

# APEC Policy Dialogue on Deposit Insurance

KUALA LUMPUR, MALAYSIA  
FEBRUARY 16-18, 2004



Asia-Pacific  
Economic Cooperation

**CDIC**  
Canada Deposit Insurance Corporation  
A Leader in Deposit Insurance



## Welcome to the APEC Policy Dialogue on Deposit Insurance

**J.P. Sabourin**  
President and Chief Executive Officer  
Canada Deposit Insurance Corporation

February 16, 2004

## International Developments

### *Asia-Pacific Economic Cooperation*

- Deposit insurance contributes to financial stability
- There are new forms of risk associated with interdependence of modern economies
- There were reverberation of the financial crises in:
  - Mexico (1994-95)
  - Russia (1998)
  - East Asia (1997-98)
  - Argentina (2002)

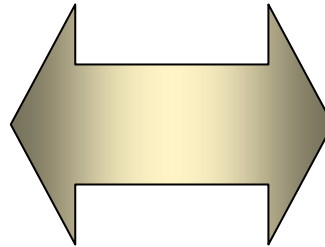


Improved mechanisms were needed to prevent and manage crisis

## International Developments

- Unexpected events can influence whole economies
  - In Canada: SARS, Mad Cow Disease (BSE)

Impact may  
be *local*



Economic challenges  
are *global*

# International Developments

## *Financial Stability Forum*

- Unite those responsible for different elements of financial stability
- Recognized need for sound deposit insurance
- Working Group on Deposit Insurance identified the need for an international association

**International Association of Deposit Insurers  
(IADI) created in 2002**



## Our Task

### *Component of APEC Finance Ministers' work program*

1. Unite senior policy makers and key government officials
2. Provide a forum for the "latest thinking" on emerging issues
3. Contribute to public policy development
  - Report to be presented to APEC Finance Ministers



## Our Agenda

### *Introductory Roundtable*

- Participants to make presentations to formally express their views on the Dialogue's main topics



# Indemnification

## *Legal Protection and Indemnification for Employees of Deposit Insurers and Other Financial System Safety-Net Players*

**J.P. Sabourin**

President and Chief Executive Officer  
Canada Deposit Insurance Corporation

- Legal protection of employees is not well-established in many countries
- Vigilance in carrying out mandates is often hampered



# Indemnification

## *Legal Protection and Indemnification for Employees of Deposit Insurers and Other Financial System Safety-Net Players*

**J.P. Sabourin**

President and Chief Executive Officer  
Canada Deposit Insurance Corporation

**Can an efficient international system of deposit insurance emerge if some insurers are indemnified and some are not?**





# Strengthening Governance Arrangements

## *Strengthening Governance Arrangements for Deposit Insurers*

**Stefan Ingves**

Director of the Monetary and Financial Systems Department  
International Monetary Fund (IMF)

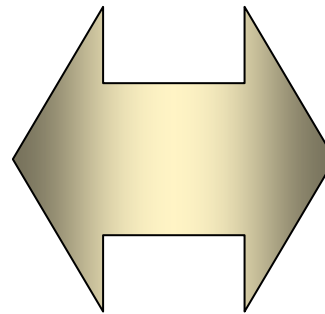


## *Interrelationships Among Financial Safety-Net Participants*

**John Raymond LaBrosse**

Secretary General  
International Association of Deposit Insurers (IADI)

Interdependence



- Mandate clarity
- Accountability
- Information sharing
- and coordination



## Interrelationships

### *Interrelationships Among Financial Safety-Net Participants*

**John Raymond LaBrosse**

Secretary General

International Association of Deposit Insurers (IADI)

**What are the preferred elements of a model framework for effective interrelationships between deposit insurers and other safety-net participants?**

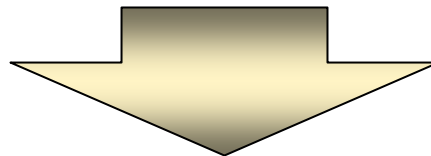


# Prompt Action & Trigger Mechanisms

**Christine Cumming**

First Vice-President  
Federal Reserve Bank of New York

- Framework for prompt action can:
  - Reduce costs
  - Contribute to system stability
  - Reduce possibility of financial crisis



Dependent on trigger mechanisms  
before losses are incurred



# Prompt Action & Trigger Mechanisms

**Christine Cumming**

First Vice-President  
Federal Reserve Bank of New York

**What kinds of trigger mechanisms are most effective?**

**What are the implications of these mechanisms for relations among deposit insurers and other safety-net participants?**



# Lessons Learned and Report First Draft

**David K. Walker**

Director, Policy and International  
Canada Deposit Insurance Corporation

- What we have learned from the Policy Dialogue
- Discussion of the first draft of the report to APEC Finance Ministers

## Guest Speakers

**Dr. Zeti Akhar Aziz**

Governor  
Bank of Negara Malaysia

**Rafiah Salim**

Director  
International Centre for  
Leadership in Finance

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