

IADI and the protection of depositors

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The International Association of Deposit Insurers (IADI) was established in May 2002 as an association under Swiss law, with its secretariat at the BIS in Basel. Its members are deposit insurers and other authorities responsible for deposit protection schemes. Its purpose is to contribute to the stability of financial systems by promoting international cooperation in the field of deposit insurance and by encouraging broad international contact among deposit insurers and other interested parties.¹ Membership has grown steadily and now includes deposit insurers from about ninety jurisdictions, together with associates and partners such as central banks and supervisory authorities.²

The main standard of IADI is the *Core Principles for Effective Deposit Insurance Systems*. The first version was issued jointly with the Basel Committee in June 2009 and was revised in November 2014.³ The Core Principles address the mandate and powers of the deposit insurer, its governance, the coverage of deposits, the funding of the scheme, public awareness, the reimbursement of depositors, the recovery of funds and the role of the deposit insurer in the resolution of failing banks. The FSB includes them in its list of key standards for sound financial systems, which is why the IMF and the World Bank use them in their assessments. In 2023 and 2024, IADI began a review of the Core Principles in the light of the bank failures of 2023, in which the speed of deposit withdrawals through online banking and social media surprised many authorities.⁴

Switzerland has a deposit protection scheme with a peculiar structure. It is organised by the banks themselves through the association *esisuisse*, which collects contributions from its members only when a payout becomes necessary, within a maximum system limit. The revision of the Banking Act adopted in 2021 and in force since 2023 shortened the payout period, increased the system limit and required the banks to deposit half of their contribution obligations in the form of securities or cash.⁵ The Swiss

system thereby remains closer to the self-regulatory tradition than the pre-funded schemes recommended by the IADI Core Principles. Esisuisse takes part in the work of IADI, which gives the Swiss approach a hearing in the international discussion, although it has not converted IADI to its model.

1 Notes

1. IADI Statutes; IADI website, "About IADI". To be verified. ↩
2. Number of IADI members according to the IADI website and its latest annual report. Figures to be verified. ↩
3. BCBS and IADI, Core Principles for Effective Deposit Insurance Systems, June 2009; IADI, revised Core Principles for Effective Deposit Insurance Systems, November 2014. To be verified. ↩
4. IADI, review of the Core Principles following the 2023 banking turmoil; consultation documents of 2024 and 2025. Status to be verified. ↩
5. Federal Act on Banks and Savings Banks (Banking Act, BankG), Articles 37h et seq. on deposit protection, as amended by the revision of 17 December 2021, in force from 1 January 2023; esisuisse, annual reports. To be verified. ↩

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