



中央存款保險公司
Central Deposit Insurance Corporation



International Association
of Deposit Insurers

GLOBAL OVERVIEW OF FUNDING ISSUES FOR DIS

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IADI Funding Principles, Guidance & Research Papers

- IADI Research and Guidance Committee has released four principles/guidance papers and one research paper on funding related issues for deposit insurance since 2009

**Enhanced Guidance for Effective Deposit Insurance Systems:
Ex-Ante Funding** (June 2015)

**Revised Core Principles for Effective Insurance Systems –
Principle 9** (November 2014)

**General Guidance for Developing Differential Premium
Systems** (October 2011)

**Evaluation of Deposit Insurance Fund Sufficiency on the Basis
of Risk** (November 2011)

General Guidance for Funding of Deposit Insurance Systems
(May 2009)

Core Principle 9

SOURCES AND USES OF FUNDS

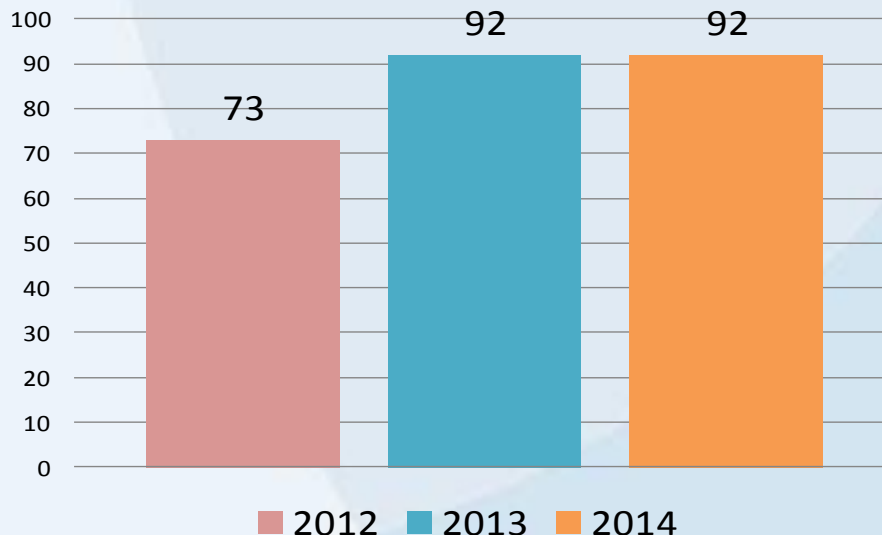
- The deposit insurer should have **readily available funds** and **all funding mechanisms** necessary to ensure prompt reimbursement of depositors' claims, including assured **liquidity funding arrangements**.
- Responsibility for paying the cost of deposit insurance should be **borne by banks**.



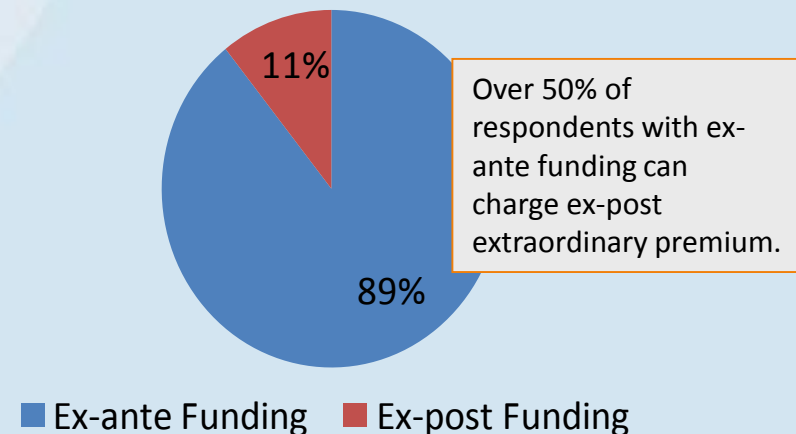
Ex-ante Funding Dominates

- More DIAs choose ex-ante funding over recent 3 years.
- 89% of respondents to the 2015 survey (data as of the end of 2014) collected premiums up front from the latest IADI Survey. Over 50% of the DIAs with ex-ante funding has ex-post provision by collecting extraordinary premiums.
- All DIs established after 2003 were funded ex-ante.

Ex-ante funding over the recent three years



Type of Funding in 2014



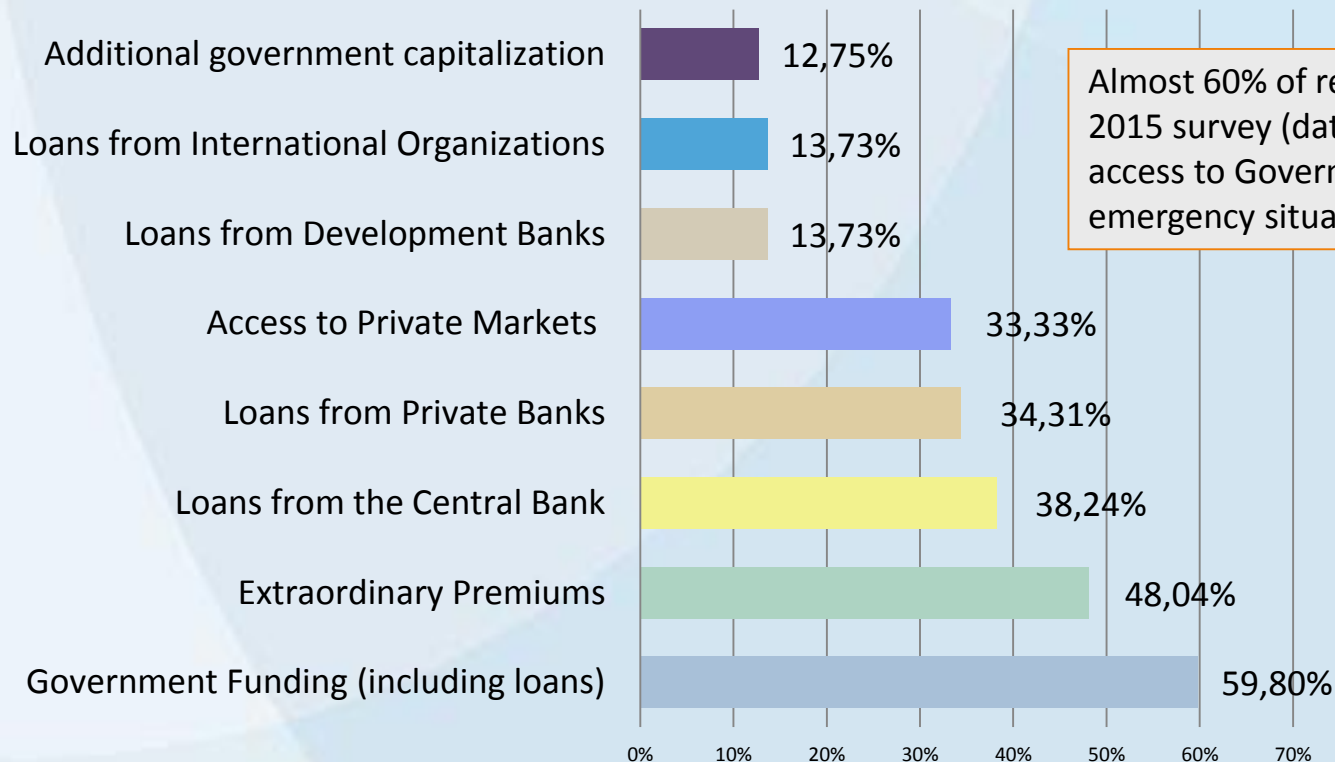
Liquidity Funding

Country	Liquidity funding	Country	Liquidity funding
Argentina	Borrow in market and require advanced premium payments	Indonesia	Government lending facility and recapitalisation facility
Brazil	Special premiums, advances, loans from private sectors	Japan	Borrow from central bank, in market or issue bonds with government guarantee
Canada	Borrow from the Government or markets	Korea	Borrow from government, central bank or market, issue bonds
France	Borrow in market and additional premiums	Mexico	Borrow from government, central bank or markets, impose extraordinary premiums, issue bonds
Germany	Borrow in market, extraordinary contributions from institutions	Russia	Issue bonds, increase premiums, unlimited government support
Hong Kong	Standby credit facility from the Exchange Fund	Singapore	Private sources or Monetary Authority of Singapore
India	Central bank supplementary financing	Turkey	Borrow from Treasury or central bank, advance payments from banks
Taiwan	Borrow from central bank or market	United States	Borrow from Treasury, Federal Financing Bank, Federal Home Loan Banks and insured depository institutions

Government Funding is Major Source of Back-up Funding

- Top 3 back-up funding sources are from government funding (including loans), extraordinary premiums and loans from Central Bank.
- For the EU member states, primary back-up funding is loans from private banks (62%).

Additional Back-up Funding



Almost 60% of respondents to the 2015 survey (data ends of 2014) had access to Government Funding for emergency situation.

Alternative Funding Mechanisms

- **Alternative Funding Mechanisms**
 - Provision of guarantees by deposit insurers
 - System-wide liquidity support facilities
 - Recapitalization programs
 - Wholesale debt guarantees
 - Bank-specific capitalization and asset purchase plans or guarantees
- **Stabilization Measures to Specifically Deal with a Systemic Crisis**
 - Protecting non-member financial institutions
 - Protecting uninsured financial products
 - Protecting insured products over deposit insurance limit

Extraordinary Depositor Protection Measures during Recent Financial Crisis

Country	Coverage Limit Increase	Premium Rate/System Change	Coverage Expansion	Full Deposit Guarantee	Extension of DIS Powers and Other Measures
Australia				X	
Brazil	X		X		X
France	X			X	X
Germany	X			X	X
Hong Kong				X	
Indonesia	X				
Italy					X
Korea			X		X
Netherlands	X				X
Russia	X	X			X
Singapore				X	
Spain	X				X
Switzerland	X		X		X
U.K.	X				X
U.S.A.	X	X		X	X

Save & Plan for a Rainy Day



"Into each life some rain must fall. Some days must be dark and dreary."

~ Henry Wadsworth Longfellow

**It's better to save money during good times, so you have it
when the rainy days show up.**

Comprehensive Funding Framework :

Ex-ante Funding

+

Assured Liquidity

+

Alternative Funding Mechanism

Panel 4: Alternative Financing Mechanisms

- **Topics**

- What does “alternative financing arrangements” mean?
- Possible options for alternative financing in transition period for both EU and no-EU countries
- Providing liquidity

- **Speakers**

- Vedrana Jelušić Kašić (EBRD)
- Isfandyar Zaman Khan (World Bank)
- Urs Sauer (Six-group)
- Lidija Perović (DIA, Serbia)