

2015 IADI APCR International Conference

Opening Remarks

Hsien-Nung Kuei, Chairman of CDIC

April 21, 2015

Mr. Mariusz Mastalerz, representative of IADI President Mr. Jerzy Pruski, APCR Chairperson Mr. Hiroyuki Obata, Moderators, Speakers, Participants of the Conference, Representatives of Overseas Financial Supervisory Agencies and Deposit Insurers, Representatives of local Financial Supervisory Authorities, Scholars and Experts, Friends in the Media, Good Morning!

As I mentioned last night, Taiwan was formally known as “*Formosa*,” which means “beautiful island”. I couldn’t agree more to firstly greet our guests with the beauty of Taiwan Island. Now, on behalf of the Central Deposit Insurance Corporation (CDIC), I would like to express my warmest welcome to everyone joining us today for the 2015 International Association of Deposit Insurers (IADI) Asia-Pacific Regional Committee (APRC) International Conference.

This conference focuses on the theme “Cross-border Cooperation in Resolution and Crisis Preparedness.” Cross-border cooperation in resolution has been recognized in the Basel Concordat as an important issue since 1975. In the wake of the 2008 world financial crisis, among a number of international organizations, including the Financial Stability Board (FSB), Basel Committee on Banking Supervision

(BCBS), and IADI, actively engaged in the task of developing a better and more comprehensive system for cross-border cooperation in resolution. In the process of developing the master frameworks of the new system, issues under consideration included legal systems, funding sources, resolution strategies, resolution tools for cross-border cooperation and major recovery and resolution plans (RRPs) related to crisis preparedness. In addition, detailed implementation practices were also taken into concern such as information sharing and confidentiality, the formation and operation of crisis management group (CMGs), and the essential elements for institution-specific cross-border cooperation agreements (COAGs). The goal is anticipated to maintain the functions of systemically important institutions without generating taxpayers' burden, and thereby to promote financial stability.

Some countries have in fact started to implement these guidelines through legislation, such as the 2012 U.S. *Dodd-Frank Wall Street Reform and Consumer Protection Act* and its authorized rules & regulations as well as the EU *Bank Recovery and Resolution Directive* (BRRD) implemented in January 2015. These examples demonstrated the high priority of these issues on government agenda.

Recognizing the importance of deposit insurance in the resolution of problem financial institutions, IADI and the BCBS jointly issued the "*Core Principles for Effective Deposit Insurance Systems*" and their assessment methodology in 2009. These core principles have been included by the FSB as one of

the "12 Key Standards for Sound Financial Systems." Moreover, they also have been widely adopted by international financial organizations, financial supervisory authorities and deposit insurers around the world. To cope with changes in the financial environment and current progress in financial supervision, IADI launched a plan to review and revise the Core Principles in February 2013. The plan was undertaken in cooperation with BCBS, International Monetary Fund (IMF), World Bank (WB), European Forum of Deposit Insurers (EFDI) and other international organizations. The newly revised Core Principles were issued in November 2014. It is believed that the framework for financial stability will be further enhanced.

"Cross-border cooperation" has become crucial for successful crisis management. In ordinary days, it may help the exchange of cross-border supervisory information and enhance the coordination and communication mechanisms prepared for the resolution of problem financial institutions. In times of crisis, it can preserve the credibility and feasibility of resolution while circumvent the barriers resulting from legal differences and restrictions between the jurisdictions of the home and host countries. In resolving the cross-border crisis, it is inevitable that the issue of cross-border cooperation will be faced no matter it is involving a global-systemically important bank or domestic-systemically important bank, or even a small or medium commercial bank with overseas branches. It is hoped that the discussion and conclusions reached during this conference will help the participants formulate more comprehensive policies and implement resolution strategies more suitably.

In response to the trend of globalization, the Financial Supervisory Commission (FSC) in Taiwan has developed policies to encourage local financial institutions to make business expansion abroad, particularly in Asia. FSC has been making efforts to foster a favorable business environment in an attempt to strengthen the competitiveness of local financial industry in the era of globalization. Since its establishment in September 1985, CDIC has been dedicated to protecting the rights and interests of depositors, maintaining an orderly credit system, and facilitating the sound development of financial services. CDIC was also deeply involved in dealing with the resolution of troubled financial institutions. Over the years, CDIC was not only in compliance with financial supervisory policies but also actively participated in the structure planning and implementation of the policy measures relating to financial safety net. In the future, CDIC will be in accordance with the policies of FSC to actively help local financial institutions to make expansion in the international arena. CDIC, as a part of the financial safety net in the world, will also continue strengthening its cross-border cooperation with other jurisdictions overseas. Therefore, it is particularly meaningful that today's conference focuses on the cross-border cooperation issues.

This year marks the 30th anniversary of CDIC. Over the past three decades, we have been dedicated to the mission of maintaining financial order and making every effort to perform our duties to protect the financial safety net. I would like to thank those who have supported and cared about CDIC. In the future, CDIC will continue having joint-ventures with our peers in the financial sector to jointly create a stronger, better and more stable financial system.

I would also like to thank everyone here. Without your support and participation, the success of this conference would not be possible. I believe that you will enjoy a fruitful stay over the next few days and will have unforgettable memories of this beautiful island and the hospitality of the people here in Taiwan. Thank you very much indeed.