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# Welcoming remarks

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*Martin J. Gruenberg\**

## **SUMMARY OF WELCOMING REMARKS**

Prior to the crisis, deposit insurance was largely seen as a means for depositor protection. As a result of the crisis, it is now understood that effective systems of deposit insurance are essential to maintaining public confidence and financial stability, particularly during times of stress.

It was in response to this that the Financial Stability Forum, the predecessor to the Financial Stability Board (FSB) of the Group of 20 (G-20) countries, recommended, in March 2008, that national authorities develop a set of international Core Principles for Effective Deposit Insurance Systems, and utilize a draft set of Core Principles that had been developed by IADI as a starting point.

Pursuant to that recommendation, IADI and the Basel Committee on Banking Supervision (BCBS) then undertook a joint effort to develop a set of Core Principles, a project that was completed in June 2009.

IADI and the BCBS then collaborated with the International Monetary Fund (IMF) and the World Bank (WB), as well as the European Commission (EC) and the European Forum of Deposit Insurers (EFDI), to develop methodology for the implementation of the Core Principles.

That project was completed in late 2010, whereupon the Core Principles were added to the FSB's list of Key International Financial Standards, and were approved by the IMF and WB for use in their Financial Sector Assessment Program (FSAP) reviews of national systems of financial regulation.

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For the first time, we now have an internationally recognized set of standards for the operation of effective systems of deposit insurance that can be utilized for the purpose of FSAP reviews and national self-assessments. The FSB is now undertaking a thematic peer review of the deposit insurance systems of the G-20 countries, utilizing the Core Principles.

In order to advance the utilization of the Core Principles, IADI has sponsored training programs for the IMF and WB officials, as well as for officials of deposit insurers in all regions of the world.

Going forward, IADI will hold additional training programs on the Core Principles, as well as on other aspects of the operations at deposit insurance systems, such as risk-based assessments, funding, and governance. It is also developing a technical assistance capacity to assist deposit insurers with operational challenges, as well as expanding support for research on deposit insurance issues.

Deposit insurance has now achieved a new status of priority in the framework of international financial regulation, one that IADI is committed to support and enhance.