



中央存款保險公司
Central Deposit Insurance Corporation

Enhancing Governance - Taiwan Perspective

Reactor: Chin-Tsair Tsay
Chairman of the Board
Central Deposit Insurance Corporation
February 17, 2006

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

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

Integrity



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

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**

Confucius said...



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



中央存款保險公司
Central Deposit Insurance Corporation

Thus...



- **Deposit insurers should enhance trustworthiness by implementing sound governance.**



CDIC

Thank you.



中央存款保險公司
Central Deposit Insurance Corporation

www.cdic.gov.tw