

CDIC Chairman's Handing-over Ceremony

Remarks by Chairman Chin-Tsair Tsay

Vice Minister of Finance Mr. Lee, Chairman Dawn, Distinguished Guests, Fellow Colleagues:

Today it is with deep feelings of regret that I am standing before all of you to say goodbye. It is already some 40 years since I serve as a government officer and this year I have reached the age of retirement. As I look back on the slightly more than six years since I took up the chairmanship of the Central Deposit Insurance Corporation in August 2000, CDIC over its existence for 21 years has constantly kept Taiwan's deposit insurance system in step with local and foreign financial trends, and at certain stages in the process has actively introduced various innovations and reforms. In February 1999, for instance, the former voluntary system of deposit insurance was replaced with a comprehensive and mandatory one. In July of that year, the deposit insurance premium was changed from flat rate to a differential risk-based premium system. In terms of the financial safety net, the CDIC also actively played the role of risk manager as well as the executive institution of the exit mechanism for problem banking institutions. Since 2001, in discharging the responsibilities assigned to it by the Executive Yuan's Financial Restructuring Fund, CDIC enabled 48 problem financial institutions to successfully withdraw from the market, with the result that operating conditions within the financial sector as a whole greatly improved. CDIC's contribution in terms of

safeguarding the rights and interests of depositors and maintaining financial order has been universally recognized.

In order to implement the work of financial restructuring, after the interim measures that had been introduced by the Financial Restructuring Fund where deposits had been fully covered ceased to be effective in July 2005, CDIC returned to the previous system where the amount of coverage provided by deposit insurance was limited, thereby reflecting the normal operation of the market mechanism. CDIC has also actively referred to the mechanisms in use in advanced countries in the areas such as risk controls, replenishment of the deposit insurance fund and bank resolution, and made efforts on the amendments to the Deposit Insurance Act. This amended act is being deliberated by the Legislative Yuan. It is hoped that these new developments will cause the deposit insurance regulatory framework to be more complete, and that the financial safety net will be brought into a full play.

In order to enable Taiwan's deposit insurance system to be on the same page as its international counterparts, in May 2002 the CDIC joined the International Association of Deposit Insurers (IADI) as a founding member, and also participated in all IADI-sponsored activities and in the establishment of its governance and operational framework. In September 2005, as CDIC celebrated its 20th anniversary, its accomplishments in this regard were universally acknowledged by the IADI members. As it hosted IADI's 4th Annual General Meeting and International Conference in Taipei, CDIC was awarded IADI's first

“Deposit Insurance Organization of the Year” Award. Besides affirming the CDIC for its professionalism in handling deposit insurance, this award was immensely helpful in enhancing Taiwan’s image and enabling it to become more well-known in the international community.

Over the past six years, with the guidance of the competent authority, through the combined efforts of all of our excellent staff and with the support and encouragement received from the whole of society, the Central Deposit Insurance Corporation has smoothly promoted each of the activities in which it has been engaged, has completed the tasks assigned to it by the competent authority, and has successfully played its role as a financial safety net participant. In the future, under Chairman Dawn’s leadership and in view of his abundant experience, I am very confident that he will continue to lead CDIC in further strengthening the deposit insurance mechanism, in safeguarding the rights and interests of depositors, and in maintaining financial stability.

In closing, may I wish all of our officers, distinguished guests and colleagues good health and prosperity in the future! Thank you.