

20TH ANNIVERSARY COMMEMORATION (2002 – 2022) OF THE INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS (IADI)

The origin of the Deposit Insurance concept can be traced to 1933, with one of the first systems having been established in United States of America. Deposit insurance is a key aspect of the financial safety net system that is intended to promote financial stability in an economy. It is a guarantee that in the unlikely event that a financial institution is liquidated or closed, those depositors with insured deposits up to a stated amount (as determined by a respective deposit insurance authority) will be protected.

It has been established that the relatively unsophisticated depositors, many with very limited savings suffer the burden of a collapsed institution much more than others. This is because they are not aware of the performance of their respective financial institutions and are also financially vulnerable, hence the need to provide a cushion for them. Additionally, although they hold small deposits, they constitute a large percentage of depositors and could therefore, cause panic in the sector if they start lining up for their money, thus affecting financial sector stability. It was against this background that the drive to strengthen deposit insurance across the globe through the establishment of the International Association of Deposit Insurers (IADI), was conceived.

This year, the International Association of Deposit Insurers (IADI), is commemorating 20 years of existence. IADI is a platform where deposit insurers, financial safety-net players and international financial institutions from around the world work in collaboration to establish standards and promote best practices in the areas of deposit protection, bank resolution and financial sector stability. IADI was formed and incorporated in Basel, Switzerland on 6th May 2002 as a non-profit organization with a mission to share deposit insurance expertise with the world. This was done to enhance the effectiveness of deposit insurance systems by promoting guidance and international cooperation.

In his official message on the IADI website, Alejandro López, IADI's Acting President and Chair of the Executive Council noted that "IADI's achievements are the culmination of contributions and hard work of our IADI Members, Associates, Partners, our Secretariat staff, the Bank for International Settlements (BIS) and our fellow standard setters in the international financial system." López further noted that IADI has played an integral role as a safety-net standard setting body during times of financial crisis; established the IADI Core Principles for Effective Deposit Insurance Systems, assisted in the development of deposit insurance systems around the globe, introduced an extensive training and capacity building program for members, built the most extensive global database on deposit insurance in the world and the issued timely and focused research, guidance and policy papers. He added that the global financial crisis of 2007-09 and the Covid-19 pandemic have highlighted the crucial role of deposit insurance in promoting financial stability on both the local and global level.

The IADI structure has eight regional committees for Africa, Asia-Pacific, Caribbean, Europe, Euroasia, Latin America, Middle East & North Africa and North America which were created to reflect regional interests and common issues respective to the regions. The Africa Regional Committee (ARC) member jurisdictions are Angola, Ghana, Kenya, Morocco, Nigeria, Rwanda, Sudan Tanzania, Tunisia, Uganda, West African Monetary Union Deposit Insurance Fund and Zimbabwe. The associate members are Botswana, Mauritius and South Africa.



MR. ALEJANDRO LÓPEZ
AG. CHAIR OF THE EXECUTIVE
COUNCIL & AG. PRESIDENT OF IADI

The body has issued Core Principles of Deposit Insurance covering the following aspects;

- Principle 1: Public policy objectives
- Principle 2: Mandate and powers
- Principle 3: Governance
- Principle 4: Relationships with other safety-net participants
- Principle 5: Cross-border issues
- Principle 6: Deposit insurer's role in contingency planning and crisis management
- Principle 7: Membership
- Principle 8: Coverage
- Principle 9: Sources and uses of funds
- Principle 10: Public awareness
- Principle 11: Legal protection
- Principle 12: Dealing with parties at fault in a bank failure
- Principle 13: Early detection and timely intervention
- Principle 14: Failure resolution
- Principle 15: Reimbursing depositors
- Principle 16: Recoveries

Since its establishment in 2002, IADI has grown to 91 Members (deposit insurers), 9 Associates (central banks and other national authorities) and 17 Partners (not-for-profit national and international organizations). In the two decades of existence, IADI has and continues to fulfill its key objective of contributing to financial systems stability by promoting international cooperation in the field of deposit insurance and encouraging wide international contact among deposit insurers and other interested parties.



The Deposit Protection Fund of Uganda (DPF) provides Secretariat support for the ARC and the CEO, Mrs. Julia Olima Oyet, is the Secretary. DPF was established by the Government of Uganda to be a deposit insurance scheme for customers of Contributing Institutions. The Fund protects up to a limit of UGX 10million. It is therefore a great pleasure

for the Deposit Protection Fund of Uganda to join the rest of the global deposit insurance fraternity and particularly the African Regional Committee, to congratulate the International Association of the Deposit Insurers upon the twenty years of dedicated service. The Board, Management and staff of DPF extend their best wishes to IADI on this auspicious occasion.

*We wish IADI a happy commemoration
of the 20th Anniversary*

MR. BEN PATRICK KAGORO
BOARD CHAIRMAN
DEPOSIT PROTECTION FUND

MRS. JULIA CLARE OLIMA OYET
CHIEF EXECUTIVE OFFICER
DEPOSIT PROTECTION FUND

