**ASSESSMENT OF COMPLIANCE WITH THE IADI CORE PRINCIPLES FOR EFFECTIVE DEPOSIT INSURANCE SYSTEMS**

**Assessment for:**

**NAME OF THE AGENCY AND JURISDICTION**

**IADI SATAP Assessment Team:**

Team leader: TBC

IADI experts: TBC

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**GENERAL INFORMATION (written by DIA)**

*This section provides background information on the self-assessment conducted, including information on the organization being assessed and the operating environment in which the assessment is being conducted.*

**Basic Information on DIA**

**History of DIA**

**Management of DIA**

**Coverage provide by DIA**

**Overview of the macroeconomic setting, market structure and operating environment**

**COMPLIANCE WITH THE IADI CORE PRINCIPLES (written by IADI SATAP Team)**

*This section provides information regarding the methodology used in this assessment including a description of the DI with respect to each Principle, a grading or “assessment,” and “comments.”*

**Information and methodology used for the assessment**

This assessment applies the methodology described by the IADI Handbook for the Assessment of Compliance with the Core Principles for Effective Deposit Insurance Systems (https://www.iadi.org/en/assets/File/Core%20Principles/IADI\_CP\_Assessment\_Handbook\_FINAL\_14May2016.pdf), issued on March, 2016. An action plan to improve the DI and its practices will be developed upon the conclusion of the IADI SATAP Team’s review.

**Principle-by-Principle Assessment**

**CP1: PUBLIC POLICY OBJECTIVES**

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| The principal public policy objectives for DISs are to protect depositors and contribute to financial stability. These objectives should be formally specified and publicly disclosed. The design of the DIS should reflect the system’s public policy objectives. |
| **Description by DIA** |  |
| **Assessment** | (DIA: )  |
| **IADI team Comments** |  |
| **CP1-EC1:** The public policy objectives of the deposit insurance system are clearly and formally specified and made public, for example through legislation or documents supporting legislation. |
| **Description by DIA** |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP1-EC2:** The design of the deposit insurance system is consistent with the system’s public policy objectives.   |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
|  **CP1-EC3:** There is a review of the extent to which a deposit insurance system meets its public policy objectives. This involves both an internal review conducted on a regular basis by the governing body and an external review conducted periodically by an external body (e.g. the body to which the deposit insurer is accountable or an independent entity with no conflicts of interest, such as an auditor general). Any review must take into consideration the views of key stakeholders. |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP1-EC4:** If additional public policy objectives are incorporated, they do not conflict with the two principal objectives of protecting depositors and contributing to the stability of the financial system.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |

**CP2: MANDATE AND POWERS**

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| The mandate and powers of the deposit insurer should support the public policy objectives and be clearly defined and formally specified in legislation. |
| **Description by DIA** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments** |  |
| **CP2-EC1:** The mandate and powers of the deposit insurer are formally and clearly specified in legislation, and are consistent with stated public policy objectives.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP2-EC2:** The mandate clarifies the roles and responsibilities of the deposit insurer and is aligned with the mandates of other safety-net participants.  |
| **Description by DIA**  |  |
| **Assessment**  |  (DIA: )  |
| **IADI team Comments**  |  |
| **CP2-EC3:** The powers of the deposit insurer support its mandate and enable the deposit insurer to fulfil its roles and responsibilities. |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP2-EC4:** The powers of the deposit insurer include, but are not limited to: 1. assessing and collecting premiums, levies or other charges;
2. transferring deposits to another bank;
3. reimbursing insured depositors;
4. obtaining directly from banks timely, accurate and comprehensive information necessary to fulfil its mandate;
5. receiving and sharing timely, accurate and comprehensive information within the safety-net, and with applicable safety-net participants in other jurisdictions;
6. compelling banks to comply with their legally enforceable obligations to the deposit insurer (e.g. provide access to depositor information), or requesting that another safety-net participant do so on behalf of the deposit insurer;
7. setting operating budgets, policies, systems and practices; and
8. entering into contracts.
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| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |

**CP3: GOVERNANCE**

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| The deposit insurer should be operationally independent, well-governed, transparent, accountable, and insulated from external interference. |
| **Description by DIA** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments** |  |
| **CP3-EC1:** The deposit insurer is operationally independent. It is able to use its powers without interference from external parties to fulfil its mandate. There is no government, central bank, supervisory or industry interference that compromises the operational independence of the deposit insurer.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |    |
| **CP3-EC2:** The governing body of the deposit insurer is held accountable to a higher authority.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP3-EC3:** The deposit insurer has the capacity and capability (e.g. human resources, operating budget, and salary scales sufficient to attract and retain qualified staff) to support its operational independence and the fulfilment of its mandate.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP3-EC4:** The deposit insurer is well-governed and subject to sound governance practices, including appropriate accountability, internal controls, transparency and disclosure regimes. The institutional structure of the deposit insurer minimizes the potential for real or perceived conflicts of interest.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP3-EC5:** The deposit insurer operates in a transparent and responsible manner. It discloses and publishes appropriate information for stakeholders on a regular basis. |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP3-EC6:** The governing statutes or other relevant laws and policies governing the deposit insurer specify that:1. the governing body and management are “fit and proper” persons;
2. members of the governing body and the head(s) of the deposit insurer (with the exception of ex officio appointees) is/are subject to fixed terms and the fixed terms are staggered;
3. there is a transparent process for the appointment and removal of the members of the governing body and head(s) of the deposit insurer. Members of the governing body and head(s) of the deposit insurer can be removed from office during their term only for reasons specified or defined in law, internal statutes or rules of professional conduct, and not without cause; and
4. members of the governing body and employees are subject to high ethical standards and comprehensive codes of conduct to minimize the potential for real or perceived conflicts of interest.
 |
| **Description by DIA**  |   |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP3-EC7:** The deposit insurer is regularly assessed on the extent to which it meets its mandate, and the deposit insurer is subject to regular internal and external audits. |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP3-EC8:** The composition of the governing body minimizes the potential for real or perceived conflicts of interest. In order to maintain operational independence, representatives of the other financial safety-net organizations that participate in the governing body do not serve as Chair or constitute a majority.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP3-EC9:** The governing body holds regular meetings to oversee and manage the affairs of the deposit insurer (e.g. on a quarterly basis and more frequently as deemed necessary). |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |

**CP4: RELATIONSHIPS WITH OTHER SAFETY-NET PARTICIPANTS**

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| In order to protect depositors and contribute to financial stability, there should be a formal and comprehensive framework in place for the close coordination of activities and information sharing, on an ongoing basis, between the deposit insurer and other financial safety-net participants. |
| **Description by DIA** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments** |  |
| **CP4-EC1:** Ongoing information sharing and the coordination of actions are explicit and formalized through legislation, regulation, memoranda of understanding, legal agreements or a combination thereof.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP4-EC2:** Rules regarding confidentiality of information apply to all safety-net participants and the exchange of information among them. Confidentiality of information is protected by law or through agreements so as not to prevent information sharing within the safety-net.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP4-EC3:** Safety-net participants exchange information on an ongoing basis, and in particular when material supervisory actions are being taken in respect of member banks.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP4-EC4:** In situations where there are multiple deposit insurers operating in the same national jurisdiction, appropriate information sharing and coordination arrangements among those deposit insurers are in place.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |

**CP5: CROSS-BORDER ISSUES**

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| Where there is a material presence of foreign banks in a jurisdiction, formal information sharing and coordination arrangements should be in place among deposit insurers in relevant jurisdictions. |
| **Description** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments** |  |
| **CP5-EC1:** Where there is a material presence of foreign banks (i.e. foreign bank subsidiaries or branches), formal information sharing and coordination arrangements are in place among relevant deposit insurers and relevant safety-net participants, subject to confidentiality provisions.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP5-EC2:** In circumstances where a deposit insurer is responsible for coverage of deposits in a foreign jurisdiction, or where more than one deposit insurer is responsible for coverage in a jurisdiction, bilateral or multilateral agreements exist to determine which deposit insurer (insurers) is (are) responsible for the reimbursement process, setting levies and premiums, and public awareness. |
| **Description**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |

**CP6: DEPOSIT INSURER’S ROLE IN CONTINGENCY PLANNING AND CRISIS MANAGEMENT**

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| The deposit insurer should have in place effective contingency planning and crisis management policies and procedures, to ensure that it is able to effectively respond to the risk of, and actual, bank failures and other events. The development of system-wide crisis preparedness strategies and management policies should be the joint responsibility of all safety-net participants. The deposit insurer should be a member of any institutional framework for ongoing communication and coordination involving financial safety-net participants related to system-wide crisis preparedness and management. |
| **Description by DIA** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments** |  |
| **CP6-EC1:** The deposit insurer has its own effective contingency planning and crisis management policies and procedures in place, to ensure that it is able to effectively respond to the risk of, and actual, bank failures and other events.  |
| **Description by DIA** |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP6-EC2:** The deposit insurer develops and regularly tests its own contingency planning and crisis management plans.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP6-EC3:** The deposit insurer is a member of any institutional framework for ongoing communication and coordination involving safety-net participants related to system-wide crisis preparedness and management.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP6-EC4:** The deposit insurer participates in regular contingency planning and simulation exercises related to system-wide crisis preparedness and management involving all safety-net participants.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP6-EC5:** The deposit insurer participates in the development of pre- and post-crisis management communication plans involving all safety-net participants, to ensure comprehensive and consistent public awareness and communications.  |
| **Description by DIA**  |  |
| **Assessment**  |  (DIA: ) |
| **IADI team Comments**  |  |

**CP7: MEMBERSHIP**

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| Membership in a deposit insurance system should be compulsory for all banks. |
| **Description by DIA** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments** |  |
| **CP7-EC1:** Membership in a deposit insurance system is compulsory for all banks, including state-owned banks (with or without explicit guarantees), and all banks are subject to sound prudential regulation and supervision.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP7-EC2:** If upon entry to a newly established deposit insurance system, a bank does not comply with all the supervisory or membership requirements and is allowed entry into the system, it is required to have credible plan to address any deficiencies within a prescribed time frame (e.g. one year).  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP7-EC3:** The conditions, process and time frame for attaining membership are explicitly stated and transparent.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP7-EC4:** If the deposit insurer is not responsible for granting membership in the deposit insurance system, the law or administrative procedures describe a clear and reasonable time frame within which the deposit insurer is consulted or informed in advance, and is given sufficient information about an application for a new license.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP7-EC5:** When membership is cancelled upon the revocation or surrender of a bank’s license, immediate notice is given to depositors to inform them that existing deposits will continue to be insured up to a specified deadline.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP7-EC6:** When membership is terminated by the deposit insurer, arrangements are in place to coordinate the immediate withdrawal of the bank’s license by the relevant authority. Upon termination, immediate notice is given to depositors to inform them that existing deposits will be covered up to a specified deadline. Any new deposits made will not receive deposit protection.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |

**CP8: COVERAGE**

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| Policymakers should define clearly the level and scope of deposit coverage. Coverage should be limited, credible and cover the large majority of depositors but leave a substantial amount of deposits exposed to market discipline. Deposit insurance coverage should be consistent with the deposit insurance system’s public policy objectives and related design features. |
| **Description by DIA** |  |
| **Assessment** | (DIA: )  |
| **IADI team Comments** |  |
| **CP8-EC1:** Insured deposits are clearly and publicly defined in law or regulation and reflect the public policy objectives. This definition includes the level and scope of coverage. If certain types of deposits and depositors are ineligible for deposit protection, they are clearly specified, easily determined and do not affect the speed of reimbursement. |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP8-EC2:** The level and scope of coverage are limited and are designed to be credible so as to minimize the risk of runs on banks, and do not undermine market discipline. The level and scope of coverage are set so that the large majority of depositors across banks are fully protected while leaving a substantial proportion of the value of deposits unprotected. In the event that a substantial proportion of the value of deposits is protected, moral hazard is mitigated by strong regulation and supervision, as well as by the other design features of the deposit insurance system. |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP8-EC3:** The deposit insurer applies the level and scope of coverage equally to all its member banks. |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |   |
| **CP8-EC4:** The deposit insurer does not incorporate co-insurance.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP8-EC5:** The level and scope of coverage are reviewed periodically (e.g. at least every five years) to ensure that it meets the public policy objectives of the deposit insurance system.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP8-EC6:** In the event of, or prior to, a merger or amalgamation of separate banks that are members of the same deposit insurance system, depositors of the merged or amalgamated banks enjoy separate coverage (up to the maximum coverage limit) for each of the banks for a limited but publicly stated period, as defined in law or regulation. Merging banks must be held responsible for notifying the affected depositors, including informing them of the date on which the separate coverage will expire.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP8-EC7:** The residency status or nationality of depositors has no effect on coverage.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP8-EC8:** In situations where there are multiple deposit insurers operating in the same national jurisdiction, any differences in coverage across banks operating within that jurisdiction do not adversely affect overall deposit insurance system effectiveness and financial stability.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP8-EC9:** Foreign currency deposits are insured if they are widely used in a jurisdiction.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP8-EC10:** In cases where there is a blanket guarantee in place, there is a credible plan to transition from the blanket guarantee to a limited coverage deposit insurance system. This includes:1. an assessment of the economic environment as it affects the financial system, which is conducted before a jurisdiction begins the transition from a blanket guarantee to limited coverage;
2. the pace of the transition to limited coverage is consistent with the state of the financial industry, prudential regulation and supervision, the legal and judicial framework, and accounting and disclosure regimes;
3. policymakers have effective communication strategies to mitigate adverse public reaction to the transition;
4. where there is a high level of capital mobility, and/or a regional integration policy, the decision to lower coverage limits and/or scope considers the effects of different jurisdictions’ protection levels and related policies.
 |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |

**CP9: SOURCES AND USES OF FUNDS**

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| The deposit insurer should have readily available funds and all funding mechanisms necessary to ensure prompt reimbursement of depositors’ claims, including assured liquidity funding arrangements. Responsibility for paying the cost of deposit insurance should be borne by banks. |
| **Description by DIA** |  |
| **Assessment** | (DIA: )  |
| **IADI team Comments** |  |
| **CP9-EC1:** Funding for the deposit insurance system is provided on an ex ante basis. Funding arrangements are clearly defined and established in law or regulation.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP9-EC2:** Funding the deposit insurance system is the responsibility of the member banks.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP9-EC3:** Initial “start-up” or “seed” funding (e.g. from government or international donor organisations) is permitted to help establish a deposit insurer. Any start-up funding provided by a government should be fully repaid before the deposit insurer reduces any or all bank premiums.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP9-EC4:** Emergency funding arrangements for the deposit insurance system, including pre-arranged and assured sources of liquidity funding, are explicitly set out (or permitted) in law or regulation. Sources may include a funding agreement with the government, the central bank or market borrowing. If market borrowing is used, it is not the sole source of funding. The arrangement for emergency liquidity funding is set up in advance, to ensure effective and timely access when required.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP9-EC5:** After establishing an ex ante deposit insurance fund: 1. the target fund size is determined on the basis of clear, consistent and transparent criteria, which are subject to periodic review; and
2. a reasonable time frame is set to achieve the target fund size.
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| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP9-EC6:** The deposit insurer has responsibility for the sound investment and management of its funds. The deposit insurer has a defined investment policy for its funds that aims at ensuring:1. the preservation of fund capital and maintenance of liquidity; and
2. that adequate risk management policies and procedures, internal controls, and disclosure and reporting systems are in place.
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| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP9-EC7:** The deposit insurer may hold funds in the central bank. The deposit insurer establishes and complies with rules to limit significant investments in banks.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP9-EC8:** Where the deposit insurer is not the resolution authority, it has the option, within its legal framework, to authorize the use of its funds for resolution of member institutions other than liquidation. In such situations, the following conditions are met: 1. the deposit insurer is informed and involved in the resolution decision-making process;
2. the use of the deposit insurer’s funds is transparent and documented, and is clearly and formally specified;
3. where a bank is resolved through a resolution process other than liquidation, the resolution results in a viable, solvent and restructured bank, which limits the exposure of the deposit insurer to contribute additional funding in respect of the same obligation;
4. contributions are restricted to the costs the deposit insurer would otherwise have incurred in a payout of insured depositors in a liquidation net of expected recoveries;
5. contributions are not used for the recapitalization of resolved institutions unless shareholder’s interests are reduced to zero and uninsured, unsecured creditors are subject to pari-passu losses in accordance with the legal claim priority;
6. the use of the deposit insurer’s funds is subject to an independent audit and the results reported back to the deposit insurer; and
7. all resolution actions and decisions using the deposit insurer’s funds are subject to ex post review.
 |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP9-EC9:** Should deposit insurer income/revenue (e.g. premiums received, recoveries from failed banks and interest accrued on investment funds) be taxed by the government, it is at a rate which is neither punitive nor disproportionate to other corporate taxation, nor unduly hinders the accumulation of the deposit insurance fund. Any remittances to the government by the deposit insurer are limited to repayment of government-provided start-up funding and government-provided liquidity funding.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP9-EC10:** If the deposit insurer uses differential premium systems:1. the system for calculating premiums is transparent to all participating banks;
2. the scoring/premium categories are significantly differentiated; and
3. the ratings and rankings resulting from the system pertaining to individual banks are kept confidential.
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| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |

**CP10: PUBLIC AWARENESS**

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| In order to protect depositors and contribute to financial stability, it is essential that the public be informed on an ongoing basis about the benefits and limitations of the deposit insurance system. |
| **Description by DIA** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments** |  |
| **CP10-EC1:** The deposit insurer is responsible for promoting public awareness of the deposit insurance system, using a variety of communication tools on an ongoing basis as part of a comprehensive communication program.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP10-EC2:** In the event of a bank failure, the deposit insurer must notify depositors, as appropriate and as described in law, via media such as press releases, print advertising, websites and other media outlets, of the following details: 1. where, how and when insured depositors will be provided with access to their funds;
2. the information that an insured depositor must provide in order to obtain payment;
3. if advance or interim payments are being made; and
4. whether any depositors will lose funds, and procedures whereby uninsured depositors can make claims to the liquidator for their uninsured portion.
 |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |   |
| **CP10-EC3:** The public awareness program or activities convey information about the following:1. the scope (i.e. which types of financial instruments and depositors are covered by deposit insurance, and which are not);
2. a list of which banks are members and how they can be identified;
3. deposit insurance coverage level limits; and
4. other information, such as the mandate of the deposit insurer.
 |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP10-EC4:** The objectives of the public awareness program (e.g. target awareness levels) are clearly defined and consistent with the public policy objectives and mandate of the deposit insurance system.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP10-EC5:** The deposit insurer sets a long-term strategy to meet its public awareness objectives, and makes budget allocations to build and maintain a target level of public awareness about deposit insurance.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP10-EC6:** The deposit insurer works closely with banks and other safety-net participants to ensure the consistency and accuracy of the information provided to depositors and to maximize awareness on an ongoing basis. Law or regulation requires banks to provide information about deposit insurance in a format/language prescribed by the deposit insurer.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |   |
| **CP10-EC7:** The deposit insurer monitors, on an ongoing basis, its public awareness activities and arranges, on a periodic basis, independent evaluations of the effectiveness of its public awareness program or activities.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP10-EC8:** Depositors on a jurisdiction affected by cross-border banking arrangements conducted through foreign bank branches or subsidiaries are provided with clear information on the existence and identification of the deposit insurer legally responsible for reimbursement, and the limits and scope of coverage.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |

**CP11: LEGAL PROTECTION**

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| The deposit insurer and individuals working both currently and formerly for the deposit insurer in the discharge of its mandate must be protected from liability arising from actions, claims, lawsuits or other proceedings for their decisions, actions or omissions taken in good faith in the normal course of their duties. Legal protection should be defined in legislation. |
| **Description by DIA** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments** |  |
| **CP11-EC1:** Legal protection is specified in legislation and provided to the deposit insurer, it’s current and former directors, officers and employees and any individual currently or previously retained or engaged by the deposit insurer, for decisions made and actions or omissions taken in good faith in the normal course of their duties.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP11-EC2:** Legal protection precludes damages or other awards against such individuals and covers costs, including funding defense costs as incurred (and not just reimbursement after a successful defense).  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |   |
| **CP11-EC3:** The operating policies and procedures of the deposit insurer require individuals with legal protection to disclose real or perceived conflicts of interest and to adhere to relevant codes of conduct, to ensure that they remain accountable.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |   |
| **CP11-EC4:** Legal protections do not prevent depositors or other individual claimants or banks from making legitimate challenges to the acts or omissions of the deposit insurer in public or administrative review (e.g. civil action) procedures.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |   |

**CP12: DEALING WITH PARTIES AT FAULT IN A BANK FAILURE**

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| The deposit insurer, or other relevant authority, should be provided with the power to seek legal redress against those parties at fault in a bank failure. |
| **Description by DIA** |  |
| **Assessment** | (DIA: )  |
| **IADI team Comments** |  |
| **CP12-EC1:** The conduct of parties responsible for, or contributing to, the failure of a bank (e.g. officers, directors, managers, owners), as well as the conduct of related parties and professional service providers (e.g. auditors, accountants, lawyers and asset appraisers), is subject to investigation. The investigation of the conduct of such parties may be carried out by one or more of the following: the deposit insurer, supervisor or regulatory authority, criminal or investigative authorities, or any other professional or disciplinary body, as applicable.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP12-EC2:** The relevant authority takes the appropriate steps to pursue those parties that are identified as culpable for the failure of the bank. The culpable parties are subject to sanction and/or redress. Sanction or redress may include personal or professional disciplinary measures (including fines or penalties), criminal prosecution and civil proceedings for damages.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP12-EC3:** The deposit insurer, or other relevant authority, has policies and procedures in place to ensure that insiders, related parties and professional service providers acting for the failed bank are appropriately investigated for wrongdoing and for possible culpability in a bank failure.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |

**CP13: EARLY DETECTION AND TIMELY INTERVENTION**

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| The deposit insurer should be part of a framework within the financial safety-net that provides for the early detection of, and timely intervention in, troubled banks. The framework should provide for intervention before the bank becomes non-viable. Such actions should protect depositors and contribute to financial stability. |
| **Description by DIA** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments**  |  |
| **CP13-EC1:** The deposit insurer is part of an effective framework within the financial safety-net that provides for the early detection of, and timely intervention in, banks in financial difficulty before the bank becomes non-viable.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team IADI team Comments**  |   |
| **CP13-EC2:** Safety-net participants have the operational independence and power to perform their respective roles in the framework for early detection and timely intervention.  |
| **Description by DIA**  |  |
| **Assessment**  |   |
| **IADI team IADI team Comments**  |   |
| **CP13-EC3:** The framework includes a set of clearly defined qualitative and/or quantitative criteria that are used to trigger timely intervention or corrective action. The criteria: 1. are clearly defined in law, regulation or agreements;
2. include safety and soundness indicators such as the institution’s capital, asset quality, management, earnings, liquidity and sensitivity to market risk; and
3. are reviewed periodically, and the procedure for this review is formalized.
 |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team IADI team Comments**  |  |

**CP14: FAILURE RESOLUTION**

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| An effective failure resolution regime should enable the deposit insurer to provide for protection of depositors and contribute to financial stability. The legal framework should include a special resolution regime. |
| **Description by DIA** |  |
| **Assessment** | (DIA: ) |
| **IADI team Comments** |  |
| **CP14-EC1:** The deposit insurer has the operational independence and sufficient resources to exercise its resolution powers consistent with its mandate.  |
| **Description by DIA** |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP14-EC2:** The resolution regime ensures that all banks are resolvable through a broad range of powers and options.  |
| **Description by DIA** |   |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP14-EC3:** Where there are multiple safety-net participants responsible for resolution, the legal framework provides for a clear allocation of objectives, mandates, and powers of those participants, with no material gaps, overlaps or inconsistencies. Clear arrangements for coordination are in place.  |
| **Description by DIA** |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP14-EC4:** Resolution and depositor protection procedures are not limited to depositor reimbursement. The resolution authority/ies has/have effective resolution tools designed to help preserve critical bank functions and to resolve banks. These include, but are not limited to, powers to replace and remove senior management, terminate contracts, transfer and sell assets and liabilities, write down or convert debt to equity and/or establish a temporary bridge institution.  |
| **Description by DIA** |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |   |
| **CP14-EC5:** One or more of the available resolution methods allows the flexibility for resolution at a lesser cost than otherwise expected in a liquidation net of expected recoveries.  |
| **Description by DIA** |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP14-EC6:** Resolution procedures follow a defined creditor hierarchy in which insured deposits are protected from sharing losses and shareholders take first losses.  |
| **Description by DIA** |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP14-EC7:** The resolution regime does not discriminate against depositors on the basis of their nationality or residence.  |
| **Description by DIA** |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP14-EC8:** The resolution regime is insulated against legal action that aims at the reversal of decisions related to the resolution of non-viable banks. No court can reverse such decisions. The legal remedy for successful challenges is limited to monetary compensation.  |
| **Description by DIA** |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |
| **CP14-EC9:** The resolution regime keeps the period between depositors losing access to their funds and implementation of the selected resolution option (e.g. depositor reimbursement) as short as possible. |
| **Description by DIA** |  |
| **Assessment**  | (DIA: ) |
| **IADI team Comments**  |  |

**CP15: REIMBURSING DEPOSITORS**

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| The DIS should reimburse depositors’ insured funds promptly, in order to contribute to financial stability. There should be a clear and unequivocal trigger for insured depositor reimbursement. |
| **Description by DIA** |  |
| **Assessment** | (DIA: )  |
| **IADI team Comments** |  |
| **CP15-EC1:** The DI is able to reimburse most insured depositors within seven working days. If the DI cannot currently meet this target, the DI has a credible plan in place to do so.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP15-EC2:** To be credible, the reimbursement plan: 1. has a clear time frame for implementation (e.g. within two years);
2. is supported by relevant laws, regulations, systems and processes (e.g. intervention and resolution manuals); and
3. has clear and measurable deliverables.
 |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP15-EC3:** In situations where reimbursement is triggered and there may be extended delays in reimbursements, the DI may make advance, interim or emergency partial payments.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP15-EC4:** In order to provide depositors with prompt access to their funds, the DI: 1. has access to depositors’ records at all times, which includes the authority to require banks to maintain depositor information in a format prescribed by the DI in order to expedite insured depositor reimbursement;
2. has the authority to undertake advance or preparatory examinations (e.g. on-site and independently or in conjunction with the supervisory authority) on the reliability of depositor records and has tested member institutions’ IT systems and data to ensure the capability to produce such records; and
3. has a range of reimbursement options.
 |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP15-EC5:** The DI has the capacity and capability to promptly carry out the reimbursement process, including: 1. adequate resources and trained personnel (in-house or contractor) dedicated to the reimbursement function and supported with reimbursement documentation or manuals and information technology;
2. information systems to process depositor information in a systematic and accurate manner;
3. pre- and post-closing activities specified in closing documentation or manuals; and
4. scenario planning and simulations, including simulations on bank closings with supervisory and resolution authorities.
 |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team IADI team Comments**  |   |
| **CP15-EC6:** A review (e.g. post mortem) following a bank failure is performed to determine and analyze elements of the reimbursement process (including the resolution procedure where applicable) which were successful or unsuccessful.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team IADI team Comments**  |  |
| **CP15-EC7:** An independent party conducts a periodic audit of the reimbursement process to confirm that appropriate internal controls are in place.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: ) |
| **IADI team IADI team Comments**  |  |
| **CP15-EC8:** If set-off of insured deposits against past due claims (e.g. debt service and arrears) or matured loans is applied, such application is timely and does not delay prompt reimbursement of insured depositors’ claims or undermine financial stability.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA:)  |
| **IADI team IADI team Comments**  |   |
| **CP15-EC9:** Working arrangements and/or agreements are in place with relevant clearing and settlement system agencies and liquidators, to ensure that transit items are dealt with in an appropriate, consistent and timely manner.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP15-EC10:** In cases where the DI does not have the authority to act as a liquidator, the liquidator is obliged by law or regulation to cooperate with the DI to facilitate the reimbursement process.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA:)  |
| **IADI team IADI team Comments**  |  |

**CP16: RECOVERIES**

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| The deposit insurer should have, by law, the right to recover its claim in accordance with the statutory creditor hierarchy. |
| **Description by DIA** |  |
| **Assessment** | (DIA: )  |
| **IADI team Comments** |  |
| **CP16-EC1:** The deposit insurer’s role in the recovery process is clearly defined in law. The DI is clearly recognized as a creditor of the failed bank by subrogation.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP16-EC2:** The deposit insurer has at least the same creditor rights or status as a depositor in the treatment in law of the estate of the failed bank.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP16-EC3:** The deposit insurer, in its capacity as creditor, has the right of access to information from the liquidator, so that it can monitor the liquidation process.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |  |
| **CP16-EC4:** The management and disposition of assets of a failed bank are guided by commercial and economic considerations.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |
| **CP16-EC5:** Those working on behalf of the deposit insurer, other financial safety-net participants, and third party professional service providers providing resolution services are not allowed to purchase assets from the liquidator.  |
| **Description by DIA**  |  |
| **Assessment**  | (DIA: )  |
| **IADI team Comments**  |   |

**Compliance table – by Assessment Team**

|  |  |
| --- | --- |
| **Core Principle** | **Rating** |
| 1. PUBLIC POLICY OBJECTIVES |  |
| 2. MANDATE AND POWERS |  |
| 3. GOVERNANCE |  |
| 4. RELATIONSHIPS WITH OTHER SAFETY-NET PARTICIPANTS |  |
| 5. CROSS-BORDER ISSUES |  |
| 6. DEPOSIT INSURER’S ROLE IN CONTINGENCY PLANNING AND CRISIS MANAGEMENT |  |
| 7. MEMBERSHIP |  |
| 8. COVERAGE |  |
| 9. SOURCES AND USES OF FUNDS |  |
| 10. PUBLIC AWARENESS |  |
| 11. LEGAL PROTECTION |  |
| 12. DEALING WITH PARTIES AT FAULT IN A BANK FAILURE |  |
| 13. EARLY DETECTION AND TIMELY INTERVENTION |  |
| 14. FAILURE RESOLUTION |  |
| 15. REIMBURSING DEPOSITORS |  |
| 16. RECOVERIES |  |

**Recommended action plan – by Assessment Team**

|  |  |
| --- | --- |
| **Reference Principle**  | **Recommended Action**  |
| 1. PUBLIC POLICY OBJECTIVES |  |
| 2. MANDATE AND POWERS |  |
| 3. GOVERNANCE |  |
| 4. RELATIONSHIPS WITH OTHER SAFETY-NET PARTICIPANTS |  |
| 5. CROSS-BORDER ISSUES |  |
| 6. DEPOSIT INSURER’S ROLE IN CONTINGENCY PLANNING AND CRISIS MANAGEMENT |  |
| 7. MEMBERSHIP |  |
| 8. COVERAGE |  |
| 9. SOURCES AND USES OF FUNDS |  |
| 10. PUBLIC AWARENESS |  |
| 11. LEGAL PROTECTION |  |
| 12. DEALING WITH PARTIES AT FAULT IN A BANK FAILURE |  |
| 13. EARLY DETECTION AND TIMELY INTERVENTION |  |
| 14. FAILURE RESOLUTION |  |
| 15. REIMBURSING DEPOSITORS |  |
| 16. RECOVERIES |  |

**Action plan - by DIA (at time of self-assessment)**

Recommended Action Plan to Improve Compliance with the IADI Core Principles.

|  |  |
| --- | --- |
| **Reference Principle**  | **Recommended Action**  |
| 1. PUBLIC POLICY OBJECTIVES |  |
| 2. MANDATE AND POWERS |  |
| 3. GOVERNANCE |  |
| 4. RELATIONSHIPS WITH OTHER SAFETY-NET PARTICIPANTS |  |
| 5. CROSS-BORDER ISSUES |  |
| 6. DEPOSIT INSURER’S ROLE IN CONTINGENCY PLANNING AND CRISIS MANAGEMENT |  |
| 7. MEMBERSHIP |  |
| 8. COVERAGE |  |
| 9. SOURCES AND USES OF FUNDS |  |
| 10. PUBLIC AWARENESS |  |
| 11. LEGAL PROTECTION |  |
| 12. DEALING WITH PARTIES AT FAULT IN A BANK FAILURE |  |
| 13. EARLY DETECTION AND TIMELY INTERVENTION |  |
| 14. FAILURE RESOLUTION |  |
| 15. REIMBURSING DEPOSITORS |  |
| 16. RECOVERIES |  |

**DIA’s comments and feedback**

*Space reserved for the commentary of DIA*