



International Association
of Deposit Insurers

10th ANNUAL GENERAL MEETING AND ANNUAL CONFERENCE

17-21 OCTOBER 2011

WARSAW, POLAND

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THE ROLE OF DEPOSIT INSURANCE SCHEMES IN FINANCIAL SAFETY NET

- What are the objectives of the DGS?
- What are the pre-conditions of the safety net?
- What are the relationships of the DGS in the safety net?
- What about investor and insurance policyholder schemes?
- Is the DGS the first or last resort?
- Has the role of the DGS been enhanced?



THE OBJECTIVES OF THE DGS

- To support consumer/market confidence
- To support financial stability
- To deliver protection
 - least cost/loss minimiser
 - paybox
- To promote awareness of the DGS
 - collaborate with regulators and industry
 - awareness of DGS “brand” or insurance/protection?



THE PRE-CONDITIONS

- IADI Core Principles for Effective Deposit Insurance Systems
- Legal framework
- Insolvency process
 - corporate
 - special regime
- Established and effective regulation



THE RELATIONSHIPS OF THE DGS

- Safety net players - Ministry of Finance, Central Bank, Supervisor, Resolution Authority
- Clear mandate
- Established powers
- Resourced and funded
- Independent, but accountable
- Agreed responsibilities
 - MoU
- Contingency planning
 - access to data (SCV)
 - payout reports



INVESTOR AND POLICYHOLDER PROTECTION SCHEMES

- Part of safety net
- Less systemic?
- Common issues
 - consumer protection
 - market confidence
 - consumer awareness
- Integrated scheme?
 - advantages and disadvantages
 - KDIC/MDIC/FSCS
 - EU DGS/ICS
 - FDIC
- Working relationship between schemes?
 - sharing information?
 - sharing resource?



THE LAST RESORT?

- Recovery before resolution
 - supervisory role responsibility
- Resolution
 - continuity/transfer of deposits or payout?
 - loss minimiser or paybox?
 - contribution to costs of resolution
- Contingency planning/collaboration



IS THE ROLE OF DGS ENHANCED?

- Determination to protect the tax payer
- Importance of role recognised in/after the crisis
- Additional powers and resource, improved operability
- Closer relationships with authorities
- Increased expectations