

OPENING REMARKS BY UMARU IBRAHIM, *mni*, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, NIGERIA DEPOSIT INSURANCE CORPORATION, AT THE 2ND IADI REGIONAL WORKSHOP ON “METHODOLOGY FOR ASSESSMENT OF COMPLIANCE WITH THE CORE PRINCIPLES FOR EFFECTIVE DEPOSIT INSURANCE SYSTEMS” HELD AT TRANSCORP HILTON HOTEL, ABUJA DECEMBER 13 – 15, 2011

Protocol

It is indeed my great pleasure to be in your midst today to give opening remarks on this IADI workshop with the theme “Methodology for the Assessment of Compliance with the Core Principles for Effective Deposit Insurance System”. I want to formally welcome our distinguished facilitators, Prof. Vijay Deshpande of the FDIC, United States of America, Ms Claire Mcguire of the World Bank, Mr. John M. Chikura of the Deposit Protection Fund of Zimbabwe, Mr. M. A. Mohamud of Deposit Protection Fund of Kenya as well as participants from various countries including Kenya, Zimbabwe, Lesotho, Sudan and Tanzania to the city of Abuja, particularly those visiting Nigeria for the first time. I also want to welcome our Hon. Minister of State for Finance, Dr. Yerima L. Ngama, our Chairman, Amb. (Dr.) Hassan Adamu, CON (*Wakili Adamawa*) and Members of our Board to this historic occasion.

Before I dwell on the theme of the workshop, I want to also seize this opportunity to, on behalf of the Board, Management and Staff of the Corporation, express our appreciation to the World Bank for funding this workshop, the leadership of IADI and indeed the entire IADI family for giving us the opportunity to host this very important workshop, which is the 2nd in the series organized by IADI. The first

workshop as you might have known was hosted by Albania in 2010 and Nigeria is now the first African country to be given, not only the hosting right, but for the country's DIS to be used as a case study for the assessment of compliance with the IADI Core Principles.

Hon. Minister, distinguished ladies and gentlemen, no doubt, the benefits to be derived from this opportunity of hosting this workshop and being assessed using IADI Core Principles are enormous. The Corporation, being the first African country to implement the Assessment Methodology, clearly indicates and confirms that the Corporation is an important member of IADI and a key player in the Nigerian financial safety net arrangement. The workshop would also provide the Corporation with the opportunity to assess its level of compliance with the Core Principles and would serve as a tool for implementing, reviewing or actively reforming its deposit insurance system. Other benefits include, identification of the strengths and weaknesses of our DIS and provision of basis for taking remedial measures; provision of opportunity for capacity building particularly in the area of application of the Core Principles on the mandates of the Corporation; provision of opportunity to create critical mass of DIS assessment experts within the Corporation and in the African Region that could be used worldwide; and positioning the Corporation as a key player in the reform agenda being implemented by the Central Bank of Nigeria and the Federal Government; among others.

Hon. Minister, distinguished ladies and gentlemen, it is imperative at this stage to give a brief background of how the IADI Core Principles came about. The idea

started in 2006 when the Basel Committee on Banking Supervision (BCBS) realized that an effective deposit insurance system could contribute to financial system stability. IADI then initiated the drafting of the Core Principles in 2007 and by June 2009, collaborated with BCBS and the European Forum of Deposit Insurance (EDFI) to develop and issue the Core Principles. In December 2009, the International Monetary Fund (IMF), the World Bank and European Commission joined IADI, BCBS and EDFI to set up a Steering Committee to develop a robust methodology for the assessment of compliance with the Core Principles. By December 2010, final Assessment Methodology was submitted to the Financial Stability Board (FSB) with a request to consider including the Core Principles in the compendium of Key International Standards for Sound Financial Systems. The FSB included the Core Principles into the compendium of the Key International Standards for Sound Financial Systems in April 2011. The draft Handbook to guide assessment of compliance with the Core Principles was developed in May 2011. It must be realized that the IADI Core Principles are benchmarks for assessing the effectiveness of the existing systems as well as for setting up of new systems in countries where they do not exist.

Distinguished guests, it will also interest you to note that the deposit insurance system in Nigeria, which is to be assessed for compliance with the Core Principles during this workshop, is the explicit type, established as a risk minimizer, with the mandates of deposit guarantee, supervision, distress resolution and liquidation. Little wonder that IADI found it most convenient amongst African countries to be assessed for its compliance with the Core Principles using the Assessment

Methodology developed for that purpose. The system in Nigeria was a founding member as well as pioneer Executive Council member of IADI. It also pioneered the Chair of the African Regional Committee (ARC) and possessed all the designed features of a typical deposit insurance system with broader mandates. It has been involved in distressed resolution with the use of the following main resolution methods, namely: Open Bank Assistance, Deposit Pay-Out, Purchase and Assumption, and Bridge Bank. Our experiences on these options are diverse, given our environmental circumstances and which we believe both the participants and facilitators would find very interesting.

I want to use this opportunity to call on our sister African countries with DIS, particularly those that are in the process of reviewing theirs and those in the process of establishing new systems to consider this workshop as a golden opportunity brought to our door steps. No doubt, it would enhance our understanding of the requirements for an effective deposit insurance system that we all have been yearning for.

Finally, I want to request our guests to make time out and visit the beautiful parks and gardens and other recreational facilities in and around Abuja before you leave.

On this note, I wish you fruitful deliberations.

December 13, 2011