INDONESIA DEPOSIT INSURANCE CORPORATION

VOL.4/2024

INDONESIA DEPOSIT INSURANCE CORPORATION

GLOBAL UPDATES

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Key Financial Highlights

A. Banking Growth and Stability

In December 2024, Indonesia banking sector maintained its positive trend with most of financial performance indicators were growing in the month. Annual credit disbursement were increasing more than 10%, this positive growth is influenced by increased demand from the corporate segment, which is performing well do to strong sales and robust repayment capacity. Additionally, other indicators also demonstrated positive performance.

Table 1: Main Indicators of Banking Industry (Trillion IDR)

INDICATOR	Dec-23	Nov-24	Dec-24	YoY	MtM
Asset	11.740	12.320	**12.443**	● 5.99%	● 1.00%
Credit	7.186	7.816	**7.942**	● 10.52%	● 1.61%
Third Party Funds	8.456	8.834	**8.835**	● 4.48%	● 0.01%
Tier 1	1.740	1.852	**1.856**	● 6.61%	● 0.16%
Profit/loss	243.0	237.0	**255.0**	● 4.94%	● 7.59%

Note : - YoY : Year-on-Year growth ● Favorable
- MtM : Month-to-Month growth ● Unfavorable

The banking sector continued to show a positive trend in its financial ratios, with notable improvements in key indicators. The capital adequacy ratio strengthened, while the gross non-performing loan ratio declined, reflecting healthier asset quality. Additionally, the loan-to-deposit ratio surged by 142 basis points, signaling more efficient credit disbursement during the month. However, this progress was partially offset by rising operational cost to operational revenue ratio, driven by increasing operational expenses., which increased by 134 basis points, posing a challenge to profitability.

Table 2: Financial Ratio of Banking Industry

Ratio	Dec-23	Nov-24	Dec-24	YoY	MtM
CAR	27.34%	26.64%	26.42%	● -92bps	● 21bps
Gross NPL	2.16%	2.16%	2.05%	● 10bps	● -11bps
ROA	2.74%	2.70%	2.69%	● -5bps	● 0bps
OC/OR	79.39%	80.49%	81.83%	● 244bps	● 134bps
NIM	4.77%	4.61%	4.64%	● -13bps	● 3bps
LDR	84.99%	88.48%	89.90%	● 419bps	● 142bps

Note : - YoY : Year-on-Year growth ● Favorable
- MtM : Month-to-Month growth ● Unfavorable

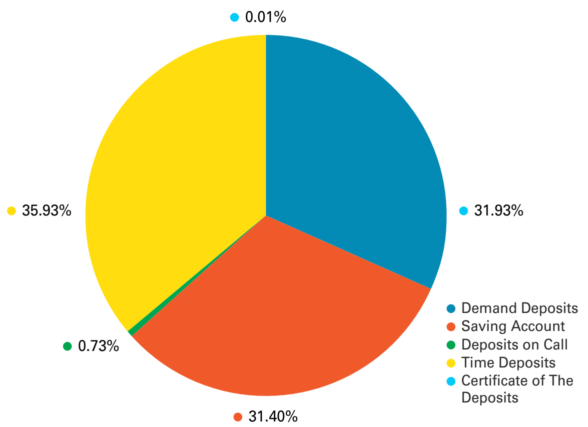
IDIC UPDATES

Deposit Insurance Updates

As of December 2024, savings account continued to lead in terms of number of accounts, representing 98.15% of the entire deposit account, followed demand deposits and time deposits with close to one percent and a tiny number of time deposits and deposits on call. However, time deposits accounted for the largest share of total nominal amount with 35.93%, followed closely by demand deposits with 31.3% and saving accounts with 31.40% of the entire deposits. For the detailed information, please refer to Figure 1 and Table 1.

Figure 1: Distributions of Deposits in Indonesia's Banking Industry

Distribution of Total Deposits by Type of Deposits



Distribution of Account by Type of Deposits

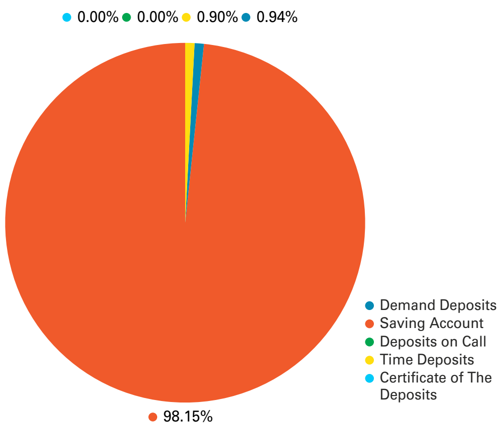


Table 1: Distribution of Deposits Based on Type of Deposits

Total Deposits and Number of Accounts by Type of Deposits (Nominal in Million USD)												
Type of Deposits	November 24				December 24				ΔMoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
Demand Deposits	5.691.021	0.94%	175.356	31.93%	5.575.354	0.92%	172.096	31.34%	-115.667	-2.03%	-3.260	-1.86%
Saving Accounts	594.045.278	98.15%	172.460	31.40%	597.137.276	98.18%	176.733	32.18%	4.091.998	0.69%	4.273	2.48%
Deposit on Call	11.024	0.00%	3.998	0.73%	13.307	0.00%	4.170	0.76%	2.283	20.71%	0.171	5.29%
Time Deposits	5.476.607	0.90%	197.334	35.93%	5.492.099	0.90%	196.154	35.72%	15.492	0.28%	-1.180	-0.60%
Certificate of The Time Deposits	186	0.00%	0.030	0.01%	157	0.00%	0.030	0.01%	-29	-15.59%	0.000	0.00%
Total	605.224.116	100.00%	549.117	100.00%	609.218.193	100.00%	549.182	100.00%	3.994.077	0.66%	0.005	0.00%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

In terms of deposit ownership the majority of deposits were classified as third-party funds, comprising both individual and corporate accounts, while interbank deposits represented only 0.81% of the entire deposits (Table 2). Conventional banks held the largest deposit portion by nominal value, comprising for 91.76% of the entire deposit with the remaining 8.24% held by Islamic banks (Table 3).

Table 2: Distribution of Deposits Based on Ownership of Deposit

Total Deposits and Number of Accounts by Ownership of Business Banks (Nominal in Million USD)

Type of Deposits	November 24				December 24				ΔMoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
Third Party-Fund (DPLK)	605.194.965	100.00%	544.837	99.21%	609.188.848	100.00%	544.752	99.19%	3.993.883	0.66%	-0.085	-0.02%
Fund From Other Bank	29.151	0.00%	4.341	0.79%	29.345	0.00%	4.432	0.81%	194	0.67%	0.091	2.10%
Total	605.224.116	100.00%	549.177	100.00%	609.218.193	100.00%	549.183	100.00%	3.994.077	0.66%	0.006	0.00%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

Table 3: Distribution of Deposits Based on Type of Banks

Total Deposits and Number of Accounts by Type of Business Bank (Nominal in Million USD)

Type of Deposits	November 24				December 24				ΔMoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
Conventional	544.275.008	89.93%	502.624	92.07%	547.916.215	89.94%	503.918	91.76%	3.641.127	0.67%	-1.706	-0.34%
Islamic	60.949.028	10.07%	43.553	7.93%	61.301.978	10.06%	45.265	8.24%	352.950	0.58%	1.712	3.93%
Total	605.224.116	100.00%	549.177	100.00%	609.218.193	100.00%	549.183	100.00%	3.994.077	0.66%	0.006	0.00%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

Throughout December 2024, 98.82% of the entire account were account with below IDR100 million (approximately USD6,189*), representing 12.48% of the entire nominal. In contrast, deposit accounts with balances exceeding IDR5 billion (around USD309,463*) accounted for a mere 0,02% of total deposit account yet made up 53.13% of the entire deposits. All deposit tiers generally experienced spike except tier with deposit accounts with balances exceeding IDR5 billion which plummeted in comparison to the previous month.

Note (*) Exchange rate 30 December 2024 = IDR16.157 per USD (Source: JISDOR Bank Indonesia)

Table 4: Distribution of Deposits Based on Nominal Tiering (in IDR)

Total Deposits by Tiering of Nominal (Nominal in Million USD)												
Deposits Tiering (IDR)	November 24				December 24				ΔMoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Account	%	Nominal	%
N ≤ 100 Mio	598.212.763	98.84%	66.627	12.13%	602.085.595	98.82%	68.512	12.48%	3.872.832	0.65%	1.885	2.83%
100 Mio < N ≤ 200 Mio	3.171.751	0.52%	27.589	5.02%	3.293.106	0.54%	28.170	5.13%	121.355	3.83%	0.582	2.11%
200 Mio < N ≤ 500 Mio	2.254.087	0.37%	44.573	8.12%	2.288.365	0.38%	45.207	8.23%	3.4.278	1.52%	0.634	1.42%
500 Mio < N ≤ 1 Bio	847.902	0.14%	37.743	6.87%	865.249	0.14%	38.608	7.03%	17.347	2.05%	0.865	2.29%
1 Bio < N ≤ 2 Bio	372.820	0.06%	32.726	5.96%	372.064	0.06%	32.733	5.96%	-756	-0.20%	-0.006	0.02%
2 Bio < N ≤ 5 Bio	221.263	0.04%	43.694	7.96%	223.338	0.04%	44.166	8.04%	2.075	0.94%	0.472	1.08%
N > 5 Bio	143.530	0.02%	296.224	53.94%	144.476	0.02%	291.786	53.13%	946	0.66%	-4.438	-1.50%
Total	605.224.116	100.00%	549.177	100.00%	609.272.193	100.00%	549.182	100.00%	4.048.077	0.67%	0.005	0.00%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

With the maximum deposit insurance coverage of IDR2 billion (USD123,785*), the IDIC deposit insurance scheme covers 99.94% of the entire deposit accounts (Table 5). In terms of nominal, 38.83% of the entire deposits are fully insured, 8.29% are partially insured, and 52.88% not insured by IDIC (Table 6).

Table 5: Distribution of Insured Deposits Based on Account

Distribution of Account by Insured Accounts December 2024			
Item	Deposit Tiering (IDR)	Number of Accounts	%
Account for Fully Insured Deposits	≤2 Billion	608.850.379	99,94%
Account for Partially Insured Deposits	>2 Billion	367.814	0,06%
Total Accounts		609.218.193	100,00%

Table 6: Distribution of Insured Deposits Based on Nominal

Distribution of Deposits by Insured Accounts Billion IDR December 2024			
Item	Deposit Tiering (IDR)	Nominal Amount	%
Fully Insured Deposits	≤2 Billion	3.445.170	38.83%
Partially Insured Deposits	>2 Billion	735.630	8.29%
Subtotal - Insured Deposits		4.180.800	47.12%
Uninsured Deposits	>2 Billion	4.692.350	52.88%
Subtotal - Uninsured Deposits		4.692.350	
Total Accounts		8.873.060	100,00%

Exchange rate 30 December 2024 = IDR16.157 per USD (Source: JISDOR Bank Indonesia)

IDIC ACTIVITIES

IDIC Visits Singapore for International Swaps and Derivatives Association Annual Legal Forum 2024 and Bilateral Meetings with Singapore Deposit Insurance Corporation

09 – 10 October 2024

IDIC held Bilateral Meeting with SDIC Singapore

On 9-10 October 2024, the Indonesia Deposit Insurance Corporation (IDIC) visited Singapore to participate in the International Swaps and Derivatives Association (ISDA) Annual Legal Forum 2024 and held a bilateral meeting with the Singapore Deposit Insurance Corporation (SDIC).

On the first day, the IDIC delegation, led by Mr. Ary Zulfikar, IDIC Executive Director of Legal, held a Bilateral Meeting with SDIC, represented by SDIC Chief Executive Officer, Mr. Low Kwok Mum. During the bilateral meeting, IDIC shared updates on Indonesia's Financial Sector Omnibus Law (FSOL), which expands IDIC's mandate to a risk minimizer role and introduces the Policyholder Protection Program (PPP) set to launch in 2028. IDIC also discussed its authority as a deposit insurer and its collaboration framework with the Monetary Authority of Singapore (MAS) which responsible for monetary policy, supervision, and bank resolution. The meeting aimed to strengthen cooperation and foster constructive development between the two organizations. IDIC engagement with SDIF aligns with the International Association of Deposit Insurers (IADI) outreach program which aimed to expand IADI membership in the Asia-Pacific region.

On the second day, the IDIC delegation participated in the ISDA Annual Legal Forum 2024, which addressed key topics in the swaps and derivatives market, including developing robust carbon markets, the future of forex transactions, and managing risks in contract termination. Insights from the forum are expected to enhance IDIC's preparedness in handling commercial bank resolutions involving derivative transaction contracts.

IDIC Shares Knowledge of Bank Resolution with Deposit Insurance of Vietnam

12–17 October 2024

IDIC held Bilateral Meeting with DIV Vietnam

IDIC had the honor of being invited by the Deposit Insurance of Vietnam (DIV) as a speaker in the workshop titled Resolutions of Insured Institutions – IDIC Experiences. Prior to the workshop, the IDIC delegation, led by Mr. Purbaya Yudhi Sadewa as IDIC Chairman, held a bilateral meeting with DIV. During the meeting, IDIC congratulated DIV on its significant milestone of 25 years of insuring deposits and expressed IDIC willingness to support DIV effort in enhancing Vietnam's Deposit Insurance Law by sharing insights and best practices.

The workshop was comprised of two sessions. The first session provided an over view of IDIC and its early intervention authorities, while the second session offered a detailed exploration of IDIC's bank resolution framework.

In the first session, IDIC speakers introduced the organization, outlining its mandateauthorities, Indonesia's banking performance, and payout statistics. They also presented the coordination framework among Indonesia's financial safety net members: the Financial Services Authority (OJK), Bank Indonesia (BI) as the monetary authority and lender of last resort, IDIC as the bank resolution authority, and the Ministry of Finance as the fiscal authority.

The second session discussed IDIC's bank resolution framework, including resolution options, resolution planning for commercial banks, and case studies of bank resolutions in Indonesia. The case studies highlighted IDIC's efforts in restructuring and revitalizing PT BPR Indramayu Jabar and resolving Bank Century through temporary capital placement. The session concluded with a discussion on the bank liquidation framework, emphasizing lessons learned, as it remains the most implemented resolution option by IDIC.

IDIC Participation in IFIGS 11th International Conference and Annual General Meeting

14-20 October 2024

IDIC delegations in IFIGS International Conference and AGM in Madrid

On 16 October 2024, IDIC attended the International Forum of Insurance Guarantee (IFIGS) 11th International Conference & Annual General Meeting in Madrid, Spain. The IDIC delegation, led by Member of the Board of Commissioners Mr. Didik Madiyono, began the visit with a bilateral meeting with Banco de España to strengthen and expand institutional cooperation.

Following the meeting, IDIC participated in the IFIGS International Conference, attended by representatives from 21 member countries and observers from various Spanish finan cial authorities. The conference addressed key issues related to the PPP, including insurance company resolution, the impact of climate change on the insurance sector, and the integration of artificial intelligence in industry. These discussions are expected to support IDIC's readiness for the PPP implementation in 2028.

Additionally, IDIC demonstrated its commitment to international collaboration and enhanced its institutional profile by actively engaging in the IFIGS 11th Annual General Meeting (AGM).

BIS-FSI-EMEAP SGR Workshop on Cross-Border Resolution 2024: 17 October 2024

EMEAP SGR Workshop on Cross-Border Resolution Participants

As Executives' Meeting of East Asia-Pacific Study Group on Resolution (EMEAP-SGR) member, IDIC attended the BIS-FSI-EMEAP SGR Workshop on Cross-Border Resolution, organized by the Hong Kong Monetary Authority (HKMA) in its capacity as the coordinator of EMEAP-SGR. The workshop took place on 17 October 2024 in Hong Kong, as part of a series of EMEAP activities in which IDIC has previously participated.

The workshop featured sharing sessions and discussions among members, focusing on three main topics: resolution readiness, liquidity support before and during resolution, and coordination and communication mechanisms during a crisis.

During the discussion, IDIC shared its efforts to improve crisis preparedness, strengthen internal coordination, and enhance cooperation with Indonesian authorities. IDIC has also conducted simulation exercises, holding 15 internal simulations from 2019 to 2023. Some of these were carried out with other members of the Indonesian Financial System Stability Committee (IDIC, FSA, BI, and the Ministry of Finance) to improve crisis-handling coordination.

IDIC Participation in Resolution Conference 2024 Testing the Policy Framework: Reflections Following the 2023 Banking Turmoil

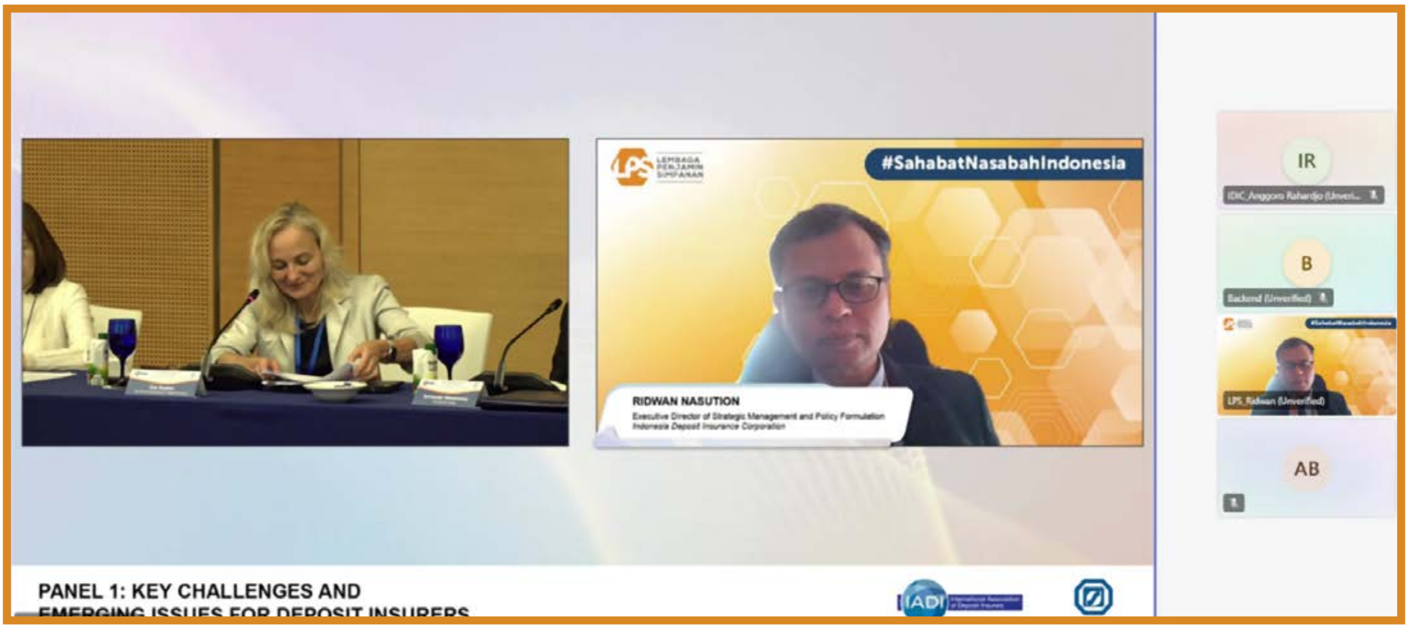
29-30 October 2024

IDIC Delegations during Bilateral Meeting with FITD Italy

On 29-30 October 2024, IDIC traveled to Basel, Switzerland, to attend an international conference jointly organized by IADI, BIS, FSI, and FSB. The conference covered five key topics: resolution planning, the role of deposit insurance in resolution, operational readiness through testing and simulation, alternative resolution strategies beyond bail-ins, and liquidity and crisis management.

Following the conference, IDIC held bilateral meetings with Fondo Interbancario di Tutela dei Depositi (FITD) to explore personnel exchange cooperation and short course to FINMA, aiming to enhance staff capabilities and foster potential future collaborations. Additionally, IDIC conducted a bilateral meeting with the Financial Stability Board (FSB) as a strategic initiative to strengthen its engagement in international organizations.

IDIC Participation as Speaker on IADI SEACEN Meeting
07 November 2024



IDIC Participated as Speaker on IADI SEACEN Meeting

On 7 November 2024, Mr. Ridwan Nasution, the Executive Director of Strategic Management and Policy Formulation at the Indonesia Deposit Insurance Corporation (IDIC), participated as a distinguished speaker in the Joint IADI-SEACEN Conference. The event, titled Emerging Challenges for Deposit Insurance Systems and Policy Implications, brought together key stakeholders, policymakers, and industry experts to discuss pressing issues in the evolving financial landscape. Mr. Ridwan Nasution's participation in this conference underscores IDIC's active role in shaping global discussions on deposit insurance and financial stability, highlighting Indonesia's commitment to strengthening its deposit insurance framework in response to emerging economic and financial challenges.

During the conference, Mr. Ridwan Nasution contributed as a panelist in Panel 1: Strengthening Emergency Liquidity Assistance (ELA) and Deposit Insurers' Backstop Funding. His presentation focused on the critical role of liquidity management in maintaining depositor confidence and preventing systemic financial instability. He emphasized the potential liquidity challenges that Deposit Insurance Corporations (DICs) may encounter, particularly during times of financial stress when rapid access to funds is crucial to mitigating market disruptions. To address these concerns, he outlined a range of funding alternatives available to IDIC, including the sale or repurchase (repo) of government bonds held by IDIC to the central bank, the issuance of bonds to raise capital, and the option of securing government loans to ensure liquidity sufficiency. By exploring these mechanisms, Mr. Ridwan Nasution underscored the importance of proactive financial planning and the need for deposit insurers to establish diverse and reliable funding sources to safeguard financial stability.

IADI 80th EXCO Meeting, AGM and Conference:
11 – 15 November 2024

On 11-15 November 2024, IDIC participated in the IADI 80th EXCO Meeting, Annual General Meeting and Conference in Tokyo, Japan. IDIC actively contributed to key discussions, particularly in the APRC Research Technical Committee Meeting, APRC Joint Task Force Meeting, and APRC Ad-hoc Meeting.

During the IADI 80 th EXCO Meeting in Japan, IDIC held several bilateral meetings with its MoU counterparts, demonstrating its commitment to strengthening international partnerships and enhancing collaboration in deposit insurance.

Dinner Meeting with SDIF Turkey

The first meeting, IDIC Chairman Mr. Purbaya Yudhi Sadewa led IDIC delegations on Bilateral Meeting with Savings Deposit Insurance Fund (SDIF) of Turkiye, represented by Mr. Yusuf Öksüzömer, Board Member of SDIF Turkiye. During this meeting, IDIC expressed its strong support for the nomination of Mr. Fatin Rüştü Karakaş, the Chair of the SDIF Turkiye, as a candidate for the position of Chair in IADI Executive Council election. IDIC's endorsement reflects its confidence in Mr. Karakaş's leadership abilities and his vision for strengthening global deposit insurance systems. His extensive experience in financial stability, resolution frameworks, and international cooperation aligns with IADI's mission to enhance deposit insurance practices worldwide. By backing his nomination, IDIC reaffirmed its commitment to fostering a robust and well-coordinated global deposit insurance network that promotes financial resilience and depositor protection.

Additionally, discussions during the meeting covered the ongoing collaboration between IDIC and SDIF, with both institutions recognizing the value of their partnership in advancing best practices and policy development in deposit insurance. A key topic of discussion was the extension of the existing MoU between IDIC and SDIF, which is set to expire in 2025. Both parties acknowledged the positive outcomes that have emerged from their cooperation under the current MoU and expressed mutual interest in renewing and expanding the agreement to further enhance knowledge-sharing, capacity-building initiatives, and joint research efforts. The potential extension of the MoU would ensure continued collaboration in key areas such as resolution planning, risk assessment methodologies, and liquidity management strategies, ultimately contributing to stronger and more resilient deposit insurance frameworks in both Indonesia and Turkiye.

Bilateral Meeting with FITD Italy

The series of meetings subsequently followed by Bilateral Meeting with FITD of Italy. During the meeting, IDIC reaffirmed its support for the FITD delegate in the upcoming IADI Executive Council election, demonstrating its commitment to strengthening international cooperation within the global deposit insurance community. In addition to its endorsement, IDIC and FITD discussed the launch of a secondment program initiative set to commence in 2025. This initiative underscores both organizations' dedication to fostering cross-border collaboration, facilitating knowledge exchange, and enhancing best practices in deposit insurance. Through this program, professionals from IDIC and FITD will have the opportunity to gain hands-on experience within each other's institutions, allowing for deeper insights into operational frameworks, policy development, and crisis management strategies. By engaging in this structured exchange, both entities aim to refine their approaches to depositor protection, risk mitigation, and financial stability, ultimately contributing to the continuous improvement of the global deposit insurance landscape.

Courtesy Meeting with DPA Thailand

IDIC subsequently held a Courtesy Meeting with the Deposit Protection Agency of Thailand (DPA Thailand). During discussions, both parties addressed the renewal of the existing MoU between IDIC and DPA Thailand, which is set to expire in 2025. Recognizing the value of their ongoing partnership, IDIC reaffirmed its commitment to sharing expertise in critical areas such as Resolution Planning and Business Continuity Management, aiming to enhance financial stability and crisis preparedness in both countries. Meanwhile, DPA Thailand expressed keen interest in Indonesia's integrated deposit and insurance protection schemes, acknowledging their potential benefits in safeguarding financial consumers and strengthening risk management frameworks. Additionally, both institutions explored the possibility of future cooperation in digital banking initiatives, reflecting their shared recognition of the rapidly evolving financial landscape and the need to adapt deposit insurance mechanisms to emerging technologies and digital financial services. Through these discussions, IDIC and DPA Thailand reinforced their dedication to deepening collaboration, exchanging knowledge, and enhancing deposit protection frameworks to better serve their respective financial sectors.

Bilateral Meeting with DICJ Japan

Concluding the series of bilateral engagements in Tokyo, IDIC held a bilateral meeting with Deposit Insurance of Japan (DICJ). DICJ graciously shared its valuable experiences regarding the operation of investment bonds, a subject that remains an ongoing study within IDIC. DICJ's insights provided IDIC with a deeper understanding of the practical applications, benefits, and challenges associated with utilizing investment bonds as a financial instrument within the deposit insurance system. Beyond this topic, the discussions extended to a broader exchange of shared experiences and best practices in deposit insurance, covering key areas such as risk assessment, resolution strategies, and financial stability measures. Both institutions also explored potential joint initiatives aimed at enhancing their respective deposit insurance frameworks and mechanisms, reflecting a mutual commitment to strengthening depositor protection and ensuring financial resilience. Through this collaboration, IDIC and DICJ reaffirmed their dedication to fostering international cooperation, leveraging expertise, and developing innovative solutions to address emerging challenges in the global financial landscape.

IDIC and Philippine Deposit Insurance Corporation Sign Bilateral Cooperation Memorandum of Understanding during IADI Annual General Meeting

12 November 2024

IDIC Chairman and PDIC CEO signed Memorandum of Understanding on Bilateral Cooperation

During the International Association of Deposit Insurers (IADI) Annual General Meeting on 12 November 2024, the Chairman of the Indonesia Deposit Insurance Corporation (IDIC), Mr. Purbaya Yudhi Sadewa, and the Chief Executive Officer (CEO) of the Philippine Deposit Insurance Corporation (PDIC), Mr. Roberto B. Tan, formally signed a Memorandum of Understanding (MoU) to strengthen bilateral cooperation between the two institutions. This agreement underscores a shared commitment to enhancing collaboration and fostering the exchange of knowledge, expertise, and best practices in deposit insurance and financial stability. The MoU establishes a framework for deeper engagement between IDIC and PDIC, ensuring that both organizations can work together effectively to address common challenges, improve operational efficiencies, and enhance their respective deposit insurance systems.

In his remarks, Mr. Purbaya Yudhi Sadewa highlighted IDIC's dedication to supporting PDIC through the transfer of valuable insights and technical expertise tailored to the needs of the Philippine deposit insurer. By formalizing this partnership, both institutions signal their intent to explore new avenues for cooperation in areas such as risk management, resolution strategies, and policy development. This milestone agreement not only reinforces the strong relationship between Indonesia and the Philippines in financial sector governance but also paves the way for impactful initiatives that will contribute to greater financial stability and depositor protection in both countries.

IDIC Participation as Speaker in DPO Lao International Seminar 2024

19 – 21 November 2024

IDIC Participated as Speaker in DPO Lao International Seminar 2024

IDIC was honored to receive an invitation from the Deposit Protection Office (DPO) of Lao PDR to participate as a speaker at the DPO Lao International Seminar 2024, themed "Overview of Deposit Insurers and Challenges in Fulfilling Deposit Insurance Mandates." The seminar brought together deposit insurance corporations, including IDIC, Deposit Insurance of Vietnam (DIV), Deposit Protection Agency of Thailand (DPA Thailand), and the Korea Deposit Insurance Corporation (KDIC). Representing IDIC, Mr. Samsu Adi Nugroho, Director of the Accounting and Budgeting Group, delivered a comprehensive presentation on IDIC's organizational structure, mandates, functions, funding mechanisms, insurance coverage, resolution schemes, interagency coordination, cross-border cooperation, and strategies to address global challenges.

Following the seminar, the IDIC delegation, led by Mr. Hermawan Setyo Wibowo, Chief of the Office of Risk Management, Compliance, and Governance Office, held a Bilateral Meeting with DPO Lao, led by Mr. Vongphachanh Sengsouvanh, DPO Lao Director General. Both parties reaffirmed their commitment to strengthening cooperation and fostering closer collaboration in the future.

IDIC Shares Knowledge in Single Customer View and Bank Resolution with Ghana Deposit Insurance Corporation

3 December 2024

IDIC held Virtual Workshop on Resolution to GDPC

On 3 December 2024, IDIC conducted a virtual technical assistance session with the Ghana Deposit Protection Corporation (GDPC) under the theme "Bank Resolution and The Single Customer View Framework and Its Implementation in Indonesia."

The session began with opening remarks by Ms. Fanny Stephanie Parinussa, IDIC's Director of International Affairs Group, who warmly welcomed GDPC to the virtual workshop and highlighted the importance of knowledge sharing between the two organizations. The first session focused on IDIC's Bank Resolution Framework, including resolution planning for commercial banks in Indonesia. The second session explored the Single Customer View (SCV) Framework and its implementation, highlighting the technical design and functionality of the IDIC SCV application. Both organizations concluded the session with a mutual commitment to continue fostering cooperation and sharing best practices to strengthen their respective deposit protection systems.

IADI UPDATES

IADI Sets Strategic Work Priorities for 2025

During the 80th Executive Council, Annual Conference and 23rd Annual General Meeting (AGM), IADI adopted its work priorities for 2025. The IADI 2025 Work Priorities align with the IADI Strategic Goals and Objectives 2022-2026 as approved by the Annual General Meeting on 22 October 2021.

1. The IADI Core Principles of Effective Deposit Insurance Systems

IADI will complete the review of the IADI Core Principles for Effective Deposit Insurance Systems in 2025. Starting in early 2025, IADI will conduct a series of meetings to consult with its stakeholders at a regional and international level. To test the suitability of the revised Core Principles as universal standard, IADI will undertake pilot assessments with volunteering member institutions in advanced and emerging economies. The findings will inform the finalization of the standard and the update of the accompanying handbook that includes instructions for assessors who carry out assessments of compliance with the Core Principles.

2. The Interaction of Deposit Insurance and Resolution

Considering the evolution of bank failure resolution practices and the role of deposit insurers in funding non-payout resolutions, IADI will undertake focused work on resolution practices and, as part of this, review its Resolution Guidance of 2006. This work will include an in-depth review of cooperation arrangements, including memoranda of understanding, among deposit insurers and other safety-net participants, such as supervisory and resolution authorities, and the central banks, underpin effective cooperation and coordination in bank failure scenarios.

3. Technological Innovation and Digitalization

Technological innovation, digitalization, artificial intelligence, tokenization, and the emergence of digital currencies have the potential to significantly impact deposit insurance functions. Based on a comprehensive stock-take, IADI will undertake an in-depth analysis of these developments and their potential policy implications for deposit insurance systems. IADI will publish its main findings in a summary report by the end of 2025. The report will form the basis for focused policy work to be undertaken in 2026 in priority areas.

Besides the main priorities, there is ongoing work in other areas:

1. Capacity Building and Technical Assistance

IADI will implement a revised strategy for training and capacity building composed of three key pillars: i) training based on the revised IADI Core Principles; ii) assessing and benchmarking compliance with the revised IADI Core Principles; and iii) supporting the full implementation of the Core Principles.

2. Regional Outreach and Membership Expansion

IADI will seek to further promote coherence and coordination among the activities of the Regional Committees.

3. Governance

IADI will complete the reforms in 2025 with the development of the enterprise risk management framework and internal control system, and accompanying rules, policies and procedures that underpin the new committee structure. IADI will also adopt a multi-year planning process to take a forward-looking strategic perspective and ensure the more effective use of its resources.

4. Stakeholder Outreach

IADI will continue its close cooperation and coordination with other international bodies and partners, including the Basel Committee on Banking Supervision, FSB, International Monetary Fund, the World Bank, and the Financial Stability Institute of the Bank for International Settlements. As member of the FSB's Resolution Steering Group and the Cross-border Bank Crisis Management Group IADI will continue to engage with the FSB on issues at the interface of deposit insurance and resolution.

Jointly with the FSI and IMF, IADI will conduct the annual "Bank Resolution Online Course". In connection with outreach on the Core Principles IADI is seeking to further strengthen its engagement with its Partners, and Associates on broader deposit insurance system issues. IADI will seek to establish an advisory group composed of representatives from key external stakeholders and academia forms in 2025 with the initial aim to inform the finalization of the Core Principles.

IADI New Members

At the IADI Annual General Meeting, the General Assembly welcomed these deposit insurers as new IADI members:

1. The Financial Services Regulatory Authority of Ontario (FSRA, Canada),
2. Finansiel Stabilitet (Denmark),
3. Deposit Insurance Corporation Malawi (Malawi), and
4. The Deposit Insurance Agency – AOD (Bosnia and Herzegovina)

EXCO Election and Leadership Appointments

The IADI General Assembly elected as new Executive Council Members:

1. Alfredo Pallini (Interbank Deposit Protection Fund – Italy), First Vice-Chair of IADI;
2. Hidenori Mitsui (Deposit Insurance Corporation of Japan), Second Vice-Chair of IADI;
3. José María Fernández (Deposit Guarantee Fund of Credit Institutions – Spain), Chair of the Policy Council Committee;
4. Eloise Williams Dunkley (Jamaica Deposit Insurance);
5. Gregor Frey (esisuisse – Switzerland); and
6. Roberto Tan (Philippine Deposit Insurance Corporation – Philippines).

Source:
https://www.iadi.org/2024/11/press-release-iadi-agm-2024/

BCBS UPDATES

BIS

Basel Committee Publishes G20 Progress Report on the 2023 Banking Turmoil and Liquidity Risk

11 October 2024

The Basel Committee on Banking Supervision published a progress report to the G20 Finance Ministers and Central Bank Governors on its analytical work of the 2023 banking turmoil. The report, requested by the G20 Brazilian Presidency, provides an update on the Committee's analytical work on liquidity risk dynamics observed during the turmoil.

The progress report includes updated empirical analysis on the liquidity outflow rates experienced by distressed banks during the turmoil and assesses the materiality of liquidity risk factors that are not explicitly covered by the Basel III Liquidity Coverage Ratio (LCR). The report also analyses the impact of the accounting treatment and valuation of liquid assets eligible to meet the LCR and other potential impediments to banks' ability and willingness to draw down their liquidity buffer. It also assesses the use and role of supervisory monitoring tools and other stress indicators.

Drawing on the findings of this progress report, the Committee is continuing to pursue a series of follow-up initiatives related to the turmoil, including:

- Prioritising work to strengthen supervisory effectiveness and identify issues that could merit additional guidance at a global level; and
- Pursuing additional follow-up analytical work based on empirical evidence to assess whether specific features of the Basel Framework, such as liquidity risk and interest rate risk in the banking book, performed as intended during the turmoil and assessed the need to explore policy options over the medium term.

This follow-up work is fully in line with the imperative of implementing the Basel III standards in a full and consistent manner, and as soon as possible.

Source :
https://www.bis.org/press/p241011.htm

Technical Amendment – Hedging of Counterparty Credit Risk Exposures

27 November 2024

To help promote consistent interpretation of the Basel Framework, the Basel Committee on Banking Supervision periodically publishes proposals for technical amendments. The set of interpretative issues are related to the circumstances where a bank has a derivative exposure and uses a guarantee or credit default swap (CDS) to hedge the counterparty credit risk (CCR) arising from the derivative counterparty.

Source:
https://www.bis.org/bcbs/publ/d584.htm

Range of Practices in Implementing a Positive Neutral Countercyclical Capital Buffer

28 November 2024

The Basel Committee on Banking Supervision has published a report which describes the range of practices in implementing a positive neutral countercyclical capital buffer (CCyB).

In 2017 the Committee published a range of practices in implementing the CCyB report which examined how jurisdictions have used flexibility in the CCyB framework when designing their CCyB policies. Since then, an increasing number of jurisdictions have chosen to use this flexibility to introduce a positive CCyB when risks are judged to be neither subdued nor elevated. In 2022, the Committee published a newsletter, where it supported and acknowledged the benefits of authorities' ability to set a positive neutral rate for the CCyB.

This report builds on those prior publications by examining the different jurisdictional frameworks for implementing a positive neutral CCyB, the observed approaches to the calibration and operation of the buffer and discusses reciprocity considerations. The adoption of a positive neutral CCyB approach is not required by Committee members, and the report does not seek to discuss or opine on the merits or demerits of a positive neutral CCyB relative to other macroprudential measures or tools. Some jurisdictions may use tools other than the positive neutral CCyB to address similar risks based on their specific jurisdictional circumstances.

Source:
https://www.bis.org/bcbs/publ/d585.htm

Final Guidelines for Counterparty Credit Risk Management

11 December 2024

The Basel Committee on Banking Supervision (BCBS) has issued guidelines for banks' counterparty credit risk (CCR) management. The guidelines include key practices critical to resolving long-standing industry weaknesses in CCR management, including the need to: (i) conduct comprehensive due diligence at both initial onboarding, as well as on an ongoing basis; (ii) develop a comprehensive credit risk mitigation strategy to effectively manage counterparty exposures; (iii) measure, control and limit CCR using a wide variety of complementary metrics; and (iv) build a strong CCR governance framework. The guidelines will replace *Sound practices for banks' interactions with highly leveraged institutions* published in January 1999.

Source:
https://www.bis.org/bcbs/publ/d588.htm

FINANCIAL STABILITY BOARD

FSB UPDATES

FSB Asia Group Discussed Technological Innovation, Emerging Risks and Resolution Regimes

16 October 2024

The FSB Regional Consultative Group for Asia (RCG Asia) met today in Hong Kong SAR.

Members exchanged insights from a workshop on 15 October, co-organized with the International Organization of Securities Commissions Asia Pacific Regional Committee (IOSCO APRC), on the financial stability implications of crypto-assets, tokenization and artificial intelligence. Participants discussed how the new regulatory environment for crypto assets has led to the creation of more exchanges, fragmenting liquidity across jurisdictions and creating an uneven playing field with entities that resideoutside the regulatory perimeter. Increased convergence between decentralized finance and traditional finance necessitates enhanced monitoring and greater supervisory and regulatory cooperation within and across borders. Members supported collaboration between RCG Asia and IOSCO APRC on future issues of significance to financial stability.

The group then discussed global and regional financial market developments. Recent market volatility in the region highlights ongoing concerns over the macroeconomic environment. Members also discussed the role of technology in the financial system, leading to new interconnections and dependencies, as demonstrated by the Crowd Strike outage and operational disruptions in high-value messaging and payments systems in July.

Members acknowledged the relevance of the FSB’s toolkit for third-party risk management, which aims to help financial institutions monitor, identify, and manage risks arising from third-party services. They noted that operational risks are compounded by the increasing number and complexity of financial fraud cases. The group discussed these challenges and explored the scope for better cross-border and cross-agency cooperation.

Reflecting on lessons from the 2023 banking turmoil, members shared information on recent changes to their resolution strategies and tools. They reviewed progress in implementing the FSB Key Attributes for Effective Resolution Regimes for Financial Institutions. Members look forward to the FSB's upcoming report, which will summarize the work on interest and liquidity risk and on depositor behavior and the role of technology and social media.

Members received an update on the FSB's work programme for 2024 and shared their thoughts on areas for consideration as the FSB develops its plans for 2025.

Source:
https://www.fsb.org/2024/10/fsb-asia-group-discusses-technological-innovation-emerging-risks-and-resolution-regimes/

FSB Analyses Interest Rate and Liquidity Risks and the Role of Technology and Social Media on Depositor Behavior

23 October 2024

The FSB published a report on depositor behavior and interest rate and liquidity risks in the financial system, drawing on lessons from the March 2023 banking turmoil.

This report summarizes the main findings from FSB work over the past year to assess vulnerabilities in the global financial system related to solvency and liquidity risks amid rising interest rates, the influence of technology and social media on depositor behavior during bank runs, and how the use of technologies may affect the planning and execution of a resolution.

The analysis identifies life insurers, non-bank real estate investors – comprising real estate investment trusts, real estate funds, and other nonbank mortgage lenders – as well as a weak tail of banks as most vulnerable to solvency and liquidity risks at the current juncture. These entity types typically have a high proportion of interestrate-sensitive assets and liabilities and are affected by higher rates through various solvency and liquidity risk channels.

Some of the deposit runs that took place in March 2023 unfolded at an unprecedented speed. The three fastest deposit runs had outflows of around 20-30% per day, which was faster than the highest peak one-day outflow of past deposit runs reported by FSB members. The scale of deposit runs, as a share of pre-run deposits, was in the upper range of outflows seen in past runs. Banks experiencing the runs tended to have an unusually high reliance on uninsured deposits, while the concentration of the deposit base likely played a role in the large outflows.

There is some evidence that social media had an influence on some of the recent bank runs, though the depositor categories at the center of those runs are likely to have had access to other information sources. Technological advancements have facilitated an easier and faster transfer of deposits in recent years, which may have made depositors more willing to move funds between banks.

The findings in the report raise issues that are relevant for bank managers, supervisors, regulators, resolution authorities and policy makers. The speed of the recent runs means that banks and authorities may need to be able to react much more quickly to deposit outflows than in the past; find ways to address the liquidity and solvency vulnerabilities that gave rise to such extreme outflows; and consider whether monitoring of social media could be helpful as an early warning tool to flag potential stress at a bank or wider turmoil that might affect banks. Consideration could also be given to collecting and publishing additional information on bank deposits and on unrealized losses on bank securities portfolios to fill identified data gaps.

The possibility of further rapid deposit runs in the future also raises challenges for authorities' ability to execute a resolution. Authorities and banks should enhance their operational readiness for resolution and incorporate effective communication strategies to ensure coordinated and consistent messaging.

Source:
https://www.fsb.org/2024/10/fsb-analyses-interest-rate-and-liquidity-risks-and-the-role-of-technology-and-social-media-on-depositor-behaviour/

FSB Chair Calls on G20 Leaders to Implement Agreed Reforms Fully

18 November 2024

FSB Chair's letter is accompanied by the FSB's Annual Report, which highlights that progress in implementing key G20 regulatory reforms is uneven and that challenges remain. The FSB Chair urges the continued, full, consistent, and timely implementation of agreed-upon financial regulatory reforms. The chair's letter also details policy efforts aimed at mitigating risks associated with non-bank financial intermediation, digitalization, and climate change. In this context, the FSB has submitted reports on artificial intelligence and on achieving consistent and comparable climate-related financial disclosures.

Source:
https://www.fsb.org/2024/11/fsb-chair-calls-on-g20-leaders-to-implement-agreed-reforms-fully/

FSB Details Advances in Global Resolution Regimes and Unveils a List of Insurers Subject to Resolution Planning Standards

5 December 2024

FSB today published its 2024 Resolution Report. The report takes stock of the FSB resolution-related work of the past year as well as of the progress made by FSB members in implementing resolution reforms and enhancing resolvability across the banking, financial market infrastructure, and insurance sectors. It also sets out the FSB's 2025 priorities in the resolution area.

In 2024, the FSB focused on advancing the work to explore and address the lessons from the 2023 bank failures. This included work on public sector backstop fundin mechanisms, operationalization of bail-in, and assessing the impact of technological innovation on resolution processes. In the coming year, the FSB will continue to address these areas further and explore practices of authorities using transfer tools in resolution (e.g. sales of asset portfolios); and promote cross-border cooperation and information sharing with authorities outside of Crisis Management Groups.

The FSB achieved important milestones advancing resolution framework develoment for other sectors of the financial system. The FSB finalized a new global standard to support the orderly resolution of a CCP. The standard aims to ensure that transparently calibrated resolution resources are available to achieve the orderly resolution of CCP. In addition, ASX Clear (Futures) in Australia has been added to the list of CCPs that are systemically important in more than one jurisdiction.

The FSB is also publishing for the first time a list of insurers reported by FSB member authorities as being subject to resolution planning standards consistent with the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions. In the coming year, the FSB will work on promoting consistency in the scope of application of resolution planning standards for insurers.

Source:
https://www.fsb.org/2024/12/fsb-details-advances-in-global-resolution-regimes-and-unveils-a-list-of-insurers-subject-to-resolution-planning-standards/

FSB Reports Strong Growth in Non-Bank Financial Intermediation in 2023

16 December 2024

FSB published its annual Global Monitoring Report on Non-Bank Financial Intermediation. The report describes broad trends in financial intermediation in 2023 across 29 jurisdictions that account for around 88% of global GDP, before narrowing its focus to the subset of NBFI activities that may be more likely to give rise to vulnerabilities. The main findings from this year's monitoring exercise include:

In 2023, the NBFI sector grew 8.5%, more than double the pace of banking sectorgrowth (3.3%), raising the NBFI share of total global financial assets to almost 50% (roughly $250 trillion). This growth was largely attributed to higher asset valuations, which rebounded after a decrease in 2022. Investor inflows to NBFI entities also contributed to the increase.

All NBFI subsectors grew at rates of around two times their five-year average. The assets of other financial intermediaries (OFIs) – a subset of the NBFI sector that includes money market funds, hedge funds, other investment funds, central counterparties, and structured finance vehicles (SFVs) – increased by almost 10% over the year, to just under $160 trillion. Insurance corporation and pension fund assets also grew strongly.

The narrow measure of the NBFI sector – which consists of entities that authorities have assessed as being involved in credit intermediation activities that may pose bank-like financial stability risks – increased by almost 10% to reach $70 trillion, the highest level ever recorded in this exercise.

Most vulnerability metrics of NBFI entities – measuring credit intermediation, maturity transformation, liquidity transformation, and leverage – remained stable. Metrics for liquidity transformation in fixed income and mixed funds, as well as for leverage in finance companies, broker-dealers and SFVs, were relatively high. The report also includes data on non-bank fintech lending for the first time, in response to a recommendation in the third phase of the G20 Data Gaps Initiative to close data gaps related to this activity. 10 jurisdictions reported total non-bank fintech lending of around $40 billion, or 1% of the total loan assets held by their OFIs.

Source:
https://www.fsb.org/2024/12/fsb-reports-strong-growth-in-non-bank-financial-intermediation-in-2023/

ISLAMIC FINANCIAL SERVICES BOARD

IFSB UPDATES

Türkiye Accelerates Participation Finance: CBFO, IFSB and TKBB to Hold Joint Forum and Workshop in Istanbul

15 November 2024

The Finance Office of the Presidency of the Republic of Türkiye (CBFO), the Islamic Financial Services Board (IFSB), and the Participation Banks Association of Türkiye (TKBB) will co-host the CBFO-IFSB-TKBB Forum on ‘Strengthening Ties Between the IFSB and the Participation Financial System in Türkiye,’ on 18 November 2024. A morning workshop for industry professionals will precede the forum. This event is a significant step in fostering enhanced collaboration and reinforcing Türkiye’s position as a dynamic hub for Islamic finance in the region.

The high-profile event will bring together regulators, policymakers, and industry leaders to discuss critical issues shaping the future of the Islamic financial services industry (IFSI). The sessions will focus on regulatory frameworks, the roles of supervisory bodies in promoting financial stability, and strategic approaches to bolster the relationship between the IFSB and Türkiye’s participation finance system. In addition, the discussion will address emerging market trends, opportunities for growth, and advancing global standards within the Islamic banking sector.

The IFSB is the leading international standard-setting body that promotes the stability and soundness of the Islamic financial services industry for the last two decades. For the IFSB, this event underscores its commitment to retaining the longstanding partnerships with the Türkish regulators and supporting a resilient participation finance framework in the country. This engagement in Istanbul fosters best practices, facilitates cross-border dialogues and the mainstreaming of Islamic finance in the region.

Among the distinguished speakers invited are Prof. Dr. Göksel Aşan, President, Finance Office of the Presidency of Türkiye (CBFO), Dr Ghiath Shabsigh, Secretary-General of the IFSB, Mr. Erhan Akkaya, Director, Central Bank of Türkiye, a senior representative from the Banking Regulation and Supervision Agency of Türkiye, Mr. Ali Erdurmuş, Deputy-Governor of Capital Markets Board of Türkiye, Mr. Şanbaz Yıldırım, Head of Department of Insurance and Private Pension Regulation and Supevision Board of Türkiye, and Mr. İsmail Vural, Secretary-General of TKBB.

Participation finance (alternatively known as Islamic finance), is rapidly expandin within Türkiye, driven by strong market demand and the country's strategic focus. It surpassed USD 90 billion in 2023 and is expected to grow in the coming years. The IFSB's Islamic Financial Stability Report 2024 supports this outlook, highlighting the increase in market share for Islamic banks in Türkiye to 8.7% in 2023, propelled by the growth of state-owned banks and strong regulatory support.

Source:
https://www.ifsb.org/press-releases/turkiye-accelerates-participation-finance-cbfo-ifsb-and-tkbb-to-hold-joint-forum-and-workshop-in-istanbul/

CBFO, IFSB, and TKBB to Support Participation Finance Growth in Turkiye

19 November 2024

The Finance Office of the Presidency of the Republic of Türkiye (CBFO), IFSB, and the Participation Banks Association of Türkiye (TKBB) successfully co-organized the CBFO-IFSB-TKBB Forum on 'Strengthening Ties Between the IFSB and the Participation Financial System in Türkiye' on 18 November 2024. It brought together 150 participants including regulators, policymakers, and industry leaders to address critical issues shaping the Islamic financial services industry (IFSI) in Türkiye.

Addressing the Forum, Mr. Necip Fazıl Kaymak, Vice President of the CBFO shared, "Our united goal is for Türkiye to actively participate in the participation finance sector, contribute to the global financial system, and expand its position in the sector. I believe that the discussions held at the forum will strengthen Türkiye's compliance with international standards in the field of participation finance and contribute to making it a stronger actor in the global financial system,"

He added that "As the Finance Office of the Presidency of the Republic of Türkiye, the Participation Finance Strategy Document (PFSD) that we shared with the public on October 3, 2022, was prepared with the aim of developing participation finance, one of the two main pillars of the Istanbul Financial Centre project, ensuring that it operates in accordance with its spirit, and achieving its rightful position. The Strategy Document aims for a holistic transformation of participation finance for the 2022-2025 period, and efforts are being made in this regard."

Echoing the sentiment, Mrs. Fatma Çınar, Deputy Secretary-General of the TKBB emphasized, "We are honored to collaborate with IFSB and the Finance Office of the Presidency of Türkiye to bring together esteemed representatives in Islamic finance in Istanbul Financial Centre,".

The forum she adds, is a testament to the power of cooperation and shared vision between the organizations, "Together, we are creating a platform to deepen Türkiye's alignment with global Islamic financial standards and to strengthen the ties between the IFSB and our country's participation finance sector. By building on this collaboration, we can explore avenues that will bolster the stability, resilience, and sustainability of our financial systems."

Recognized as "participation finance" in the country, the forum marked a significant step toward strengthening collaboration and reinforcing Türkiye's role as a dynamic center for Islamic finance in the region. Among the high-profile speakers are senior representatives from the IFSB, Central Bank of Türkiye, Bank Al-Maghrib, Capital Makets Board of Türkiye, and Insurance, and the Private Pension Regulation and Supervision Board of Türkiye.

As the standard-setting body for the global IFSI, the IFSB's involvement in the event reinforces its commitment to support Türkiye's regulators and market institutions in fostering a resilient and prosperous participation finance framework. Over the past 20 years, the IFSB has developed over 40 industry standards and guidelines across banking, capital markets, insurance, and cross-sector finance, tailored to meet the unique needs of Islamic finance.

Dr Ghiath Shabsigh, Secretary-General of the IFSB remarked, "As Türkiye's participation finance industry sector approaches systemic importance, its potential impact on the domestic financial system becomes increasingly significant. In alignment with its ambition to become a regional and global hub for Islamic finance, Türkiye's national participation finance agenda is both timely and crucial,"

"We thank CBFO and TKBB for inviting IFSB to Türkiye, which provided us with the platform to explore avenues for knowledge exchange and collaboration. It reflects our shared commitment to advancing a financial system that is inclusive, sustainable, and resilient – strengthening its role within both national and global frameworks."

Earlier in the day, a workshop on Liquidity Risk Management Tools for participation banks, gathering participants from CBFO, TKBB, Central Bank of the Republic of Türkiye, participation banks and other local institutions. This workshop included updates on IFSB's initiatives around climate-related financial risks and sustainability—an increasingly critical area as Türkiye faces significant climate-related challenges in the region.

Source:
https://www.ifsb.org/press-releases/cbfo-ifsb-and-tkbb-to-support-participation-finance-growth-in-turkiye/

IFSB Concludes 45th Council Meeting in Djibouti

22 December 2024

IFSB successfully concluded its 45th Council Meeting today in Djibouti City, Djibouti, hosted by the Banque Centrale de Djibouti (BCD). The meeting was chaired by H.E. Ahmed Osman Ali, Governor of BCD and IFSB Council Chairman for 2024. The meeting was attended by central bank governors, deputy governors, and senior representatives of regulatory and supervisory authorities who are either Council or Full Members of the IFSB.

During the meeting, the Council appointed H.E. Abdellatif Jouahri, Governor of Bank Al-Maghrib (Morocco), as the IFSB Chairman for 2025, effective 1 January 2025, and H.E. Dr. Perry Warjiyo, Governor of Bank Indonesia, as the Deputy Chairman. Additionally, the Council approved the appointment of a new Executive Committee (EC) for the 2025–2026 term, with H.E. Datuk Shaik Abdul Rasheed Ghaffour, Governor of Bank Negara Malaysia, appointed as the EC Chairman.

IFSB Secretary-General Dr. Ghiath Shabsigh remarked, "The IFSB Secretariat welcomes the new leadership of both the Council and the EC and looks forward to collaborating with them to fulfil the IFSB mandate."

The Council approved the establishment of a 'Donor-Funding' account, along with a framework to support capacity development programmes in member jurisdictions.

The Council also approved the admission of five new member organizations:

- The Eurasian Development Bank – Associate Member
- Centrale Bank van Suriname – Associate Member
- Central Bank of the Republic of Uzbekistan – Associate Member
- Deposit Insurance Agency (Russia) - Observer Member
- Supervisory Authority of Insurance and Social Welfare (ACAPS), Morocco Observer Member

In his closing remarks, IFSB Secretary-General Dr. Ghiath Shabsigh expressed gratitude to all members for their participation and contributions to the effective governance of the IFSB.

Source:
https://www.ifsb.org/press-releases/ifsb-concludes-45th-council-meeting-in-djibouti/

The IFSB Council Approves the Guidance Note on Macroprudential Tools for Islamic Banking Sector (GN-9)

22 December 2024

At its 45th meeting held in Djibouti City, the Council of the IFSB endorsed the Guidance Note on Macroprudential Tools for the Islamic Banking Sector (GN-9).

The Guidance Note addresses macroprudential tools to mitigate system-wide vulnerabilities related to excessive credit growth and leverage, liquidity risks (i.e., excessive asset-liability mismatches and market liquidity), and structural (systemic) risks, with a focus on the specific characteristics of IIFS. It aims to:

- provide guidance on adjustments to available macroprudential tools to reflect the specificities of Islamic banking contracts (“adaptation”)
- address challenges in identifying system-wide vulnerabilities and calibrating macroprudential tools for the Islamic banking sector (“implementation”)
- make recommendations to enhance the governance of macroprudential policy according to the characteristics of Islamic banking (“governance”).

The scope of GN-9 includes Islamic commercial banks, Islamic banking windows, and Islamic investment banks. Individual jurisdictions may choose to apply the Guidance Note to other IIFS should it be considered relevant and appropriate.

The Guidance Note focuses particularly on issues that are specific to IIFS, of which some might require different regulatory treatment in jurisdictions with significant Islamic banking segments. Where issues are equally applicable to both conventional banks and IIFS, reference is made to the applicable international guidelines.The adoption of the Guidance Note underscores IFSB’s ongoing efforts to promote a resilient Islamic finance sector and contribute to global financial stability.

Source:
https://www.ifsb.org/press-releases/the-ifsb-council-approves-the-guidance-note-on-macroprudential-tools-for-the-islamic-banking-sector-gn-9/

International Forum of Insurance Guarantee Schemes
IFIGS

IFIGS UPDATES

2025 IFIGS Management Committee Members

Ashkeev Olzhas (Deputy Chairman of IPGF, Kazakhstan) leads IFIGS as the Chair with support from JaeHoon Yoo (Chairman & President of KDIC, Korea) and Miguel Angel Cabo Lopez (Director of CCS, Spain) as Vice Chairs.

PACICC Publishes Global Failed Insurer Catalogue

15 October 2024

On 15 October 2024, the Property and Casualty Insurance Compensation Corporation (PACICC) published the Second Edition of the Global Failed Insurer Catalogue. This updated edition documents 568 insurers that have failed across 57 jurisdictions since 2000, providing invaluable insights into global insurance insolvencies. This comprehensive resource underscores the ongoing importance of robust regulatory frameworks and proactive risk management in mitigating future insurer failures.

The 11th IFIGS International Conference

17 October 2024

The International Forum of Insurance Guarantee Schemes (IFIGS) held its 11th International Conference and Annual General Meeting (AGM) from October 16th to 18th, 2024. This event was hosted by the Consorcio De Compensación De Seguros (CCS) at the Hotel Meliá Madrid Serrano. The three-day event began with a two-day conference, followed by the AGM on the third day, and concluded with an excursion to the Royal Monastery of San Lorenzo de El Escorial.

The conference began with a welcome speech from José Antonio Fernández de Pinto, the Insurance and Pension Funds General Director at the Directorate General of Insurance and Pension Funds (DGSFP), warmly welcoming all participants from different jurisdictions.

There were multiple sessions delivered on the Conference Day, covering a variety of topics that spurred enriching discussions among the participants.

The series kicked off with a session on '40 years protecting insurance contract creditors and giving stability to the sector' delivered by Miguel Ángel Cabo López and María García de Andrés from CCS. It delved into CCS's initiatives to ensure creditor protection during insurer failures, and its evolution into a multi-functional entity.

Juan Zschiesche from EIOPA and Mónica González Perdiguero from DGSFP delivered a presentation on the EU's Insurance Recovery and Resolution Directive (IRRD). The presentation discussed the framework of the directive, its implementation strategy, and the upcoming challenges. It was followed by a session that focused on the role of Insurance Guarantee Schemes (IGS) in resolution across multiple jurisdictions. The participants gained insights into the similarities and differences of each IGS and recognized the importance of collaboration among stakeholders.

Climate change and its impact on the insurance sector were outlined by Francisco Espejo from CCS. His presentation examined how climate-induced disasters are reshaping risk profiles and increasing the cost of coverage for insurers. He emphasized the critical role of insurers in driving climate adaptation and mitigation efforts through investments and risk-pricing strategies.

Carmen García Roger from CCS and Lázaro Cuesta Barberá from UNESPA explored AI's transformative potential in the insurance sector. The presentation showcased AI's applications in the industry such as underwriting, fraud detection, and claims management. Also, ethical considerations and governance frameworks were discussed to ensure responsible AI use.

IFIGS Annual General Meeting
18 October 2024

On October 18, 2024, the IFIGS Annual General Meeting (AGM) convened, with representatives from 22 member organizations in-person, proxy or virtual platform across 20 jurisdictions representing 78.5% of votes were in attendance for the meeting. The AGM began by approving the 10th AGM Meeting Minutes, followed by reports from the Management Committee and four working groups. The Information Sharing Working Group (led by Inho Kim) highlighted its contributions, including quarterly newsletters, the Annual Survey, and a collaborative webinar with the World Bank.

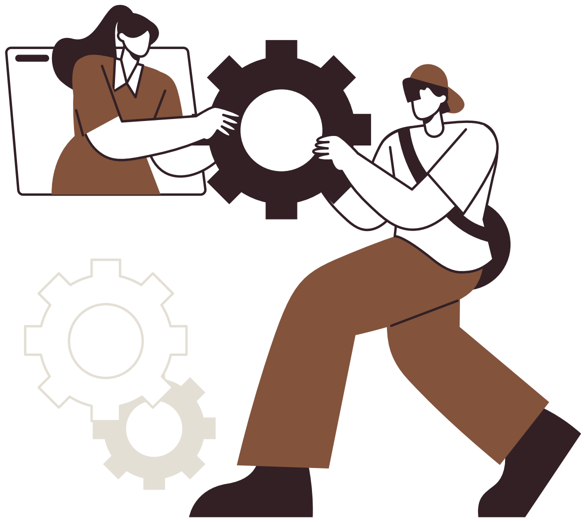
The Member Outreach Working Group (led by Anca Verescu) shared its success in bringing the Central Bank of Ireland into membership and outlined plans to extend outreach efforts to Middle Eastern and African countries. The Profile Enhancement Working Group (led by Alister Campbell) discussed plans to communicate members' feedback on the IAIS issue paper and attended the IAIS Conference to enhance awareness of IFIGS and IGS. Lastly, the European Regional Working Group (led by Roland Weber) shared updates on recent discussions about the IRRD.

During the AGM, the members voted on amending the Terms of Reference (TOR) to include an option for the host jurisdiction to charge a modest registration fee for the Annual Conference and AGM. Also, the members elected the new Management Committee members (See page 4). The Insurance Payment Guarantee Fund (IPGF) was elected as the Incoming Chair, and Korea Deposit Insurance Corporation (KDIC) as the First Vice Chair.

In his inauguration speech, JaeHoon Yoo, Chairman & President of KDIC, highlighted the importance of working collaboratively with the Chair and Second Vice Chair to position IFIGS as a leading international organization for IGS. Furthermore, Yoo proposed strengthening collaboration among IGS to be better prepared for the uncertainties such as geopolitical tensions and the escalating risks posed by climate change. Lastly, he called for increased cooperation among Asian members to enhance regional engagement.

The AGM concluded with outgoing Chair Miguel Ángel Cabo López expressing gratitude to members for their support and officially closing the event.

OUR TEAM



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VOL.4/2024

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