

存款保險叢書之 117



參加國際存款保險機構協會2007年
第六屆全球年會暨國際研討會報告

中央存款保險公司 編印

序

金融機構之健全營運及金融秩序之安定，乃促進國家經濟成長與金融發展之重要力量，亦為政府建立存款保險制度以保障存款人權益、穩定金融秩序之政策目標。本公司自民國七十四年建制以來，致力於保障金融機構存款人權益、維護信用秩序及促進金融業務健全發展等任務；民國八十八年修正存款保險條例，存款保險制度由自由投保改為全面投保，開始實施風險差別費率以引導要保機構加強風險控管；民國九十六年大幅修正存款保險條例，賦予存保公司查核權，明定存保基金之目標值，並建立因應系統性危機之機制，存款保險制度已成為我國金融安全網重要的一環。

一九九〇年以來世界各地陸續發生金融危機，存款保險對穩定金融的重要性再度受到重視，為使存保機制充分發揮其扮演金融安全網之功能，經由各國存款保險組織與監理機構之國際合作，強化國際金融體系之穩定，乃於二〇〇二年設立國際存款保險機構協會（IADI），總部位於國際清算銀行。本公司為 IADI 創始會

員，除積極參與各項活動，擔任執行理事會理事及其研究準則委員會主席，負責規劃研擬制定國際準則外，本公司並榮獲推舉主辦二〇〇五年 IADI 第四屆全球年會暨研討會，深獲國際金融界好評，會中並獲選為「全球最佳存款保險機構」之殊榮。

本公司除繼續積極參與國際活動、強化我國存保機制功能及對問題金融機構之處理外，並選派優秀人員出國考察、研習或進修，對我國存款保險機制及金融監理制度提出興革意見，期我國存款保險制度能掌握國內外經濟金融脈動，亦能師法先進國家典範俾與國際趨勢接軌，讓我國存款保險機制更臻完善。茲將各類研究報告成果編列為【存款保險叢書】，提供各界相關人士參考，並祈各界人士惠予指正。

董事長 陳上程

謹識

總經理 王南華

中華民國九十七年十二月



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報告提要

我國存款保險制度自 1985 年成立以來，已發揮健全穩定國內金融之功能，隨著金融國際化及自由化之趨勢，金融危機影響之層面較以往更為深廣，為提昇存款保險之實質效能，本公司於 2002 年 5 月加入國際存款保險機構協會(International Association of Deposit Insurers, IADI)，成為其創始會員，使我國存款保險制度之發展邁向另一個里程碑。

本公司自成為該國際組織之創始會員後，即奉 財政部指示積極參與該協會之各項活動及事務，俾提昇我國專業形象及國際地位。本次 IADI 第六屆全球年會暨國際研討會會議假馬來西亞吉隆坡舉辦，本公司由前董事長董瑞斌暨前總經理陳戰勝率國際關係暨研究室代理主任范以端、秘書黃鴻棋、科長林筱雯及專案契約人員林佳瑾等一行六人共同參加。此外，行政院金融監督管理委會副組長許維文、財政部國庫署專員黃琇琪並共同參與國際研討會。

本次會議期間自 2007 年 10 月 29 日至 11 月 4 日，計有來自全世界 50 國逾 150 名代表與會，包括各國存款保險機構、金融監理機構及中央銀行等相關機構及國際貨幣基金、國際清算銀行等國際組織代表等。此行除參與該協會之會員代表大會、執行理事會、常設委員會、區域委員會等各級會議外，並參與國際研討會，與聞國際組織及各國金融高階領導者之專業經驗及意見，暨建立溝通聯繫之管道，對我國存款保險制度之長期發展與接軌國際深具助益。

2007 年 IADI 第六屆國際研討會主題為「存款保險與消費者保護」(Deposit Insurance and Consumer Protection)，除存款保險外，並結合保險市場、資本市場及銀行業等與消費者相關之行業進行系列宣導。本公司前董事長董瑞斌獲邀於國際研討會中就「處理銀行擠兌之經驗」進行專題演講，前總經理陳戰勝亦獲邀於該研討會中發表負責主持之「存款保險之公眾意識」之研究成果，獲得來自全球代表之熱烈迴響。另馬來西亞國家新聞網特別專訪前董事長董瑞斌，就當前經濟狀況進行探討。

此行與聞國際金融高階領導者及國際金融組織之專業意見，深具意義。茲將本次心得與建議摘述如后：

- 一、國際關係需長期經營，實質參與及貢獻國際組織各項工作，有利於鞏固我國國際地位及建立我國與國際金融組織聯繫溝通管道。
- 二、藉由國際組織曝光機會，積極推展台灣專業形象與經驗，進而贏得各國對我國之肯定與尊重。
- 三、國內金融安全網之資源應予整合，以系統化方式執行存款保險及金融安全宣導計畫。
- 四、宜師法國際經驗，以「向下扎根」方式，深耕強化存款保險與消費者保護之教育宣導。

本公司歷經多年耕耘，目前於 IADI 最高權力機構一會員代表大會中擔任 IADI 執行理事會理事及研究與準則委員會主席，可謂對本公司之專業及貢獻的一項肯定。未來，將繼續積極投入國際研究及國際事務，俾彰顯台灣及本公司之專業性及達成有效國際合作與交流之政策任務。

壹、序言

國際存款保險機構協會 (International Association of Deposit Insurers, IADI) 於 2007 年 10 月 29 日至 11 月 4 日假馬來西亞吉隆坡舉辦第六屆會員代表大會暨國際研討會，計有來自全世界約 50 國逾 150 名代表，包括各國存款保險機構、金融監理機構、中央銀行等相關機構及國際貨幣基金、國際清算銀行等國際組織代表等。

IADI 目前有 75 個會員，包括 52 個正式會員、6 個準會員、5 個觀察員及 12 個夥伴會員(含國際貨幣基金、亞洲開發銀行、美洲開發銀行、歐洲重建開發銀行及東南亞國家中央銀行總裁聯合會 (SEACEN) 等。中央存款保險公司(以下簡稱本公司)自 2002 年 5 月加入 IADI 成為創始會員迄今，積極參與各項事務及活動，目前於 IADI 中擔任執行理事會理事及 IADI 最重要的常設委員會-研究與準則委員會 (Research and Guidance Committee, RGC) 主席，歷年來參與擬訂 IADI 各項政策、領導制定及發布國際準則，可謂成果豐碩。

2007 年 IADI 第六屆國際研討會主題為「存款保險與消費者保護」 (Deposit Insurance and Consumer Protection)，除存款保險外，並結合保險市場、資本市場及銀行業等與消費者相關之行業進行系列宣導。本公司前董事長董瑞斌獲邀於國際研討會中就「處理銀行擠兌之經驗」進行專題演講，前總經理陳戰勝亦獲邀於該研討會中發表負責主持之 IADI 國際準則「存款保險之公眾意識研究報告」初步研究結論，獲得來自全球代表之

註 1：此為截至 2008 年 12 月 31 日之資料。

熱烈迴響。另馬來西亞國家新聞網特別專訪前董事長董瑞斌，就當前經濟狀況進行探討。

此行與聞國際金融高階領導者及國際金融組織之專業意見，深具意義，對我國存款保險制度與國際接軌，促進各國交流與合作及提昇我國國際能見度，發揮實質成效。

貳、全程系列活動介紹

本次出國之任務包括參加 IADI 第六屆年會、執行理事會會議及其工作小組會議並與同業進行交流活動，全程活動自 2007 年 10 月 29 日至 11 月 4 日，茲說明如后：(IADI 簡介及組織架構圖分詳附件一及附件二)：

一、主持研究與準則委員會會議

IADI 研究與準則委員會主要負責全球存款保險制度之研究發展及制定相關國際準則，成員包括來自美、加、法、日、韓等 20 多國之存款保險機構派員參與。

截至本次會議，IADI 辦理之計畫或其下各附屬委員會包括下列十二項研究案(其中本公司主持第一項並派員參與第二至六項研究)：

- (一)存款保險之公眾意識(Public Awareness)。
- (二)有效存款保險制度之職權(Effective DI Mandates)。
- (三)存款保險資金之籌措(Funding)。
- (四)存款保險資料庫之建置(Establishment of an IADI Database for DIS)。
- (五)存款保險最高保額(Coverage Limit)。
- (六)存款保險跨國議題(Cross-Border Issues)。
- (七)賠付與追償(Claims and Recoveries)。
- (八)存款保險機構之治理(Governance)。
- (九)法律保障及免責權議題(Legal Protection and Indemnification Issues)。
- (十)存款保險機構風險管理(Enterprise Risk

Management)。

(十一)存款保險基金適足性評估(Evaluation of Deposit Insurance Fund Sufficiency)。

(十二)有效存款保險制度評估計畫(Evaluation of the Effectiveness of Deposit Insurance Systems)。

本公司前董事長蔡進財於2004年8月獲推舉擔任 IADI 研究與準則委員會主席，自渠於2006年9月24日退休後，即由本公司前總經理陳戰勝暫代其 RGC 主席職務。

本次由前總經理陳戰勝主持研究與準則委員會會議，進行該委員會會務報告，之後則由各附屬委員會針對各項研究案分別進行進度報告。另上開研究案中，有關存款保險之公眾意識(Public Awareness)及存款保險機構之治理(Governance)等二項業已完成初步報告(分詳附件三及附件四)，並提報執行理事會討論，公開諮詢相關意見。

二、參加執行理事會

第21及22次執行理事會會議分別於2007年10月30日及11月2日召開。本公司陳前總經理除就研究與準則委員會進行報告外，並參與其他委員會之會務討論其他議案。執行理事會會議討論事項包括：

(一)追認上次會議紀錄。

(二)各委員會報告。

1. 2008年會工作小組(Conference Task Force)。

2. 會員與溝通(Membership & Communications)委員會。
3. 研究與準則(Research & Guidance)委員會。
4. 訓練與會議(Training & Conference)委員會。
5. 財務與計畫(Finance & Planning)委員會。
6. 治理(Governance)委員會。
7. 稽核(Auditing)委員會。
8. 非公開會議(In-Camera Session)。

三、參加 IADI 第六屆全球年會

IADI 全球年會係由會員代表共同組成，為 IADI 之最高權力機構。第六屆全球年會討論事項包括：

- (一)核准 2006 年會員代表大會會議紀錄。
- (二)核准 2006/2007 年年報、財務報告及稽核報告。
- (三)指派外部稽核。
- (四)核准 2007/2010 年營業計畫及 2008/2009 年預算案。
- (五)核准執行理事會人數及執行理事選任程序。
- (六)選任主席、中東及北非區域委員會代表及執行理事缺額人選。
- (七)提案表揚對 IADI 有貢獻之會員代表。

四、參加亞洲區委員會會議

亞洲區委員會主席係由日本存款保險公司副總裁 Mr. Mutsuo Hatano 擔任，本公司為該委員會之成員，其他成員尚包括：越南、俄羅斯、印度、香港、印尼、哈薩克、韓國、馬來西亞、菲律賓、新加坡、孟加拉等國存款保險機構、泰國央行、蒙古

央行、亞洲開發銀行(ADB)及東南亞國家中央銀行總裁聯合會(SEACEN)。本次會議中商議 2008 年亞洲區委員會第六屆年會暨國際研討會由印尼存款保險公司舉辦之相關事宜，並進行各項交流。

五、參加國際研討會

本次研討會主題為「存款保險與消費者保護」，除存款保險外，並結合保險市場、資本市場及銀行業等與消費者相關之行業進行系列宣導。本公司前董事長董瑞斌獲邀於國際研討會中就「處理銀行擠兌之經驗」進行專題演講，前總經理陳戰勝亦獲邀於該研討會中發表負責主持之 IADI 國際準則「存款保險之公眾意識研究報告」初步研究結論，獲得來自全球代表之熱烈迴響。另馬來西亞國家新聞網特別專訪前董事長董瑞斌(媒體專訪報導詳附件五)，就當前經濟狀況進行探討。

此行與聞國際金融高階領導者及國際金融組織之專業意見，深具意義。為期分享各界，本公司除領導國際團隊共同完成會議紀錄英文版(詳附件六)外，我國全體與會團員並據以摘譯紀要，提出相關建議與心得，茲敘述如后。

參、國際研討會重點

一、議程

日期	時間	講座及講授內容
10/31	歡迎致辭	IADI 前主席暨馬來西亞存款保險公司(MDIC)執行長 Mr. Jean Pierre Sabourin
	歡迎致辭	馬來西亞存款保險公司(MDIC)董事長 Tan Sri Dato' Abdul Aziz bin Haji Taha
	專題演講	馬來西亞中央銀行總裁 Dr. Zeti Akhtar Aziz
	開幕致辭	開發中國家對存款保險之願景 IADI 前主席暨MDIC執行長 Mr. Jean Pierre Sabourin
	第一場次	探討現行消費者保護是否符合實際需求? 主講人: Mr. William Knight, 加拿大金融消費者機構前委員 與談人: - Mr. Steven Wong, 馬來西亞策略及國際研究機構副總裁 - Mr. Ilhyock Shim, 國際清算銀行亞太

日期	時間	講座及講授內容
		地區經濟分析師 – Professor Jennifer Hamilton, Strathclyde大學 主持人：Mr. John Chikura, 辛巴威存款保險機構執行長
	午餐會報	中國金融監督管理委員會首席顧問 Mr. Andrew Sheng
	第二場次	存款保險機構、消費者保護及不與銀行交易之關聯 主講人：Mr. Martin Gruenberg, IADI主席暨美國聯邦存款保險公司副董事長 與談人： – Mr. Muhammad Ibrahim, 馬來西亞中央銀行副總裁 – Mr. Carlos Isoard, 墨西哥存款保險機構總經理 主持人：Dr. Mohamed Al-Jafari, 約旦存款保險機構總經理

日期	時間	講座及講授內容
	第三場次	<p>IADI 國際準則研究報告 -存款保險之公眾意識 主講人：</p> <ul style="list-style-type: none"> - 陳戰勝先生，本公司前總經理 - Mr. Dalvinder Singh, Senior Lecturer in Law, Oxford Brookes大學法律系 <p>與談人：：</p> <ul style="list-style-type: none"> - Mr. Guy Saint-Pierre, 加拿大存款保險公司總經理 - Mr. S. Loganathan, 馬來西亞存款保險公司公共事務處處長 <p>主持人：Professor Jennifer Hamilton, Strathclyde 大學</p> <p>特別演講：菲律賓金融知識計畫 菲律賓存款保險公司執行副總經理 Mrs. Imelda Singzon</p>

日期	時間	講座及講授內容
11/1	特別演講	<p>擠兌之第3類接觸</p> <p>主講人：本公司前董事長董瑞斌</p>
	第四場次	<p>評估銀行業公司治理之標準及方法</p> <p>演講者：</p> <ul style="list-style-type: none"> - Mr. Alexander Berg, 世界銀行公司治理處處長 - Mr. Pasquale Di Benedetta, 世界銀行公司治理專家 <p>主持人：Mr. James Hambric, BearingPoint 經理</p>
	第五場次	<p>對農業銀行及信用機構提供存款保險及監理所面臨之挑戰</p> <p>主講人：Ms. Usha Thorat 印度存款保險暨信用保障公司主席</p> <p>與談人</p> <ul style="list-style-type: none"> - Mr. Krisna Wijaya, 印尼存款保險公司執行長

日期	時間	講座及講授內容
		<p>- Mr. Byeong Gab, Choi, 韓國存款保險公司執行理事</p> <p>主持人：Mr. Ooi Sin Tiek, 新加坡存款保險公司執行長</p>
	第六場次	<p>伊斯蘭教存款保險所扮演之角色</p> <p>主講人:Dato' Mohd Razif Abdul Kadir, 馬來西亞中央銀行副總裁</p> <p>與談人</p> <p>- Mr. Ahmet Erturk, 土耳其存款保險基金董事長</p> <p>- Mr. Khawaja Mohammad Salman Younis, Kuwait Finance House (Malaysia)管理處長</p> <p>主持人:Mr. Mohd Khairuddin, 馬來西亞存款保險公司保險風險評估及監控部門經理</p>

日期	時間	講座及講授內容
		特別演講：Mr. Jameel Ahmad，土耳其銀行執行理事

二、各場次內容重點說明

謹就本次研討會內容進行摘譯。

(一)主辦單位致歡迎辭

演講人：Mr. Jean Pierre Sabourin（國際存款保險機構主席及馬來西亞存款保險機構執行長）

演講主題：存款保險、金融市場秩序暨消費者保護

2007 年 IADI 年度國際研討會聚焦在「存款保險暨消費者保護」，值此「北岩銀行」事件最新發展，議題選定是妥當且適時的。「北岩銀行」事件強調為保護存款人權益，有效金融安全網是絕對必須的，而消費者信心是金融安全系統的基石。

消費者保護是所有金融安全網的共同目標。金融監理機構藉由持續監控銀行業務的健全進行，強化其體質、偵測風險，減縮銀行倒閉機會，降低損失到最小，達到保護消費者目的。近 10 年來，在法規之制訂、強化金融市場秩序及公開揭露亦有顯著提昇。

本日之報告將分成下列四部分分述之。第一部分闡述市場紀律作為消費者保護工具及其限制；第二部分探討存款保險暨消費者保護，第三部分介紹存款保險業者能協助市場成為較佳的維持紀律者，第四部分歸納相關結論。

1. 第一部分、金融市場秩序作為消費者保護工具及其限制

市場紀律是金融監理機構賴以建立健全、安全銀行系統之第一道防線。金融市場秩序可降低道德危險之誘因及迫使經營無效率的銀行退場，存款人、銀行股東、金融服務消費者及金融市場參與者等四類對象可發揮市場制裁力量，共同維護金融市場秩序。金融市場秩序無法單獨運作，輔以嚴密的會計及稽核制度，可提昇市場紀律。

法規制定者可利用下列二種方式提昇市場紀律：

(1) 創造更多有效率的市場業者參與機構

如創造正面的消費者狀況及競爭態勢；使業者得以注意成本效益之掌控及金融革新，或者是建置經營不善金融機構之退出市場機制。

(2) 提供適足之金融訊息

存款者、債務人、股東及信評單位需要足夠之資訊進行決策，因此銀行需維持高透明度和有效率的資訊揭露政策。

抵押債務憑證就是一個例子，許多高風險次級抵押權（次級房貸）被轉換成權益債務或眾所週知的抵押債務憑證（CDOs）。由於缺乏透明性，相關信用揭露、產品風險集中程度、及違約風險之存在等資訊取得顯得極為困難。上開缺乏透明性之因素成為近來金融動盪的關鍵因素。次級房貸危機係不確定因素所造成而非紀律問題。相反地，在資料極度超載狀況下，亦有可能因資料過於龐雜而引發消費者迷惑，做成拙劣的決策。

適當、及時地提供關鍵資料是必須的，其不僅有助於公共政策之判斷，且可提供消費者全面了解、評斷風險所在。以馬來西亞央行(BANK NEGARA MALAYSIA)為例，其所提供之金融資訊簡單易讀，具有一致性，易於比較，且可提供監督銀行績效的誘因，引導銀行業務健全發展。

2. 第二部分、存款保險業者及消費者保護

存款保險機構藉由提供保障，保護銀行消費者，並建立公眾信心。經濟發展中，市場安全性對消費者保護尤其重要；其使金融系統穩定，可使支付系統和經濟活動持續順利進行。有效的存款保險制度使道德危險降至最低，透過限額存款保險制度之設計保障大部分小額存款人權益，促使大多數存款人對銀行經營進行監督。

基本上，存款保險機構係財富和企業資產的保護者。對發展中國家而言，銀行存款的損失將影響大部分人，特別是小額存款人與中小企業（SMEs），倘其存款遭致損失，將連帶妨礙中小企業的發展及對實質經濟的貢獻。以馬來西亞為例，中小企業構成馬國國內經濟的中堅，存款人之損失造成深遠影響。換言之，財富保護即為財富的創造。

3. 第三部分、存款保險及金融市場秩序

安定金融市場秩序有下列四種管道：

(1) 提昇存款者金融知識

北岩銀行事件最終縱使有了償付能力，但顯示了公眾信心是薄弱的，此意外事件係發生在英國，倘發生在知識水準薄弱之國家，擠兌將會加劇。

民眾認知及參與係有效存款保險機制之要件，充分瞭解存款保險制度之民眾被未經證實的謠言影響較少，可防範存戶恐慌，降低擠兌之機會。整體而言，發展存款保險教育有助於消費者信心的建立，提昇金融穩定，因此為存款保險制度之核心發展目標。

(2) 透過民眾宣導降低大眾恐懼，建置存款保險機制之公信力

存款保險應說服存款人降低恐懼，保障其存款係存款保險機構之責任。

(3) 強化存款保險制度之價值

存款保險制度有時被道德風險所破壞，惟現實社會中，道德風險所在皆有，完善之存款保險機制可有效運行、緩和道德風險，其要素如提供限額存款保險、促使經營不善金融機構退出市場、確保存款保險機構具備良好的公司治理，最後為具備儘早介入及解決問題銀行的獨立性等。

(4) 促進金融市場秩序

決策者應能充分了解消費者心理和納入消費者之監督力量，其中包括了解消費者掌握資訊不同樣式的能力、影響消費者的行為、採行影響消費者選擇的計畫等。

4. 第四部分、結論

金融監理除藉由規範銀行提供足夠的資本具有償付能力外，尚需輔以健全之金融市場秩序。存款保險機構可經由提昇存款者金融知識、克服存款者不理性恐懼、建立存款保險系統的價值及了解消費者的心理等協助維持金融市場之紀律。政策制定上若忽略消費者行為之環節，恐將落入誤差之風險中！

消費者心理能引導更佳之政策設計，最終目的是協助提昇金融市場秩序與紀律，及更穩定的經濟環境。未來倘能據此發展研究，較能建構更健全的政策模型獲得公眾的信任。

(二) 國際研討會專題演講

演講人：Dr. Zeti Akhtar Aziz(馬來西亞中央
銀行總裁)

隨著全球化的腳步，國際金融市場的界限逐漸消褪，金融商品不斷的出陳推新，如何兼顧金融穩定及鼓勵金融發展及創新是各國當前主要的課題。近來因美國次級抵押貸款(Sub prime Mortgage)風暴所引發的國際金融混亂局面，反映出全球金融市場息息相關，所面臨的挑戰、風險之艱難及難以掌控，更突顯出金融安全網成員合作之重要性。

根據 IADI 之定義，金融安全網係由存款保險機制、審慎的金融監理、最後融通者機制及國庫擔保所構成。國際清算銀行（Bank for International Settlements, BIS）則認為典型之金融安全網應包括最後融通者、安全之支付清算系統、審慎的金融監理及存款保險制度。

維持金融體系之安定係金融安全網成員之共同目標。然而當安全網功能係由不同組織各司其職時，為解決潛在緊張局勢，不論於平時建立資訊分享機制，清楚劃分權責，或是管理金融危機時所面臨的緊急決定及溝通協調，金融安全網成員實有必要建立良好關係並採取相關協調機制。以英國北岩銀行發生擠兌事件為例，英國央行及監理單位的不同調影響整件事情發展，更突顯出危機管理及金融安全網成員相互協調之重要性。

馬來西亞於 10 年前金融風暴之時，中央銀行作為唯一的管理者，需負責金融系統流動性及償債能力。由於馬來西亞有完整的清理計畫能快速處理問題金融機構，大幅減少處理金融危機所付出之成本及降低對整體經濟的傷害。

近年來，馬國央行並與東亞地區中央銀行整合一套風險管理系統，共同合作建置區域性監控制度以有效防止或任何可能引發金融危機之可能，進而提昇區域性之金融穩定。

在歷經金融體制重建與重整，馬來西亞已設立存款保險制度，努力建立一個互助的金融安全網機制。存款保險具有重要角色，不僅宣導對限額保障之信心，亦強化良好風險管理之實施。因此，存款保險制度可作為監理單位鼓勵健全風險管理之配套措施。再者，馬來西亞存款保險公司負有以最小成本法清理問題金融機構之責任。馬來西亞存款保險公司在經過全面性考量下成立，在訂定存款保險制度過程中，考量各種因素以確保存款保險制度能達到「馬來西亞製造(Made in Malaysia)」的目標。為提升存款人信心，存款保險計畫之設計以可為小額存款人提供最適保障額度作為前提，約有 95%存款人受到存款保障，涵蓋存款總額的 35%。存保機構與監理單位密切合作共同提昇金融紀律是存款保險機制相當重要的一環。作為管理單位，提供銀行更多業務及營運彈性是對

好銀行之一種肯定。馬來西亞存款保險公司則可透過風險差別費率鼓勵金融機構採用健全的金融實務。

監理單位與馬來西亞存款保險公司採合作模式，相關分工要明確以避免權責不清或重疊情況產生。更重要的是馬來西亞存款保險公司可主動出擊及早干預及清理問題金融機構，而非被動承受風險。金融機構的繼續經營存續(viability)是由馬來西亞中央銀行負責決定後，交由馬來西亞存款保險公司全權處理後續清理作業。因此馬來西亞中央銀行及馬來西亞存款保險公司訂有「策略聯盟」作為合作基礎以確保金融制度完善健全，有效降低處理金融危機及對整體經濟之成本。

馬來西亞中央銀行負有保護及確保金融系統穩定的責任。對金融機構之監督仍屬於馬來西亞央行之職掌。與馬來西亞存款保險公司協議之策略聯盟，能針對關鍵問題進行資訊交流，並促進馬來西亞存款保險公司的營運。正式及非正式資訊交換機制的設置讓馬來西亞存款保險公司能及時獲得相關資訊，並履行其職權。上述之資訊交流包含雙方的合作情形及共識，特別是任何對各自執掌功能有所影響之建議。

對一個進步發展的金融制度而言，審慎健全良好的體制、良性競爭及消費者保護都是有

效保護利害關係人的重要要件。管理者需要在鼓勵市場競爭及金融創新時提供足夠的消費者保護。但其實這需要結合管理者、金融產業及消費者的共同努力，最終能維持市場信心及確保金融體系功能及效率。這份共同責任的認知及承諾不僅對金融遠景發展及穩定有所貢獻，亦將提昇整體經濟的功能及可充分發揮之潛能。

(三)第一場次、探討現行消費者保護是否符合實際需求？

首先介紹英國。該講者就市場導向之重要性及目前消費者保護及金融穩定並未落實審慎監理進行說明。

環顧全球，大部分之監理機構均未將市場導向與審慎監理視為同等重要。市場導向係監理目標之一環，惟倘缺乏監理機關之支持，消費者保護僅能有零星效果，而無法達成消費者之期待。

另以加拿大金融消費者機構為例，其成立於2001年，該國係由實務之觀點，設立專責市場導向相關事宜之機構。過去5年中，該機構藉由大眾普查之方式檢視消費者不滿之處、促進消費者對金融商品之瞭解、提供消費者園地探討相關議題、強化金融市場功能及建立大眾信心。此外，該機構有效促進金融監理機構與金融機構合作，確保消費者受到完善保護。

該講者並以北岩銀行為例，說明消費者信心是金融體系穩定之磐石，金融知識及教育藉由建構消費者對金融服務之瞭解，間接提昇其信心，係相當重要的。以加拿大金融知識教育計畫及英國十年提昇金融能力計畫觀之，各國政府咸認金融知識教育係提昇金融市場信心之關鍵。金融市場之安定與健全不僅單賴金融機構本身，消費者信心亦是重要關鍵。當消費者倡議無法符合其期望時，則政府需投注更多心力完善法規架構，以符合其需求。

其後，由馬來西亞代表進行介紹。渠指出消費者保護計畫具有下列特點：

1. 部分國家制定政策時，不僅考量金融體系對於經濟發展之重要性，亦同時考量以明文制定規範競爭架構及提供消費者保護之法規。
2. 單一機構難以同時兼顧法規及消費者保護之執行，其具備潛在之衝突。
3. 部分國家處理上開議題有落後之現象，尤其以亞洲國家落後的幅度較大。

其後，由國際清算銀行代表進行說明，渠指出消費者保護不完善及民眾公眾意識之薄弱，均會損及消費者信心及對金融機構造成流動性衝擊。透過資訊揭露及教育能使消費者對法規制度及金融商品建立信心，可減少金融失序的狀況產生。此外，消費者保護可強化市場紀律及金融市場穩定。

該講者在北岩銀行的實例中，特別提及在法規之干預、大眾傳播的影響力、及必須在金融機構競爭與消費者保護之間取得平衡。未來，則需側重下列三點之發展：

1. 各機構間(包括存款保險機構)應協調合作，俾使消費者能做出最適決策，並在維護金融安定之前提下，促進健全競爭。
2. 消費保護機制係金融之一環，應納入金融發展計畫中。
3. 消費者保護應納入跨國性議題。

本場次最後由英國講者進行說明。渠強調不同的消費者對於消費者保護之型態具有不同的期望，資訊揭露及政策干預係導正市場失靈之重要工具。

該講者續介紹該國提供金融商品時，消費者資訊揭露之有效性。渠並說明在缺乏衝擊及缺乏明瞭透明之資訊時，消費者無法有效扮演「理性」之角色，作成最適決策。

最後總結，倘無法充分瞭解決策行為，則政策制定者對消費者行為之期望會產生分歧，且會損及消費者對金融市場之信心。

(四)第二場次、存款保險機構、消費者保護及不與銀行交易(unbank)之關聯

美國於1933年經濟蕭條後，基於重建金融體系大眾信心及維護小額存款人而創設存款保險機構，係全球首創存保制度之國家。

該講者指出美國持續提昇消費者保護及信心的四種方式如后：

1. 美國聯邦存款保險公司(FDIC)持續教導消費者相關金融常識。
2. FDIC 關注消費者的疑惑及相關利害關係。
3. FDIC 與消費者及銀行共同合作，瞭解金融市場之發展主流。
4. FDIC 基於監理超過 5000 個金融機構，有其特殊責任強化消費者保護法。

FDIC 自 2001 年起透過「Money Smart」計畫，提供超過 90 萬位消費者金融教育，其訓練計畫並翻譯成 5 種語言，涵蓋帳單、儲蓄、預算及信用等之介紹。

對 FDIC 而言，在金融主流中首要注重的目標為「經濟導入」(Economic Inclusion)。依據官方統計，該國約有 2800 萬人不與銀行往來、4500 萬人未具備信用之觀念及 10% 的美國家庭不與金融機構往來。

FDIC 基於提昇存款人信心及保護存款人之基本責任。未來會將金融教育、消費者保護及與契合金融主流列為重點任務。

其次，由馬來西亞講者進行介紹。渠由存款保險之觀點，說明消費者保護的要素因各國或有不同，但具備如促進公平及公正的企業環境；倡議經濟導入、推廣金融知識教育、強化資訊透明與揭露、建立爭議處理機制及存款保

險機制(或顯性存款保險制度)等共同要點。此外，渠將金融穩定分為法規紀律、制度紀律及市場紀律等三大支柱。其他如透明及具效能之金融市場、健全之金融機構、提供公平之服務及中介、消費者能得到完善之通知及權限，均是金融穩定之重要因素。

市場信心於金融穩定中扮演重要角色。存款保險保護存戶及防範金融危機之擴散，對穩定金融信心具有極大之貢獻。

在消費者取得完善之保護、提倡金融革新及競爭之間取得平衡係一大挑戰。該挑戰包括確認消費者受到完善保護之前提下不會增加金融機構之額外成本、確保金融機構了解金融市場公平運作係治理之一環，促進金融知識教育者的共同支持與合作等。講者並提及馬來西亞多方位保護消費者，身為新興市場之一員，該國中央銀行具有較其他新興國家中央銀行更大之權限，消費者保護相關機制亦較為完備。

其後，墨西哥講者介紹該國相關機制。渠認同存款保險機構在消費者保護及強化金融知識教育中扮演著重要角色。

1995 年發生金融危機後，體認存款保險機制之重要，爰於 1999 年正式設立存款保險機構，自 2005 年 1 月 1 日起採用目前之保額及顯性存款保險制度。此外，該國設置「消費者金融服務保護國家委員會」(National

Commission for the Defense of Consumers of Financial Services ; CONDUSEF)，透過推廣金融教育及擔任消費者與商業經營者之間仲裁，處理雙方爭議，藉以保護消費者。

(五)第三場次：IADI 國際準則研究報告-存款保險之公眾意識

本公司為 IADI 創始會員並擔任該機構旗下設置之研究準則委員會 (Research and Guidance Committee) 主席，統籌各項研究計畫之推動，負責制定相關國際準則。

鑑於「存款保險之公眾意識」攸關存款保險制度得以健全發展甚鉅，RGC 爰將此一議題列為 2006 年年度研究計畫之一，由本公司負責領導，研究小組成員包括法國、俄羅斯、馬來西亞、墨西哥、菲律賓、匈牙利、土耳其及烏拉圭等國存款保險機構。報告內容涵蓋民眾存款保險意識之重要性、其對達成存款保險安定金融之政策目標之影響、存款保險宣導計畫如何有效執行等相關議題，擷集 IADI 之會員機構及學者專家經驗與建議，並納入歷年相關文獻重點，彙集 14 條核心準則及最佳實務作法，由本公司前總經理陳戰勝先生於「存款保險與消費者保護」國際研討會中發表。渠強調所有存款保險機構應持續性提昇公眾意識，另並闡述有效之公眾宣導計畫，必須設定策略，著重宣導對象、宣導主題、宣導方式及宣導目標等，且

宣導計畫必須整合各年度間之計畫。此外，宣導計畫必須預為規劃特殊情況之處理如全額保障轉換為限額保障、銀行擠兌、要保機構倒閉等，以維護存款保險機構之公信力。提昇存款保險之公眾意識可促進存款保險機構之有效運作。

以下謹將14條建議之國際準則草案(Draft Core Principles & Effective practice suggested by IADI)依內容中英對照如后：

1. Role and Objectives

角色及目標

- 1.1 Core Principle: Public awareness about deposit insurance is crucial. All deposit insurers should promote public awareness about the deposit insurance system on an ongoing basis.

核心準則：公眾意識係存款保險中極重要之一環。全體存款保險機構均需持續提昇存款保險之公眾意識。

- 1.2 Core Principle: The major objectives of a public awareness program are for the deposit insurers to accomplish their public policy objectives (“PP0s”) and enhance the effectiveness of a deposit insurance

system through public education to promote the stability of the financial system.

核心準則：存保機構進行公眾意識宣導之主要目標係透過公眾教育促進金融穩定，達成公共政策目標及存款保險機制之有效性。

1.3 Core Principle: The objectives of the public awareness programs should be clearly set out and consistent with the public policy objectives and mandate of a deposit insurer.

核心準則：存保機構進行公眾意識宣導之目標必須明確揭露，且需與公共政策目標及存款保險機構之權能一致。

1.4 Core Principle: Deposit insurers should build credibility with depositors and stakeholders.

核心準則：存保機構需建置其對存戶及利害關係人之公信力。

2. Organizing an Effective Public Awareness Campaign

組織有效之公眾意識宣導計畫

2.1 Effective Practice: It is an effective practice for a deposit

insurer to clearly set the principal target audience groups and sub-groups.

有效實務作法：存款保險機構應明確訂定主要及次要之宣導對象。

2.2 Effective Practice: It is an effective practice for a deposit insurer to integrate information that may affect depositors' savings in a public awareness program.

有效實務作法：存款保險機構應整合對存戶具有影響力之資訊，納入宣導計畫之一環。

2.3 Effective Practice: It is an effective practice for a deposit insurer to employ a wide variety of tools and channels of communication, wherever possible, to ensure that the messages are conveyed to the target audience.

有效實務作法：存款保險機構應使用廣泛的宣導工具及宣導媒介，確保資訊能順暢傳達予宣導對象。

3. Budgets and resources

預算及資源

3.1 Effective Practice: It is an

effective practice for a deposit insurer to make budget allocations to build/maintain the desired level of public awareness knowledge on deposit insurance among the target audience.

有效實務作法：存款保險機構應就不同之宣導對象族群所欲達成之宣導效果，有效配置宣導預算。

3.2 Effective Practice: It is an effective practice for a deposit insurer to consider external professional public relations and branding expertise to maximize the effectiveness of the public awareness program and to supplement the internal expertise of the deposit insurer.

有效實務作法：存款保險機構可借重外部公關公司之專業及品牌行銷人才，輔助機構內部專業人員，使宣導效益最大化。

4. Performance Evaluation

執行績效評評估

4.1 Effective Practice: It is an effective practice for a deposit

insurer to conduct a regular, independent evaluation of awareness levels.

有效實務作法：存款保險機構應定期進行獨立評估，檢視宣導計畫執行成效。

5. Public Awareness under Special Occasions 特殊狀況下之存款保險民眾認知

5.1 Core Principle: Where a country is transitioning from a blanket guarantee to a limited coverage deposit insurance system, public awareness activities should begin as early as possible.

核心準則：當一國存款保險制度需由全額保障轉換為限額保障時，應及早進行宣導。

5.2 Effective Practice: It is an effective practice for a deposit insurer to develop a public awareness program for crises management in advance to address potential crises.

有效實務作法：存款保險機構應防範潛在金融危機，預為研擬金融危機時之宣導計畫。

6. Partnerships with Other Stakeholders 其他利害關係人之參與

6.1 Effective Practice: It is an effective practice to require member institutions by law to promote information about deposit insurance.

有效實務作法：要保機構依法應配合宣導存款保險相關資訊。

6.2 Effective Practice: It is an effective practice for a deposit insurer to develop strategic partnerships of public awareness programs with other safety net players, to ensure consistency in the information provided and maximize the synergies.

有效實務作法：存款保險機構應與金融安全網成員發展結合為策略聯盟，俾確保宣導資訊之一致性及綜效極大化。

(六)第四場次：評估銀行業公司治理之標準及方法

近年來公司治理受到國內外各界之高度關注及探討。廣義的公司治理之定義及意涵為「藉由完善之制度設計與執行，提升策略管理效能，監督管理者行為，確保外在投資者，包括小股東、債權人以及其他利害關係人的利益。」，此係以保護投資人的角度出發。有效之公司治理機制應兼顧制約及平衡，除可顧及股

東之利益外，亦可達成公司價值最大化之目標。許多學術研究顯示：公司治理與公司表現息息相關；公司治理完善的公司，股東長期報酬較佳，公司利潤更高，表現更穩定。反之，公司治理不佳的公司，受相關之負面影響，股東長期報酬較差，無法確實反應公司價值。

世界銀行及國際貨幣基金等國際組織之相關報告業將銀行公司治理納入，可見此一議題受到國際重視之程度。公司治理適用範圍不限於一般產業，更適用於銀行業。易言之，管理良好的銀行對整體經濟發展有正面影響及功用，反之則會造成負面影響。許多銀行倒閉之主因係公司治理不彰，缺乏完善管理標準及業務守則。

完善的公司治理可謂為保護股東及利害關係人的第一道防線。公司治理及資訊揭露，已躍升為新版巴塞爾協定及信用評等機構之重要評比項目。國際清算銀行及國際貨幣基金組織更已發展出銀行業公司治理準則。

世界銀行目前積極發展銀行業的公司治理準則。其他國際性組織如巴塞爾銀行監管委員會(Basel Committee on Banking Supervision)及經濟合作與發展組織(OECD)亦相當重視此一議題，續發展出相關建議準則，其涵蓋之重要內容包括降低利益衝突的可能性、明訂董事會成員之職責及資格、提供揭弊保護、審計及

管理功能、透明度及資訊充分揭露以及監理單位之職責。公司治理應側重於風險治理，董事會應能有效管理銀行所面臨的問題。

世界銀行研究很多國家銀行治理架構時發現下列問題：

1. 多數董事會成員及管理階層並不瞭解自身的角色及定位，獨立董事之權責未清楚明訂。
2. 公司所有權結構複雜，以致於難以發現業務往來時是否涉及不當交易。
3. 董事會缺乏獨立性而喪失內部控制應有的功能。

世界銀行根據其經驗建議下列數點：

1. 銀行業負責人應通過從業人員適任測試(Fit and Proper test)。
2. 董事會要能確實執行業務及克盡善良管理人義務，管理階層能落實內控制度，以高度自律及審慎之態度行使職權。
3. 銀行業的監理機關應積極鼓勵銀行實行良善的公司治理並提供相關之建議及規範。

總之，良好完善的銀行公司治理不單是靠外部法律來訂定規範，亦需各銀行共同努力，深化公司治理為公司內部文化之重要一環。

(七)第五場次：對農業銀行及信用機構提供存款保險及監理所面臨之挑戰

本場次就印度、印尼及韓國等狀況進行說明。

印度金融體系可區分為商業銀行與信用機構；城市銀行及鄉村銀行等類別。截至 2007 年 3 月止，印度存款保險機構(DICGC)已能保障 683 百萬個帳戶，其中百分之 85%的保額內存款集中於商業銀行，信用機構保額內存款之占有率僅為 14.75%。依照強化金融導入之趨勢，該國之挑戰為需延伸至鄉村銀行之信用中介，其主要係由農民及小規模店家所組成。而一般鄉村銀行及鄉村信用機構均已受到存款保險之保障。

該國之挑戰來自城市銀行，其於 1991 至 2001 年快速增設，特性為治理不夠嚴謹，管理及經營體質不善，並分屬於聯邦及州兩層體制下。在近來賠付的總金額中，渠等銀行之賠付總額即超過 88%。該國採行之處理措施包括自 2005 年 4 月起暫時停止核發新銀行之設立執照、採用分級管理、訂定金融機構經營者之資格標準等。

其後，介紹印尼存款保險機制。印尼存款保險機構(IDIC)自 2005 年 9 月設立，其主要具有提供存款保險及穩定金融秩序兩項政策性目標。除了鄉村型金融機構外，其保障所有銀行。該機構具有解決系統性危機及非系統性危機之權限。近來方處理九家鄉村銀行，其處理經驗包括實際賠付金額占應賠付金額之 93.5%，比例極高，但僅占保額內存戶數之 14.3%，其餘

小額存戶未予求償，其因之一為自山區至賠付中心的距離過遠，致許多偏遠的存戶不便求償。此外，部分銀行管理者偽造假證明，在未取得存戶之同意，操縱銀行記錄下提領存款。其並說明該國倒閉銀行之資產回收率甚低，故採用賠付存戶之方式及提供財務協助問題要保機構等二種處理方式，較偏好前者。

再者，介紹韓國機制。韓國存款保險公司(KDIC)設立於1996年，並於1998年採用全額保障，2001年回歸限額保障機制。該國原就非銀行機構分設基金，惟該國自1997年年底修正「存戶保護法」，促使KDIC於1998年合併管理基金。目前韓國受保障者不限於銀行存戶，尚涵蓋證券公司、保險公司、商人銀行、共同儲蓄銀行及信用合作社等。1998年金融危機發生後，該公司提供517家金融機構獲得重建，及財務協助計約美金112.1百萬元。

至於信用合作社，於2004年1月1日起不受到KDIC之保障，其因無法得自KDIC有效之管理，及面對強大之政治壓力及經濟束縛，致常發生問題，小額存戶缺乏信心，嚴重耗費成本及損及可信度。

最後，與談者將問題重心回歸於主管機關與存款保險機構之協調整合，探討存款保險機構在法制中所扮演的角色，並強調存保機構應重視成本效益原則，且為降低清理成本，應建

立清理機制。

(八)第六場次：伊斯蘭教存款保險扮演之角色

伊斯蘭教金融機構與一般商業銀行之最大不同處為「不支付利息」(interest-free)，而係藉由投資賺取之利潤分配給存款人。

目前全球僅有土耳其及馬來西亞二個國家對伊斯蘭教金融機構存款人提供存款保障。馬來西亞存款保險公司則自2005年9月起對其提供保障，目前馬來西亞設有雙存款保險機制，分為一般存款保險及伊斯蘭教存款保險系統。

以土耳其的伊斯蘭教存款保險為例，自1995年至2007年間，伊斯蘭教金融業市場佔有率由1.87%提高至3.145%，2001年時因受到IHLAS FINANS銀行倒閉而一度嚴重下滑。土耳其於2003年7月首先對回教銀行提供回教存款保險計畫；採取強制參加(並未參加歐洲地區常見的共保)及風險差別費率，保額及相關規範與一般商業銀行無異。

伊斯蘭教存款保險特色如后：

1. 定期存款期間較短。
2. 信用風險和流動性風險高。
3. 資本適足率適足，法令規範良好健全。

需要注意的是伊斯蘭教金融機構不支付利息，而採用損益分攤方式(profit-and-loss sharing, PLS)，故如何使用公共資金及進行投資值得注意。

伊斯蘭教金融業不同於一般傳統商業銀行，其對銀行信託，性質更接近於投資銀行。伊斯蘭教金融機構所提供之產品、資產負債表及營運活動皆反應出信託之本質。因此對伊斯蘭教金融機構要有更健全的法令規範，落實風險管理，執行公司治理以及力求營運透明，因為顧客需要瞭解資金使用情形。而管理者應瞭解伊斯蘭教金融機構特質再加以訂定相關規範。

伊斯蘭教銀行業成長迅速，目前年成長率為 14%，資產總值超逾 4,000 億美元，對全球金融業及經濟具有相當的影響。伊斯蘭教銀行存款保險快速發展，更應側重金融安全問題及發展完善健全與否。健全的伊斯蘭教銀行業需要良好金融架構、適當市場紀律、完整法律基礎設施、透明化公司治理以及有效監理。有效存款保險制度是建立完善伊斯蘭教金融制度的必要條件。

由於伊斯蘭教金融機構營運以及資產負債結構特殊，故存保制度需要特別設計以避免道德風險，俾維繫存款人信心。目前全球伊斯蘭教存款保險經驗相當有限，有不少知名伊斯蘭教存款國家均未設置存款保險機制，如阿拉伯聯合大公國、沙烏地阿拉伯、巴基斯坦及卡達等國。土耳其及馬來西亞可謂建置伊斯蘭教存款保險制度之先鋒。

部分機構對於推動伊斯蘭教銀行金融穩定之議題不遺餘力，如 Accounting and Auditing Organization for Islamic Financial Institutions, Arbitration and Reconciliation Center for Islamic Financial Institutions；國際組織如國際清算銀行(Bank of International Settlement)、金融穩定論壇(Financial Stability Forum)、以及 IADI 等。建置完善的伊斯蘭存款保險制度對於伊斯蘭教銀行的成長及穩定十分重要。健全的伊斯蘭金融體制需具備適當法令架構、監理系統、完善金融安全網、健全金融系統以及消費者對制度面的信心等基本架構。此一目標可藉由創造完善的金融環境及相關的利害關係人共同努力達成。

伊斯蘭教存款保險目前面臨的問題及挑戰計有：

1. 伊斯蘭教存款保險制度存在的必要性以及現行伊斯蘭教存款保險制度之架構與營運設計是否符合伊斯蘭教教義。
2. 伊斯蘭教存款保險保障範圍及保障項目是否與一般存款保險相同，以及是否符合公平市場競爭？

一般存款保險對於信託基金、投資信託產品均不提供保障。如前所述，伊斯蘭教金融機構不支付利息，而採用損益分攤方式，

此為其最大特色。伊斯蘭教法律禁止對放款或存款收取或支付利息，因此回教銀行藉投資而賺取利潤並分配給存款人，因此伊斯蘭教金融機構及存款人亦面臨投資失利的風險。然而由於投資存款金額龐大，若不提供保障，無法有效發揮存款保險維護大眾信心之功能，但如此作法亦可能產生道德危險等問題。

3. 伊斯蘭教存款保險缺乏指導建議準則。
4. 銀行倒閉及其清算清理(Bank closure and failure resolution)
銀行倒閉之處理程序及存保公司擔任之角色均需考慮回教教義之規定。
5. 由於伊斯蘭教金融業營運特性，應強化風險管理及費率評估。
6. 相關國際組織應積極與伊斯蘭監理單位密切合作。

肆、心得與建議

一、國際關係需長期經營，實質參與及貢獻國際組織各項工作，有利於鞏固我國國際地位及建立我國與國際金融組織聯繫溝通管道

本次研討會中，主辦單位原安排中華人民共和國（以下簡稱大陸）之人民銀行高階官員、本公司前董事長董瑞斌及前總經理陳戰勝均擔任研討會講座。惟正式開幕前一天，主辦單位臨時接獲通知，大陸表明因台灣高階政府官員數位代表均發表演說，除非調整會議講座，否則將取消出席。

由於本公司於 2002 年 5 月加入 IADI，成為其創始會員，即奉財政部指示積極參與該協會之國際事務活動，將我國金融改革及存款保險經驗與各會員機構分享，並實質貢獻 IADI 之多項工作。歷經多年耕耘，與各國金融存款保險及金融監理同業建立良好之合作關係，除提昇我國專業形象及國際地位外，並榮獲國際金融監理機關、中央銀行及存款保險界之肯定與支持。大陸雖尚未正式成立存保制度且非 IADI 會員，惟受限兩岸特殊關係，仍不時以不同方式對本公司之參與予以不同程度之杯葛。此次國際研討會，在我國非主要國際組織會員及大陸施壓情況下，仍透過 IADI 平台，與主辦單位及各會員國金融組織積極聯繫溝通，並完成出國計畫既定之各項行程及任務。

在國際金融全球化之趨勢下，各國金融市場之發展與變化息息相關，任一國家已難以置身於全球

金融體系之外，故國際合作與經驗之交流亦益形重要。由於國際關係須常期經營與耕耘，未來本公司自當承續現有基礎，繼續儲備精通存款保險、金融監理業務之國際人才，戮力推廣專業經驗，自專業領域落實實質外交，並建構與各國存款保險機構及金融網相關成員之聯繫溝通管道，以達成有效國際合作與交流之政策任務。

二、藉由國際組織曝光機會，積極推展台灣專業形象與經驗，進而贏得各國對我國之肯定與尊重

本公司前董事長董瑞斌本次獲邀於研討會中進行專題演講，將台灣歷年來金融發展動態、擠兌肇因；處理擠兌、避免引發系統性金融危機之實務經驗，彙整統計資料，以循序系列之解說分享與會代表，演講內容詳實，生動活潑，並成為國際間極少數以系統化方式闡述擠兌議題並以實務處理角度將經驗教訓分享各國者，故會後如美國、加拿大、越南、日本、泰國、韓國等多國會員代表均對該演說表示感謝與讚賞。另前總經理陳戰勝應邀於本次國際研討會中，發表由本公司領導國際研究團隊完成之 IADI 國際準則「存款保險之公眾意識研究報告」初步研究結論，其專業亦獲得與會者一致肯定與激賞。兩項演說均可謂以最務實之方式讓各國與會者瞭解台灣之專業經驗與能力。

本公司向極重視研究創新，近年來亦獲肯定領導國際團隊進行數項研究計畫，對我國存款保險及金融業之形象、媒體曝光率及國際知名度，深具實

質意義。嗣後當更加利用此一平台，積極投入國際研究及國際事務，彰顯台灣及本公司之專業性，以贏得各國對我國之肯定與尊重，並進一步達成實質交流之目的。

三、國內金融安全網之資源應予整合，以系統化方式執行存款保險及金融安全宣導計畫

承上所述，本次會議所發表之 IADI 國際準則「存款保險之公眾意識研究報告」中，業歸納 14 條國際準則及最佳實務作法供各國決策者參考，其中提及存款保險知識之推廣需金融安全網全體成員共同投力，且宣導資訊需具一致性，此點獲得與會者廣大迴響。據此，建請國內金融安全網相關成員應統合金融教育宣導資源，並與其他相關部會合作組成策略聯盟，以系統化方式執行宣導計畫，俾收宣導宏效。

四、宜師法國際經驗，以「向下扎根」方式，深耕強化存款保險與消費者保護之教育宣導

本次國際研討會主題聚焦於「存款保險與消費者保護」之議題，菲律賓存款保險公司（PDIC）報告其自 2000 年即派員到學校對青年學子進行存款保險之教育巡迴宣導-基本存款人權利及責任等概念，並與菲國教育部簽訂合作備忘錄（MOU），草擬存款保險教師指南，透過各大學舉辦研討會進行研究與規劃、教學計畫之審核及專家的確認之方式，從校園極早深植「存款保險與消費者保護」之觀念。以長遠觀之，此不僅可為下一代建立正確之理財

觀，並為低成本且高效益之宣導方式，足供我國借鏡、學習。本公司並據此決定從存款保險強化金融消費者保護之觀點，進一步研討相關機制。

附 件



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附件一、國際存款保險機構協會簡介

國際存款保險機構協會 (International Association of Deposit Insurers, 簡稱 IADI), 成立於 2002 年 5 月 6 日, 係依瑞士法律設置之非營利機構及獨立法人, 設址於瑞士巴塞爾國際清算銀行內。

願景

與全球各界人士分享存款保險經驗。

使命

藉由提倡存款保險相關準則及國際合作, 提昇存款保險制度效能。

宗旨

藉由提倡存款保險同業之國際合作暨鼓勵其與相關單位間之國際交流, 進而強化金融體系之穩定。

緣起

IADI 係國際清算銀行金融穩定論壇 (Financial Stability Forum, FSF) 存款保險工作小組於 2001 年 9 月完成研究任務遞送相關報告後, 即著手設置之機構。該跨國工作小組成立之目的, 旨在研究制定國際存款保險相關機制, 以協助各國相關決策機構設計或改善其存款保險制度。

管理階層及組織

會員代表大會係國際存款保險機構協會之最高權力單位, 而**執行李事會**旨在確保 IADI 業務健全運作。

現任 IADI 總裁係美國聯邦存款保險公司副董事長
Martin J. Gruenberg 先生。

IADI 財務長為哈薩克存款保險機構總經理
Bakhyt Mazhenova 女士。

IADI 秘書長為 Donald Inscoc 先生。

常設委員會設於執行李事會之下, 負責協助推動 IADI 各項業務, 簡述如下:

稽核委員會負責確保 IADI 所發布財務資訊之公正完整。

財務規劃委員會負責控管 IADI 財務資源, 以及編製 IADI 營業計畫與預算、決算報告。

治理委員會負責制定 IADI 之附則與會務有關之各項管理政策、制定並維護 IADI 相關規範準則(如行為規範準則)、研訂

各常設委員會之營運規則, 以及檢討章程、附則及各項政策並提出修正建議。

會員與溝通委員會負責會員之擴充, 與強化會員間之溝通聯繫, 以促進 IADI 目標之達成。

研究與準則委員會負責存款保險各項準則及核心原則之研擬制定及推廣, 以強化存款保險制度之效能。

訓練與會議委員會負責會員需求之評估, 善用 IADI 各參與者之資源, 並與夥伴會員及其他相關跨國專業機構合作, 舉辦各項訓練課程並開發前瞻性之議題。

法律及技術協助委員會負責檢視與研究存款保險相關法律議題。

區域委員會設有**非洲區域委員會**、**亞洲區域委員會**、**加勒比海區域委員會**、**歐洲區域委員會**、**歐亞區域委員會**、**中東與北非區域委員會**及**拉丁美洲區域委員會**等, 藉由資訊與意見之交流, 反應各區域內共同相關之議題。

IADI 之參與者

會員

凡依法律或協議提供存款保險、存款人保障或存款保證之機構, 均得參加為正式會員。目前計有 52 個會員, 包括: 厄瓜多爾存款保證機構、阿爾巴尼亞存款保險機構、加拿大魁北克金融市場管理署、烏拉圭中央銀行存款保障處、瓜地馬拉存款保險機構、孟加拉中央銀行、摩洛哥中央銀行存款保證基金、蘇丹存款保證機構、波蘭存款保障機構、巴貝多存款保險機構、保加利亞存款保險機構、加拿大存款保險公司、台灣中央存款保險公司、烏克蘭存款保證機構、羅馬尼亞銀行業存款保證機構、俄羅斯存款保險機構、波士尼亞赫塞哥維納存款保險機構、印度中央銀行存款保險與信用保證公司、坦尚尼亞存款保險委員會、千里達托貝哥存款保險公司、日本存款保險公司、巴哈馬中央銀行、捷克存款保險機構、越南存款保險機構、泰國存款保障機構、辛巴威存款保障委員會、肯亞存款保障委員會、美國聯邦存款保險公司、英國金融服務賠付機構、尼加拉瓜存款保險機構、委內瑞拉存款保證暨銀行保障機構、哥倫比亞存款保證機構、秘魯存款保證機構、法國存款保證機構、巴西信用保證機構、香港存款保障委員會、印尼存款保險公司、黎巴嫩存款保證機構、薩爾瓦多存款保證機構、墨西哥存款保障機構、牙買加存款保險公司、約旦存款保險公司、哈薩克存款保險機構、韓國存款保險公司、馬來西亞存款保險公司、匈牙利存款保險機構、奈及利亞存款保險公司、菲律賓存款保險公司、土



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耳其儲蓄存款保險機構、阿根廷存款保證機構、新加坡存款保險公司及瑞典存款保證委員會。

準會員

凡不完全符合會員資格，但正考慮設置存款保險制度者，或關切存款保險有效運作之其他金融安全網成員，均得參加為準會員。目前計有 6 個準會員，包括菲律賓中央銀行、阿爾及利亞中央銀行、蒙古中央銀行、泰國中央銀行、新加坡貨幣管理局及南非財政部。

觀察員

其他關心存款保險制度之機構，如國際性金融相關之專業組織。目前計有 5 個觀察員，BearingPoint Inc.、Deloitte & Touche LLP、Excel Technology International (香港)、Goodmans LLP 及 KPMG LLP。

夥伴會員

係指為共同促進 IADI 宗旨、且訂有合作協定者。目前有 11 個夥伴會員，包括亞洲開發銀行、美洲銀行監理官協會、拉丁美洲貨幣研究中心、歐洲復興開發銀行、歐洲存款保險機構論壇、美洲開發銀行、國際貨幣基金、東南亞國家中央銀行總裁聯合會、多倫多金融監理國際領導中心、阿拉伯銀行聯盟及美國財政部國際事務技術援助局金融服務組。

會費

IADI 會員 2 年內需繳交入會費美金 1 萬元，每年並需繳交年費美金 1 萬元。準會員及觀察員應繳交年費各為美金 7 千 5 百元及 5 千元，夥伴會員無需付費。

各項活動及出版刊物

IADI 於每年召開全球會員大會之際，同時舉辦不同主題之年度研討會，第七屆全球年會將由美國聯邦存款保險公司假維吉尼亞州阿靈頓舉辦(2008 年 10 月)，之前會議則為：存款保險與消費者保護(馬來西亞，2007 年 10 月)、存款保險機制之全面提昇(巴西，2006 年 11 月)、存款保險機構處理停業銀行面臨之挑戰(台北，2005 年 9 月)、存款保險機構之有效運作工具(瑞士，2004 年 10 月)、強化存款保險機構治理以有效保障存款人(韓國，2003 年 10 月)，以及存款保險機構面對存款保險制度轉型之因應措施(瑞士，2002)。

為達到區域性之利益暨展望，各區域委員會亦定期召開會議及舉辦研討會，包括：印尼(2008 年 3 月)、薩爾瓦多(2007 年 8 月)、土耳其(2007 年 6 月)、越南(2007 年 3 月)、捷克(2007 年 1 月)、巴西(2006 年 11 月)、菲律賓(2006 年 2 月)、摩洛哥(2006 年 2 月)、捷克(2006 年 1 月)、墨西哥(2005 年 11 月)、台北(2005 年 9 月)、辛巴威(2005 年 8 月)、哥倫比亞(2005 年 6 月)、哈薩克(2005 年 5 月)、千里達(2004 年 12 月)、墨西哥(2004 年 8 月)、奈及利亞(2004 年 6 月)、烏克蘭(2004 年 5 月)、日本(2004 年 3 月)、馬來西亞(2004 年 2 月)及牙買加(2003 年 4 月)。

其他的研討會及座談會包括：IADI 高階主管培訓計畫(2008 年 7 月及 9 月)、IADI 高階主管培訓計畫(2007 年 7 月)、存款保險制度跨國問題研討會(2007 年 5 月)、銀行清理及差別費率(2007 年 3 月)、國際金融不穩定現象—跨國銀行與各國規範，由芝加哥聯邦準備銀行與 IADI 聯合舉辦(2006 年 10 月)、企業風險管理(2006 年 9 月)、存款保險制度之風險管理(2004 年 11 月)、企業風險管理(2004 年 4 月)、西巴爾幹半島之存款保險制度(2003 年 12 月)、中亞、蒙古及亞塞拜然之存款保險制度(2003 年 1 月)，以及策略性規劃(2002 年 7 月、2005 年 6 月、2006 年 9 月、2007 年 2 月及 5 月)。

為強化存款保險制度效能及更能滿足會員之需要，IADI 研究並發布核心原則及有效實務作法。IADI 已發布「提昇金融安全網成員有效合作國際準則」(2006 年 1 月)、「銀行倒閉處理國際準則」(2005 年 12 月)及「建置差別費率制度國際準則」(2005 年 2 月)。IADI「有效存款保險制度之核心原則」業於 2008 年 3 月送交金融穩定論壇參考。此外，存保制度之職權、資金籌措、賠付與資產回收、治理、民眾對存款保險之認知、最高保額以及法律保障及免責權議題等 7 項討論報告初稿已完成；風險管理、存款保險基金適足性評估、跨國議題等 3 項研究報告正在進行。

有關全球及區域性之重要訊息，以及發行刊物如：IADI 年報、準則報告、研究消息、最新消息快報、訓練目錄手冊、各項演講資料等，請瀏覽 IADI 網頁 www.iadi.org。

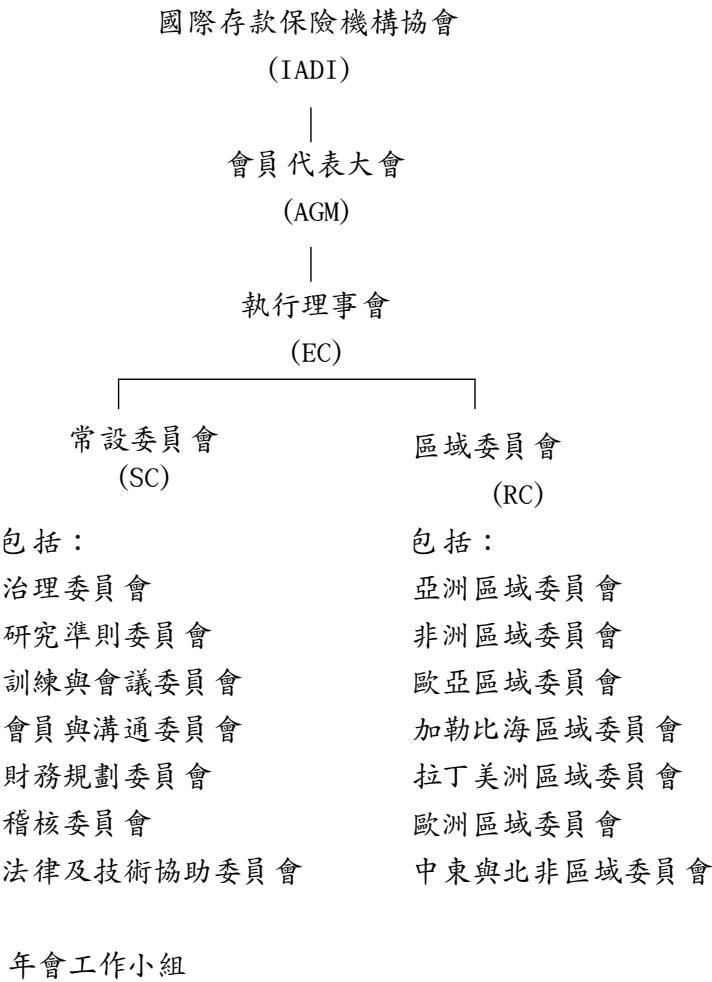
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附件二、國際存款保險機構協會組織架構圖





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Public Awareness of Deposit Insurance Systems

Discussion Paper

Prepared by the Subcommittee on Public Awareness
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I. EXECUTIVE SUMMARY

The mission of the International Association of Deposit Insurers ("IADI") is to contribute to the enhancement of deposit insurance effectiveness by promoting guidance and international cooperation. Its vision is to share its deposit insurance expertise with the world. As part of its work, the IADI undertakes research projects to provide guidance on deposit insurance matters.

The purpose of this discussion paper is to examine public awareness issues for deposit insurance systems and, where appropriate, suggest guidance in the form of IADI Core Principles and Effective Practices for deposit insurers in planning and undertaking public awareness activities.

Financial system stability is a key component of a healthy economy and contributes directly to economic growth and development. An effective deposit insurance system is one of the pillars supporting a sound financial system and reinforcing public confidence. Public awareness about deposit insurance -- its existence and how it works -- plays a significant role in underpinning a sound deposit insurance system.

This paper studies the objectives of a public awareness program for deposit insurance systems. The paper considers the design features of a comprehensive public awareness program. The design features discussed in this paper strive to address questions such as - What information should be conveyed to target audiences? Which communication tools are the most effective and practical? What specific scenarios (such as failures of member institutions of a deposit insurance system) must be considered while planning public awareness activities? How should branding take place?

This paper also discusses other matters, including the role that should be played by the deposit insurer with regard to consumer protection and its responsibility to promote public awareness. This paper is based on the experiences of IADI members, associates and observers.

The following guidance points summarize the main conclusions of this discussion paper, and suggest core principles and effective practices that should be adopted to effectively promote public awareness on deposit insurance systems. The guidance points listed below are reflective of, and adaptable to, a broad range of circumstances and settings.

A. Suggested IADI Guidance

1) Role and Objectives

1.1 Core Principle: Public awareness about deposit insurance is crucial. All deposit insurers should promote public awareness about the deposit

insurance system on an ongoing basis.

1.2 Core Principle: The major objectives of a public awareness program are for the deposit insurers to accomplish their public policy objectives (“PPOs”) and enhance the effectiveness of a deposit insurance system through public education to promote the stability of the financial system.

1.3 Core Principle: The objectives of the public awareness programs should be clearly set out and consistent with the public policy objectives and mandate of a deposit insurer.

1.4 Core Principle: Deposit insurers should build credibility with depositors and stakeholders.

2) Organizing an Effective Public Awareness Campaign

2.1 Effective Practice: It is an effective practice for a deposit insurer to clearly set the principal target audience groups and sub-groups.

2.2 Effective Practice: It is an effective practice for a deposit insurer to integrate information that may affect depositors’ savings in a public awareness program.

2.3 Effective Practice: It is an effective practice for a deposit insurer to employ a wide variety of tools and channels of communication, wherever possible, to ensure that the messages are conveyed to the target audience.

3) Budgets and resources

3.1 Effective Practice: It is an effective practice for a deposit insurer to make budget allocations to build/maintain the desired level of public awareness knowledge on deposit insurance among the target audience.

3.2 Effective Practice: It is an effective practice for a deposit insurer to consider external professional public relations and branding expertise to maximize the effectiveness of the public awareness program and to supplement the internal expertise of the deposit insurer.

4) Performance Evaluation

4.1 Effective Practice: It is an effective practice for a deposit insurer to conduct a regular, independent evaluation of awareness levels.

5) Public Awareness under Special Occasions

5.1 Core Principle: Where a country is transitioning from a blanket guarantee to a limited coverage deposit insurance system, public awareness activities should begin as early as possible.

5.2 Effective Practice: It is an effective practice for a deposit insurer to develop a public awareness program for crises management in advance to address potential crises.

6) Partnerships with Other Stakeholders

6.1 Effective Practice: It is an effective practice to require member institutions by law to promote information about deposit insurance.

6.2 Effective Practice: It is an effective practice for a deposit insurer to develop strategic partnerships of public awareness programs with other safety net players, to ensure consistency in the information provided and maximize the synergies.

II. INTRODUCTION

The International Association of Deposit Insurers (IADI) was established in 2002 with a vision to share deposit insurance expertise with the world. The IADI undertakes research projects on relevant deposit insurance issues and provides guidance to improve the effectiveness of deposit insurance systems.

Deposit insurance systems aim to protect depositors and maintain financial stability. Hence, public confidence in deposit insurance systems is very important, and a successful public awareness program can convey accurate messages and build trust with depositors.

The existence of an effective deposit insurance system is intended to help promote rational behavior in the face of an imminent bank closure. A high-level of confidence in the deposit insurance system can help mitigate bank runs. Thus a high level of public awareness about deposit insurance and its benefits and limitations is, accordingly, crucial.

For consumers whose deposits exceed the limits of deposit insurance, public awareness activities can encourage them to either mitigate their exposure by ensuring their deposits are fully insured or monitor closely the financial health of their financial institution thereby promoting market discipline.

III. RESEARCH OBJECTIVES AND METHODOLOGY

This paper studies the importance and objectives of a public-awareness program for deposit insurance systems, and it also considers how such a program can contribute to the effectiveness of a deposit insurer. Several areas for designing a comprehensive public awareness program have been considered in order to maximize effectiveness and efficiency of the program.¹

The paper is developed with inputs from IADI members, associates and observers, and drawn from the experiences of deposit insurers who conduct public awareness programs.² This paper consists of survey responses from specific IADI members, and draws on relevant literature available on the subject. The information derived from survey questionnaires reflects each respondent's judgment and experience. Information was also obtained from an earlier survey on the subject as well as websites/annual reports of IADI

1 The members of the IADI Subcommittee on Developing General Guidance for Public Awareness of Deposit Insurance Systems are deposit insurers from: Taiwan (Chair), France, Hungary, Malaysia, Mexico, Philippines, Russia, Turkey and Uruguay.

2 IADI Subcommittee members on Developing Guidance for Public Awareness of Deposit Insurance Systems provided a description of public awareness campaigns of their respective deposit insurance systems.

members.

IV. OBJECTIVES OF A PUBLIC AWARENESS PROGRAM

The ultimate goal of a public awareness program is to enhance the effectiveness of a deposit insurance system. The Financial Stability Forum (FSF)'s Working Group on Deposit Insurance stressed in its on "Guidance for Developing Effective Deposit Insurance Systems"(September 2001),³ that informing the public about a deposit insurance system and making it aware of its benefits and limitations is key to the effectiveness of a deposit insurance system.

A. Enhancing the Effectiveness of a Deposit Insurance system

An effective deposit insurance system is composed of and supported by many well-designed features, including aligned mandates and powers, appropriate coverage, adequate funding, efficient resolution and reimbursement as well as transparency, accountability and a credible image. However, the system would not achieve its objectives if stakeholders are unaware of its existence or unclear about the terms and conditions of coverage. In this regard, public awareness can play an important role.

A successful public awareness program should be designed to build public confidence in the deposit insurance system and the safety and soundness of the financial system. In addition, the programs may be designed to achieve other objectives to complement and support the primary objective. These objectives may include, among others: building credibility and authority of the deposit insurer, building visibility, building and enhancing public awareness of the salient features of the deposit insurance system, including its benefits and limitations, achieving stakeholder acceptance and enhancing stakeholder awareness. A good public awareness program sends the right messages, educates its target audience, changes perceptions and behaviors and builds a positive and credible brand image for the systems and insurers, thereby enhancing financial stability.

While planning a public awareness program, deposit insurers may wish to consider the merits of developing its brand or corporate identity. Organizations have unique identities that are increasingly being developed as valuable assets. The benefits of successful branding for deposit insurers include goodwill, respect and credibility as the organization for depositor protection.

³ Financial Stability Forum, "Guidance for Developing Effective Deposit Insurance System," Basel Switzerland, September 2001: 29.

1) Building acceptance

Prior to the introduction of a deposit insurance system, it is important to familiarize stakeholders with the concept of deposit insurance and how it works in order to help gain acceptance. It is also important to publicize how effective deposit insurance systems have been in promoting financial stability worldwide. During the pre-establishment stage, the organization responsible for establishing a deposit insurance system should take the opportunity to provide information on a deposit insurance system to lawmakers and others. This would facilitate the establishment of a deposit insurance system and related legislation.⁴ Additionally, policymakers should also consider public consultations with key stakeholders. Feedback could enhance the features of the scheme and allow policymakers to tailor the system to address both local conditions as well as adopt appropriate international effective practices.⁵ Apart from enhancing public knowledge and awareness, a public consultation process also acts as a consensus-building mechanism.

At introduction, it is very important for a newly established deposit insurance organization to promote awareness about the existence of a deposit insurance system and to highlight the benefits and limitation of the new scheme. The public must understand the features, benefits and limitations of a deposit insurance system, so that there are no expectation gaps. Awareness also enhances public confidence, which is especially critical in those countries where financial crises or bank failures have occurred prior to the establishment of an explicit limited deposit insurance system.

2) Enhancing the level of stakeholder awareness

Public awareness must be sustained. Deposit insurers can increase the level of public awareness by providing more information, and by extending or broadening the target audience. Building and supporting a corporate image of professionalism and efficiency is an objective that can also be achieved through effective public awareness.

There must be constant engagement and feedback. This ensures that the public awareness program continues to remain relevant and effective. It is also vital that deposit insurers employ the right channels to reach their target audience, and to ensure and sustain an effective level of reach.

4 The Central bank of Malaysia, which managed the project to establish the deposit insurance system in Malaysia, featured general articles and wrote up on deposit insurance in its annual report for two consecutive years.

5 Before Hong Kong officially constructed a deposit insurance scheme, the Hong Kong Monetary Authority (HKMA) undertook two rounds of public consultations on how to enhance deposit protection in Hong Kong.

Internal communication is equally important. Employees of deposit insurance organizations are also major channels for promoting the latter's brand image and an effective means of communication with the external target audience.⁶ Accordingly, there must be effective internal communication aligned with the public awareness program, so as to provide consistent and appropriate messages.

3) Building public confidence in the deposit insurance and banking system

Public awareness programs should be carried out even after the deposit insurance system has been established. Amongst others, the objectives of the programs could include, building the credibility, authority and reputation of the deposit insurer as a well managed and well governed organization, in its capacity to carry out deposit insurance payments in the event of a bank failure and in fulfilling its depositor protection mandate.

While a good public awareness program complements and reinforces the operations of a deposit insurance system, it is also important to note that it is not a panacea in all cases. Public confidence and the credibility of deposit insurers themselves are largely built through depositors' experiences with the deposit insurer which may be through successful and prompt payouts. Such a relationship can be easily destroyed, such as by a faulty or inefficient payout experience, no matter how effective the public awareness campaign has been.⁷ On the other hand, even if the public has had positive experiences with payouts, deposit insurers should continue to sustain public awareness programs in order, among others, to maintain the desired level of visibility with target audiences.

B. Reinforcing Consumer Protection

Some deposit insurers advocate that public awareness of deposit insurance should be promoted from the perspective that deposit insurance is part of consumer protection. As a bank customer, a depositor has the right to be informed and educated about matters relating to deposit insurance since this will affect access to savings not covered under the deposit insurance limit.

Some deposit insurers have already shifted the focus of their public awareness campaigns from promoting awareness of the deposit insurance system to promotion of safe banking practices as part of proactive measures to

6 The definition of brand experience is that a brand is created in the mind of a stakeholder. Some experiences are controlled such as retail environments, advertising, products/services, websites, etc. Some are uncontrolled like journalistic comment and word of mouth. Strong brands arise from consistent experiences which combine to form a clear, differentiated overall brand experience. [on the Internet] http://www.brandchannel.com/education_glossary.asp

7 Word of mouth is very powerful. One unhappy depositor will spread the word to another ten depositors. And no amount of investment in an effective campaign can undo the damage.

protect depositors.⁸ This entails provision of accurate information and financial education of depositors. A well-informed public is less susceptible to unsubstantiated rumors. Public confidence and depositor assurance of the safety of their deposits is a powerful force in guarding against bank runs. Additionally, consumers that are financially informed and who know their rights could impose additional discipline on the banking system.⁹

Finally, financial consumer protection is a broad concept that involves other financial safety net players, especially in countries that do not have a single agency in charge of such consumer protection programs. Thus, coordination and collaboration among financial safety net players to promote such a concept is critical.

V. ORGANIZING AN EFFECTIVE PUBLIC AWARENESS CAMPAIGN

Several areas must be considered when designing a public awareness campaign. Among others, some key considerations are: When should the public awareness campaign begin? How to reach the target audience? What should be the core messages?

A. Target Audience

It is crucial that deposit insurers take a proactive approach when reaching out to the target audience. Deposit insurers must be able to identify the principal target audience groups and sub-groups. Understanding the depositor profile, their different risk tolerances including attitudes, perceptions, sentiments, specific issues and barriers related to each group is important in structuring the key messages and the tools of communication to the respective target audience. Quantitative and qualitative research should be conducted to ascertain the awareness level and perceptions about the deposit insurance system and the deposit insurer, at the design stage of the public awareness programs.

1) General public and depositors

The principal target audience for a public awareness campaign should be depositors and the general public and could include different age groups, such as retirees and students. For example, early deposit insurance education for

⁸ Federal Deposit Insurance Corporation, Central Deposit Insurance Corporation, Philippine Deposit Insurance Corporation and Malaysia Deposit Insurance Corporation are dedicated to promoting safe banking practices lately.

⁹ Lai, Wai Keen, Public Awareness and Consumer Protection – Core Elements and Effective Practices, presentation given at IADI Workshop of Symposium of Cross-Border Issues, May 3, 2007.

students contributes to the enhancement of awareness about deposit insurance and lays the foundation for enhancement of financial literacy.¹⁰ Some deposit insurers have incorporated deposit insurance education into the education curricula of their countries.¹¹

2) Institutional depositors

Institutional depositors are not normally the targets of public awareness campaigns. However, the importance of such depositors cannot be overlooked.¹² Institutional depositors can diversify potential bank risk by depositing uninsured portions of their deposits into different financial institutions and, if acting in tandem, influence the liquidity of the financial market and promote market discipline.

Institutional depositors need to assess the performance of the financial institutions in which they place their deposits. Accordingly, institutional depositors could influence the behavior of financial institutions, by carrying on business with less risky financial institutions or diversifying their portfolios. For these reasons institutional depositors should be included as target audiences in public awareness campaigns.

3) Member Institutions

The financial institutions that form part of the deposit insurance system, or member institutions, are equally important players in disseminating information about deposit insurance. They provide one of the most important channels to reach the target audience.

Effective deposit insurers promote the confidence of the public and contribute to the stability of a country's financial system. Therefore financial institutions benefit from deposit insurance.¹³ Moral hazard is also mitigated if

10 Russian, Philippines and Taiwan respondents to the IADI Public Awareness of Deposit Insurance Systems survey indicated that students are targeted as important future depositors.

11 Some deposit insurers provide information about a deposit insurance system to departments in colleges and universities, and encourage them to include this subject in texts or the curriculum. Another alternative is to cooperate with education authorities to integrate basic financial education into the curriculum or extra-curricula activities. The aim is to build a sense of savings consciousness, and responsible depositing. The campaign is designed to inform young generation of their basic rights and responsibilities as being depositors.

12 Biggs, Jack and Hambric, Jack III stated that large depositors are one of four target categories for public education on deposit insurance from their article: "An Observer's viewpoint: Deposit Insurance and Public Education". [on the Internet]. February 17, 2006; Available from: http://www.iadi.org/Newsletters/IADI_NewsLetter_Vol4_Iss7.pdf

13 Sabourin, Jean Pierre, Issues of Interest of Supervisors and Deposit Insurers, speech given at the Seminar on "Banking Crisis Management and International Cooperation", Taipei, April 27, 2007.

member institutions properly understand the functions of an effective limited coverage deposit insurance system.¹⁴

Member institutions can become effective partners with deposit insurers in promoting public awareness programs. Member institutions provide two important groups of target audience: front-line employees and senior management employees. Front line employees are particularly important target group. Since front-line employees interact with depositors daily, a good knowledge and understanding of the deposit insurance system enables them to promote awareness and disseminate accurate information on deposit insurance to depositors. Employees who are well trained and able to answer deposit insurance-related questions, promote and help maintain confidence among deposits. Senior management employees are also important. As their interaction would be with corporate customers, they can help to disseminate deposit insurance information to institutional depositors.

For deposit insurance systems which require mandatory membership, management employees who are knowledgeable on deposit insurance would be aware of the consequences of a flight to quality. Such knowledge promotes risk awareness among member institutions, especially implications on bank operations and liquidity management. However, in deposit insurance systems with voluntary membership, senior management employees of non-member institutions who are educated on the benefits of the deposit insurance system would be encouraged to join the deposit insurance system. Deposit insurance education to Managers of member institutions will also include briefings on reporting requirements, premium payment requirements, reporting forms and the related informational requirements.¹⁵

4) Media

The media are not only channels for promoting deposit insurance, but are also important target audience groups for deposit insurers. It is critical to build strong, long-term partnership with the media. They need to be well informed and knowledgeable on the benefits and limitations of deposit insurance to enable them to provide regular accurate updates to the public. A well-informed media is able to provide fair and balanced reports and is an effective tool to counter negative messages related to deposit insurance. A well-prepared press kit should be prepared by the deposit insurer to provide the media with accurate deposit insurance information. It is also important to constantly update the media on new developments with regard the deposit insurance system. Regular interaction will provide a two-way feedback system to ensure accurate information is communicated.

¹⁴ Moral hazard –defined by IADI glossary is “the incentive for additional risk taking that is often present in insurance contracts and arises from the fact that parties to the contract are protected against loss”. Available from: <http://www.iadi.org/Lists/Glossary/AllItems.aspx>

¹⁵ Biggs and Hambric 2006.

5) Legislators and related authorities

Legislators and other authorities involved in the design and establishment of deposit insurance systems should be given adequate information so that the final system is one that is best suited to the needs of the country. The requisite information would include salient features of deposit insurance systems, international best practices, the rationale and the implications of each design feature for the deposit insurance system and the financial system. Well informed legislators would also be in a position to support amendments to deposit insurance legislation or the development of new policies that may be issued by the deposit insurer.

B. Responsible Parties

The deposit insurer should ideally be the primary party responsible for promoting public awareness of deposit insurance. However, the deposit insurer should work closely with other financial safety net players, member institutions, or the media to maximize resources and widen the reach of the program. A deposit insurer should build up a mutually beneficial relationship with the media to achieve its public awareness objectives.

Financial safety net players share a common objective of maintaining financial stability. It would be useful for supervisors to assist in promoting the concept of deposit insurance in line with their broad policy objectives. Collaboration initiatives could include joint public awareness campaigns and the coordination of such campaigns could be on rotation or as agreed by the parties involved. News releases issued or public speeches relating to the joint collaboration should be agreed upon by all financial safety net players to prevent contradictory or inconsistent messages.

Member institutions should also play an active role to communicate the benefits and limitations of a deposit insurance system. Depositors have a special relationship with their banks, and rightly expect member institutions to provide them with accurate information. Some deposit insurers build on this relationship to organize a series of seminars or workshops to educate employees of member institutions on the features, benefits and limitations of deposit insurance systems. As mentioned earlier, well-trained employees of member institutions can promote awareness about deposit insurance effectively and raise depositor confidence. However, member institutions should be regulated on the use of their membership representation in relation to marketing of deposit products.¹⁶

¹⁶ Some countries have strict restrictions, for insured member institutions on how to use deposit insurance information. For example, EU Directive of 94/19, Canada issued the "Deposit Insurance Information By-law " in December, 1996, which stipulates how insured member institutions should disclose the deposit insurance information adequately and display deposit insurance signs properly at certain areas at every branch office of the insured member institutions.

C. Information Content

According to a recent survey entitled “*Public Relations Activities on Deposit Insurance Systems*”, the scope of coverage and the limits of coverage are important information that should be conveyed to the public.¹⁷ Public awareness programs should also cover all deposit insurance information that affects the interests of depositors.¹⁸

The content of public awareness campaigns should take into account the stage of development of the deposit insurance system and the specific needs of each country. In countries with multicultural and multilingual populations, deposit insurance information can be conveyed in different languages or the language spoken by the majority, in order to reach the widest range of audiences and reduce language barriers.¹⁹ Information or concepts that could enhance market discipline or sound banking practices (such as financial disclosures by member institutions) can also be included in the public awareness activities.

1) Messages

Messages should be written in simple language to avoid ambiguity and misinterpretation. At the design stage, messages should focus on the introduction of the deposit insurance system and the level and scope of coverage.

Deposit insurance information to the public should be kept short and simple for easy absorption. All information or messages conveyed by deposit insurers to the public must be consistent and coherent.

Messages that may cause unnecessary alarm among the public or reveal,²⁰ for example, information about the performance or supervisory ratings of

17 The survey was conducted by the Deposit Insurance Corporation of Japan (hereinafter refers to “DICJ survey”) in April 2006. Valid responses received from deposit insurers or the competent authority in Canada, China, India, Korea, Malaysia, Philippines, Taiwan, the United States and Vietnam. The survey showed the most commonly publicized messages are scope (55.5%) and limit (44.4%) of deposit insurance coverage.

18 All DIS information includes the benefits and limitations of DIS for depositors and for national financial system, corporate profiles and contact information of deposit insurers, scope of coverage, reimbursement and claims procedures.

19 For example, all the member institutions of this research subcommittee have a bilingual or multilingual website. Among them, the website of the Malaysia Deposit Insurance Corporation (MDIC) carries four major local languages.

20 For example, any scene with bank runs on television would be considered threatening, though most effective in terms of drawing public attention, however, the aim of deposit insurers is to protect small depositors and maintain public confidence, not to bring unnecessary nervousness.

member institutions should be avoided.

D. Communications Tools

A variety of communications tools should be used to achieve the greatest degree of penetration among target audience. An appropriate mix of tools should be used to reach the maximum number of people within the target audience cutting across different backgrounds and levels of society.²¹ Factors that must be taken into consideration in determining an effective mix of tools are the levels of literacy, size of population, demographic characteristics of the specific target audiences, as well as budgetary constraints.²²

An integrated communications plan should be employed to provide consistency. Deposit insurers should always aim at the widest reach in the most cost-effective manner. To achieve an effective reach, a deposit insurer should decide on the best times and places to reach their target audience. An effective internal communication program before launching a public awareness campaign should also be maintained.

1) Mass media

Mass media covers a wide spectrum such as television, radio, newspapers, magazines, posters and other materials. Advertising through mass media to promote a deposit insurance system nationwide is usually the most effective way to reach target audiences. However, its high cost is a deterrent. Deposit insurers may need, therefore, to consider a diversified set of communications approaches to meet their objectives.

2) Printed materials

Some deposit insurers circulate deposit insurance information through publications, such as annual reports, strategic planning handbooks and Frequently Asked Questions. The contents of such publications can cover technical issues regarding deposit insurance, corporate profiles of the insurer, its business operations and corporate plans. These types of publicity materials are best suited to audiences such as professional bodies.

Printed materials (such as brochures, pamphlets, leaflets and other written documents) can be designed in different formats to meet the needs of various target audiences. The format of such printed material must be designed and written in layman's language to meet the financial literacy level of the target

21 The DICJ survey showed that the most popular communication channels for deposit insurers, stated by ratio are leaflets (21.1%), the Internet (15.8%), seminars (13.2%), television and radio (10.5%), video (7.9%), posters (7.9%), call centers (5.3%) and school textbooks (5.3%).

22 Financial Stability Forum, "Public Awareness: Discussion Paper," in the *Final Report of the Working Group on Deposit Insurance* (Basel: Financial Stability Forum, 2001): 5

audiences. The aim is to enable them to learn and remember key points about deposit insurance. Such printed materials are mostly geared toward depositors.

Annual reports, on the other hand, could also be used as a tool to highlight the achievements of a deposit insurer, its governance practices, and to disclose detailed business and financial information. Critical to the success of this type of publication is the availability of distribution channels.

Printed materials could be circulated through the branches of member institutions, seminars and workshops organized by deposit insurers, or provided to the public on request.

3) Website

Given the increasing popularity of the Internet, a website to directly communicate with the public is an important tool for an effective public awareness campaign. There are approximately 110 deposit insurers around the world and over 80% of them have a website. Besides disseminating important information, a website can be designed to also allow online feedback and enquiries from the public on the deposit insurance system. Some websites also provide an Internet environment suitable for people with special needs, such as the visually impaired.²³

A website could also be used as a tool to facilitate the payout process in the event of a bank failure. E-learning or interactive forums via a website could also be useful tool for public education.²⁴ A website is also cost effective as deposit insurers can post updated information anytime.

Websites have potential to reach a wide range of target audiences. However, in certain countries where Internet penetration is low, this avenue as a means of communication may be limited.

4) Lectures and seminars

Some deposit insurers have also used lectures and presentations to promote awareness of deposit insurance. The content of lectures and presentations can be customized to the needs of different participants. Suitable target audiences for this type of communication tool are senior managers and staff of insured institutions, professional bodies, and sometimes the general public. Lectures and seminars allow target audiences to have direct access to

²³ For example, the website of the Central Deposit Insurance Corporation (Taiwan) has been accessible to the visually disabled.

²⁴ The National Deposit Insurance Fund of Hungary (NDIF) has a pre-built-in E-learning module, and a "crises website" that operates when there is a bank failure, providing several functions related to reimbursement, such as on-line credit reporting of depositors, details of actual reimbursement process and status of individual claims, etc.

deposit insurers and to provide immediate feedback.

The limitation of this tool is that they can only focus on a small number of people at one time. Although lectures and seminars provide excellent interaction and feedback, this method can be time consuming and labor intensive for deposit insurers with target audiences spread out over large territories or with multicultural populations.

Some deposit insurers have highlighted that senior managers of member institutions should not be invited as guest speakers at deposit insurance workshops as this might imply that these institutions have received the imprimatur of the deposit insurer.

Some deposit insurers have also suggested using web casting to increase the number of people to be reached by seminars.²⁵ Another option to increase effectiveness and publicity of a seminar is to invite journalists to attend related seminars as they could disseminate information in media such as newspapers and magazines.

5) Deposit insurance signs or logos

Deposit insurance signs or logos are common tools used by deposit insurers to enhance public awareness. The deposit insurance logo and sign symbolize a "seal of trust" that may be placed in printed and electronic media and bank premises to remind the public that they have the protection of the deposit insurance system.²⁶ Legislation could be adopted to require member institutions to display prominently at each of their branches, the deposit insurance sign or logo approved by the deposit insurer. Alternatively, deposit insurers could secure the agreement of member institutions to do so.

Displaying deposit insurance signs or logos in branches of member institutions is inexpensive and practical. However, this method may not reach all target groups, such as students whose visits to banks may be infrequent. Furthermore, such signs or logos normally do not contain much information on deposit insurance except short deposit insurance slogans. Thus, the display of signs or logos should not be relied upon as the sole means of disseminating deposit insurance information.

25 Deposit insurers can disseminate information on deposit insurance over the Internet by providing video or printed materials for interested parties to download. Another alternative is to store recordings of seminars on video or short video clips on DVD; these could be made available in multilingual versions with closed captioning and language subtitles. Interested parties can view clips from deposit insurers' web pages or receive DVDs through deposit insurers' distribution channels.

26 The NDIF uses "Insured Deposit" as an emblem incorporated into a seal and printed on each insured product of member banks. The Board of the NDIF has also made the brochure "Saving Your Savings Together" mandatory for members. Branches of member banks must keep these information flyers available at all times.

A more effective method would be to actively distribute deposit insurance brochures at member institutions' branch networks. Branches form one of the best distribution channels for deposit insurers to reach target audiences.²⁷ Member institutions with large electronic message billboards located at their branch offices could also be asked to provide scrolling text messages on deposit insurance. Some deposit insurers use their logos in different ways to enhance their corporate image or gain publicity, for example by incorporating a logo or slogan into corporate souvenirs.

6) Product registers/product registers code

As member institutions are increasingly selling deposit-like financial products, such as structured deposits, it is important for member institutions to inform depositors which deposits are covered or not covered by deposit insurance.²⁸ Some deposit insurers require member institutions to display product registers so as to provide clear information on which financial products are insured. The aim of a product register is to help depositors differentiate between insured and uninsured products and reduce possible confusion.²⁹

A register may also include information such as the name of the member institution, membership status and contact information. Some deposit insurers even develop code numbers for financial products. These codes are recorded and listed in an index displayed on a billboard at member institutions' branch offices and the deposit insurers' websites. For deposit insurers in countries with multicultural populations, product registers could be provided using the dominant language.

7) A toll free line

Toll free telephone lines for inquiries on a deposit insurance system are useful. The public can reach deposit insurance officers directly for clarification immediately on their deposit insurance questions. In the event of a bank run or closure of a member institution, a toll free line offers an open channel for the public to inquire about the safety of their deposits. Some deposit insurers have also established a call center to enhance communications and provide

27 In Russia, the deposit insurance logo is widely used by insured member institutions in their advertising campaigns and publications as this helps them to attract new depositors. However, some deposit insurers in other countries have strict rules in using deposit insurance information or DIS membership, for example, Canada. Such different approaches in using deposit insurance information among countries may be due to that they are at different developmental phases of the deposit insurance system or they may have different public policy objectives.

28 In the recently amended Deposit Insurance Act of January 2007 in Taiwan, all member institutions must disclose whether a financial product is insured or uninsured.

29 Financial Stability Forum, "Public Awareness: Discussion Paper," in the *Final Report of the Working Group on Deposit Insurance* (Basel: Financial Stability Forum, 2001): 6.

multilingual services facilitating public access to deposit insurers and deposit insurance information.³⁰ Some countries have interactive voice responses, also with multilingual services, operating 24 hours a day.

E. Frequency and Timing

There are no standardized rules to determine how frequent public awareness activities need to be conducted. Budgets and the type of promotional tools to be used to achieve a certain objective are usually factors that determine the frequency of its communications activities. While the budget influences the scale of the total campaign, its frequency and timing can be determined or adjusted according to the objectives of the campaign and the desired effective reach and frequency levels. For these purposes, each deposit insurer needs also to evaluate the level of public awareness in its own country.

To effectively generate and maintain awareness of deposit insurance systems, public awareness campaigns and activities should be conducted on an ongoing basis. Campaigns can be at nationwide, regional or district level. It is also recommended that deposit insurers constantly monitor perceptions and attitudes of the public in order to stay relevant and to assess the necessity to reach out to new target audiences, for example, depositors who have newly joined the labor market.

The timing of a public awareness campaign is very important for a country transitioning from a blanket guarantee to a limited coverage deposit insurance system, or in the event of a bank failure. The public needs to be informed and aware of critical information such as the date of transition to a limited coverage system and the benefits and limitations of a limited coverage system. A bank failure requires a public awareness campaign to assure depositors that their deposits are covered by deposit insurance and that their claims will be settled promptly.

F. Budgets and Resource

Budgets for deposit insurance public awareness programs should be determined based on the desired target level of visibility and awareness to be achieved by the deposit insurer and the strategies for achieving the target level. The budgets, as reflected in the annual business plan, would provide for the type and frequency of public awareness campaigns the communication tools needed for the year. Budgets should also cover the dissemination of annual reports, educational materials, servicing a website and a toll free line as a minimum. The budgets may also provide for additional resources to address

30 For example, MDIC maintains a call center with a toll-free number to provide an open channel that enables depositors and staff of member institutions to contact MDIC. Given Malaysia's multicultural population, MDIC's call center provides responses in Malaysia's four major languages, English, Malay, Chinese and Tamil.

any gaps between the expected and actual levels of awareness.

As a rule of thumb, newly established deposit insurers should appropriate a larger budget, comparable to merchandising a new brand to deliver core messages across a broad target audience and to cover simultaneously all segments of the media. Over time, a historical database can be used as a benchmark for future budgeting of public awareness activities, and the costs associated with developing and implementing a public awareness campaign can be more specifically identified.

Budgetary limitations will also affect the decision whether or not to outsource to a public relations consultancy. Two major considerations for outsourcing are confidentiality and cost. Deposit insurers should differentiate the nature of different public awareness activities and determine if such activities should be performed by an in-house team or outsourced according to their resources and availability of skills. On the other hand, since deposit insurance is a specialized area, a deposit insurer should ensure adequate coordination with the public relations firm and monitor the services it provides, so as to assure that the objectives of such programs are achieved.

G. Evaluation

It is a challenging task to evaluate the effectiveness of public awareness campaigns and the awareness levels achieved. Some experts in the field of social marketing suggested three categories for measuring effectiveness: output measures, outcome measures and impact measures.³¹

Output measures are considered the simplest way to evaluate the effectiveness of public awareness activities, as numbers of marketing activities are easily quantifiable.³² Outcome measures would consist of a detailed analysis of whether or not a public awareness program changes levels of financial/deposit insurance knowledge, attitudes, perceptions of the target audience, or levels of satisfaction on deposit insurance. Perhaps the most difficult measure is impact evaluation, as the effectiveness of a public awareness program on depositors and financial institutions is not easily measured in the short term or during a period of financial calm.

The most practical way is to conduct an independent assessment of awareness levels of deposit insurance by conducting a survey before and after

31 Kotler and Lee, *Marketing in the Public Sector: A Roadmap for Improved Performance*, Wharton School Publishing, December 2006.

32 For example, the number of printed materials requested or distributed in a period of time, reach and frequency of advertising on television, number of impressions from other communication channels, and number of special events held and of participants reached at these events. However, such output measures only number activities being held without evaluating response or reaction of the target audience.

the implementation of a public awareness campaign to compare the difference in levels of awareness.³³

The survey could be conducted by phone, mail, online or interview. Longitudinal and periodic surveys are suggested to satisfy difference needs. Longitudinal surveys focus on changes in a specific target group over a period of time. The outcomes are used for future tracking and also for identifying areas where depositors lack deposit insurance information or have lower awareness levels. This would indicate whether there is a need to improve or redesign future public awareness campaigns.

While periodic surveys may be used for the purpose of monitoring and evaluation, such evaluation could be time consuming, as there is the need to survey large populations so that the survey results reflect objectivity and credibility. It is not uncommon for deposit insurers to outsource evaluation to professional firms. Countries that have prepared such performance evaluations include Canada, Hungary, Mexico, Philippines, Taiwan and the United States.

VI. APPLYING SPECIAL STRATEGIES TO SPECIAL OCCASIONS

Deposit insurers should be cautious in dealing with events, such as the transition from a blanket guarantee to a limited coverage deposit insurance system, bank runs and the failure of member institutions, in order to maintain the credibility of deposit insurers.

A. Transitioning to Limited Coverage

Countries moving from an implicit deposit guarantee system to a limited coverage system should engage in public awareness activities early. Countries that have transitioned from an explicit blanket guarantee system to a limited coverage system recognized that a strong public awareness program during the transition period contributed immensely to the smooth transition. A public awareness campaign during the transition stage should focus on dissemination of accurate and important information on deposit insurance to member institutions, depositors and general public. Important information for dissemination includes the amount of maximum coverage, the transition

³³ Survey questions prior to implementation of a public awareness campaign could focus on awareness of deposit insurers, the deposit insurance system and questions such as: What is deposit insurance? Who and what does deposit insurance protect? What information channels do respondents have for receiving deposit information? After implementation of the campaign, deposit insurance surveys of target audiences can measure the effectiveness of the campaign with questions similar to the pre-campaign questions. When making comparisons of the survey results, it should be noted that the survey samples must be consistent in order to prevent any misjudgement.

schedule and whether a fast track or gradual transition approach³⁴ is adopted or if scheduled transition deadlines are postponed and what changes have occurred to affect the initial schedule. Public awareness campaigns should be started as early as possible to allow acceptance of the change and for the transition to achieve its intended results.³⁵

B. Bank Runs

Utilizing the media effectively to disseminate positive messages and provide accurate information to the public in the event of a bank run is also a vital part of a crisis management. Should there be a run, it is critical that communication must have quick and wide reach. Deposit insurers should prepare press releases and regularly update the public through the media to ease anxiety. Deposit insurers could distribute announcements regarding deposit protection at the branches, or dispatch staff to the problem bank to answer questions and address concerns.

C. Failure of Member Institutions

In the event of a member institution failure, deposit insurers should issue an official statement using various communication channels to maintain public confidence. This may be through television, radio, newspapers and company website, and by personal letters. Depositors of a failed member institution need to be informed about reimbursement procedures, and information related to how and when they can receive their deposits.

Deposit insurers should carefully plan a public awareness program to deal with a failure ahead of time. It is good practice for deposit insurers to develop standard operating procedures to cover emergency situations, such as a bank run, an individual bank failure or a systemic crisis as part of its internal corporate readiness measures. These should include a dark site for its website and crisis communication plans. Crisis management plans should also be developed with relevant safety net players in relation to agreed emergencies, including crisis communication plans.

D. Cross-Border Issues

Public awareness of cross-border issues related to deposit insurance is low. There is minimum discussion on this particular subject. Some of the issues cannot be resolved without the cooperation of authorities and deposit insurers

34 Financial Stability Forum, "Public Awareness: Discussion Paper," in the *Final Report of the Working Group on Deposit Insurance* (Basel: Financial Stability Forum, 2001): 8-10.

35 Asia Regional Committee, International Association of Deposit Insurers, Transitioning from a Blanket Guarantee to Limited Coverage System, ARC 3rd meeting, Taipei, Taiwan, September 2005.

of different jurisdictions. Given that a depositor may enjoy different coverage in different jurisdictions, for example, where he or she holds a deposit in a bank that has branches in different countries, it is a challenge for deposit insurers to convey this information to depositors.³⁶ Another issue of concern is how to let the depositors obtain accurate information in order to receive the reimbursement quickly while facing a cross-border bank failure.³⁷ This is a subject which deserves further study.

VII. CONCLUSIONS

Although deposit insurers in many countries are dedicated to improving awareness of deposit insurance, in general, the level of public awareness remains low, and raising the level of public awareness is a challenge for many deposit insurers.

Effective deposit insurance is a pillar of any sound financial system. Public awareness of deposit insurance plays a significant role in ensuring that depositors, being assured of the safety of their deposits, have confidence in the safety and soundness of the financial system. For this reason, we recommend that deposit insurers organize public awareness programs on an ongoing basis to promote their deposit insurance system.

The following are suggestions for a deposit insurer to develop an effective public awareness campaign. Deposit insurers should:

- specify and allocate an adequate budget for their public awareness program;
- conduct comprehensive quantitative and qualitative research to ascertain awareness levels, perceptions, attitudes, issues and image of the brand. Depositor insight is the key to an effective and successful communication campaign;
- set clear communication objectives and determine focused and clear messages;
- identify specific target groups, including the primary target audience and

36 This is a distinct issue within the European Union. Cross-border financial activities have been increasing in the EU economic area, not only with the mega banks, but also for small banks. Banks that export their home deposit insurance system to host countries pose less systemic issues, but create more public awareness related problems. This is because deposit insurance schemes vary from country to country in terms of coverage level, scope of insurance, coinsurance and depositor interest. It has started becoming a challenge for deposit insurers in both home and host country to promote public awareness and further underlines the importance of public awareness in cross-border settings.

37 To deal with a cross border payout in the future, the National Deposit Insurance Fund of Hungary (NDIF) signed a MOU with the Fonds de Garantie des Depots of France (FGD) in May 2007. NDIF will act as the agent deposit insurer of the FGD, when dealing with depositors' claims for compensation payments to be made by FGD to the Hungarian depositors, as beneficiaries of the branch of a failed French bank, located in the territory of Hungary.

leaders;

- analyze the effectiveness of a variety of media and select an appropriate media mix;
- implement a public awareness program as scheduled and ensure all activities undertaken are integrated to convey consistent messages and the appropriate corporate image;
- monitor and evaluate regularly the effectiveness of the program.

In addition to the above, other key factors which can contribute towards an effective public awareness campaign can be summarized as follows:

- A public awareness program should be planned in advance, setting out the target audiences, selected channels, information to be disseminated and financial and human resources.
- Sufficient budgets for implementing a public awareness campaign, the support from the board of directors, management teams and governments.
- Cooperation with other financial safety net players and member institutions.
- Finally, sustaining a long term and consistent public awareness program on deposit insurance and ensuring that the program is carried out on schedule.

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Governance of Deposit Insurance Systems

Discussion Paper

**Prepared by the Research and Guidance Committee
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I. Executive Summary

The International Association of Deposit Insurers ("IADI") was established in 2002 with a mission to "contribute to the enhancement of deposit insurance effectiveness by promoting guidance and international cooperation." As part of its work, IADI undertakes research to suggest guidance on deposit insurance issues.

The objective of this paper is to review the governance frameworks used by deposit insurers and, where appropriate, suggest guidance in the form of IADI Core Principles and Effective Practices to enhance the sound governance of deposit insurance systems. It is designed for deposit insurance practitioners and other interested parties and is based on the judgment of IADI members, associates and observers. The paper also draws on relevant literature available on the subject.

A. Definitions and Key Concepts

Governance generally refers to the processes, structures and information used for directing and overseeing the management of an organisation. Importantly, governance also pertains to the relationship between the deposit insurance system and the authority from which it receives its mandate or other authority to which it is ultimately held accountable. Thus, a sound governance framework is a critical component of an effective deposit insurance system. The key elements or principles underlying a sound governance framework are: **1)** operational independence; **2)** accountability; **3)** integrity; and **4)** transparency and disclosure. All are equally important and reinforce each other in supporting sound governance.

- **Operational Independence** is defined as the ability of an organisation to use the powers and means assigned to it without undue influence from external parties. An organisation that is operationally independent does not have the authority, however, to control its objects and mandate, as these are set by a higher authority.
- **Accountability** means that individuals and organizations should be responsible for their actions and for fulfilling their objectives.
- **Integrity** describes two concepts. The first is the principle that individuals should pursue the objectives of their organisation without compromising them due to their own or others' behaviour or self-interest. Second, integrity also refers to the wholeness and soundness of an organisation. The integrity of a deposit insurance system can be affected in many ways, such as through the appointment of governing body members and head of management and through the terms of office and criteria for removal of those individuals.

- **Transparency and Disclosure:** Transparency is the principle fostered when the actions and decisions of an organisation, such as a deposit insurer, are revealed and clarified to the organisation's stakeholders. Disclosure refers to the release to stakeholders of information necessary for them to judge the effectiveness of the deposit insurer's conduct.

B. Suggested IADI Guidance

Just as the mandates, roles and responsibilities of deposit insurers can vary across countries, so too can governance structures. Whatever the governance structure chosen, all share certain common characteristics. All deposit insurance systems include some form of higher authority from which they receive their mandates or to which they are ultimately held accountable; a governing body (e.g. board of directors or supervisory board, or even a department head); and the deposit insurer's management. This paper considers deposit insurance governance structures; relationships; the governing body and management; audit and legal protection; and transparency and disclosure.

The following guidance points summarise the main conclusions of this paper and set out proposed IADI Core Principles and Effective Practices, which support sound governance frameworks for deposit insurance systems, particularly with respect to promoting accountability, integrity, operational independence, transparency, and disclosure (see Annex for definitions of guidance terms). The suggested Core Principles and Effective practices are reflective of, and adaptable to, a broad range of settings, circumstances and structures:

1) Governance structures

1.1 Core Principle: The mandate and responsibilities of a deposit insurance system should be clearly defined and preferably set out in legislation.

1.2 Core Principle: The deposit insurance system should have a governing body and the governing body should be held accountable to the authority from which the deposit insurance system receives its mandate.

1.3 Effective Practice: It is an effective practice for the deposit insurer to have operational independence in using the powers and means accorded to it to fulfil its mandate.

2) Governance relationships

2.1 Core Principle: The governing body of a deposit insurance system should be structured to prevent undue influence from political forces, the financial services industry, or other safety-net participants.

2.2 Core Principle: The deposit insurance system should be structured such that the potential for conflicts of interest respecting members of the governing body and management is minimised.

3) Governing body and management

3.1 Effective Practice: It is an effective practice for governing body members, senior officers, and employees of a deposit insurance system to be subject to laws and/or codes respecting conflicts of interest and ethical behaviour.

3.2 Effective Practice: It is an effective practice for a deposit insurance system to maintain a profile of desired skills for its senior executive and governing body members and for those individuals to be appointed based on competence and skill.

4) Performance assessment

4.1 Effective Practice: It is an effective practice for the governing body to conduct meaningful self-assessments.

5) Roles of the governing body and management

5.1 Effective Practice: It is an effective practice for the governing body to set the strategic direction of the deposit insurance system and for management to take action to carry out that strategic direction.

5.2 Effective Practice: It is an effective practice for the governing body to have a charter or policy in place that lays out the governing body's responsibilities.

6) Audit and legal protection

6.1 Effective Practice: It is an effective practice for governing body members, senior officers and employees of a deposit insurance system to be provided with legal protection for decisions made, omissions, and actions taken in good faith and while discharging the mandate of the deposit insurance system.

6.2 Effective Practice: It is an effective practice for a deposit insurance system to be subject to regular external audits and examinations and for those audits and examinations to be made public.

6.3 Effective practice: It is an effective practice for a deposit insurer to subject its daily operations to internal audits and for the internal audit function to report to the governing body.

7) Transparency and disclosure

7.1 Core Principle: A deposit insurer should be as transparent as possible and disclose appropriate information on its activities, governance practices, structure, and financial results.

II. Introduction and Purpose

The International Association of Deposit Insurers ("IADI") was established in 2002 with a mission to "contribute to the enhancement of deposit insurance effectiveness by promoting guidance and international cooperation." As part of its work, IADI undertakes research to suggest guidance on deposit insurance issues.

The objective of this paper is to review the governance frameworks used by deposit insurers and, where appropriate, suggest guidance in the form of IADI Core Principles and Effective Practices to enhance the sound governance of deposit insurance systems.¹

A. Definitions and Key Elements

Governance generally refers to the processes, structures and information used for directing and overseeing the management of an organisation. Importantly, governance also pertains to the relationship between the deposit insurance system and the authority from which it receives its mandate or other authority to which it is ultimately held accountable. Thus, a sound governance framework is a critical component of an effective deposit insurance system. The key elements or principles underlying a sound governance framework are: operational independence; accountability; integrity; and transparency and disclosure. All are equally important and reinforce each other in supporting sound governance.

- **Operational Independence** is defined as the ability of an organisation to use the powers and means assigned to it without undue influence from external parties. An organisation that is operationally independent does not have the authority, however, to control its objects and mandate, as these are set by a higher authority.² The greater the degree of operational independence a deposit insurer has the more effective it can be in

¹ The members of the IADI Subcommittee on Developing Guidance for Governance of Deposit Insurance Systems are: Canada (Chairperson), France, Japan, Malaysia, Mexico, Turkey, the United States of America and Uruguay. Additional submissions were gratefully received from the Deposit Insurance Agency of Russia (DIAR), and from Fondo de Garantía de Depósitos (FOGADE) of Nicaragua. Comments were also received from Mr. Stefan Ingves, Governor of the Sveriges Riksbank and from attendees at the IADI Fifth Annual Conference, November 15-17, 2006, in Rio de Janeiro, Brazil.

² It is crucial to differentiate between operational independence and independence of goal. The principle of 'goal' independence exists where an organisation has independent control over its objectives and mandate. Goal independence is, by definition, excluded as a form of independence for deposit insurance systems and other financial system safety net participants.

fulfilling its mandate and doing so in a manner that minimises potential conflicts.³

- **Accountability** means that individuals and organizations should be responsible for their actions and for fulfilling their objectives. A deposit insurer can promote accountability—and help reinforce its operational independence--by demonstrating that it is effective at meeting its mandate or acknowledging that there are areas in which it could improve.
- **Integrity** describes two concepts. The first is the principle that individuals should pursue their organisation's objectives without compromising them due to their own or others' behaviour or self-interest. Integrity ensures that individuals working for a deposit insurer follow appropriate standards of behaviour and conflicts of interest codes and that the day-to-day operations of a deposit insurer are subject to internal control and audit arrangements. Integrity is also enhanced when individuals receive some form of legal protection in carrying out their duties and responsibilities in good faith. Second, integrity also refers to the wholeness and soundness of an organisation. The integrity of a deposit insurance system can be affected in many ways, such as through the appointment of governing body members and head of management and through the terms of office and criteria for removal of those individuals.
- **Transparency and Disclosure:** Transparency is the principle fostered when the actions and decisions of an organisation, such as a deposit insurer, are revealed and clarified to the organisation's stakeholders. Disclosure refers to the release to stakeholders of information necessary for them to judge the effectiveness of the deposit insurer's conduct. Transparency and disclosure also help reinforce accountability and integrity by making these elements of governance more visible to the public.⁴

B. Scope and Purpose

Just as the mandates, roles and responsibilities of deposit insurers can vary across countries, so too can governance structures. Whatever the governance structure chosen, all share certain common characteristics. All deposit insurance systems include some form of higher authority from which

³ Stefan Ingves, "Strengthening Governance Arrangements for Financial Sector Oversight Agencies: Evidence from the FSAPS" (paper presented to the APEC Policy Dialogue on Deposit Insurance, Kuala Lumpur, Malaysia, February 16-17, 2004) and Stefan Ingves and Marc Quintyn, "Financial Stability Assessments: Implications for Governance Arrangements" (paper presented to the IADI Conference on Effective Depositor Protection: Enhancing Governance Arrangements, Seoul, Korea, October 23-24, 2003).

⁴ Ingves and Quintyn 2003.

they receive their mandates or to which they are ultimately held accountable; a governing body (e.g. board of directors or supervisory board, or even a department head); and, the deposit insurer's management. All deposit insurance systems must also uphold certain responsibilities to depositors, member banks, and other relevant stakeholders.⁵ This paper considers (1) deposit insurance governance structures; (2) relationships; (3) the governing body and management; (4) audit and legal protection; and (5) transparency and disclosure.

The paper is designed for deposit insurance practitioners and other interested parties. It is based on the judgment of IADI's members, associates and observers. This paper also draws on relevant academic literature available on the subject as well as on the work of international organisations, such as the Organisation for Economic Cooperation and Development.

Guidance is provided on those practices which help support the sound governance of deposit insurance systems -- with a particular emphasis on practices which strengthen accountability, integrity, operational independence, and transparency and disclosure. The guidance is intended to be reflective of, and adaptable to, a broad range of circumstances, settings and structures, taking into account the different types of deposit insurance systems that exist.

III. Governance Structures

Deposit insurance systems can be structured in a number of different ways. Many deposit insurers are structured as separate government agencies or state-owned enterprises, while others are structured as government departments or departments of central banks or supervisory authorities.⁶ Others still are run by the private sector, usually by industry associations of deposit-taking institutions. However, whatever the governance structure chosen, all share a common framework consisting of: 1) some higher authority from which the deposit insurer receives its mandate or other authority (e.g. legislature, ministry or treasury department, industry association) to which the deposit insurance system is ultimately held

⁵ For the purpose of this paper, the term "bank" refers to all institutions that accept deposits from the public.

⁶ According to work by the CDIC International Deposit Insurance Survey (2003), Asli Demirguc-Kunt, Edward J. Kane and Luc Laeven (2006), and Garcia (1999), out of 79 deposit insurance systems surveyed, 70 were structured as legally separate entities (53 were government agencies or state-owned enterprises and 17 were privately administered). Nine deposit insurers were structured as departments of either a central bank, government department or other public authority.

accountable; 2) the presence of a governing body (e.g. board of directors or supervisory board); and 3) the deposit insurer's management.

Most deposit insurers are set up as separate legal entities that are publicly administered government agencies or state-owned enterprises.⁷ These deposit insurance systems (e.g. Canada, Japan, Malaysia, Mexico and the United States) typically receive their mandate in the form of legislation.⁸ Publicly administered systems are typically governed by a board of directors, supervisory board, or other type of governing body. Although this type of structure could be more resource intensive than other options, it has certain advantages in that it may make the insurer more focused and effective in carrying out its unique mandate, roles and responsibilities. Such a structure may also reduce opportunities for conflicts of interest compared to other alternatives.

Deposit insurers set up as separate legal entities can also be structured as private-sector not-for-profit organisations (e.g. France, Argentina, Brazil). These deposit insurance systems are usually also governed by a board of directors, supervisory board, or other type of governing body. Although primarily administered by the private sector, these deposit insurance systems typically receive their mandates from a public authority in the form of legislation. A small number, however, do not. For example, Germany's deposit insurer for commercial banks receives its mandate from the industry association that oversees it.⁹

The least common form of governance structure is the ministry, supervisory authority, or central bank departmental model (e.g. Isle of Man and Slovenia). The governing body consists of the head of the department. Although relatively simple to establish and less expensive to administer than a separate entity, this type of deposit insurance structure usually has more limited capabilities and is heavily dependent on the organisation in which it operates for the resources necessary to fulfil its mandate. Moreover, the ministry, supervisory authority, or central bank in question may have difficulty separating its other responsibilities from those of the deposit insurer function. This can create challenges in ensuring that the interests of the deposit insurer are given appropriate weight in the decision-making of the entire organization. Similarly to other deposit insurance systems,

⁷ Separate legal entities are defined as organisations that exist as legal persons in their respective jurisdictions and are governed by a board of directors, supervisory board or other type of governing body. They may exist in either the public or private sector.

⁸ Canada Deposit Insurance Corporation 2003.

⁹ Here it should be noted that while Germany's deposit insurer, the Deposit Protection Fund of German Banks, is both privately mandated and privately administered, Germany is, nonetheless, subject to, and compliant with, the EC Directive on Deposit Insurance (1994/19/EC), which prescribes some aspects of a deposit insurance system's design.

departmental deposit insurers, or the organisations within which they operate, usually receive their mandates in the form of legislation.

Irrespective of the deposit insurer's structure and whether it is administered publicly or privately, the mandate and responsibilities of a deposit insurance system should be clearly defined, and preferably set out in legislation. Setting out the mandate of a system in legislation has a number of advantages. It makes it clear to all stakeholders what the objectives of the system are (e.g. to compensate depositors in the event of a failure; to contribute to financial stability; to minimise the insurer's exposure to loss), lays out the powers the system may exercise (or may not exercise), and usually clarifies the terms and conditions of coverage. The legislation should also set out the responsibilities the deposit insurance system must uphold to the authority from which it receives its mandate, to depositors, to member banks, and to other stakeholders.

IV. Relationships

The relationship between a deposit insurance system and its key stakeholders (i.e. the authority from which it receives its mandate or to which it is ultimately held accountable, depositors, member banks, and other safety-net organisations) can give rise to the potential for conflicts of interest and excessive influence and interference on the part of the stakeholder. A deposit insurance system typically does not have much control over the mandate provided to it. However, within the confines of its own institution, it is a good governance practice for a deposit insurer to have operational independence in using the powers and means accorded to it to fulfil its mandate.¹⁰

Achieving operational independence in reality, however, can be difficult. To be operationally independent, a deposit insurance system needs to carry out its mandate in a way that minimises the potential for conflicts arising from undue political, industry or other forms of external influence. At the same time, the deposit insurance system must fulfil its responsibilities and be accountable to the organisation from which it receives its mandate. For its part, the deposit insurer should also communicate and share information with other safety-net organisations. This can increase deposit insurer effectiveness and efficiency and help prevent, or at least minimise, the potential for gaps or overlap in responsibilities.

To minimise the potential for undue political influence, a number of safeguards can be put in place. For deposit insurers structured as separate legal entities, one method, employed by Deposit Insurance Agency of Russia,

¹⁰ Invges and Quintyn 2003.

is to forbid undue political and bureaucratic influence explicitly in law.¹¹ A second method is to protect the head of the governing body against removal for political reasons. In Canada, the Chair of the Board of Canada Deposit Insurance Corporation can only be removed for cause in law.

A deposit insurance system's reporting framework can also serve to minimise the potential for undue political influence. A framework might be structured, for example, such that the insurer is held accountable to a non- or multi-partisan authority (such as a legislative body), as opposed to a Minister or other official whose allegiance might be with one party or another.

Just as importantly, the deposit insurance system should not be manipulated to benefit the interests of a given member bank. This is of particular importance to deposit insurance systems whose governing bodies comprise representatives from member banks or individuals who have a controlling interest in a member bank or whose related parties have such an interest. There are two tradeoffs involved: 1) operational independence of the deposit insurance system from the industry versus accountability thereto (i.e. the presence of bank-affiliated governing body members could lessen the independence of the deposit insurance system from the industry but, at the same time, strengthen the accountability of the system to its premium-paying members); and 2) banking expertise on the governing body versus potential for conflicts of interest (i.e. professionals who are actively involved in the affairs of member banks are likely to be the individuals with the most up-to-date knowledge of the financial services sector;¹² however, the financial interests of these individuals, or the interests of their private-sector employers, could put these individuals in conflict with the interests of the deposit insurance system).

Countries weigh these tradeoffs in different ways. The FSF Working Group noted that deposit insurance systems that are predominantly privately administered may include active members of the scheme on the governing body but stressed the need for care that the inclusion of these members not engender serious conflicts of interests.¹³

¹¹ Article 27 of the [Russian] Deposit Insurance Law states that "Federal executive bodies, as well as regional entities of the Russian Federation, municipal governments and the Bank of Russia shall not be entitled to interfere in the [Deposit Insurance] Agency activities aimed at implementing its legally set functions and authority."

¹² For the purpose of this paper, "active involvement" in the affairs of a member bank can be defined as being an employee, director, officer, significant shareholder, examiner, proxy, or agent of the member bank.

¹³ Financial Stability Forum, "Structure and Organisation: Discussion Paper," in the *Final Report of the Working Group on Deposit Insurance* (Basel: Financial Stability Forum, 2001): 5-7.

In a number of countries, appointments to the deposit insurance system's governing body are allocated according to types of member banks. This is the case in France. On the other hand, some deposit insurance systems structured as state-owned entities refrain from appointing any governing body members who have active business relationships with member banks and appoint, instead, individuals who have retired from or who have never been affiliated with member banks. This is the case in Canada, Mexico and Malaysia. A third approach exists in Nicaragua, in which one director of the Fondo de Garantía de Depósitos is selected by the Association of Private Banks, but that individual may not be a shareholder, director, officer, or employee of a member bank. Binding governing body appointees to relevant laws, conflicts of interest codes and codes of conduct and ethical behaviour can also help lessen the potential for the decisions of the governing body to be swayed by the interests of individual member banks.

Deposit insurance systems, particularly those administered publicly, also need to be protected against undue influence from other safety-net participants. In some countries, particularly those with systems administered in the public sector, senior officers from other safety-net organisations sit on the deposit insurer's governing body. In other countries, particularly those with systems administered in the private sector, this is not the case.

In cases where senior officers from other safety-net organisations do sit on the governing body, these individuals can have a very important role to play. By virtue of their positions, they can bring expertise to the governing body that is often critical to the functioning of a deposit insurance system. Their presence on the governing body can also facilitate the coordination of intervention actions in respect of troubled institutions. The supervisor or central bank governor might also be asked to explain his or her approach to an intervention

The FSF Paper cautions, however, against governing bodies being "dominated" by representatives from other safety net participants.¹⁴ For publicly administered systems, an effective way to obtain the expertise and input of other safety net organisations, without running the risk of the governing body being controlled by those organisations, is to ensure that individuals from other safety-net organisations do not form the majority of the governing body. In each of Mexico, Malaysia, the United States, and Canada, for example, the deposit insurance system governing body comprises directors from both the public and private sectors, but in all these cases, members from the private sector outnumber those appointed from other safety net organisations. In many privately administered systems, such as France and Brazil, conflicts are avoided by the fact that individuals from other safety-net organisations do not serve on the deposit insurer's governing body at all. In either case, provisions can also be included in the

¹⁴ Ibid.

deposit insurance system's legislation compelling all governing body members--including those from other safety-net organisations, where relevant--always to act in the best interests of the deposit insurance system. A deposit insurance system that is able to rely on the work of both corporate officers, who have a duty to act in the best interests of the deposit insurance system, and its own staff is also likely to be further safeguarded against excessive influence from other safety-net organisations.

Where necessary, deposit insurance systems might also consider the development of mechanisms whereby an individual governing body member may excuse him- or herself from deliberating upon matters in which the interests of his or her home organisation--be it a member bank or other safety-net participant--could put him or her in conflict with his or her fiduciary responsibilities to act in the best interest of the deposit insurance system.

In addition to governing body members, senior officers and other employees of a deposit insurance system could potentially find themselves in a conflict of interest, arising from asset holdings, other work an employee might be undertaking in addition to his or her work for the deposit insurance system, and future employment. With this in mind, it is a practice at a number of systems for senior officers and employees of a deposit insurance system also to be subject to conflicts of interest codes and codes of ethical behaviour and conduct. Adherence to these codes could be made a condition of employment for senior officers and staff of a deposit insurer and as a condition of appointment to a deposit insurer's governing body.

V. Governing Body and Management

This section looks primarily at the governing body and considers specifically: the appointment of governing body members; training, remuneration and performance assessment of governing body members; and the roles of the governing body and management.

A. Appointment of Governing Body Members

In many cases, governing body members are selected by the authority from which the deposit insurer receives its mandate, or the authority to which it is ultimately held accountable (a rare exception to this rule is Japan, where the Chair of the Policy Board of the Deposit Insurance Corporation of Japan selects non-management members of the Board, with the approval of the Prime Minister and Minister of Finance). In privately administered systems, governing body members are often appointed or elected by member banks in the deposit insurance system. However carried out, appointments ought to be made based primarily on skill and competency rather than on political or industry considerations. Although governing bodies do not normally control the process by which new members are

appointed, in the event that a governing body is to be consulted in respect of its appointment process, it is a helpful practice for the deposit insurer to develop an ongoing profile of skill sets desired for the governing body. When vacancies become available, the governing body could then provide that profile to the authority responsible for making new appointments. The profile can be developed by conducting frequent analyses of current governing-body skill sets against desired ones.

A second helpful practice is to stagger appointments, where it is possible for a deposit insurance system to do so, such that a significant number of governing body positions do not become vacant at the same time. This latter practice can help preserve institutional memory, as current governing body members and senior officers can pass information on to newer ones. Staggering appointments over time can provide for healthy turnover of governing body membership and can also help reinforce independence in that it might increase the likeliness that members of a deposit insurer's governing body will be appointed by more than one political party.

The FSF (2001) recommended that members of the governing body “be subject to some form of ‘fit-and-proper’ test, be free from serious conflicts of interest, and be as independent as possible from undue political or industry influence.” “Fit and proper” tests are helpful practices for supporting the integrity of a deposit insurance system. They can take a number of different forms: from the candidate’s ability to match a profile of desired skill sets maintained by the governing body to the vetting of a candidate before a multi-partisan legislative committee. In the United States, for example, the Chairperson of the Federal Deposit Insurance Corporation (“FDIC”) must be approved by bi-partisan committees in the Senate and House of Representatives and no more than three of the five members of the FDIC’s Board of Directors may be from the same political party.

In Malaysia, legislation dictates that all directors who do not serve *ex officio* must have relevant experience in the private sector and at least one must have relevant experience specifically in the banking and financial sector. In Canada, the Chairperson of the Board must be a person of “proven financial ability.” In Mexico, all non-*ex officio* governing body members—that is, all members appointed from the private sector—must have previously occupied a top management position in the financial sector for at least five years or have at least ten years teaching and research experience in economic and financial matters at an institution of higher learning. In France, members of the supervisory board must be managers of a credit institution.

B. Training, Remuneration, and Performance Assessment of Governing Body Members

While deposit insurance systems usually do not control the recruitment and appointment processes for members of their governing bodies, once a

new appointee has been selected, the deposit insurance system will be responsible for training the individual and keeping him or her engaged in the governance process.

The effectiveness of a governing body member can be enhanced with a knowledge of deposit insurance and the financial services industry. Ideally, governing body appointees should be individuals who possess knowledge about deposit insurance and the financial services industry. But, as it can sometimes be difficult to find potential governing body members with previous experience in these fields, it may be necessary to provide governing body members with basic training about the deposit-taking sector and deposit insurance. Moreover, a successful governing body will likely require that some of its members have knowledge related to accounting, risk management, finance and investment, government relations, legal matters, human resources, and corporate directorship, among other things.¹⁵ A deposit insurer might consider establishing a training programme for all new governing body members. For example, the Deposit Insurance Corporation of Japan provides training sessions for all new Policy Board members and more intensive training for the Governor (i.e. head of governing body) and Deputy Governors in respect of their given fields of duty.

Adequate remuneration is a necessary component of the recruitment of governing body members, but it is usually not the most important factor in an individual's decision to become a member of a deposit insurance system governing body. Although not the case in all countries, in many, remuneration paid to governing body members is significantly lower than what would be paid to the individual for a comparable position in the financial services industry. But directorships of deposit insurance systems are often regarded as a public service. As a result, a lower level of remuneration for governing body members is not necessarily a hindrance to finding quality individuals.

A more likely disincentive against an individual joining a deposit insurance system governing body might be the restrictions a conflicts of interest code could impose on the individual's personal financial affairs (e.g. restrictions on shares a governing body member may hold in an insured bank, inability to serve as a director of a member bank). While the importance of conflicts of interest codes should not be underemphasised, there is perhaps a balance to be struck between assuring that the governance of a deposit insurance system is safeguarded against undue conflicts of interest and providing a

¹⁵ Training for all governing body members can begin with the provision of documentation describing the structure and organisation of the deposit insurer and the governing body member's duties and fiduciary responsibilities to the deposit insurer. Where it is in the interests of the governing body that a given member be trained in an area of technical expertise (e.g. accounting, risk management, finance and investment, government relations, legal matters, human resources, and corporate directorship), that training should be made available to the member at no cost to him or her.

code that is not unduly onerous on the part of the governing body member. For example, a deposit insurance system might opt to restrict in value and number the shares a governing body member may hold in a member bank but not ban governing body members from owning shares all together. Inadequate training and lack of legal protection (see: below) might be further disincentives against an individual becoming a member of a governing body.

Once it has been populated with appropriately skilled individuals, a governing body needs to be able to fulfil its accountability to its stakeholders by demonstrating its effectiveness or by acknowledging that there are areas in which it can improve. One approach to carrying this out is to conduct a governing body self-assessment. For example, a governing body can assess its practices against relevant best practices of the private sector in the deposit insurance system's home country, against practices described in this document, and, where deposit insurance systems are state-owned enterprises, against practices set out by the Organisation for Economic Cooperation and Development (2005) in its *Guidelines on Corporate Governance of State- Owned Enterprises*.

Self-assessment, however, involves more than a checklist compliance against practices that prevail in the private sector or internationally. It involves qualitatively assessing the performance of the body as a whole in carrying out its governance responsibilities (which could be laid out in a governing body charter or governance policy; see below) and assessing the contributions of individual members to the governance process. The former assessment could be carried out jointly by the governing body as a whole. The latter assessment—that of individuals—might be carried out by the chairperson, by peer review, by individuals assessing themselves, or by a combination of such methods. Individual assessments could include criteria such as: attendance, upholding of fiduciary responsibilities and duty of care to the deposit insurance system, preparedness for meetings, and communication and interaction with other governing body members and with management.

A crucial element to any self-assessment process, however, is that it be carried out meaningfully. That is, it is one matter for a governing body to tell itself that it is performing well; it is another for it to be able demonstrate to outside parties that this is the case. A deposit insurer might consider hiring an independent consultant to aid it in the self-assessment process, with the consultant opining on the meaningfulness of the self-assessment process and the governing body's deemed result of its assessment.

C. The Roles of the Governing Body and Management

The role of the governing body is to direct and oversee management in its administration of the affairs of the deposit insurer. Management, on the other hand, is responsible for translating governing body direction into action and carrying out the deposit insurer's daily operations. It follows, therefore,

that the governing body, with management input, should set the strategic direction of the deposit insurance system. Management, in turn, should take actions to carry out the strategic directions set by the governing body.¹⁶

To make clear the specific duties of the governing body and management, it is helpful for the governing body to have a governance policy or charter in place. A governance policy or charter can assist a governing body in understanding its responsibilities and the ways in which it will endeavour to assure itself that those responsibilities are being fulfilled. Among other things, a governance policy or charter can set out the Board's responsibilities in respect of: orientation and training of governing body members; delegation of functions to governing body subcommittees and management; responsibilities respectively of the Chairperson and CEO or other head of management; standards of business conduct and ethical behaviour; appointment of senior officers; and evaluation of the head of management. A governance policy or charter can also lay out expectations of management to assist the governing body in its fulfilment of those responsibilities. In addition to a charter, an effective communication process between management and the governing body can also help clarify their respective roles.

A governing body might also wish to have a formal policy in place to oversee communications with the deposit insurance system's stakeholders (i.e. depositors, the authority from which the deposit insurer receives its mandate, member banks, and other safety-net organisations). Such a policy could deal with communications on a day-to-day basis, communications during an intervention, and communications in a crisis situation. The policy might also delegate a key spokesperson (e.g. chair of the governing body; head of management) to deal with communications in specific situations. In addition, management might wish to establish a further policy, at a micro-level, to deal with its daily communications with stakeholders.

In order to provide proper oversight of management activities and thereby enhance accountability and integrity, the governing body may wish to establish a number of subcommittees. Subcommittees can be struck to oversee matters such as human resources, governance, succession, audit, risk management, and other urgent issues presented to the governing body. Of particular importance is the audit committee and the manner in which it is structured. As the audit committee is usually responsible for reviewing a deposit insurer's financial statements, it is important that the individuals comprising the committee possess a degree of financial literacy. A deposit insurance system might also consider establishing a risk committee that would report to the governing body to provide reasonable assurance that the

¹⁶ Here the difference should also be stressed between a deposit insurance system's strategic direction and its overall objects. As noted above, the objects, or goals, of a deposit insurance system should be set out in legislation by the authority from which the deposit insurance system receives its mandate. The deposit insurance system's strategic direction, on the other hand, comprises the courses of action the system will follow in order to fulfil its objects.

deposit insurer's significant risks—that is, its insurance and financial risks—are being well managed and that sufficient controls are in place.

In many systems the positions of Chairperson of the governing body and head of management functions are separate from one another. In others, this is not the case. Merging the positions of Chairperson and head of management can create a more efficient command-and-control style of governance where decisions can be made more efficiently and quickly than under a system where the positions in question are separate. Merging of the two positions can also reduce the potential for agency problems in respect of the head of management's relationship with the governing body and better align the operations of the deposit insurance system with its strategic direction. On the other hand, the advantage of separating the two positions is a clearer delineation between management and the governing body. Absent separation, the Chairperson/head of management could find him- or herself in the conflicted position of conducting oversight of his or her own actions, which could also lead to the circumstances whereby the head of management could use his or her powers as Chairperson to stifle any potential criticism of management, thereby eliminating the fundamental oversight function of the governing body. The separation of these positions has been endorsed by the OECD(2005) in its *Guidelines on Corporate Governance of State-Owned Enterprises*. In cases where one individual holds both titles of Chairperson and Chief Executive Officer, separation of the two functions can be achieved by hiring a separate head of management or by delegating management authority to a chief operating officer and/or other senior officers of the deposit insurer.

In cases where the positions of Chairperson and Chief Executive Officer (or other head of management) are separate, the Chief Executive Officer typically reports on behalf of management to the deposit insurer's governing body. There is a logical accountability relationship, therefore, in the Chief Executive Officer being appointed, remunerated and evaluated directly by the governing body. In some countries, however, the government, or other authority to which the deposit insurance system is ultimately accountable, maintains a role in selecting this position. In many of these cases, the Chief Executive is appointed formally by the authority to which the deposit insurance system is accountable, on recommendation of the governing body. Whether the Chief Executive Officer is appointed by the governing body or by another authority on recommendation of the governing body, it is a helpful practice to maintain a profile of desired skills, which may aid the governing body in selecting its Chief Executive Officer (or which it may provide to the other appointing authority to make its selection for the position).

VI. Audit and Legal Protection

A. Audit

A key component of a sound deposit insurance system governance regime is that there be some form of independent validation of a deposit insurer's operations. This is particularly important for deposit insurers structured as separate legal entities. External audits can provide the governing body with comfort that the deposit insurer's operations are being carried out effectively and efficiently and that proper controls are in place to safeguard the assets of the deposit insurer. It is thus a good practice that external audits and examinations be provided to the governing body, as opposed to management. A deposit insurance system might also consider making its external audits and examinations public, as doing so can increase the deposit insurer's accountability to its stakeholders; however, making these documents public might need to be weighed against concerns over the confidentiality of some deposit insurer information.

While an external auditor can assess the financial statements and key operations of the deposit insurance system on a periodic basis, deposit insurers should also have an internal audit function that can assess internal processes and controls thereof on an ongoing basis. Such processes and controls should address the keeping of books and records, economic and efficient management of resources, and effective carrying out of operations. While the internal audit department might report to the Chief Executive Officer or head of management on daily administrative issues, it is an emerging practice in the private sector that the internal audit function also report directly to the governing body (or the audit committee thereof) and lay its reports before that body. This is now the case in each of Canada, Mexico, Malaysia, and Japan.¹⁷

B. Legal Protection and Indemnification of Governing Body Members, Officers and Employees

Whatever its structural or other governance arrangements, a governing body will ultimately be judged on the decisions it makes and the integrity of those decisions. A governing body and those in management who carry out its directions on a day-to-day basis must, therefore, be able to take decisions, in good faith, without unnecessary fear of legal reprisal. As the APEC *Policy Dialogue Policy Conclusions Paper* (2004) states:

. . . individuals working for deposit insurers and other safety net participants should be protected against civil liability for their decisions, actions or omissions taken in "good faith" while discharging their mandates. Legal protection should be codified in legislation

¹⁷ The Internal Auditor of the Deposit Insurance Corporation of Japan ("DICJ") may submit opinions to the Governor of the DICJ, the Minister of Finance, and the Prime Minister.

and administrative procedures, and under appropriate circumstances, cover legal costs for those indemnified. (19)

Governing body members, senior officers, and employees who fear personal legal reprisal for actions, omissions, or decisions taken in good faith, while carrying out the mandate of the deposit insurance system, will likely be more reluctant to take necessary intervention decisions in respect of failed or troubled banks. In fact, lack of legal protection for governing body appointees, officers and employees of a deposit insurance system increases considerably the potential for undue external influence on the deposit insurer's decision making process. This, in turn, leads to a lessening of operational independence. The APEC Report suggests four common elements of a legal protection regime: granting statutory immunity to individuals in the deposit insurance system; holding deposit insurance systems, rather than individuals, liable for actions or omissions; including indemnification provisions within employees' contractual arrangements; or, combining these mechanisms.¹⁸

Legal protection should only extend, however, to actions, omissions or decisions taken in good faith and while discharging the mandate of the deposit insurance system. Individuals who benefit from legal protection should therefore also be subject to conflicts of interest codes and codes of conduct and ethical behaviour. Individuals should not be protected in respect of actions taken in bad faith, actions taken that were not part of the deposit insurance system discharging its mandate, or fraudulent or criminal actions. Moreover, member banks, depositors and other concerned parties should have the right to challenge the decisions of the deposit insurer in a court of law by suing the deposit insurer as an entity (as opposed to suing individual governing body members, officers, or employees of the insurer).

VII. Transparency and Disclosure

Deposit insurance systems need to balance the competing aims of disclosure and protection of sensitive third-party information. Perhaps the strongest incentive to ensure that governance and operational practices are carried out in an ethical, prudent and effective manner is to expose those practices to the scrutiny of the public. Transparency and disclosure also reinforce other elements of a sound governance framework for a deposit insurer such as accountability and integrity. At the same time, many deposit insurance systems also receive confidential business information from member banks and other safety net participants and may create confidential information themselves, such as troubled institution lists. The release of this

¹⁸ APEC, "Policy Dialogue on Deposit Insurance: Policy Conclusions Paper," [Available online] (APEC, Kuala Lumpur, Malaysia, June 25, 2004, available from: www.iadi.org/html/App/SiteContent/APEC%20Policy%20Dialogue%20Paper%20-%20Final%20V9PDF.pdf) [cited, July 12, 2006].

type of information could seriously harm the stability and competitiveness of a member bank and, potentially, the stability of the financial system.

A deposit insurance system structured as a separate legal entity, such as a government agency, state-owned enterprise or private enterprise, would be expected to publish certain pertinent financial and non-financial details about its operations on at least a yearly basis, usually in an annual report or other document. The amount and types of information published will likely be influenced by such factors as the deposit insurance system's mandate, the size of its operations, whether the system is publicly or privately administered, and whether the system operates as a stand-alone entity or as a subsidiary or division of another safety-net organisation. Pertinent information can include, but would not be limited to: financial statements, organisation structure, governance practices, staffing details, fund investment policies and performance levels, and an overview of the health of the given country's deposit-taking sector. To enhance transparency, it is also a helpful practice for management to provide in its annual report, discussion and analysis of key business objectives and strategies and to assess business objectives and strategies against performance targets. Specific mechanisms for coordination and information-sharing among safety-net players should also be disclosed to the public. Moreover, deposit insurers that set premiums should disclose their premium assessment approaches to member banks and other concerned parties. Disclosing this sort of information enhances both the transparency and credibility of the deposit insurance system.

Deposit insurance systems in some jurisdictions, particularly ones run as government or quasi-government entities, may be subject to "freedom of information" statutes.¹⁹ These statutes typically empower citizens of a given country with the right to request any government document, subject to certain exemptions. These types of statutes also help engender a culture of transparency and accountability to the general public within deposit insurance systems and government more generally. The FDIC also conducts its Board of Directors meetings in public, with some exceptional sessions held *in camera*. In many cases, however, confidential third-party information is exempted from freedom of information statutes and from the requirement to be disclosed publicly at governing body meetings, in cases where governing body meetings are held in public.

Deposit insurance systems should be as liberal as possible in their disclosure of information that does not adversely affect the stability of the financial system or competitiveness of a member. Appropriate disclosure of

¹⁹ There is a distinction to be made between the purpose of freedom of information statutes and deposit insurance system openness generally. The latter, which may include annual reports, public board meetings and outreach, is carried out proactively and at the initiative of the deposit insurance system. Freedom of information processes, on the other hand, serve to provide the general public with a means to gain access to information on a *post facto* basis and must be initiated by members of the public.

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non-commercially sensitive information can foster confidence in the operations of the deposit insurance system and thereby reinforce financial system stability.

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Annex

Definitions of Key IADI Guidance Terms

IADI's objects state that the Association will: "...set out guidance to enhance the effectiveness of deposit insurance systems [and] such guidance shall take into account different circumstances, settings and structures."²⁰ For the purposes of this paper, we have set out the following definitions for the guidance IADI provides:

- **IADI Core Principles** are fundamental statements applied to a broad policy area. Although principles focus on what is important or fundamental, they can also be applied broadly and provide a high degree of flexibility in implementation to suit individual country circumstances. The use of the word "core" to describe a principle emphasizes that the principle is critical for the effectiveness of a deposit insurance system.
- **Effective practices** spell out the practical application of principles within a defined context. Although more specific in this regard, practices can be flexible enough to adapt to differing country circumstances and can involve the use of several alternatives.

When developing the IADI Core Principles and Effective practices, IADI seeks to ensure that the guidance assists countries in developing and enhancing their deposit insurance systems and, as much as possible, that the guidance is adaptable to the overall culture, history, political, economic, legal and institutional environment.

²⁰ See the Statutes of the International Association of Deposit Insurers, Article 2 (b), Basel, October 2004.

附件五、本公司前董事長董瑞斌接受馬來西亞國家新聞網
(Malaysian National News Agency) 專訪內容
(2007.11.1)

- 英文

Business

November 01, 2007 18:38 PM

Bumpy Global Economy Likely Next Year, Says CDIC Chief

KUALA LUMPUR, Nov 1 (Bernama) - The world economy is likely to be bumpy next year if the US, one of the main engines of growth, moves in a different direction, said Central Deposit Insurance Corp (CDIC) chairman, Dawn Ray-Beam.

"Buckle up your seat belt because next year is likely to be a challenging year in case of a downtrend in the US. If its economy hits a different direction, the global economy will slow down significantly," he told Bernama at the sixth International Association of Deposit Insurers conference here today.

He said apart from the US sub-prime mortgage mess, volatile global oil and commodity prices were likely to affect global growth over the next two years.

"Countries should prepare for the downtrend, diversify their export destinations and rely more on domestic consumption to drive the economy," he said.

Asked whether robust Asia could cushion the economic downturn, Ray-Beam said: "If the US economy were to slow down and then Europe and Japan were to follow suit, I don't think China alone can push up the global economy because it still relies a lot on international market."

He said commodity-exporting countries like Indonesia, Thailand and Vietnam, however, did not have to worry too much about the slowdown.

"They have the 'natural hedge' against the market turbulence. It is fair because some of the time they don't have economic boom like others have. Now I think it is time for them to enjoy the price surge in their exports," he said.

Ray-Beam expected Russia and India to be the next growth engines because they have the resources and manpower.

"These countries, however, cannot play a crucial role in the global economy yet. It is simply not their time," he said.

Meanwhile, Bank Negara Malaysia governor, Tan Sri Dr Zeti Akhtar Aziz, said Malaysia's strong and robust economy would put it in good stead to mitigate the fallout from escalating crude oil prices and unstable world financial markets.

"The domestic economy is still strong and robust. We have strong growth in consumption expenditure and we are also seeing strong increases in investment activities. So, all these domestic economic activities will mitigate the impact of external developments," she said.

-- BERNAMA

Source: http://www.bernama.com/bernama/v3/news_business.php?id=293656

NEWS

TAIWAN'S CDIC CHIEF SEES "BUMPY" GLOBAL ECONOMY IN 2008

KUALA LUMPUR, Nov 2 (Bernama) -- The world economy is likely to be bumpy next year if the United States, one of the main engines of growth, moves in a different direction, says Ray Beam Dawn, chairman of Taiwan's Central Deposit Insurance Corp (CDIC).

"Buckle up your seat belt because next year is likely to be a challenging year in case of a downtrend in the US. If its economy hits a different direction, the global economy will slow down significantly," he told Bernama on the sidelines of the Sixth International Association of Deposit Insurers Conference here Thursday.

He said apart from the US sub-prime mortgage mess, volatile global oil and commodity prices were likely to affect global growth over the next two years.

"Countries should prepare for the downtrend, diversify their export destinations and rely more on domestic consumption to drive the economy," he said.

Asked whether robust Asia could cushion the economic downturn, he said: "If the US economy were to slow down and then Europe and Japan were to follow suit, I don't think China alone can push up the global economy because it still relies a lot on international markets."

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Meanwhile, Dr Zeti Akhtar Aziz, the governor of Malaysia's central bank, Bank Negara Malaysia, said the country's strong and robust economy would put it in good stead to mitigate the fallout from escalating crude oil prices and unstable world financial markets.

"The domestic economy is still strong and robust. We have strong growth in consumption expenditure and we are also seeing strong increases in investment activities. So, all these domestic economic activities will mitigate the impact of external developments," she said. -- NNN-BERNAMA

Source: <http://www.namnewsnetwork.org/read.php?id=32481>

• 馬來文

Ekonomi

01 November, 2007 20:41 PM

Ekonomi Global Dijangka Tidak Menentu Tahun Depan, Kata Ketua CDIC

KUALA LUMPUR, 1 Nov (Bernama) - Ekonomi dunia dijangka tidak menentu tahun depan sekiranya AS, satu daripada jentera utama pertumbuhan, bergerak dalam arah yang bertentangan, kata pengerusi Central Deposit Insurance Corp (CDIC), Dawn Ray-Beam.

"Bersiap sedialah kerana tahun depan dijangka menjadi tahun yang mencabar sekiranya berlaku penurunan di AS. Jika ekonominya berada dalam arah yang berbeza, ekonomi global akan menurun dengan ketara," katanya kepada Bernama di persidangan Persatuan Penginsurans Deposit Malaysia keenam, di sini, hari ini.

Beliau berkata selain daripada krisis gadai janji subprima AS, harga minyak dan komoditi yang turun naik dijangka menjejaskan pertumbuhan global dalam tempoh dua tahun akan datang.

"Negara-negara perlu bersedia berdepan dengan aliran menurun ini, mempelbagaikan destinasi eksport mereka dan banyak bergantung kepada penggunaan domestik untuk memacu ekonomi," katanya.

Apabila ditanya sama ada kepesatan ekonomi Asia boleh meringankan kegawatan ekonomi, kata Ray-Beam: "Jika ekonomi AS bergerak perlahan dan kemudiannya diikuti Eropah dan Jepun, saya tidak rasa China sendirian boleh membantu melonjakkan ekonomi global kerana ia masih lagi banyak bergantung kepada pasaran antarabangsa."

Bagaimanapun, beliau berkata negara-negara pengekspor komoditi seperti Indonesia, Thailand dan Vietnam, tidak perlu bimbang dengan penurunan itu.

"Mereka memiliki 'pelindung semulajadi' terhadap pergolakan pasaran. Ia adil kerana mereka jarang mempunyai lonjakan ekonomi seperti negara lain. Kini saya rasa sudah sampai masanya bagi mereka untuk menikmati kenaikan harga eksport mereka," katanya.

Ray-Beam menjangka Russia dan India menjadi jentera pertumbuhan seterusnya kerana mereka mempunyai sumber dan guna tenaga.

"Bagaimanapun negara-negara ini tidak boleh lagi memainkan peranan penting dalam ekonomi global. Ia cuma bukan masa mereka lagi," katanya.

Sementara itu, Gabenor Bank Negara Malaysia, Tan Sri Dr Zeti Akhtar Aziz, berkata ekonomi Malaysia yang kukuh dan pesat akan meletakkannya dalam kedudukan baik untuk meringankan kesan daripada peningkatan harga minyak mentah dan pasaran kewangan dunia yang tidak stabil.

"Ekonomi domestik masih kukuh dan pesat. Kita mencatatkan pertumbuhan kukuh dalam perbelanjaan penggunaan dan juga peningkatan dalam aktiviti pelaburan. Jadi semua aktiviti ekonomi domestik ini akan meringankan kesan perkembangan luaran," katanya.

-- BERNAMA

Source: http://www.bernama.com.my/bernama/v3/bm/news_business.php?id=293691



Perbadanan Insurans Deposit Malaysia
Malaysia Deposit Insurance Corporation

**Proceedings from the
Sixth Annual IADI Conference
Kuala Lumpur, Malaysia
31 October-1 November 2007**

28 February 2008

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Forward

The Conference was hosted by **Malaysia Deposit Insurance Corporation (MDIC)** at the elegant Westin Hotel in Kuala Lumpur from 31 October to 1 November 2007. The theme was **"Deposit Insurance and Consumer Protection"**. It was appropriate and timely given the increasing significance of consumer protection in the financial industry and the turmoil in financial markets. The Conference brought together deposit insurance industry practitioners from across the globe and leading experts in financial services, to discuss and share knowledge, views and lessons learned from country experiences. There were over 150 in attendance from more than 50 countries and regions. The audience included representatives of deposit insurance agencies, financial supervisors and central banks, the **World Bank** and the **Bank for International Settlements (BIS)**.

Other events highlighting the conference week included an **Asian Country Showcase**, an **International Exhibition on Deposit insurance** and a **Leadership Breakfast Forum**. The **Asian Country showcase** provided an opportunity for some Asian countries including Vietnam, Indonesia and Malaysia to present the investment potential of their financial sector. The Exhibition was the third such opportunity for deposit insurance organizations to display their work.

These proceedings were prepared by an international team of writers organized by the International Relations and Research Office of **Central Deposit Insurance Corporation**. The contributors were: Roumyana Markova, **Bulgarian Deposit Insurance Fund**; Carlo Nosedá, **Seguro de Depósitos Sociedad Anónima** (Argentina); Barbara Ryan and Gail Verley, **Federal Deposit Insurance Corporation**; Yvonne Fan, Catherine Chou and Vanessa Lin, **Central Deposit Insurance Corporation**; Sangjae Lee, **Korea Deposit Insurance Corporation**; David Walker, **Canada Deposit Insurance Corporation**; Lorenzo Meade, **Instituto para la Protección al Ahorro Bancario** (Mexico); Mohammed Al-Jafari, **Deposit Insurance Corporation** (Jordan), and myself. I would like to thank them all and I take responsibility for any errors that emerged during the editing process.

The presentations and a picture gallery are located on the Internet at:
<http://www.iadi.org/>



Secretary General

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Executive Summary

The Conference was opened by Jean Pierre Sabourin who warmly welcomed the participants to the Sixth Annual Conference. He then expressed his deep appreciation and thanks to the Board and staff of **MDIC** for hosting this conference.

Tan Sri Dato' Abdul Aziz Bin Haji Taha noted that the **MDIC** was extremely delighted to host this important conference and hoped to learn from other countries' experiences in the field of deposit insurance. Mr. Abdul Aziz Bin Haji Taha shared his views on what important lessons were learnt from the **Northern Rock** event. Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz spoke about the roles and functions of financial safety net players and the challenges they face. Dr. Zeti Akhtar Aziz then addressed the framework of the Malaysian deposit insurance system as well as the consumer protection.

Jean Pierre Sabourin began his presentation by focusing on the question as to how a deposit insurer can promote market discipline. Mr. Sabourin pointed out that they contribute to market discipline in several ways and he identified four channels. The first channel is through raising the financial literacy level of depositors. The second is through learning against irrational fear by depositors. The third is through building up the value of deposit insurance systems. The last is through understanding the psychology of consumers and incorporating them into policies.

The first session, chaired by John Chikura, discussed a number of consumer protection initiatives. William Knight gave a brief introduction of the creation and mandate of the **Financial Consumer Agency of Canada** and Canada's financial literacy and the UK's ten-year comprehensive financial capability. Steven C.M. Wong stressed the number of countries that had taken to improve consumer protection such as Canada, the UK and Australia, had put in place formal regulatory frameworks to ensure that competition and consumer protection were provided. Ilhyock Shim addressed the issue of consumer protection and financial stability by stating that a lack of it and weak public awareness undermines consumer confidence and can generate liquidity shocks to financial institutions. He also noted that consumer protection fostered market discipline and led to enhance financial system stability. Jennifer Hamilton emphasized that different actors

might have different expectation about the type of consumer protection measures and the role those actors should play in achieving that protection.

The luncheon address was delivered by Andrew Sheng who provided a chronological analysis of the last financial crisis and commented that the global financial architecture has been dramatically changed over the recent years. In addition, he shared key lessons learnt from his own experience: Financial crises always erupt at the weakest point and in areas where we least expect. The contagion must be stopped decisively and quickly. The financial institutions must be ready to hand out cash to all who come to withdraw deposits quickly and with confidence. Media are advised to be responsible and not to make the public more nervous than necessary.

The second session was moderated by Mohamed Al-Jafari and it discussed relationships among deposit insurers, consumer protection and the un-banked. Martin J. Gruenberg gave a brief introduction to the origins of depositor protection in the U.S. and its role in establishing public confidence in the U.S. banking system. He then discussed how the **FDIC** promotes public confidence by educating consumers about financial matters, responding to consumer complaints and concerns, promoting initiatives to expand access to the financial mainstream, and enforcing consumer protection laws. Muhammad Ibrahim described essential factors for promoting consumer protection from a deposit insurance perspective. He also provided an overview of the Malaysian experience in promoting consumer protection. Mr. Isoard highlighted some of the ideas presented by Mr. Gruenberg and related these ideas to the Mexican experience.

The third session, led by Jennifer Hamilton addressed the **IADI** discussion paper on public awareness. Johnson Chen presented the research objectives, suggested guidance points and practices. He noted that it is important to enhance the importance of public awareness of deposit insurance systems so that deposit insurers can meet their public policy objectives and maintain public confidence in deposit insurance. Dalvinder Singh used the **Northern Rock** case to examine the UK approach to dealing with a bank run and he discussed **IADI's** proposed public awareness core principles and effective practices. Guy Saint-Pierre shared the practical experiences of **Canada Deposit**

Insurance Corporation in the area of public awareness and his view on the suggested guidance points and practices proposed by **IADI**. Florence Loh discussed the benefits of building a strong brand for deposit insurance, the most important being to help mitigate a crisis in the event of a bank failure. A strong and powerful brand could add values and enhance images for deposit insurers. S. Loganathan outlined his views on the importance of public awareness from the perspective of Malaysia and shared its experiences in promoting public awareness with audience. Imelda S. Singzon delivered a special presentation on the financial literacy in The Philippines and measures undertaken to enhance the financial knowledge of Filipino youth.

The dinner speech was delivered by Martin J Gruenberg who addressed: (1) the evolution of the U.S. mortgage market in the United States over the past 70 years, (2) the development of the problems in the sub-prime mortgage market, and (3) what deposit insurers can do to address them.

The breakfast talk was delivered by Ray B Dawn and he covered the bank run cases and its specific features in Taiwan, the fall-out of the recent sub-prime events and future challenges for Taiwan.

The fourth session, presided over by James R Hambric III, underlined the best practices benchmarks and methodology for evaluating corporate governance in the banking sector. Alexander Berg introduced the topic of corporate governance reform and the work of the **World Bank**. Pasquale Di Benedetto focused on an approach to developing guidance on corporate governance for banks.

The fifth session, directed by Ooi Sin Teik highlighted the challenges in supervising and providing deposit insurance to rural banks and cooperatives in India. Usha Thorat described the constituent parts of India's financial sector and outlined India's deposit insurance system, issues, challenges and the strategies in place to bring adequate supervision and deposit insurance to rural banking and cooperative intermediaries. Krisna Wijawa gave a brief introduction to Indonesia's deposit insurance system and its objectives, functions, key coverage and funding characteristics. Byeong Gab Choi made comments on Ms. Thorat's presentation and the difficulties for supervision and regulation posed by rural banks and cooperatives. He then proceeded to make an

overview of the historical highlights of the **Korea Deposit Insurance Corporation**.

The penultimate session of the conference discussed the role of Shari'ah compliant deposit insurance and it was chaired by Mohd Khairuddin Haji Arshad. Mohd Razi Abdul Kadir covered the main components of the financial safety net in Malaysia, the needs for an Islamic deposit insurance system, the mechanics of the system and the main challenges that the Malaysian dual deposit insurance system faces.

Ahmet Ertürk delivered several comments on the presentation of lead speaker, highlighted the share of participation banks and shared the Turkish experience in the area of deposit insurance system. Khawaja Mohammad Salman Younis differentiated the Islamic banking and conventional commercial banking. Jameel Ahmed delivered the special presentation - "Role of standard setting bodies in Shari'ah" to underscore that a well-designed Sharia-compliant deposit insurance system is crucial for the stability and growth of the Islamic banking system.

Before thanking MDIC for hosting the event Ray LaBrosse provided an update on **IADI** activities, including its Business Plan for the next three to five years, training programs, enhancement of the membership value proposition and promoting the IADI brand. Salusra Satria outlined the program and events planned for the Sixth Asia Regional Committee Meeting in Bali in late March 2008 and Fred Carns presented a brief plan for the Seventh Annual Conference in Arlington VA during the last week of October 2008.

Welcome Remarks

Jean Pierre Sabourin, Chair of the Executive Council and President, IADI and Chief Executive Officer, MDIC

Jean Pierre Sabourin warmly welcomed the participants to the Conference and expressed his appreciation and thanks on behalf of **IADI** to the **Malaysia Deposit Insurance Corporation** for hosting this conference. Jean Pierre Sabourin mentioned that these conferences provide an occasion for deposit insurers, central banks, international organizations, academics, government agencies and the private sector to come together every year to exchange views and discuss ideas and visions on the issues that are most relevant to deposit insurance. Mr. Sabourin expressed that it was an honor to have present many distinguished guests. He also congratulated Governor Tan Sri Dr Zeti Akhtar Aziz, **Bank Negara Malaysia** for receiving an "A" grade for the fifth year in a row in an annual financial report card of bank governors from around the world. Under her stewardship the Malaysian economy has made considerable progress in price stability despite various road bumps threatening to sidetrack the economies of the world.

Mr. Sabourin then introduced the theme of the conference "Deposit Insurance and Consumer Protection". He pointed out that deposit insurance systems around the world protect and improve consumers' welfare. The conference was aimed at addressing this issue and it attracted many distinguished speakers and discussants from all parts of the world. Many issues to be discussed were central to the role of deposit insurance in protecting depositors. Information, for example, is a most powerful instrument; however, financial products and financial reporting is difficult for consumers to understand. It was apparently that deposit insurers should provide information to the public in a form they can understand. Consumer empowerment is financial education - an issue would be discussed in the next two days.

Remarks by Tan Sri Dato' Abdul Aziz Bin Haji Taha, Chairman, Malaysia Deposit Insurance Corporation

Abdul Aziz Bin Haji Taha was very pleased to welcome all guests to participate in the IADI Sixth Annual Conference and he noted that MDIC

was extremely delighted to host this important event.

The theme of this conference, "Deposit Insurance and Consumer Protection", he said was appropriate and very close to the hearts of all deposit insurers. He expressed his interest in drawing lessons from other countries' experiences, and especially Taiwan's experience in handling some bank runs. Furthermore, he hoped to learn from participants, as guardians of international financial stability and in their roles as deposit insurers.

Mr. Abdul Aziz Bin Haji Taha expressed that the key function of a deposit insurance system was to promote financial stability, a core requirement for economic growth. Growing globalization and capital liberalization made financial markets more complex and financial crises could become more virulent. He used the sub-prime mortgage problem in the United States and the **Northern Rock** situation in the United Kingdom to explain such occurrences have resulted in turbulent global financial markets.

In closing, he wished all a successful conference and hoped this conference would generate an exchange of views, different perspectives, and other thought-provoking discussions. Mr. Abdul Aziz Bin Haji Taha hoped that participants would have a wonderful stay in Malaysia. He then introduced and invited Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz, the Governor of **Bank Negara Malaysia**, to present her keynote address and to officiate over the opening of this conference.

Keynote Address

Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz, Governor, **Bank Negara Malaysia**

Dr. Zeti Akhtar Aziz began with an emphasis on the importance of financial stability that has become increasingly challenging. The rapid pace of globalization, the rising internationalization of the financial system and the intensification of cross border financing, as well as the growing complexity of financial structures have resulted in new international inter-linkages. The recent global financial turmoil triggered by the sub-prime mortgage in the U. S. has shown that even the more sophisticated and informed investors are pre-disposed to over-react to uncertainties in financial institutions.

Dr. Zeti Akhtar Aziz touched on the roles and functions of financial safety net players and what challenges are for them. Dr. Zeti Akhtar Aziz

then continued to bring up the framework of the Malaysia deposit insurance system. It was established in 2005 as part of efforts to build a comprehensive and mutually reinforcing financial safety net system. To promote depositors confidence, deposit insurance is designed to ensure that there is optimum coverage with sufficient reach to retail depositors system. Dr. Zeti Akhtar Aziz also talked about the consumer protection framework in Malaysia.

The Governor concluded by saying that essence of a progressive financial system is prudential safety and soundness, competition and consumer protection that need to co-exist to effectively serve the interests. Regulators need to adopt the right balance between providing adequate protection for consumers while promoting competition and financial innovation in the financial system. However, it is the combined efforts of regulators, the industry, and consumers that ultimately maintain market confidence and ensure the effective and efficient functioning of the financial system.

Opening Address

Jean Pierre Sabourin, Chair of the Executive Council and President, IADI and Chief Executive Officer, MDIC

Jean Pierre Sabourin began his presentation by asking the question as to how deposit insurance can promote market discipline. This, he said, can be done in a number of ways and he identified four channels.

The first channel is through raising the financial literacy level of depositors. Only when the general public fully understands the integral role of a deposit insurance system within the financial architecture in the promotion of financial stability can such a system become effective. Helping the general public to improve their financial literacy and understanding is one way deposit insurance can contribute towards improving market discipline. With better financial literacy, consumers would have the tools and knowledge to make proper assessment of financial risks, and be able to scrutinize the conduct and practices of banking institutions better, and therefore can contribute to greater market discipline.

The second channel is through learning against irrational fears of depositors. Deposit insurers can help reduce unwarranted fear of depositors through awareness programs to build up trust and confidence in the deposit insurance system. Deposit insurers can impress upon depositors an informed feeling of safety that comes from understanding the functions of deposit insurance in preventing bank runs.

The third channel is through building up the value of deposit insurance systems. Mr. Sabourin said that he strongly believed that a well-designed deposit insurance system is an effective consumer protection tool that contributes to financial system stability. But often the value of deposit insurance systems has been undermined by accusations of moral hazards. However, the problem of moral hazard can be mitigated if a deposit insurance system is well designed.

The last channel is through understanding the psychology of consumers and incorporating them into policies. Mr. Sabourin suggested that deposit insurers improve consumer disciplinary actions from three areas. The first area is to understand better the varying ability of consumers to handle information. The second area is by influencing consumers' behavior. The third area is using frame to influence consumer's choice.

In closing, Mr. Sabourin said that having a deeper understanding of the interactive mechanism between consumer psyche and the decision making process could lead to better policy designs that would help to improve market discipline and promote a more stable economic environment.

Session 1: Are consumer protection initiatives meeting expectations: A reality check.

Moderator: *John Chikura, CEO, Deposit Protection Board (Zimbabwe)*

Lead speaker: *William Knight, former Commissioner, Financial Consumer Agency of Canada*

William Knight began by outlining the importance of market conduct or non-prudential regulation for consumer protection and financial stability. Being a relatively new concept to regulatory structures

worldwide most central bankers did not consider market conduct regulation as important as prudential regulation. Still, in the developing world many governments were beginning to introduce new rules related to non-prudential regulation. Market conduct was a key component of the regulatory regime and without support from central bankers and prudential regulators consumer protection measures could achieve sporadic effect and not meet expectations of consumers internationally.

He then provided an overview of the creation and mandate of the **Financial Consumer Agency of Canada (FCAC)**, a separate market conduct regulator established in 2001, and the Canadian financial services regulatory regime from a practitioner's perspective. For the past five years, **FCAC** has protected consumers by lowering borrowing costs, by investigating complaints from the general public, by enhancing consumer understanding of financial products and providing consumers with a forum to raise issues, and it has helped to build confidence in the system as a whole and contribute to the efficient functioning of financial markets. For example, **FCAC's** interventions had led to over CAD 80 million voluntarily refunded to Canadians by their financial institutions, enhancing assurance that both regulators and financial institutions were working together to ensure that consumers were well served.

In respect of consumers' impact, Mr. Knight addressed the **Northern Rock** case. As he stated, while prudential regulation was the foundation for the regulation and the safety and soundness of a financial system, it was the consumers that decided whether that foundation was solid. In his view, **Northern Rock** demonstrated the notion that in a market driven economy, market forces should prevail did not hold. In a situation of a potential failure regulators stepped in with prudential and non-prudential decisions to resolve the problem, the driving force should be consumers' confidence in the system and their protection.

Mr. Knight emphasized the important role that financial education and literacy play in building consumers understanding of financial services and indirectly their confidence in the system. He gave examples of Canada's financial literacy program and the UK's ten-year comprehensive financial capability plan, by stressing that financial literacy/capability would become a greater focus for all governments concerning about consumer confidence in the financial services sector.

In closing, Mr. Knight said that the importance of the consumer to a vibrant and healthy economy had moved non-prudential/market conduct regulation to a place at the table beside prudential regulators in the financial services regulatory structures around the world. Safety and soundness of the financial system were dependent not only on the financial institutions themselves but increasingly on a confident consumer. While consumer initiatives were not yet meeting expectations, in his view, most governments were on the right track moving forward to adjust regulatory structures and paying close attention to the consumers and their needs.

Discussant I: *Steven C M Wong, Assistant Director General, Institute of Strategic and International Studies, Malaysia*

To examine whether consumer protection initiatives were meeting expectations **Steven C M Wong** first pointed a number of countries that had taken such initiatives. While policy approaches and priorities towards consumer protection differ depending on how important the banking and finance sector were relative to the economy, Canada, UK and Australia had put in place formal regulatory frameworks to ensure that competition and consumer protection were addressed. Mr. Wong also noted that deep attention is paid in some parts of the world giving as example Malaysia's Financial Sector Master Plan.

He then raised the critical questions on how difficult it was for a single monetary authority to be fully responsible for both prudential regulation and consumer protection and whether there were inherent tensions that permit one at the expense of the other; how consumers could find easy redress for their complaints, even with elaborate legislation and industry codes in place. He also provided a quick contrast in consumer protection between Canada and two Asian economies with inordinately important to the financial institutions – Hong Kong and Singapore.

Mr. Wong's final comments touched on the degree to which most countries were behind the best practice curve and that perhaps Asian countries were further behind than where they ought to be.

Discussant II: *Ilhyock Shim, Economist, Representative Office for Asia and the Pacific, Bank for International Settlements*

After providing definitions of consumer protection and reviewing macro-prudential versus micro-prudential approaches, **Ilhyock Shim** addressed the issue of consumer protection and financial stability by stating that a lack of consumer protection and weak public awareness undermine consumer confidence and generate liquidity shock to financial institutions, while disclosure and education helped consumers build up confidence in both the regulatory structure and products bought, thus reducing the occurrence of financial instability. He also noted that consumer protection fostered market discipline and led to enhancement of financial system stability.

The two issues for discussion identified by Mr. Shim included **Northern Rock**, particularly on depositors' behavior after the regulators' intervention and mass media announcements, as well as the potential conflict between competition and consumer/depositor protection where the right balance should be sought.

Ilhyock Shim raised some further points for consideration, namely: 1) harmonization of efforts by non-prudential, micro-prudential and macro-prudential authorities including deposit insurers, so that consumers can make better choices and regulators can foster healthy competition while maintaining financial stability; 2) consumer protection system as part of financial infrastructure and its incorporation into a financial sector development plan; 3) cross-border dimensions in consumer protection.

Discussant III: *Jennifer Hamilton, Professor, University of Strathclyde, Glasgow, Scotland*

Professor Hamilton emphasized that different actors might have different expectations about the type of consumer protection measures and the role those actors should play in achieving that protection. She examined information disclosure regimes from the point of neo-liberal ideology with markets being the best form of social organization and regulators intervening to correct for market failures.

She then discussed the effectiveness of information disclosure to consumers by providers of retail financial products in the UK. She commented on the explanations for the lack of impact that, on the one hand, whether that was due to insufficiently clear/transparent

information or consumers had not yet learned to properly fulfill their role because of financial illiteracy, or on the other hand, the alternative view that individuals did not conform to the model of the rational, autonomous, evaluative and goal driven cognitive criteria of the "rational consumer". Talking about the "rational consumer" model, including the insights from behavioural economics, cognitive psychology, marketing and sociology, she stressed that other research however had challenged the very basis of the 'rational decision making' model and had established that all decision making had emotion at its core, particularly for decisions made in situations of uncertainty.

Professor Hamilton's concluded that without an adequate understanding of decision-making behavior, the gap between the expectations of the regulators and governments about how consumers should behave, and the reality of that behavior, would not close, with the result that consumer confidence in financial markets was further undermined rather than enhanced.

Luncheon Talk : Bank Runs, Confidence and Consumer Education

Andrew Sheng, Chief Advisor China Banking and Regulatory Commission

Andrew Sheng started his presentation by providing a chronology of the last financial crisis and commented that the global financial architecture has been dramatically changed over the recent years. In addition, he shared some key lessons learned from the Malaysian experience:

- First, contagion must be stopped decisively and quickly. The press plays a crucial role in this regard.
- Second, financial institutions must be ready to hand out cash to all who come to take deposits quickly and with confidence. There is nothing more frustrating for depositors who have to wait for their money back.
- Third, it is vital that the crowds collecting their funds be orderly and calm. Mr. Sheng suggested that drinks and snacks be provided to the queues and central bank staff arrive quickly to reassure the depositors that they would all receive their cash if they could wait patiently and orderly. Many depositors felt re-assured and left the

queue of their own accord when they saw that those ahead could get their cash and that matters were under control.

- Fourth, the media should be advised to be responsible and not to make the public more nervous than necessary. The media is critical in restoring public confidence.
- Fifth, early warning system should be built between the banks and the **Bank Negara** branches, so that prompt action can be taken.

Mr. Sheng's also covered topics such as confidence, financial stability and deposit insurance, and the implications for consumer education. He then explained that in a stage of complex financial innovation, it is the responsibility of the financial community to promote public understanding of financial markets, as is explicitly spelt out in the UK law as one of the objectives of the FSA. Mr. Sheng believed that constant media reminders and education campaigns are necessary to inform the public that institutions such as deposit insurance are there to help and that the public should be aware of their rights, as well as responsibilities.

Session II: Deposit Insurers, Consumer Protection and the Unbanked

Keynote Speaker: *Martin J. Gruenberg, Vice Chairman, **Federal Deposit Insurance Corporation***

Martin J. Gruenberg began with a brief introduction to the origin of **FDIC** and its role in establishing public confidence in the U.S. banking system; the first national deposit insurance system in the world. It was created in 1933 during the Great Depression to restore public confidence in the U.S. financial system and to protect small depositors.

Mr. Gruenberg then focused on four ways that the **FDIC** promotes confidence and consumer protection. First, it educates consumers about financial matters. Second, **FDIC** addresses the financial concerns and questions of consumers. Third, they work with consumers and banks to expand access to the financial mainstream. Fourth, **FDIC**, in its role as bank supervisor of more than 5,000 institutions, has specific responsibilities related to the enforcement of consumer protection law. **FDIC** has provided financial education to more than 900,000 consumers since 2001 through the *Money Smart* program, a financial training

translated in five foreign languages that covers the basics of checking, saving, budgeting, and credit.

The issue of economic inclusion and access to the financial mainstream is a top priority for **FDIC**. One recent study estimated that there are 28 million unbanked people in the U.S. and another 45 million underserved who lack adequate access to credit. The Federal Reserve has estimated that up to 10 percent of American families are unbanked. **FDIC** has a number of programs underway designed to promote economic inclusion and encourage banks to offer lower cost services and alternatives to high-cost payday loans.

In conclusion, Mr. Gruenberg stated that **FDIC** has a basic mission – to promote public confidence in the U.S. banking system and to protect depositories. Financial education, consumer protection, and expanding access to the financial mainstream are important responsibilities through which **FDIC** furthers that central mission.

Discussant I: *Muhammad Ibrahim, Assistant Governor, Bank Negara, Malaysia*

Muhammad Ibrahim described some essential factors for promoting consumer protection from a deposit insurance perspective. Within the context of Mr. Gruenberg's presentation, Mr. Ibrahim noted that other countries could apply these practices. The approach by individual countries may vary, but the common measures include: fostering fair and equitable business practices, promoting financial inclusion, enhancing financial literacy and capability, enhancing transparency and disclosure, providing dispute resolution mechanisms, and having a deposit insurance system or explicit government guarantee. Financial stability according to Mr. Ibrahim is built upon three pillars: regulatory discipline; institutional discipline; and market discipline. Such elements as efficient and transparent financial markets, sound and robust financial institutions, fair and equitable service providers and intermediaries, and well-informed and empowered consumers are critical to financial stability.

Market confidence plays a major role for financial stability. The prerequisites for building market confidence include strong and transparent governance, fair and equitable consumer practices that

enforce rules against abusive practices and enhanced financial literacy to all consumers. Deposit insurance protects depositors and prevents panic from spreading throughout the financial system, thus contributing to promoting market confidence.

Mr. Ibrahim noted that striking the right balance between providing adequate safeguards for consumers while promoting competition and financial innovation is a challenge. These challenges include ensuring appropriate level of consumer regulation without imposing excessive regulatory costs on the financial institutions, ensuring that financial institutions recognize the importance of fostering fair market practices as part of good governance, and securing the support and collaboration of key stakeholders in enhancing financial literacy.

Mr. Ibrahim provided an overview of the Malaysian experience which has adopted a multi-pronged approach in empowering consumers. As a central bank in an emerging market economy, **Bank Negara Malaysia** has a broader mandate than counterparts in the more advanced economies. Bank Negara model promotes fair and equitable market practices, involves enhancing the transparency on products and services, provides consumer education and implements effective mechanisms for consumers to seek help and redress.

Discussant II: *Carlos Isoard, Member of the Board of Directors, Instituto para la Proteccional Ahorro Bancario (IPAB)*

Carlos Isoard highlighted some of the ideas presented by Mr. Gruenberg and related ideas to the Mexican experience. Mr. Isoard agreed that deposit insurers play a vital role in coordination with other authorities to strengthen financial literacy and consumer protection. He noted that while deposit insurance is a major contributor to financial stability, the protection of consumers of financial services, financial education, expanding access to the financial mainstream and addressing the consumers' concerns and questions are ancillary activities that may also have a positive effect on financial stability of a country. Adequate institutional flexibility is also a key feature of a sound deposit insurance system.

After the 1995 financial crisis, there was a need to abandon the practically implicit and unlimited coverage system previously in place in

Mexico. The creation of **IPAB** in 1999 signaled the gradual adoption of the current limited and explicit coverage system, which took effect on 1 January 2005. In addition, the Mexican Congress created the **National Commission for the Defense of Consumers of Financial Services (CONDUSEF)** for protecting consumers through education and serving as an arbiter for differences between consumers and providers. The Mexican Congress passed a law in June 2007 that strongly favors financial inclusion by ordering the availability of a low cost, basic banking product for customers with balances below a certain amount, as well as fostering transparency regarding costs and characteristics of financial services to existing and potential customers. The new law also assigns financial authorities and the consumer protection agency the obligation to publish regulations and apply sanctions.

In closing, Mr. Isoard noted that deposit insurers must address the interconnections of deposit insurance and consumer protection and confidence to achieve a financial system characterized by stability, inclusiveness and competitiveness.

Session III: IADI Research and Discussion Paper on Public Awareness

Lead Speakers: *Johnson C S Chen, President, Central Deposit Insurance Corporation*

Johnson Chen spoke as the Chair of the **IADI** Research and Guidance Subcommittee on Public Awareness and his presentation began with an animation to stress the importance of the public awareness of deposit insurance systems. The presentation covered the research objectives, suggested guidance points and practices of the discussion paper and the conclusion.

Public awareness about deposit insurance is crucial, according to Mr. Chen. All deposit insurers should promote public awareness about deposit insurance on an ongoing basis. He explained how to design an effective public awareness campaign; it should be an integrated comprehensive multi-year communication plan which sets out strategies, target audiences, key messages, initiatives and channels. He also recommended that the deposit insurers employ a wide variety of communication tools and channels to ensure messages are conveyed to

the target audience.

Mr. Chen noted that deposit insurers should carefully plan a public awareness program to deal with events, such as the transition from a blanket guarantee to a limited coverage system, bank runs and the failure of member institutions, in order to maintain the credibility of deposit insurers.

In conclusion, he urged deposit insurers to raise the public awareness of their systems in order to make them operate effectively.

Lead Speakers: *Dalvinder Singh, Senior Lecturer in Law, Oxford Brookes University*

Dalvinder Singh's presentation focused on the **Northern Rock** case as an examination of the UK approach to deal with a bank run drawn from a paper he prepared with John Raymond LaBrosse. This bank run, he said, clearly highlights the importance of a coherent public awareness strategy to assist in managing the expectations of the public to avoid a possible panic.

Professor Singh looked at the functions of the participants of the financial safety net in the UK and then discussed IADI's proposed public awareness core principles and effective practices in relation to the **Northern Rock** episode. He said that the **IADI** guidance paper would certainly have assisted the UK authorities and listed a few points, such as, that the **FSCS** has a limited budget for consumer awareness projects and awareness levels of financial regulation and deposit insurance are inadequate.

Professor Singh advocated that **IADI** needs to place greater emphasis on these principles and practices by suggesting that they are 'minimum principles and practices', and should suggest in the guidance what it considers the best practice. He also proposed that **IADI** participate in the UK's call for comments on 'Banking Reform – Protecting Depositors' by 5th December 2007 to offer its experience and recommendations.

Discussant I: *Guy Saint-Pierre, President and CEO, Canada Deposit Insurance Corporation*

Guy Saint-Pierre discussed the growing importance of public awareness and shared practical experiences of Canada. He recognized that there are many ways for deposit insurers to promote public awareness that depend on factors such as the stage of development of deposit insurance, the current state of public awareness and knowledge, resources and funding.

Mr. Saint-Pierre's noted that the guidance paper stated that deposit insurers should be responsible for promoting public awareness of deposit insurance and stressed the importance of the role of planning when designing programs and campaigns. Demographics and the literacy of the population are key considerations. He then discussed how **CDIC** requests its budget from the Board of Directors to sustain public awareness campaigns or programs in order to maintain or increase the level of public awareness.

In closing, Mr. Saint-Pierre talked about the challenges for **CDIC** regarding public awareness. In early 2007, for example, only one in ten Canadians knew the new coverage limit. **CDIC** launched a special campaign to publicize the new coverage limit of \$100,000, which included ads on television, in print and on the Internet. By the end of the campaign 74% of Canadians knew about deposit insurance, 60% knew about **CDIC**, and 35% learned about the new coverage limit.

Discussant II: *Florence Loh, Joint CEO, Magicmakers Sdn Bhd*

Florence Loh began with the quote: "People buy brands not products". She defined a brand as a symbol that guarantees an experience. A brand is an intangible but critical component of what a company stands for. Ms. Loh explained how branding is relevant to deposit insurance, why do deposit insurers need to brand deposit insurance, and what the value of branding is.

Ms. Loh discussed the benefits of building a strong brand for deposit insurance, the most important being to help mitigate a crisis in the event of a bank failure. Another benefits of building a strong brand include deposit insurance can have better leverage when negotiating with partners or member institutions. She highlighted a few key areas that form a brand's foundation. Deposit insurers need to develop the brand as well as to define the strategic goals and objectives the brand

has to achieve. The next is to develop strategies for brand management and brand-based communication strategy. A good brand-based communications strategy covers advertising, public relations, interactive marketing and internal employee communications.

Before she concluded, Ms. Loh mentioned brand-based organizations and what factors needed to be considered to create a brand-based culture, including senior management leadership, employee involvement and motivation, internal communication, and education. In the end, Ms. Loh said that a strong and powerful brand can add value, mold perceptions, change attitudes and enhance images.

Discussant III: *S. Loganathan, General Manager, Communications and Public Affairs, Malaysia Deposit Insurance Corporation*

S. Loganathan focused on the importance of public awareness from the perspective of **MDIC**. He stated that **IADI**'s general guidance for public awareness is very comprehensive and the core principles and practices are widely applicable. **MDIC** fully supports it and has already adopted the key guidance points, core principles and practices.

He then underscored **MDIC**'s experience in promoting public awareness with audience. **MDIC** has developed an Integrated Communication Plan 2007-11 comprising advertising and public relations initiatives. Based on a mid-2007 evaluation, it was found that the level of awareness had increased. The level of awareness of deposit insurance is 20% and level of awareness of the **MDIC** is 14%. He noted that effective strategic partnerships with other financial safety net players, commitment from other stakeholders especially member institutions, budget resources and stage of development of the deposit insurance system are issues in developing and implementing an effective campaign.

In closing, Mr. Loganathan said that creating an effective and relevant deposit insurance system is not enough. The depositors must be made aware of the system. As joint responsibility of deposit insurers and depositors, deposit insurers must be committed to building public awareness and the depositors must actively seek knowledge about how deposit insurance works for them. Creating awareness will not only spur the public to become informed consumers, it will also contribute to greater financial stability and economic growth.

Speaker: *Imelda S Singzon, Officer-in-Charge & Executive Vice President, **Philippine Deposit Insurance Corporation***

Before **Imelda S Singzon** introduced the financial literacy project (FLP) of The Philippines, she gave a brief background of **PDIC**. The Consumer Act of the Philippines of 1991 is a national policy for consumer protection in The Philippines. The objective is to provide information and education to facilitate sound choice and proper exercise of rights by the consumer. The FLP is a vehicle to meet objectives of consumer protection. Consumers who lack basic financial knowledge are vulnerable to financial crimes.

Ms. Singzon then gave further details of the FLP. It started in 2005 and its objectives include sowing the seeds of financial knowledge with the Filipino youth, raising awareness on **PDIC's** role in the banking system and educating youth on basic depositor rights. The FLP is a cost-effective way of reaching a large number of students on a continuing basis. **PDIC** linked up with the **Department of Education (DepED)** to integrate into the high school curriculum concepts on savings consciousness, responsible banking and the importance of deposit insurance in protecting depositors and in helping maintain stability in the financial system. The FLP is projected to reach about 7 million college and high school students nationwide yearly.

Ms. Singzon highlighted the challenges and future improvements for the FLP. **PDIC** needs to measure the success of its efforts to raise financial literacy in the country. All of the staff of **PDIC** is being called on to promote their people's financial literacy.

Dinner Speech: The Sub-prime Mortgage Problem and the Regulatory Responses

Keynote address by *Martin J Gruenberg, Vice Chairman, **Federal Deposit Insurance Corporation***

Martin J. Gruenberg discussed the evolution of U.S. mortgage market noting that the U. S. has a long history of valuing the ability to own a home. **The Federal Housing Administration (FHA)** popularized the 30 year fixed rate mortgage. It wasn't until the 1980s that an

alternative mortgage product, the adjustable rate mortgage (ARM), gained some popularity. ARMs often have a low introductory interest rate for two or three years and then reset to much higher levels.

Mr. Gruenberg gave an overview on the development of the Sub-prime mortgage problem. Sub-prime mortgage lending is another relatively recent development in the mortgage market. Its share of mortgage originations grew to over 20% in 2006 from 5% in 2001. The surge in sub-prime and nontraditional mortgage lending reflected a confluence of developments over the past several years. Homeowner demand for credit was exceptionally strong due to the vigorous economy and sustained low interest rates. These events together led to significant demand for and growth of risky non-traditional mortgage products. Mr. Gruenberg discussed causes of the sub-prime problem. First, the winding down of the largest refinance boom ever in 2003-04 led to vigorous competition among originators and mortgage brokers as lenders loosened underwriting standards to try to maintain lending volume. At the same time, homeowner demand for credit was exceptionally strong due to the vigorous economy and sustained low interest rates.

Mr. Gruenberg pointed out that there are two critical issues in addressing the subprime mortgage problem. The first is restoring responsible underwriting standards to the subprime mortgage market. Secondly, the peak of this issue has not yet been reached. The potential foreclosure problem for the two plus million homeowners whose loans will reset over this quarter and next year must be addressed. Mr. Gruenberg discussed regulatory responses in the U.S. In terms of preventing foreclosure and helping sub-prime borrowers stay in their homes, **FDIC** and other regulatory agencies issued guidance encouraging financial institutions to work constructively with borrowers who are financially unable to make their mortgage payments. For borrowers who are not able to refinance out of these subprime mortgages, it will be necessary to consider loan modification. Modifications to loan terms of borrowers might include an extension of their interest rate or a reduction in their interest rate or principal balance to make their mortgages affordable on a long-term basis.

In his closing, Mr. Gruenberg stated that the lessons learnt are an experience of importance for a deposit insurance system in maintaining

financial stability. Deposit insurers really have very constructive role to play in working with deposit insurers around the world to make deposit insurance as an agency of financial stability.

Breakfast Speech: “Close Encounters with Bank Runs”

Keynote Address by *Ray B Dawn, Chairman, Central Deposit Insurance Corporation*

Ray B Dawn expressed the pleasure to be invited to share the Taiwan experiences in bank runs and discuss the challenges to cope with the issues. The speech divided in three parts: firstly, the bank runs in Taiwan, secondly the recent sub-prime chaos in the world and lastly, the future challenges. He mentioned that Taiwan has set up the standard operation procedures (SOP) to control the bank runs. Taiwan has experienced 58 bank runs in the past, mostly happening in community style financial institutions and more than half of the deposit depletion rates were less than 20%. Regarding to the liquidity providers, aside from the Central Bank, county assistance network of the community financial institutions and **CDIC** played a significant role in injecting the funds to the problem financial institutions. In Taiwan, bank runs usually last for three days. As for the demographic characteristics of the depositors who ran the banks, most of them were females around 30-50 years old with deposits below the coverage.

In the second part, he pointed out the reasons behind the sub-prime crisis and stated the facts of the following bankruptcies of mortgage companies. The stock market has sharply reflected the impact imposed on by the deterioration of subprime mortgage. He said the recent credit crunch was because the interest rates were kept at very low levels longer than necessary, in turns sparking the bubble in housing prices and mortgage lending. The crisis wouldn't have had a ripple effect if Wall Street had not packaged mortgages as bonds nor sold them to the investors which foreigners accounted for a big share.

Session IV: Best Practices Benchmarks and Methodology for Evaluating Corporate Governance in the Banking Sector

Moderator: *James R Hambric III, Director: Emerging Markets, BearingPoint.*

Discussant I: *Alexander Berg, Head: Corporate Governance Department, World Bank*

Alexander Berg introduced the topic of corporate governance reform and the work of the **World Bank**. He defined corporate governance as *"...the system through which a company is directed and controlled. The system consists of checks and balances on, oversight of, and appropriate input into, the management of the company, which is conducted by its senior executives"*. This is a much wider definition than the view that corporate governance primarily concerns investor protection. Mr. Berg reiterated the importance of good corporate governance by presenting research that showed how poor governance has a negative impact on shareholder value.

Corporate governance for banks has become an integral part of the **World Bank** and **IMF's** Report on Standards and Codes – reflecting the growing recognition that not only is corporate governance an important feature for all businesses it is even more important for the banking sector. Well-governed banks can play a positive role in the economy and poorly-governed banks can lead to disastrous outcomes. Failures in corporate governance within banks are, along with poor underwriting standards and fraud, a leading cause of bank failures in many countries.

Good corporate governance, said Mr. Berg, is now seen as a "first line of defense" that protects not only shareholders but supervisors as well. Governance and disclosure have become important features of Basel II and rating agency assessments. Moreover, the **BIS** and **IFC** have developed guidance on banking sector governance.

Discussant II: *Pasquale Di Benedetta, Corporate Governance Specialist, World Bank*

Pasquale Di Benedetta began his part of the presentation by focusing on the approach of the **World Bank** to developing guidance on corporate governance for banks. Given the importance of good corporate governance for bank groups, the **Basel Committee on Banking Supervision** and the **OECD** have developed guiding principles in these areas. Key areas addressed include minimizing conflicts of interest, specifying the correct role of the Board of Directors,

qualifications of Board members, whistleblower protection, audit and control functions, disclosure and transparency and the role of banking supervisors. Mr. Di Benedetto stated that in any review of governance there should be a special focus on risk governance as it is important to ensure that the boards have effective oversight over the risks faced by their organization.

The **World Bank**'s approach to bank governance began with the conversion of the Basel Committee's guidance into an operational tool. They did so by developing (1) a set of operational benchmarks; (2) a toolkit to collect relevant information; and (3) a methodology to establish the review process called the Bank Governance Review (BGR). The BGR methodology relies extensively on questionnaires collecting information in areas such as legal and regulatory frameworks and specific governance practices (including risk management).

In the last part of the presentation Mr. Di Benedetto listed a series of "lessons learned" or problems encountered in their review of bank governance frameworks. Examples included concerns that boards of directors and management did not always understand their roles; the independence of board members was not clearly defined; ownership structures were difficult to understand in many cases and made it difficult to detect related party transactions; and internal audit functions often lacked the necessary independence to do their job.

In summary, Mr. Di Benedetto stressed that the key elements to remember were that owners needed to pass appropriate "fit and proper" tests; boards required effective oversight; senior management should ensure that sound internal controls were in place and that supervisors should promote and assess the sound governance of the financial institutions they oversee. He closed by emphasizing that effective bank governance could not be legislated and needed to be developed as part of the culture of banks.

Session V: Challenges in supervising and providing deposit insurance to rural banks and cooperatives

Moderator: *Ooi Sin Teik, Chief Executive Officer, Singapore Deposit Insurance Corporation*

Lead Speaker: *Usha Thorat, Chairperson, Deposit Insurance and Credit Guarantee Corporation of India (DICGC)*

Usha Thorat began by describing the constituent parts of India's financial sector before outlining the country's deposit insurance system, and the issues, challenges and strategies in place to bring adequate supervision and insurance to rural banking and cooperative intermediaries. Analysis of India's financial system was facilitated by distinguishing between commercial and cooperative banks, and between urban and rural cooperatives. To March 2007, India's deposit insurance agency extended coverage to 683 million accounts, but 85% of insured deposits were in commercial banks, while the share in cooperative banks was of only 14.75%. Policies have to follow a multi track approach in order to effectively address the idiosyncratic issues and problems at different types of intermediaries.

In light of the need for greater financial inclusion, challenges for India arised from reaching to the rural banks cooperative intermediaries, as their client profile is typically composed of farmers and small-scale entrepreneurial outfits. Regional rural banks have deposit insurance and along with rural cooperative banks, were judged by Ms. Thorat as posing no current challenges to the deposit insurance system.

Ms. Thorat highlighted challenges for deposit insurance coming from **Urban Cooperative Banks (UCBs)**. These providers, which mushroomed from 1991 to 2001, are characterized by weak governance, managerial failures and poor financial health, and are under a two tier control system at the federal and state levels. Of the total balance of recent deposit insurance claims, **UCBs** represent over 88%.

Ms. Thorat closed her presentation by noting the measures taken to deal with the challenges posed by **UCBs**, which include, among others, a moratorium on new bank or branch licensing since April 2005; a two-track regulatory and supervisory framework; graded supervisory actions; and fit and proper criteria for chief executive officers.

Discussant I: *Krisna Wijaya, Chief Executive Officer, Indonesia Deposit Insurance Corporation*

Krisna Wijawa opened with a brief introduction to Indonesia's deposit

insurance system, which began operations in September 2005. The **Indonesia Deposit Insurance Corporation (IDIC)** works to the fulfillment of two major objectives, providing deposit insurance and financial system stability. **IDIC** covers all banks in Indonesia, with the exception of certain village finance providers.

Mr. Wijawa then addressed key coverage and funding characteristics of the **IDIC**, before moving to lessons learned from resolution experiences. The Corporation has powers to resolve both systemic and non-systemic banks. In the recent resolution experience of nine rural banks in Indonesia, lessons learned involved the manifestation of a high payment rate as a share of the aggregate eligible payment balance (93.5%) but of only a fraction (14.3%) of the number of insured depositors. Many of the unclaimed deposits involved small balances that, given the distance to the payment center, may have hindered the submittal of claims. In other cases, the claims turned out as ineligible due to the practice of fraud on the part of bank managers who produced false certificates of deposit, withdrew money from accounts without the depositor's consent, or manipulated bank records. Mr. Wijawa also noted that the low asset recovery rate for failed rural banks imparts a bias in favor of depositor payoffs as the preferred resolution alternative in place of the extension of financial assistance to this type of banks.

Discussant II: *Byeong Gab Choi, Executive Director, Korea Deposit Insurance Corporation*

Byeong Gab Choi, the Executive Director of the **Korea Deposit Insurance Corporation**, began by summarizing key points of the presentation by Usha Thorat regarding India's financial system and the difficulties for supervision and regulation posed by rural banks and cooperatives. He then proceeded to make an overview of historical highlights of **KDIC**. It was instituted in 1996 and blanket coverage was put in place in 1998 and removed in 2001. Initially there were separate funds for each respective non-bank financial institution, but the Depositor Protection Act legislation was revised at the end of 1997, leading to the consolidation of funds under the management of **KDIC** in April 1998. Thus, deposits to be protected now include not only those of banks, but also of the deposits held in securities companies, insurance companies, merchant banking corporations, mutual savings banks, and credit unions. In total, after the 1998 crisis, **KDIC** enabled the

restructuring of 517 intermediaries, providing an estimated USD 112.1 billion in financial assistance.

In relation to credit unions, they were excluded from **KDIC** coverage on 1 January 2004, as they posed great difficulties for **KDIC** given their small number, weak control systems and strong local political and economic ties, which make them prone to frequent failures and lack of confidence from small depositors. Mr. Gab Choi also explained that while autonomous regulation of credit unions is arguably cost effective, it raises concerns regarding its credibility.

Mr. Gab Choi closed by highlighting key issues and questions on **KDIC**'s agenda in light of India's and Korea's own experience. Concerns centered on the coordination between the financial regulator and the deposit insurer, and the latter's role in regulation: should the deposit insurer rely on the regulation from the financial sector supervisor or the central bank? What is the role of the deposit insurer in financial regulation? In relation to deposit insurance per se, the cost to financial institutions from deposit insurance should be smaller than its benefits. Lastly, there is a need to set up an efficient liquidation system capable of reducing the overall resolution costs.

Session VI: Role of Shari'ah Compliant Deposit Insurance

Moderator: *Mohd Khairuddin Haji Arshad, General Manager, Malaysia Deposit Insurance Corporation*

Lead Speaker: *Dato' Mohd Razif Abdul Kadir, Deputy Governor, Bank Negara Malaysia*

Mohd Razif Abdul Kadir's presentation covered the main components of the financial safety net in Malaysia, the need for Islamic deposit insurance system, the mechanics of the system and the main challenges that the Malaysian dual deposit insurance system faces.

Mr. Mohd Razif Abdul Kadir pointed out Islamic banks and commercial banks are operating in the same market and target the same customers. There is a competition in the banking system. Islamic banking products are different from the standard banking products. **Mudarabah deposits** accounted 50% of total deposits, which are placed in the bank

to participate in the financing of a certain project on return sharing formula, no fixed interest is promised. **Wadiah deposit** is simply standard custody or safekeeping account. It promises no returns and covered by the system like the standard deposits held at commercial banks.

He then highlighted the arrangements between the **Central Bank of Malaysia** and the deposit insurance corporation. A Strategic Alliance Agreement was signed that governs the relations between the two organizations: **MDIC** identifies options of least cost approach and implementing resolutions; **BNM** is the prime supervisor and examiner and it exchanges its reports with **MDIC**. The Deposit Insurance Model is based on separation and equitable treatment principle. Same coverage limits, same premium level but separate assessment system for Islamic banks, separate fund and separate payout.

In closing, attention was turned to the challenges for the future: Islamic Deposit Insurance lacks of guiding principle. Risk premium assessment addresses the distinct features of Islamic banking that might need to be improved. He urged that collaboration with the **Islamic Financial Services Board (IFSB)** and **IADI** need to be strengthened. Special liquidation requirements because of the specialty of the pool of assets need to be developed further.

Discussant I: *Ahmet Ertürk, President, Saving Deposit Insurance Fund, Turkey*

Ahmet Ertürk made several comments on Mr. Kadir's presentation and highlighted the share of participation banks and recent trends in their activities and ratios to the total banking system in Turkey.

Mr. Ertürk praised **Bank Negara Malaysia** for creating a short-term inter-bank market based on Sharia, beside other innovations that make Malaysia a leading country in Islamic banking and finance. Mr. Ertürk then discussed the challenges for Islamic banks such as legality, acceptance of authorities, perception of the consumers and the problem of moral hazard. He stated that Islamic banking is a vital part of the financial system. Islamic-based deposits should be protected. Having commercial and Islamic banks to the same regulations can mitigate moral hazard.

Mr. Ertürk then made a brief presentation about the Turkish experience; as of June 2007 total assets of participant banks rose to USD 12,869 million while the share of participating banks in terms of total assets rose to 3.14% in 2007. Deposit insurance for participation banks was established in May 2001 among participation banks and managed by the Participation Banks Association of Turkey, then management was transferred to SDIF of Turkey in December 2005. The membership is compulsory and no co-insurance. The total amount of insurance limit up to YTL 50 thousand (USD38,226)

In closing, Mr. Ertürk talked about the future challenges for the deposit insurance fund. Participation banks and deposit banks in Turkey are subject to the same risk based premium system. However, their assets and liabilities structure and risks require differentiated risk factors to be identified. Participation banks have a small market share in Turkey and contain high correlation of default risk, which increases the total risk of deposit insurance system. Therefore, insurance funds for participation banks and deposit banks are managed in the same pool. Moreover, as participation funds are the only instrument bearing no interest in Turkish financial system, their deposit insurance funds could not be managed in a different pool. In case participation banks need public funds due to systemic risk and liquidity risk, there are no non-interest financing tools.

Discussant II: *Khawaja Yunis, Managing Director, Kuwait Finance House, Malaysia*

Khawaja Yunis stated that Islamic banking is fiduciary banking which is different from conventional commercial banking and as such is closer to investment banking. The products, balance sheet structure and operations reflect the fiduciary nature in all the activities. Because of this responsibility, Islamic banks need to have strong compliance, risk management practices, and corporate governance structure. These needs should also be very transparent. Customers should know where their money and how they are invested. Regulators should understand this special banking nature to regulate these banks properly.

Speaker: *Jameel Ahmed, Executive Director, State Bank of Pakistan.*

Jameel Ahmed's special presentation covered: the phenomenal growth

of Islamic banking (at 14% annual growth rate, currently amounting to US \$400 billion); the fast growth requiring special attention to ensure financial soundness; and deposit insurance for Islamic banks and why it is critically important.

Mr. Ahmed stated that the soundness of Islamic banking requires: well-defined financial architecture, adequate market discipline, appropriate legal infrastructure, transparent corporate governance, and effective regulatory oversight. An effective deposit insurance system will complement the prerequisite of a sound Islamic financial system. As there is no access to an interest free short-term fund and the special structure of the assets and liabilities, deposit insurance is needed to maintain the confidence of depositors in Islamic banking institutions. However, the system needs to be properly designed to avoid moral hazard. With limited experience in the world, some of the countries that have significant Islamic deposits don't have deposit insurance system like Saudi Arabia and Pakistan. The pioneers are Malaysia and Turkey.

In conclusion, Mr. Ahmed underscored that a well-designed Sharia-complaint deposit insurance system is crucial for the stability and growth of the Islamic banking system. This objective can be achieved through creation of an environment and concerted efforts from all stakeholders. The role of Standard Setting Bodies is crucial in providing guidance on key issues in designing a Sharia-compliant deposit insurance system.

Update on IADI Activities and Closing Session

*John Raymond LaBrosse, Secretary General, **International Association of Deposit Insurers***

The Secretary General provided an Update on **IADI** activities. **John Raymond LaBrosse** noted that the Association endeavours to promote international cooperation and encourage widespread international contact among deposit insurers as well as other interested parties. It seeks to elevate the understanding of common interests and issues related to deposit insurance and works towards improving the effectiveness of deposit insurance systems by providing guidance. The aim, he said, is to facilitate the sharing and exchange of expertise and information on deposit insurance topics through training, development

and educational programs. **IADI** also assists deposit insurers by providing advice on the establishment and enhancement of effective deposit insurance systems.

Mr. LaBrosse then focused on the Business Plan for **IADI** for the next three to five years. He noted that the Business Plan is an ambitious document and it will take a concentrated effort by all elements of the Association – the Executive Council, the Standing Committees, the Regional Committees, the Secretariat and, of course, the Members.

Four Strategic Thrusts have been identified. They are:

- Undertake research and issue core principles and effective practices;
- Undertake training and development;
- Enhance the membership value proposition; and
- Promote the IADI Brand.

Core Principles

As the international voice of deposit insurers, he said that **IADI** has at its disposal seasoned experts who have the practical experience to develop sound guidance to help policymakers implement and maintain effective deposit insurance systems. **IADI** taps on that expertise and the expertise of others to promote effective deposit insurance systems. The Association already has in place a strong foundation for issuing guidance to improve the effectiveness of deposit insurance systems which contribute to financial system stability. The process involves developing business plans, setting out issues to be addressed, undertaking research, and developing discussion drafts. These documents are then released for consultation to validate the content and the conclusions reached. **IADI** also engages in outreach activities by presenting draft papers at conferences and seminars. The guidance resulting from this process is, therefore, generally applicable to a wide range of settings, circumstances and structures.

Given the demand for such principles and practices, **IADI** is convinced that its core principles and effective practices will gain wide acceptance and will be highly useful for Members to benchmark themselves and to help them evaluate the effectiveness of their deposit insurance system.

Training

Training has been delivered in a variety of ways during the short history

of the Association. In the future, a key strategic thrust will be to develop and deliver unique high quality deposit insurance programs that support the collective and regional training needs of Members. Initiatives will be put in place to provide requisite training opportunities to develop capacity of Members and also develop our future leaders. At the same time, he said that our training initiatives will necessarily be linked to the development of **IADI**'s core principles and effective practices.

As a first step, **IADI** has consulted with its Members through a comprehensive survey to assess needs. In developing training programs, **IADI** will also consult with its Partners and other organizations so as to identify synergies, to leverage resources and to seek funding opportunities, where necessary.

Enhancing the Membership Value Proposition

Enhancing the membership value proposition for the Members has been identified as a priority if **IADI** is to maintain and attract more Participants, according to Mr. LaBrosse. A strategic plan will therefore be developed during the next year. He noted that currently the Members receive value through their participation in the activities of the Association and in the guidance that **IADI** prepares. Members are encouraged to join **IADI** research committees to help develop specific topics of interest and to discuss issues of importance to them. Members also enjoy the opportunity to attend training programs focused on current deposit insurance issues and to dialogue with experts. Furthermore, Members can develop close working relationships with other organizations and transfer knowledge through bilateral arrangements and study tours.

Further value will be created by building a data bank of deposit insurance information. It will serve as a primary means for conducting research and help practitioners in their work. The data bank will be only available to Members. **IADI** will also be seeking ways to promote membership in the Association and researching how special membership privileges could be further enhanced such as encouraging and facilitating training visits and staff exchange programs between deposit insurers and the use of our website and database to enhance information sharing.

Promoting the IADI Brand

Mr. LaBrosse stressed that **IADI**'s efforts have substantially contributed to an increase in the profile of deposit insurers around the globe and in helping policymakers develop and implement effective deposit insurance systems. While the **IADI** Brand has been growing in reach, it is clear that opportunities exist to enhance the recognition of the Association and the quality work it contributes to promote financial stability nationally and internationally. Enhancing the **IADI** Brand can be achieved through closer working relationships with the international financial institutions and other stakeholders and through the issuance and promotion of **IADI** core principles and effective practices.

Before closing, Mr. LaBrosse invited Salusra Satrai to outline the program and events planned for the Sixth Asia Regional Committee Meeting which will be held in Bali on 27-29 March 2008. Fred Carns was then asked to outline the plans for the Seventh Annual Conference which will be held in Arlington VA during the last week of October 2008.

Annex: Conference Program



Sixth IADI ANNUAL CONFERENCE & AGM Venue: Kuala Lumpur

Program

Legends:

- IADI Members Only
- All Delegates

29 OCTOBER 2007 (Monday) ■

8.30-5.30	Standing Committee Meetings	Westin 1, Level 2	Business Attire
12.00-1.00	Lunch	Foyer Area, Westin 1, Level 2	Business Attire

30 OCTOBER 2007 (Tuesday)

9.00-11.30	21st Executive Council Meeting ■	Carlton 6, Level 2, Ritz Carlton Hotel	Business Attire
2.00-5.30	Asian Country Showcase ■	The Westin Grand Ballroom, Level 2	Business Attire

31 OCTOBER 2007 (Wednesday): Conference Day One ■

8.00	Registration	The Westin Grand Ballroom, Level 2	Business Attire
8.50	Welcome remarks: Jean		

	Pierre Sabourin, Chair of the Executive Council and President of the International Association of Deposit Insurers		
8.55	Welcome remarks: Tan Sri Dato' Abdul Aziz bin Haji Taha, Chairman of the Board of Directors, Malaysia Deposit Insurance Corporation		
9.00	Keynote address: Dr. Zeti Akhtar Aziz, Governor, Bank Negara Malaysia		
9.30	Official Launch of the IADI International Exhibition by Dr. Zeti Akhtar Aziz, Governor, Bank Negara Malaysia		
10.00	Coffee break and Networking		
10.30	Opening Address: Deposit insurance perspectives from a developing economy Jean Pierre Sabourin, Chair of the Executive Council and President of the International Association of Deposit Insurers and Chief Executive Officer of the Malaysia Deposit Insurance Corporation		
11.00	Session 1: Are consumer protection initiatives meeting expectations? A reality check. Lead speaker: William Knight, former Commissioner, Financial Consumer Agency, Canada • Common consumer protection and financial		

	<p>stability issues</p> <ul style="list-style-type: none"> • Are consumer initiatives working for consumers, banks and regulators? <p>Discussants:</p> <ul style="list-style-type: none"> - Steven Wong, Assistant Director General, Institute of Strategic and International Studies, Malaysia - Ilhyock Shim, Economist, Bank for International Settlement, Representative Office for Asia and the Pacific - Professor Jennifer Hamilton, University of Strathclyde <p>Moderator:</p> <p>John Chikura, CEO, Zimbabwe Deposit Protection Board</p>		
12.30-1.15	Lunch	Synergy & Strategy Room, LG2	
9.30-6.00	Spouse Program	Gather at The Westin Kuala Lumpur Lobby	Casual
1.15	<p>Luncheon talk:</p> <p>Andrew Sheng, Chief Advisor, China Banking and Regulatory Commission</p>		
2.00	<p>Session 2: Deposit Insurers, Consumer Protection and the Unbanked.</p> <p>- Lead speaker: Martin Gruenberg, Vice Chairman, Federal Deposit Insurance Corporation</p> <ul style="list-style-type: none"> • Building confidence and 		

	<p>trust in the financial system through deposit insurance, consumer protection, and policies that enhance financial inclusion, with a focus on the U.S. experience and its applicability elsewhere.</p> <p>Discussants:</p> <ul style="list-style-type: none"> - Muhammad Ibrahim, Assistant Governor, Bank Negara Malaysia - Carlos Isoard, Member of the Board of Directors of Mexico's Instituto para la Proteccional Ahorro Bancario (Deposit Insurance Protection Institute) <p>Moderator:</p> <p>Mohamed Al -Jafari, General Director, Jordan Deposit Insurance Corporation</p>		
3.30	Coffee Break and Networking		
4.00	<p>Session 3: IADI research and discussion paper on Public Awareness</p> <p>Lead Speakers:</p> <ul style="list-style-type: none"> - Johnson Chen, President of Central Deposit Insurance Corporation, Taiwan; and - Dalvinder Singh, Senior Lecturer in Law, Department of Law, Oxford Brookes University <ul style="list-style-type: none"> • Discussion and consideration of IADI's proposed guidance/ core principles and effective practices on public awareness. <p>Discussants:</p> <ul style="list-style-type: none"> - Guy Saint-Pierre, President 		

	<p>and Chief Executive Officer, Canada Deposit Insurance Corporation</p> <ul style="list-style-type: none"> - Florence Loh, Joint CEO/Director of Business, MagicMakers Sdn Bhd - S. Loganathan, General Manager, Communications and Public Affairs, Malaysia Deposit Insurance Corporation <p>Special presentation: "PDIC Financial Literacy Project" by Imelda S Singzon, Executive Vice President, Philippine Deposit Insurance Corporation.</p> <p>Moderator: Professor Jennifer Hamilton, University of Strathclyde</p>		
6.00	End of Day One		
7.00	<p>Welcome Dinner hosted by Bank Negara Malaysia at Ritz Carlton Kuala Lumpur.</p> <p>Presentation on "Studies on the Design of the Deposit Insurance System in China" by Su Ning, Deputy Governor, The People's Bank of China</p>	Banquet Hall, Level 3, Ritz Carlton Hotel	Business Attire/Formal Wear

1 NOVEMBER 2007 (Thursday): Conference Day Two ■

8.30	<p>Special Presentation on "Close encounters with bank runs"</p> <p>Ray B Dawn, Chairman, Central Deposit Insurance Corporation, Taiwan</p>	The Westin Grand Ballroom, Level 2	Business Attire
9.30	Session 4: Best practices		

	<p>benchmarks and methodology for evaluating corporate governance in the banking sector</p> <p>Presenters:</p> <ul style="list-style-type: none"> - Alexander Berg, Head, Corporate Governance Department, World Bank - Pasquale Di Benedetta, Corporate Governance Specialist, World Bank <p>• Developing best practices benchmarks for evaluating corporate governance of the banking sector and other new initiatives of the World Bank.</p> <p>Moderator: James Hambric, Director, BearingPoint</p>		
10.00-4.30	Spouse Program	Gather at The Westin Kuala Lumpur Lobby	Casual
10.30	Coffee break and Networking		
11.00	<p>Session 5: Challenges in supervising and providing deposit insurance to rural banks and cooperatives</p> <p>Lead speaker:</p> <p>Usha Thorat, Chairperson, Deposit Insurance and Credit Guarantee Corporation of India</p> <ul style="list-style-type: none"> • Issues and challenges in regulating and providing deposit insurance for rural banks and cooperatives in India <p>Discussants:</p> <ul style="list-style-type: none"> - Krisna Wijaya, Chief 		

	<p>Executive Officer, Indonesia Deposit Insurance Corporation</p> <p>- Byeong Gab, Choi, Executive Director, Korea Deposit Insurance Corporation</p> <p>Moderator: Ooi Sin Tiek, CEO, Singapore Deposit Insurance Corporation</p>		
12.30	Lunch		
2.00	<p>Session 6: Role of Shari'ah Compliant Deposit Insurance</p> <p>Lead speaker: Dato' Mohd Razif Abdul Kadir, Deputy Governor, Bank Negara Malaysia</p> <ul style="list-style-type: none"> • Discussion on the need for a Shari'ah compliant deposit insurance and a look at its role in the overall development of regulation for the Islamic financial services industry, issues and challenges. <p>Discussants: - Ahmet Erturk, Chairman, Savings Deposit Insurance Fund, Turkey - Khawaja Mohammad Salman Younis, Managing Director, Kuwait Finance House (Malaysia) Berhad</p> <p>Moderator: Mohd Khairuddin Haji Arshad, General Manager, Insurance Risk Assessment and Monitoring, Malaysia Deposit Insurance Corporation</p>		
4.00	Coffee break and		

	Networking		
4.30	Update on IADI initiatives - John Raymond Labrosse, Secretary General, International Association of Deposit Insurers		
6.30	Farewell Dinner hosted by the Malaysia Deposit Insurance Corporation	Mega View Banquet Deck, KL Tower	Traditional Attire/Costume

2 NOVEMBER 2007 (Friday) ■

8.30-10.30	Sixth Annual General Meeting	Westin 1, Level 2	Business Attire
10.30-12.00	22nd Executive Council Meeting		
12.00-1.00	Light Lunch	Foyer Area, Westin 1, Level 2	Casual
1.00-2.00	Checkout		
2.00	Half Day City Tour & Departure for Langkawi Island	Gather at The Westin Kuala Lumpur Lobby	Casual

3 NOVEMBER 2007 (Saturday) ■

9.00-11.00	Guidance Group Meeting	Westin 1, The Westin Langkawi	Smart Casual
11.00	Light Lunch & Golf Game	Gather at The Westin Langkawi Lobby	Golfing Outfit
7.00	BBQ Dinner	Poolside, The Westin Langkawi	Casual

4 NOVEMBER 2007 (Sunday) ■

8.00-10.00	Leadership Breakfast Forum	Westin 1, The Westin Langkawi	Smart Casual
11.30	Island Tour & Departures	Gather at Westin Langkawi Lobby	Casual

存款保險叢書一覽

編號	書名	作者	出版日期	售價(元)
1	各國存款保險制度之比較研究	樓偉亮等 3人	79.9	250
2	我國現行法規對處理問題金融機構時效性之研究	樓偉亮等 6人	81.6	150
3	金融機構報表稽核之研究	黃阿彩等 4人	81.6	150
4	金融自由化與金融秩序之維持	陳俊堅	81.6	150
5	問題金融機構之監督與管理	孫致中等 4人	81.6	200
6	強化我國當前金融監理制度之研究	林莉蕙等 5人	81.6	150
7	我國存款保險制度改進之芻議	陳戰勝等 7人	81.6	150
8	金融機構與其關係人交易之探討	陳清心等 5人	82.5	250
9	西德銀行監理制度與存款保險制度	曾國烈	82.5	100
10	加拿大聯邦金融監理制度與存款保險制度	陳家平	82.5	100
11	英格蘭銀行對金融機構之監理及存款保障委員會所扮演之角色	陳英昌	82.5	100

12	美國聯邦存款保險公司處理保險事故之最新趨勢與案例	鄭明慧	82.5	100
13	聯邦存款保險公司對倒閉銀行處置方式與清理清算作業	車鵬程	82.5	100
14	日本金融機關之存款保險制度、相互援助制度	陳俊堅	82.5	100
15	美國全國信用合作社管理局、聯邦住宅貸款銀行理事會之存款保險制度	蘇財源	82.5	100
16	日本之金融監理制度與金融檢查	周鴻明	82.5	100
17	信用合作社經營管理新理念之研究	林輝雄等 6 人	83.5	150
18	美國金融業風險性資產管理之研究	趙美蘭	83.5	50
19	美國全國信用合作社管理局以避免停業方式處理問題機構之法規與程序	陳聯一	83.5	50
20	金融自由化與國際化與銀行監督管理	蘇財源	83.5	50
21	新加坡金融監理機關報表稽核暨會計師擔任銀行外部稽核概況	林碇力	83.5	50
22	德國銀行申報資料系統與金融監理	陳俊堅	83.5	50
23	購買與承受交易法律問題及實際交易之研究	蔡麗玲	83.5	150
24	美國金融機構併購制度之研究	車鵬程	83.5	50

25	金融人員違法舞弊防範之研究	林素蘭	83.5	50
26	美國聯邦存款保險公司金融監理之電腦作業應用系統之研究	林英英	83.5	100
27	金融機構合併之研究	林碯力等 6 人	84.5	250
28	中央存款保險公司出國考察報告彙編	林志忠等 6 人	84.5	100
29	美國儲貸機構處理信託公司對儲貸機構之監督管理與接管實務	葉祖詒	84.5	50
30	跨國性銀行與綜合性銀行之監督管理與倒閉處理	曾國烈	84.5	100
31	各主要國家存款保險法規彙編	葉祖詒等 18 人	84.5	250
32	美國聯邦存款保險公司對停業要保機構移轉存款作業之處理程序	湯慶昌	84.5	50
33	美國對倒閉銀行理賠電腦作業之研究	紀慧敏	84.5	50
34	瑞士銀行業對存款人之相互保險制度及問題銀行處理	陳冠榮	84.5	50
35	美國金融機構內部交易之研究	黃鴻棋	84.6	50
36	存款保險學術研討會論文集	中央存款 保險公司	84.9	250
37	中央存款保險公司 10 周年回顧及展望紀念專輯	中央存款 保險公司	85.5	150

38	金融自由化所衍生之銀行監理問題探討：美、日經驗對我國之啓示	曾國烈等 10 人	85.5	100
39	金融創新、金融監理與存款保險	曾國烈	85.5	50
40	美國金融機構倒閉事件之防範及其資產流動化設計之研究	毛淮	85.5	100
41	加拿大金融業風險性資產管理	蘇財源	85.5	50
42	中央存款保險公司出國考察報告彙編（一）	呂東英等 3 人	85.5	50
43	建立金融機構預警系統之研究	陳聯一等 9 人	85.5	250
44	中央存款保險公司出國考察報告彙編（二）	林莉蕙等 3 人	86.6	100
45	日本金融機構合併改制及相互援助制度	陳俊堅	86.6	100
46	我國存款保險制度實施以風險為基準之差別費率可行性研究	楊泉源等 4 人	86.6	250
47	挪威金融監理制度、存款保險制度及金融危機之處理	范以端	86.6	50
48	美國金融監理報表稽核與預警制度之運用	連浩章	86.6	50
49	金融機構安全與健全經營標準之研究（上）（下）	樓偉亮等 5 人	86.6	500
50	國際清算銀行金融監理規章暨歐盟存款保證制度及金融監理研習報告	楊泉源	86.6	50

51	美國信託業之業務操作及其內部稽核制度之研究	高炳暉	86.6	50
52	中央存款保險公司出國考察報告彙編（三）	林維義等 3 人	87.6	100
53	落實問題農、漁會信用部輔導與監督之研究（上）（下）	蘇財源	87.6	500
54	配合強制投保強化我國存款保險制度功能之研究（上）（下）	徐梁心漪等 4 人	87.6	500
55	日本金融監理機關及存保機構因應金融危機之對策	黃銘滄	87.6	100
56	西班牙金融監理制度與問題銀行之處理	黃鴻棋	87.6	50
57	美國金融機構對不良資產之管理及聯邦存款保險公司對其要保機構之資金援助	高士傑	87.6	50
58	英國監理機關對金融機構追蹤考核作業之研究	陳重圳	87.6	100
59	金融監理與存款保險制度論述選集	林維義	87.11	200
60	中央存款保險公司出國考察報告彙編（四）	林維義等 3 人	88.6	150
61	我國金融機構財務業務資訊公開揭露之研究（上）（下）	陳俊堅等 7 人	88.6	500
62	東南亞各國監理制度及未來發展趨勢	鄭繼禹	88.6	50
63	美國金融機構電腦使用開放系統與主從架構的電腦稽核作業之研究	何育德	88.6	50

64	美國聯邦存款保險公司與清理信託公司處理金融危機之經驗與啓示(上)(下)	中央存款保險公司	88.6	500
65	中央存款保險公司出國考察報告彙編(五)	林維義等 3人	89.7	200
66	利用電腦輔助金融檢查業務之研究(上)(下)	陳聯一等 5人	89.7	500
67	參加德國中央銀行舉辦「金融監理」研討會報告	蘇財源	89.7	50
68	美國金融預警制度之最新發展	連浩章	89.7	50
69	美國聯邦存款保險公司營運策略之改進及風險費率之檢討	蕭長怡	89.7	50
70	美國金融監理機關運用金融機構經營資訊之電腦化	林英英	89.7	100
71	美國聯邦存款保險公司處理問題金融機構相關法規之研究	徐梁心漪	89.7	150
72	中央存款保險公司出國考察報告彙編(六)	林維義 陳戰勝	90.10	50
73	東亞國家金融監理制度及監理問題之探討	車鵬程	90.10	50
74	美國對問題金融機構處理方式及其程序之研究	黃鴻棋	90.10	50
75	美國金融監理單位對銀行風險管理制度與措施	徐俊富	90.10	50
76	英國金融監理制度與金檢一元化之實施成效及存款保障基金之實際運作情形	陳聯一	90.10	50

77	參加第 5 屆「中美次長級經濟對話」會議報告	蘇財源	90.10	50
78	美國金融業電子銀行業務之網路架構安全控管及稽核方式之研究	紀慧敏	90.10	100
79	強化我國問題金融機構處理機制之研究	李滿治等 7 人	90.10	250
80	南韓金融監理制度、存款保險制度與資產管理公司考察報告	范以端	90.10	100
81	存款保險國際準則之探討	賴文獻	91.10	50
82	馬來西亞國營金融資產管理公司 (Danaharta) 處理金融機構不良放款之研究	王亮之	91.10	50
83	加拿大金融檢查總署風險管理監理架構之研究	周鳴皋	91.10	50
84	日本之金融改革	蔣福齡	91.10	50
85	南韓經濟金融改革執行情形考察報告	潘隆政等 4 人	92.4	100
86	參加國際存款保險機構協會成立大會首屆年會暨研討會報告	蔡進財	92.11	50
87	參加 OECD 在泰國舉辦之「亞洲國家破產機制改革」研討會報告	王南華	92.11	50
88	在銀行併購下如何提昇金融監理功能	陳金傳	92.11	50
89	巴塞爾銀行資本協定與資產證券化研習報告	周永寶	92.11	50

90	英國對金融機構場外監控電腦化之研究	高炳暉	92.11	50
91	參加國際存款保險機構協會第2屆年會暨研討會報告	蔡進財	93.12	100
92	日本存款保險公司、整理回收公司與產業再生公司運作現況	王南華	93.12	50
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