



### **Enhancing Governance**

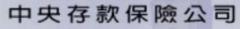
- Taiwan Perspective

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Chairman of the Board
Central Deposit Insurance Corporation
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### Outline

Independence
Accountability
Transparency
Integrity
Stewardship





### Independence

Deposit insurers need a considerable degree of independence in decision-making to avoid interference

Mechanism needs to be in place for deposit insurers to participating in decision-making to avoid supervisory forbearance

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### Accountability

# Strict oversight system on DI Four questions to ask:

Who among financial safety net determines the viability of a problem financial institution? Who pulls the trigger of the exit mechanism? Who provides liquidity arising from runs by depositors on a problem financial institution? What role should the deposit insurer play in the resolution process?



### **Transparency**

## Provide market participants information on:

Policies and management of operations

Supervision-related information

Purpose: Speedily correct financial problems or facilitate resolution of failed banks

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High moral standard to ensure DI staff not to compromise due to individual behavior or self interest

DI staff need to be safeguarded by law to avoid interference from outside forces

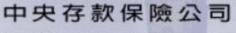
Internal audits and control systems should be set up 中央存款保險公司



### Stewardship

Clearly define the divisions of responsibilities between the Board and the Management

Sound job division system for each level to increase efficiency and effectiveness





### Works on Going to Enhance Governance

Additional protection for employees of CDIC **Formal coordination** mechanism among financial safety net participants **Constant review and** improvement of governance

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### Confucius said...

I don't know
what one without
trustworthiness
may accomplish.



#### Thus...

 Deposit insurers should enhance trustworthiness by implementing sound governance.

