



**The role of IADI in contributing to financial stability  
of the global financial system: support and benefits  
of joining the International Association of Deposit  
Insurers**

**By**

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**at the**

**IADI Africa Regional Committee Conference and  
Annual General Meeting Ensuring Financial Stability  
and Protecting Depositors in a Dynamic Financial  
Ecosystem**

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Good morning,

I am delighted to be with you here in Kampala in the beautiful country of Uganda also known as the "Pearl of Africa". The greenery, wildlife, and breathtaking landscapes make Uganda a true gem of the African continent and testament to the wonders of our planet.

However, Uganda's true wealth lies not only in its physical attributes but also in the warmth of its people. So let me express my special thanks to the Uganda Deposit Protection Fund for their generosity in hosting this conference and to Ben Patrick Kagoro, Chairman of the Board of Directors, and Dr. Julia Oyet, Chief Executive Officer of the Deposit Protection Fund of Uganda and Chair of the IADI Africa Regional Committee, Member of the IADI Executive Council, and Chair of the IADI Internal Control Council Committee.

I would also like to thank the Deputy Governor of the Bank of Uganda, Dr. Michael Atingi-Ego for his support in hosting this event, and the Honourable Matia Kasaija, Minister of Finance, Planning, and Economic Development, for her presence and for sharing valuable insights.

Deposit insurance plays a crucial role in preserving financial stability by providing a safety net for depositors and fostering confidence in the banking system. Financial stability refers to a state in which the financial system can successfully perform its key functions, including fund intermediation, risk management, and facilitation of economic growth.

Deposit insurance safeguards depositors by guaranteeing a specified level of coverage for their deposits in the event of a bank failure. This assurance helps to prevent bank runs and the erosion of confidence in the financial system. By assuring depositors that their funds are secure, deposit insurance contributes to maintaining financial stability, preventing contagion, promoting the overall soundness of the banking sector and fostering financial inclusion.

The importance of deposit insurance is often overlooked in times of business as usual. Its importance becomes evident in times of crisis when policymakers recognise the need to protect depositors and maintain confidence in the banking system. It was the Asian financial crisis in the late 1990s that prompted policymakers to initiate work on deposit insurance at the international level, which ultimately led to the establishment of the International Association of Deposit Insurers (IADI). IADI is hosted by the Bank for International Settlements and operates as an association under Swiss law. IADI began with 25 founding members and has since grown into a global organisation with nearly one hundred members.

Given the rapidly changing global financial landscape, limited resources, and the many competing priorities we all face, what are the benefits of IADI membership? How can a global organisation like IADI help deposit insurers effectively address their many challenges?

In my remarks this morning I will reflect on these questions and on IADI's role in contributing to the stability of our financial systems. Through its initiatives and collaborations, IADI seeks to assist authorities in building and strengthening their deposit insurance systems and crisis management and resolution capabilities in several ways.

1. **Global platform for cooperation:** IADI serves as a global forum where deposit insurers and other financial safety net actors, such as supervisors, central banks and resolution authorities meet to discuss and address issues related to depositor protection and financial stability. IADI welcomes safety net participants from around the world. Membership of IADI is open to deposit insurers from any country of the world, while Associate membership is also open to institutions that do not have a deposit insurance function but are actively involved in areas such as supervision, lender of last resort, or resolution and therefore have a keen interest in deposit insurance. IADI places depositor protection at the core of its mission, while recognising the interdependence and interconnectedness of safety net functions and the importance of effective cooperation. There are different designs for safety nets, and the functions may be separate or integrated in one or a few authorities. Regional Committees, such as the Africa Regional Committee, play a critical role in supporting knowledge sharing, cooperation, and coordination at the regional level and in ensuring that the perspectives of different regions are reflected in IADI's work. There are eight regional committees formed for geographical considerations, but also because jurisdictions in the regions often share similar institutional arrangements, making knowledge sharing particularly useful and relevant.
2. **A member-driven organisation:** IADI's committee structure provides numerous opportunities for active participation beyond membership on the Executive Council, IADI's governing body. Members can get involved at various levels by joining Council Committees (high-level committees established by the Executive Council), Technical Committees and temporary Working Groups. Participation is not restricted to Members. Associates may participate as observers in Council Committees and as full members in Technical Committees and Working Groups. Technical Committees and Working Groups operate primarily virtually, making participation more accessible to Members and facilitating active engagement and contributions from a wide range of stakeholders across jurisdictions.
3. **An ambitious analysis and research agenda:** IADI has an ambitious research and analysis agenda carried out by its Analysis Council Committee and its technical committees and working groups, covering a range of topics including digitalisation and financial innovation, cooperatives, differential premium systems and differential coverage, as well as climate-related financial risks, which are increasingly relevant to deposit insurers. The many analytical papers published by IADI on a range of forward-looking topics are a testament

of IADI's broad research agenda. IADI also actively engages with the academic community and organises regular research webinars to enable academics to discuss the latest research with deposit insurers and to ensure that members stay abreast of rapidly changing banking systems and can proactively prepare for future developments. Last year, IADI analysed the implications of the 2023 banking turmoil for deposit insurance and drew lessons relevant to the wider deposit insurance community. In preparing the report, IADI held outreach sessions with academics as well as senior policymakers from various stakeholder groups.

4. **Development of deposit insurance standard and policies:** In addition to its role as a knowledge-sharing forum, IADI is the international standard-setter for deposit insurance systems. Its Core Principles for Effective Deposit Insurance Systems ("Core Principles") are the international standard that sets out the characteristics of effective deposit insurance systems. The Core Principles were first developed in the wake of the 2009 Asian crisis and revised ten years ago. Earlier this year, IADI's Executive Council launched a second review of the standards. The aim is to ensure that the Core Principles keep pace with developments in financial systems and remain an ambitious and relevant benchmark for jurisdictions around the world. Beyond the Core Principles, IADI is developing more specific guidance and practice papers to assist Members in implementing the Core Principles. All Members have the opportunity to participate in this important work, which is carried out through IADI's Policy Council Committee and its technical committees and working groups, which cover a range of areas, including resolution, Islamic deposit insurance, as well as more narrowly defined topics such as reimbursement practices and the criteria to be applied to determine whether the use of deposit insurance funds for non-payout solutions is at least or lesser cost to the deposit insurer.
5. **Capacity building and knowledge sharing:** IADI supports capacity building programmes, training workshops and conferences to enhance the capabilities of deposit insurers around the world. On an annual basis, IADI offers intensive week-long training programmes for deposit insurance practitioners, as well as workshops to promote knowledge sharing on specific topics.
6. **Assessment of deposit insurance systems against international standards.** An assessment of a jurisdiction's deposit insurance system against international standards is a good way of identifying any weaknesses or areas where further improvements may be desirable. IADI supports the conduct of such self-assessments, including by identifying peers and experts among its members who can assist in such assessments.
7. **Technical assistance.** Where members need advice in developing their deposit insurance systems, the IADI Secretariat will provide assistance by identifying peers from the international deposit insurer community whose

systems may be comparable and have similar features. Today, 25 IADI members offer their advice to their peers, providing expertise and replicable practices on the 16 IADI Core Principles.

8. **Valuable resource on deposit insurance systems.** IADI collects a wealth of information and data, which is available to members and is a valuable resource for practitioners and policymakers.
  - a. **Access to the global deposit insurance database:** IADI maintains a comprehensive database of information on deposit insurance systems around the world, collected through annual surveys. This data can be used to inform the development and refinement of local deposit insurance policies and is also a valuable resource for analysis and research. IADI publishes a snapshot of the survey results on an annual basis. Full access well as the use of visualisation tools of the data for better analysis and understanding, is restricted to members.
  - b. **Database on bank failure resolution cases:** IADI is also thinking ahead in terms of data: IADI is in the process of establishing a bank resolution database. The objective is to provide members with access to detailed case studies to enable them to learn from each other's experiences in dealing with bank failures and to gain insights and best practices for managing similar situations.
  - c. **Repository of deposit insurance policies and procedures:** IADI is also building a repository of deposit insurance policies and procedures, i.e. a collection of members' rule books and procedures. The aim is to provide those deposit insurers who are in the process of developing similar policies and procedures (generally translated English versions) with useful references and comparisons from their peers.
9. **Collaboration with other international organisations.** While IADI primarily represents deposit insurers, it recognises that they are only one element of the broader financial safety net. Therefore, IADI places great emphasis on fostering close cooperation with other key players in the financial safety net and their respective international standard-setting bodies, such as the Basel Committee (for bank supervisors) and the Financial Stability Board (for resolution authorities). In organising training events, IADI works closely with other international financial institutions, such as the Financial Stability Institute of the Bank for International Settlements and the International Monetary Fund. IADI has in place partnership agreements with international and other international not-for-profit organisations that have interest in supporting IADI's efforts to enhance financial stability and promote effective depositor protection.

IADI operates primarily through its members and relies on their active participation and cooperation. The organisation consists of five Council Committees, eight Regional

Committees, eight Technical Committees, and several temporary working groups, all of which contribute to its work.

Last year, IADI's capacity building activities included 18 events, providing training opportunities for nearly 1,800 participants. This year, our projections show that we will complete 25 training events, reaching an impressive milestone of 2,500 participants, covering topics such as crisis management, deposit insurance funding, resolution, and depositor reimbursement. IADI also published five research and policy documents so far this year, with more to come.

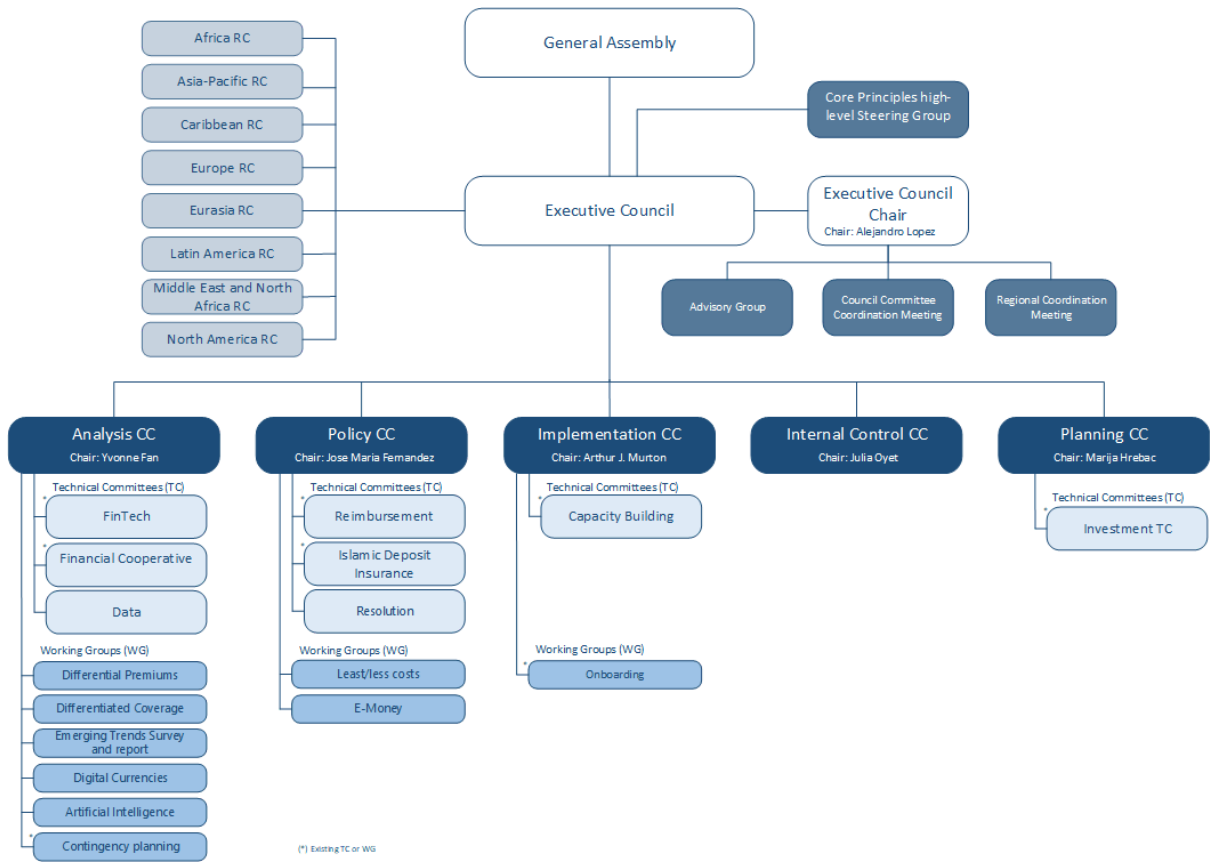
Despite its extensive activities, IADI operates with a modest Secretariat staff of 12 individuals. This lean team underlines the organisation's reliance on the input and cooperation of its members. To ensure the effectiveness of its initiatives, IADI values the input and feedback from its members. This enables IADI to better understand their needs, serve them more effectively, and involve them in its work.

IADI's operations are underpinned by effective governance arrangements, overseen by the Internal Control Council Committee (chaired by Dr Julia Oyet) and the Planning Council Committee, which oversees the budget planning process and ensures that IADI serves its members and meets the needs of its very diverse membership, given its limited resources as a member-funded institution.

In my remarks, I have tried to highlight the relevance and importance of IADI and the benefits of membership. If you are long-standing member, please take my remarks as an invitation to become more actively involved in IADI. For those who are not yet Members or Associates, this is an open invitation to join our unique community. IADI's uniqueness lies not only in its wealth of resources and expertise, but above all in its dedicated individuals. For many, it is this network of contacts around the world and the opportunity to meet and learn from each other on a regular basis that is the most valuable benefit of our organisation.

Thank you for your attention, and I wish you all a thought-provoking and fruitful conference and look forward to meeting you all in the coming days and hearing about the experiences and insights from the region.

# Annex:



(\* Existing TC or WG