

Keynote Address

Thomas M. Hoenig, the then President and Chair of the Executive Council of IADI, and then Vice Chairman of the Federal Deposit Insurance Corporation (FDIC), USA

Thomas M. Hoenig highlighted that while deposit insurance gives bank customers and creditors a sense of security, it also inherently invites moral hazard, which can have an unintended but seriously destabilising effect on an economic system. He named a number of tools that can be used for mitigating those effects, including sound bank supervision, reliable capital standards, and insurance pricing that holds banks accountable for the risk profile they choose. Mr Hoenig stressed that without the discipline provided by depositors and other creditors inclined to withdraw their funds when they suspect a bank of being unsafe, banks have an incentive to take excessive risks. To conclude his presentation, he stated that bank supervision,



Annex II – Executive Summary of the Proceedings from the 16th IADI Annual Conference, Québec City, Québec, Canada (11–12 October 2017)

adequate capital requirements and a well-designed risk-based premium system are effective tools that could help mitigate moral hazard.

Session 1: Adapting the International Standards and the IADI Core Principles

Moderated by **Diane Ellis, Director of the Division of Insurance and Research, Federal Deposit Insurance Corporation, USA**

Dominique Laboueix, Director of Resolution Planning and Decisions, Single Resolution Board

Dominique Laboueix began by outlining the three pillars of the European Banking Union as well as the mission, tasks and resolution objectives of the Single Resolution Board (SRB). The SRB works together with the national resolution authorities to form the Single Resolution Mechanism (SRM), and is a crucial partner of the DGS. In the final stage of the third pillar of the Banking Union, bank deposits will be fully guaranteed by the European Deposit Insurance Scheme (EDIS) and the protection will be supported by the national DSGs. In addition, the SRB took part in the discussions on EDIS within the European Council Working Group, provided technical analysis and input, and is still consulted where necessary.

Jan Philipp Nolte, then Senior Financial Sector Specialist, The World Bank Group, Washington D.C, USA

Jan Nolte shared his views on adapting the IADI Core Principles (CPs) to different jurisdictions and financial sectors in the context of international development work. Significant differences exist between jurisdictions and financial sectors because the CPs do not take into account the principle of proportionality, unlike other standards such as the FSB's Key Attributes. He then analysed the outcome of CP assessments in Financial Sector Assessment Programs (FSAPs): The results showed that the standard allows for sufficient flexibility. He concluded by noting that as the number of FSAP assessments and IADI Self-Assessments remains low, the level of worldwide compliance with the standard is largely unknown. He called on IADI and its Members to follow other standard setters and commit to fully implementing the IADI CPs and performing regular peer reviews.

Alex Kuczynski, Director of Corporate Affairs, Financial Services Compensation Scheme (FSCS), United Kingdom

Alex Kuczynski presented on the scope and range of international standards that were relevant to the Financial Services Compensation Scheme (FSCS), United Kingdom. Following a description of the mandate and duties of the FSCS, as an 'integrated scheme', Mr Kuczynski focused on IADI's standard, the Core Principles for Effective Deposit Insurance Systems (CPs), and the degree to which each of the 16 CPs were applicable to the FSCS. He concluded that the CPs encouraged best practice, created a common language for deposit insurance but allowed some flexibility in their approach, and were, indeed, applicable to an integrated scheme.

Session 2: Structures and Mandates

Moderated by **Hiroyuki Obata, then Deputy Governor, Deposit Insurance Corporation of Japan**

Antoinette McKain, Chief Executive Officer, Jamaica Deposit Insurance Corporation, Jamaica

Antoinette McKain gave a presentation on "Structures and Mandates of an Effective Deposit Insurance Scheme for Financial Cooperatives: Caribbean Perspective". The presentation provided an overview of the state of financial cooperatives in the Caribbean in terms of, inter alia, regulatory supervision, the number of financial cooperatives in the Caribbean by country, size of deposit and loan portfolios and customer base; and the presence of protection schemes for financial cooperatives, initiatives being pursued to include financial cooperatives as members of the respective deposit insurance schemes and the key considerations for adapting the Core Principles to achieve effective deposit insurance for financial cooperatives.

Ralf Benna, Head of Department of the National Association of German Cooperative Banks Institutional Protection Scheme (BVR), Germany

Ralf Benna described the structure of the German banking sector, the role of institutional protection schemes, and the depositor protection schemes that exist in Germany. He stressed that the institutional protection scheme of the German Association of Coop-

erative Banks (BVR) had proved its efficiency, as it not only protects bank depositors but also safeguards the solvency of all member banks through well defined risk monitoring, failure prevention and financial rehabilitation processes. He pointed out that the European Directive on Deposit Guarantee Scheme recognises institutional protection schemes as equivalent to "classic" deposit guarantee schemes if they meet criteria of this Directive. He concluded by saying that the recent proposal of the European Commission to establish a fully harmonised European Deposit insurance System (EDIS) is not supported by the BVR, the German Ministry of Finance or the German Banking Industry Committee, and reinforced this statement with a number of arguments.

Rym Ayadi, Professor, Director, International Research Centre on Cooperative Finance, HEC Montreal, Canada

Rym Ayadi described the business models and ownership diversity of banks and credit unions in Europe and the United States, and provided evidence on the risk (distance to default) and resilience of these financial institutions. He noted that business model analyses contribute to a better realisation of the interaction with ownership structures, financial and economic performance, and risk behaviour. Institutional diversity in banking is evaluated based on the co-existence of different ownership structures. Cooperatives, mutuals and credit unions are predominantly retail-oriented, and are an essential pillar of institutional diversity that promotes systemic stability. Therefore, explicit deposit insurance schemes must be well designed as part of the overall financial safety-net, must be risk-based, and must consider the institutional and business model diversity.

Session 3: Type of Institutions

Moderated by **Giuseppe Boccuzzi, General Director, Interbank Deposit Protection Fund, Italy**

Guy Cormier, President and Chief Executive Officer, Mouvement Desjardins, Québec, Canada

Guy Cormier gave a presentation on the IADI Core Principles and international standards, and emphasised the challenges that the Canadian Desjardins Group and the

Annex II – Executive Summary of the Proceedings from the 16th IADI Annual Conference, Québec City, Québec, Canada (11–12 October 2017)

Autorité des marchés financiers would face in adhering to these standards. He gave a profile of the group and the risks it faced in Canada, particularly since it was designated by the AMF to be a Domestic Systemically Important Financial Institution (D-SIFI).

Eva Hüpkles, Advisor on Regulatory Policy and Cooperation, Financial Stability Board, Switzerland

Eva Hüpkles introduced the FSB's Systemically Important Financial Institution (SIFI) framework, Key Attributes and Global Systemically Important Bank (G-SIB) requirements. The Key Attributes are a global standard that applies to all types of financial institutions whose failure could endanger financial stability, whatever their legal structure or business model. Ms Hüpkles went on to state that the way the standard is applied will differ depending on the specific features of the institutional structure and legal form of the institutions. Those specific features determine how and by whom losses can be absorbed and recapitalisation capacity provided. By appropriately tailoring the implementation of the standards, it should be possible to ensure that resources are available to make resolution work effectively, and to foster financial stability without recourse to taxpayers' money and without distorting the operation of the marketplace.

Giuseppe Boccuzzi, General Director, Interbank Deposit Protection Fund, Italy

The panel's moderator, **Giuseppe Boccuzzi**, then spoke in the place of a presenter who was unable to attend the Conference, for reasons beyond his control.

Mr Boccuzzi provided an overview of the main developments in the area of financial cooperatives in Europe, and highlighted the features relevant for Italy. The current trend is integration between cooperatives, which allows them to remain small and local but at the same time enables them to provide a wider range of financial services, reduce costs and become more competitive. Financial cooperatives are able to integrate according to one of two models: the cooperative banking group and the cooperative banking network (or institutional protection scheme). In Italy, financial cooperatives exist in the form of credit cooperative banks and popular banks. Following the financial crisis, important reforms have been carried out. Mr Boc-

cuzzi concluded by stating that through the cross-guarantee agreement, insolvency is less likely to occur as the group as a whole may be subject to intervention at an early stage of a crisis, with more intensive use of preventive measures.

Keynote Speech

Martin J. Gruenberg, the then Chairman, Federal Deposit Insurance Corporation, USA

Martin Gruenberg spoke of the importance of a deposit insurance system (DIS) to jurisdictions' financial safety-nets, and placed his remarks into historical context with examples of jurisdictions in specific regions had established their DISs. He then set out the reasons and aims for the inception of IADI, along with milestones since that point, perhaps most significantly the drafting of its standard, the Core Principles for Effective Deposit Insurance Systems (CPS), resulting later in the Association becoming an internationally recognised standard-setting body. Mr Gruenberg concluded by setting out the progress made in the phased implementation of the Strategic Goals.

Thursday 12 October 2017 (Day 2) Session 4: Financial Inclusion

Moderated by **Gail Verley, Independent Consultant, Deposit Insurance and Bank Resolution, and former IADI Secretary General**

Juan Carlos Izaguirre, Senior Financial Sector Specialist, Consultative Group to Assist the Poor (CGAP)

Juan Carlos Izaguirre shared an overview of the status of financial inclusion around the globe, highlighting the challenges in terms of access and usability of bank accounts. Mr Izaguirre stated that the environment under which deposit insurers normally operated has evolved, and there are new types of products and providers that may fall under the protection of deposit insurance. Given this, he presented the three approaches to deposit insurance for digital stored-value products, and concluded by inviting deposit insurers to be actively involved in the processes to set up regulatory and supervisory frameworks for digital financial services.

Mohamud Ahmed, Chief Executive Officer, Kenya Deposit Insurance Corporation

Mohamud Ahmed described the successful experience of financial inclusion in Kenya. First of all, a clear vision and a country-specific strategic policy on socio-economic development are critical elements. Secondly, all participants in the financial inclusion scheme need to be aware of the financial lifestyle of poor and low-income groups, and provide them with financial products and services in a cost-effective and secure way which is accessible, affordable and convenient. Moreover, the high penetration of mobile phones makes this medium an important means of offering financial inclusion. Finally, the key role played by regulators means that they should make efforts to proactively understand emerging innovations, and the potential to build a strong regulatory framework to assist non-traditional authorised financial service providers entering the mobile financial service ecosystem.

David Salamanca, Managing Director, Fondo de Garantías de Instituciones Financieras (Fogafin), Colombia

David Salamanca shared the Colombian approach to financial inclusion from the institutional framework and the deposit insurance perspectives. Mr Salamanca explained the main characteristics of the Financial Inclusion Inter-Sector Commission, as well as the regulatory framework, under which Fogafin is now insuring a new type of financial institution called SEDPE. He went on to state that Fogafin has adopted a direct approach to protect the depositors from SEDPEs, and highlighted the importance of having a coordinated framework to incorporate new players within the financial system.

Carlos J. Leitão, Minister of Finance, Québec, Canada

Carlos J. Leitão first pointed out that the previous week he had introduced an important bill to improve financial sector supervision, deposit protection and functioning of financial institutions in Québec. The bill will empower the Autorité des marchés financiers to exercise its supervisory activities with a complete overview of the financial sector, able to choose the most appropriate resolution for each case from among those avail-

Annex II – Executive Summary of the Proceedings from the 16th IADI Annual Conference, Québec City, Québec, Canada (11–12 October 2017)

able. Focusing on the economic and financial situation in Québec, Mr Leitão pointed out that efforts to restore public finances and boost the economy have paid off, and reinforced his argument with facts. The Minister next pointed out that, although the results of the efforts taken are most satisfactory, the relevant authorities need to be cautious given the volatile world economic environment. He added that in the very unlikely scenario of the government having to financially support the deposit insurer, the government would be better able to do so if its own situation were strong .

Closing Remarks:

Louis Morisset, President and Chief Executive Officer, Autorité des marchés financiers, Québec, Canada

Louis Morisset started his Closing Remarks by noting that the entire team of the Autorité des marchés financiers (AMF) fully endorsed the proposed legislation that would provide the AMF with new tools to fulfil its mission more effectively. He noted that although international standards provide important and highly useful benchmarks, it is up to each jurisdiction to adapt the standards to the realities of its own financial system, and the financial institutions that make up the system. He added that the emergence of new and innovative technologies applicable to financial products and services forces the deposit insurance community to be more proactive, and to examine the new risks they generate more closely. Mr Morisset concluded by con-

gratulating and extending his deep gratitude to Mr Thomas Hoenig for his strong leadership as President and Chair of the IADI Executive Council. He also congratulated Ms Michèle Bourque and wished her every success in her future endeavours. Finally, he congratulated and thanked his colleagues Mr Patrick Déry and Mr Julien Reid, and the whole team they had assembled to make the hosting of the 16th IADI Annual General Meeting and Annual Conference such a success.



Since 2008, the Association 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 20 members.

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Gail Verley

Independent consultant, deposit insurance and bank resolution
Former IADI Secretary General, USA

Larry D. Wall

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Annex IV – New Participant Profiles

During 2017/18, two new Members joined IADI – the Bank Deposit Guarantee Fund (Algeria) joined in June 2017, and the West African Monetary Union Deposit Insurance Fund joined in September 2017.

Bank Deposit Guarantee Fund / Fond de Garantie des Dépôts Bancaires (FGDB), Algeria

Fonds de Garantie des Dépôts Bancaires « F.G.D.B »

Algeria's Bank Deposit Guarantee Fund (FGDB) was incorporated in October 2003 by virtue of Ordinance No. 03/11. The Scheme has a paybox mandate, and is government-legislated and privately administered. It covers commercial banks and had 27 member institutions as at 31 December 2016. The Fund employs 19 full-time staff. The applicable coverage limit is DZD 600,000 (approx. USD 5,500) per depositor, per institution; the Fund aims to commence deposit reimbursement within one month of a bank's failure. It is funded via a flat rate, ex ante method.

The FGDB's membership in IADI was approved by EXCO using a correspondence vote in late June 2017, and ratified at the EXCO meeting in Québec City, Canada, in October 2017. The FGDB was represented in its application by Mr Meftah Sebhi, General Manager of the FGDB.

West African Monetary Union Deposit Insurance Fund



The West African Monetary Union Deposit Insurance Fund / Fonds de Garantie des Dépôts dans l'Union Monétaire Ouest Africaine (FGD-UMOA) was incorporated on 21 March 2014. It was created by the West African Monetary Union Central Bank as an Economic and Financial International Institution, with legal personality and financial autonomy. Significantly for IADI, this Member comprises eight (8) different jurisdictions which use the same currency and central bank, these jurisdictions being Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

As membership is mandatory for commercial banks and microfinance institutions in all eight jurisdictions, the fund covers approximately 120 banks and 56 microfinances in total. The coverage limit provided is XOF 1,400,000 (approx. USD 2,500) for bank depositors and XOF 300,000 (approx. USD 530) for microfinance accounts. This equates to 87% of bank depositor accounts and 95% of microfinance accounts being fully covered by the fund. The mandate for the fund is a paybox, with the use of ex ante funding and a flat rate premium system.

The West African Monetary Union Deposit Insurance Fund was represented in its application by its General Manager, Mr Habib Soumana. Ratification of the Fund's approval to become an IADI Member was made by the Executive Council in October 2017, in Québec City, Canada. IADI looks forward to working closely with, and supporting, the West African Monetary Union Deposit Insurance Fund.

In striving to achieve its vision, IADI continues to welcome all established deposit insurance systems, as well as those considering establishment or with an interest in deposit insurance, as IADI participants.

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October 2018