

## Corporate Governance

Sound Governance continued to be one of the Corporation's expressed business strategies during the corporate planning period spanning the financial years 2006/07-2008/09. This is within the context of the Corporation's statutory obligations as they are prescribed in its governing statute; the Deposit Insurance Act; the Public Bodies Management and Accountability Act which governs all public bodies; the Financial Administration and Audit Act; and in such regulations and guidelines as are issued under these various statutes.

The Corporation's governance objectives were documented in Board Governance Policies (the Policies) approved by the Board in December 2005. The Policies are prescribed in four categories, namely Governance Process Policies to guide oversight responsibilities of the Board; Internal Controls Policies; Linkages Policies that define relationships with and responsibilities of the Chief Executive Officer; and End Policies to guide the Chief Executive Officer in the day-to-day management of the Corporation as the agent of the Board.

In furtherance of the Governance Process Policies, Board members remained compliant with the over-arching requirement for the exercise of judgment, independent of personal interests or undue influence, under the general common law and statutory duties of Directors of Boards to act honestly and in good faith in the best interests of the Corporation. In this regard also, members took steps to exercise the care, diligence and skill such as the reasonably prudent person would exercise in comparable circumstances.

A positive direction for most of the key macro-economic variables resulted in significant, but duly managed change, in the business

environment and operations of the Corporation's policyholders. Also, with enhanced regulations for public sector accountability, the symbiosis between ex-officio and appointed directors of the Board allowed for the most comprehensive deliberations and sound decision-making.

Key Internal Controls Policies were pursued through the work of the Audit Committee to ensure the efficient and effective management of the Corporation's resources and accountability of all persons involved in the management of the Corporation.

The year was marked by the departure, due to retirement, of the Chief Executive Officer, Mr. Winston Carr who had presided as the Corporation's Chief Executive Officer since its establishment in 1998. Mr. Carr demitted office on December 31, 2006. As a consequence Linkages Policies assumed particular significance with activities for the appointment of a new Chief Executive Officer who would be suitably qualified and capable of managing JDIC's affairs effectively and prudently. By January 1, 2007 the position of Chief Executive Officer was filled through a thorough and transparent process. The position was filled by Miss Antoinette McKain, the Corporation's Legal Counsel/Corporate Secretary thereby facilitating a seamless transition of the Corporation's day-to-day management.

End Policies were effected during the year with considerations given to a review of the scope of the Corporation's mandate with the impending introduction of credit unions to the Scheme and the review and sign-off on the Corporate Plan including the operating objectives, strategies and budgets. The Board also received the statutory annual Assessment of the adequacy of the Deposit Insurance Fund and saw the

commencement of work on the proposal for an increase in the deposit insurance coverage limit.

### **Board Composition, Meetings and Attendance**

There were no statutory changes in the composition of the Board or the number of Board members. The required number remained prescribed at seven. This number comprises three ex-officio members, namely the Governor of the Bank of Jamaica and the Financial Secretary (represented during the year by their nominees) and the Chief Executive Officer; and four appointed members including the Chairman.

The Board is statutorily required to meet at least six times during a calendar year. The Board met eight times during calendar year 2006 and for calendar year to March 2007 met on two occasions. In addition there were two special Sub-Committee meetings for the selection of a successor to the retiring Chief Executive Officer.

Board meeting attendance was satisfactory. Directors' fees for attendance were increased during the year.

### **Board Committees**

#### • **Audit Committee**

The mandate of the Audit Committee remained as prescribed in the Public Bodies Management and Accountability Act: that is, generally to advise the Board on the adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of the Corporation and to oversee the internal audit. The Audit Committee also remained guided by its own Terms of Reference.

The composition of the Audit Committee remained unchanged from the previous year with the three appointed Board members, namely David Lowe, (Chairman), Claremont Kirton and Dr. Michael Whittingham. The Ministry of Finance and Planning's representative remained Mr. Owen McKnight. The Committee met five times in the financial year and attendance at these meetings was good with rare absences by members.

The year began with a rigorous assessment of the outsourcing of the internal audit function. The Committee participated in the detailed review of corporate risk for the purpose of confirming the selection and agreeing on the audit work plan for the financial year, for the approval of the Board. In monitoring the ability of the Corporation to achieve the required standard performance against its targets, the Committee received and reviewed all internal audit reports with Management and the auditors, and systematically monitored follow-up action required by Management.

During the year the Committee undertook the review of all corporate compliance reporting, as new regulations and guidelines, in particular relating to public sector procurement of goods and services, were instituted by the Ministry of Finance and Planning and other relevant public sector agencies.

#### • **Investment Committee**

Given the expressed statutory duty of the Board to manage the Deposit Insurance Fund, the Investment Committee remained a critical arm for the efficient and effective oversight by the Board of this key aspect of the Corporation's mandate.

The Committee continued to be chaired by David Lowe and saw the addition of Board member Claremont Kirton. The other members of the Committee comprise the CEO, the Director of Finance & Corporate Services, the Director of Insurance & Risk Assessment and the Director of Claims & Recoveries.

The day-to-day management of the investment function continued to be undertaken by the Chief Executive Officer and the other members of the Executive Management Team through the Treasury Management Committee.

The Investment Committee met quarterly and carried out its work in keeping with the Investment Policy. Its work included reviews of the performance of key macro-economic variables, the international economic and investment

climate, Government of Jamaica's economic programme and local market conditions which dictate the investment climate.

The Committee also carried out oversight of the Corporation's automation of its treasury management function to allow for enhanced capacity.



#### **Other compliance areas**

Members of staff of the Corporation continued to observe and fulfill the requirements of the Corruption Prevention Act and the Declaration of Secrecy and Confidentiality under the Deposit Insurance Act. For the review year the Corporation fielded no enquiries under the Access to Information Act.

## Performance Scorecard

BUSINESS STRATEGY KEY INITIATIVE - 2006/07	PERFORMANCE AGAINST TARGET	FOLLOW THROUGH ACTIVITIES
<b>Proactive Readiness</b>		
To secure and consider key stakeholder input in proposals for legislative amendments and finalize proposals for submission to the Ministry of Finance and Planning (MOFP)	The Corporation received the advice of the Attorney General on the slate of proposals; and at year end these were ready for circulation in the policyholder community for comments.	Take industry comments into account; review other areas under consideration and include the current slate where required; then finalize and dispatch complete package to the MOFP.
Conduct Payout Modular and Insured Deposit Portfolio Transfer Simulations	In respect of Insured Portfolio Transfer project; policyholder, legal and business process documentation were substantially completed at year end. Planning for the Modular simulation was initiated but conduct deferred to 2007/08.	Conduct 'Modular' simulations. Re-open dialogue with policyholders to facilitate the development of the Depositor Data Information System and undertake the first of several 'Insured Deposit Portfolio Transfer' simulations.
Develop Payout Management Work Plans, Flow Charts and Check Lists	Development of the document commenced, with drafting in modular format. Six of the seven modules comprising this document were drafted, of which three were finalized.	Completion of the outstanding modules.
Develop Customer Service Representative Training Manual	Completed.	
Guidelines to give effect to Section 5(2)(d) deductions under the Deposit Insurance Act	Documentation of legal platform.	Development of operational guidelines.
Adjustment Guidelines	The Guidelines were substantially complete.	Agree modifications and sign-off.
Policyholder Record-Keeping Requirements Project	Completed the preliminary review of the related legislation, both of Jamaica and other jurisdictions, and the practices of some policyholders.	Articulation of JDIC information need. In collaboration with policyholders, assess the state of their records. Determine the necessity for legislation.
Development of Payout Application (ROADMAP Phase 1B)	The objective of this project is the development of a production-ready payout application. This is being undertaken in phases in collaboration with an Information and Communications Technology consultant. A comprehensive assessment of the application was completed during Phase 1A and this included several recommendations for Phase 1B production-ready status.	Implement recommendations thereby taking the ROADMAP to production-ready status.
Instructor's Payout Training Manual	This Manual is being compiled on a modular basis, comprising ten modules. Eight modules have been completed and the other two were in draft format.	Finalize the remaining two modules.

BUSINESS STRATEGY KEY INITIATIVE - 2006/07	PERFORMANCE AGAINST TARGET	FOLLOW THROUGH ACTIVITIES
Team Leaders' Orientation and Training	Specific training needs of Payout Team Leaders identified and appropriate training sourced through external providers. Re-prioritization of other projects/assignments resulted in an in-house orientation exercise, addressing the roles and responsibilities of Team Leaders, being rescheduled to FY 2007/08.	Further training for Team Leaders and the conduct of an orientation session.
Make preparations for the admission of credit unions to the Deposit Insurance Scheme	In-house preparation for the admission of credit unions ongoing. Further work awaits the finalization of Bank of Jamaica Regulations and specific directives from the Minister.	Upon receipt of Ministerial directives with respect to timing, finalize admission process and proceed to implementation. In the interim continue to collaborate with the main stakeholders to facilitate smooth transition.
Survey Comparative Compensation packages	This initiative is completed as improvements in salaries and benefits were approved and implemented during September 2006.	
Review staff compensation	This initiative is completed as approval was given by the Ministry of Finance and Planning for improvements in salaries and benefits. These were implemented during September 2006.	
Research and make recommendations on foreign investments	The research component of this assignment was completed, including the survey of the practices of deposit insurers and interviews with key players in the brokerage community. A 'Framework for Investments in Foreign Currency Denominated Securities' was developed and submitted to the Investment Committee for recommendation to the Board of Directors.	The Board submission will be made during Q1 FY 2007/08.
Review organizational structure and initiate succession-planning	Process initiated with the appointment of a new CEO effective January 1, 2007	Review to be continued for submission to Board in FY 2007/08.
Strong Partnerships		
Continue to work with Supervisor and policyholders to ensure adherence to information-delivery schedules	Further improvement with respect to delivery of information was achieved and renewed commitment to full collaboration secured.	Seek to maintain and enhance level of collaboration and information reach through formal and informal channels.

BUSINESS STRATEGY KEY INITIATIVE - 2006/07	PERFORMANCE AGAINST TARGET	FOLLOW THROUGH ACTIVITIES
Intervention Matrix Review	An Intervention Matrix Review Committee was established and it commenced a comprehensive review of the Guide to Intervention for Financial Entities (Intervention Matrix).	Dialogue with other Safety Net Players with a view to enhancing the Matrix.
Information and Communication Technology		
Automate the Treasury Management System	The Treasury Management Committee selected KRYs Financial Limited to do a 30 day Trial Run of the KRYs financial software (Investment Software). Customization, installation and staff familiarization with the software was undertaken. A Treasury Systems Project Committee was established to review the project and see to the successful implementation of a treasury management solution.	The acquisition and implementation of the KRYs Financial software is to be undertaken during FY 2007/08.
Fully Implement Accounting Software  Acquire Fixed Assets Management Software  Establish Enterprise Management Infrastructure  Implement Record Management System  Implement Business Management Reporting Infrastructure  Establish Data Centre	The Requests for Proposals prepared by the Consultant, were completed and are being held until an assessment is made on the management of the Information and Communication Technology capabilities and systems of the Corporation.	This is to be undertaken by a new Manager, Information Technology to be appointed in the first quarter FY 2007/08.
Implement Roadmap II	Work continued on the Payout Applications Project and the finalization of the production-ready applications was deferred to FY 2007/08.	Initiative deferred until Payout Applications Project has been completed.
Prepare Disaster Recovery and Business Continuity Plan and Manual	The process of selection of the Consultant to assist in defining the procedures and the preparation of the manual was completed with the appointment of Deloitte Touche Tohmatsu.	This initiative will commence on the appointment of a Manager, Information Technology and is projected for completion in FY 2007/08.



BUSINESS STRATEGY KEY INITIATIVE - 2006/07	PERFORMANCE AGAINST TARGET	FOLLOW THROUGH ACTIVITIES
<b>Sound Governance</b>		
Board Governance Policy	Review and finalize policies.	Target moved to FY2007/08.
Implement facility maintenance schedule	A maintenance schedule, which details the majority of maintenance work to be undertaken in the Corporation, was completed. This will be used to control the maintenance activities. The internal maintenance work is being carried out and work is progressing on the appointment of contractors for the critical operating areas, such as PBX, Computers and Equipment.	Maintenance activities are to be continued during FY 2007/08.
Enterprise Risk Management framework development	Identified framework elements	Target deferred to FY 2007/08.
Comply with Access To Information Act (ATI)	No requests for access to information were made during the review period.	
Pension Scheme development for JDIC staff	Researched and advised on type of schemes.	Target deferred to FY2007/08.
<b>Public Awareness</b>		
Sustain public awareness campaign through public relations, advertising and promotions.  Intensify the effort to obtain greater involvement of the main stakeholders in the public education programme. Conduct formal and informal market surveys and make adjustments to the programme where dictated	Major outreach activities were pursued during the year with the cooperation of policyholders. A formal survey suggests a significant improvement in awareness about JDIC. However, the data also suggested that there is room for improvement in dissemination of information through policyholders, and that the reported awareness is not well-grounded in adequate knowledge about the scheme.	Seek to further increase the level of public awareness and expand knowledge and understanding of the Deposit Insurance Scheme; through proven channels and with particular emphasis on greater collaboration with policyholders and wider outreach to small community-based groups.
Review and enhance Payout Communications Manual	Activity rescheduled to facilitate input from Communications Simulation scheduled for second quarter of 2007/08.	Complete Manual in latter half of 2007/08 incorporating information from Simulation exercise.
<b>Ongoing Activities</b>		
Continue to execute the risk assessment process within the rubric of the Risk Assessment Framework (RAF), now fully operational; and keep the process under constant review and refinement	The risk assessment process was effected and management and the Board kept informed on the state of the insured institutions as required. The process also served to inform the Fund Evaluation exercise and the examination of the adequacy of the Coverage Limit.	Continue and deepen risk assessment process, and pursue software acquisition to support analysis.

BUSINESS STRATEGY KEY INITIATIVE - 2006/07	PERFORMANCE AGAINST TARGET	FOLLOW THROUGH ACTIVITIES
Conduct a full-scale review of the present structure and level of the Deposit Insurance Coverage Limit; to determine its continued adequacy relative to the primary objectives of the Scheme	A six-month research project was undertaken, and a paper 'A case for adjustment in the Deposit Insurance Coverage Limit' developed. At year-end the Corporation was in a position to advise the Minister of its recommendation to double the coverage limit to \$600,000.	In light of the acceptance of the recommendation; monitor all required amendments and make necessary adjustments to programmes and promotional material.  A second-level examination on the structure and coverage of specific deposit products to be conducted to make a determination on the continued applicability of such coverage.
Conduct a comprehensive evaluation of the Deposit Insurance Fund to determine its adequacy in relation to the risk to which it is exposed	The Annual Evaluation of the Deposit Insurance Fund was completed at the end of the third quarter. The Fund was deemed adequate; but the Corporation, taking a conservative approach, accepted the recommendation for an upward adjustment of the notional Fund Target from 2-2.5% to 5%.	Annual Evaluation to be conducted in accordance with the Corporate Plan.
Review /rewrite of Rules of Coverage	A full review of the Rules of Coverage has now been substantially completed, and rescheduled to facilitate capturing any nuances from pending review of select elements of the Scheme.	A full rewrite, which will capture outcome of related research work to commence 2007/08.
Complete discussion paper on Flat versus Differential Premium Assessment System for comments from Regulator	The decision has been taken to align the timetable for conducting research on Differential Premium more closely with those of other, related areas of research.	The project has been rescheduled for continuation outside of this 3-year planning period.
Research on specific elements of the DIS: - Coverage of negotiable instruments - Coverage of contingent liabilities - Product classification and Deposit Insurance Register	Preliminary research completed indicates the need for a much broader scope in the execution of these projects.	Work now scheduled for continuation in 2007/08 within discrete project plan.

## Membership and System Performance

Under the Deposit Insurance Act, 1998 membership of the Deposit Insurance Scheme is mandatory for all deposit-taking financial institutions licensed under the Banking Act, the Building Societies Act and the Financial Institutions Act. During the year the number of policyholders declined from fifteen (15) to fourteen (14) with the exit of Citimerchant Bank Limited under a scheme to transfer the assets and liabilities of the merchant bank to the parent entity, Citibank N.A., Jamaica Branch with effect from 31 October 2006. The policyholders as at March 31, 2007 were:

### COMMERCIAL BANKS (6)

Bank of Nova Scotia Jamaica Limited  
Citibank N.A.  
FirstCaribbean International Bank (Jamaica) Limited  
First Global Bank Limited  
National Commercial Bank Jamaica Limited  
RBTT Bank Jamaica Limited

### BUILDING SOCIETIES (4)

FirstCaribbean International Building Society  
Jamaica National Building Society  
Scotia Jamaica Building Society  
Victoria Mutual Building Society

### FIA LICENSEES (4)

Capital & Credit Merchant Bank Limited  
DB&G Merchant Bank Limited  
MF&G Trust & Finance Limited  
Pan Caribbean Merchant Bank Limited

## PERFORMANCE

The policyholder market composition (commercial banks, building societies and FIA licensees) remained unchanged throughout the period under review, as credit unions remained the sole deposit-taking sub-sector outside the Deposit Insurance Net. On March 5, 2007 the Citimerchant bank surrendered its deposit-taking license and thereafter, cancellation of its Policy of Deposit Insurance was effected.

Other matters of significance included the pending change of name and operation of Pan Caribbean Merchant Bank (PCMB) and Bank of Nova Scotia's acquisition of majority shareholding in Dehring Bunting and Golding. In April 2006 the Minister of Finance approved the granting of a license under the Banking Act to PCMB; and upon completion of the operation and name change exercise, PCMB's existing license under the Financial Institutions Act will be surrendered. By December 2006 the Bank of Nova Scotia Jamaica Limited was confirmed as the majority shareholder of Dehring Bunting & Golding. Dehring Bunting & Golding Limited is parent company to DB&G Merchant Bank, which is an FIA licensee and a JDIC policyholder.

### Earnings

For the twelve-month review period ended March 31, 2007 the banking sector reported a combined un-audited pre-tax profit of \$4,716 million, which reflected an increase by \$172 million or 3.8 per cent over the previous year's \$4,544 million. The banking sector's improved earnings were in large measure influenced by increased net interest income (NII). However, the improved profit did not translate to enhancement in profit margins, as the pre-tax profit margin was computed at 24.9 per cent (2005/06: 29.4 per cent).

The sub-sectors exhibited mixed profit results. The commercial bank sub-sector recorded growth (15.6 per cent, or \$537 million) in pre-tax profit to total \$3,989 million as at March 31, 2007. In contrast both the building society sub-sector and the FIA licensee sub-sector recorded declines by 36.3 per cent (or \$259 million) and 28 per cent (or \$106 million) respectively to total \$455 million and \$272 million. Consequently, the portion of sub-sector pre-tax profit comprising the banking sector's total was reallocated upwards in respect of the commercial bank sub-sector, which continued to account for the largest contribution, being 84.6 per cent (76 per cent of total in 2005/06). Conversely, the building societies sub-sector accounted for a lesser 9.6 per cent of the sector's total (15.7 per cent of total in 2005/06) as also the FIA licensees sub-sector which contributed a reduced 5.8 per cent of total (8.3 per cent in 2005/06).

With the growth of core business, the banking sector's revenue generation was boosted. Interest income grew by \$1,217 million or 9 per cent while revenue derived from fees, service charges and commissions (non-interest income) grew by \$286 million or 7.4 per cent. As a result, total revenue within the banking sector improved by \$1,503 million or 8.6 per cent to total \$18,939 million. The increase in total revenue was consistent with the previous year's \$1,533 million or 9.6 per cent.

Generally, the cost of doing business rose over the one-year period. The banking sector's overall expenses grew by \$1,210 million or 9 per cent to sum \$14,702 million for the period ended March 31, 2007. The movement in total expenses was mainly attributable to a rise by \$747 million or 9.2 per cent in overhead costs (mainly staff costs) to total \$8,888 million or 60.5 per cent of total expenses. As well, interest expense climbed by approximately 9 per cent or \$463 million to total



\$5,814 million at review date. However, declines in market rate appeared to have mollified interest expense, especially when assessed in relation to a near 12 per cent increase in deposit base. The banking sector's efficiency ratio [overhead expenses/ (Net Interest Income + Other Revenues)] was estimated at 67 per cent, and as in the previous years remained outside the international benchmark ceiling of 60 per cent.

### Balance Sheet

Total asset expansion within the banking sector continued unabated. Between reviews, total assets (including contingent liabilities) within the banking sector grew by approximately \$73,694 million (13.8 per cent as against 10.7 per cent in 2005/06) to total \$608,561 million as at March 2007; the key source of funding being growth in deposit liabilities and borrowings. All asset categories reflected growth, with the exception of 'securities purchased with a view to resale' which declined by \$104 million. The increase in the sector's asset base was most evident in loans & advances (net of provisions) which rose by 25.4 per cent or \$44,610 million to total \$220,428 million or 36.2 per cent of total assets as at March 31, 2007. Loans & advances became the dominant asset category, overtaking investments and thereby reversing a longstanding trend; as the policyholders responded to the downturn in the market yield on investment instruments. Investments<sup>3</sup> grew by 6 per cent or \$11,505 million to total \$204,465 million or 33.6 per cent of total assets.

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<sup>3</sup>Investments does not include Securities Purchased with a view to resale.

The banking sector's statutory capital base was augmented by approximately 10 per cent (\$5,152 million) bringing the total to \$56,923 million at review date. The primary ratio (capital base to total assets) was computed at 9.4 per cent as against 9.7 per cent in 2006 as the increase in total assets (13.8 per cent) outpaced the increase in capital base (10 per cent). Nonetheless, the banking sector's primary ratio continued to be sufficiently above the prudential minimum of 6 per cent and augured well for the adequacy of core capital as a risk buffer within the sector. Credit quality was generally sound as indicated by the ratio of non-performing loans to total loans (gross) being 2.4 per cent and the ratio of non-performing loans to capital plus provisioning being 8.7 per cent, both ratios being well below the respective prudential ceilings of 10 per cent and 20 per cent.

The six (6) commercial banks collectively remained predominant within the policyholder market. The sub-sector reported total assets of \$452,424 million which accounted for a 74.3 per cent share of the market in respect of total assets. Customer deposits of \$281,935 million represented 62.3 per cent of total assets and accounted for a 75.6 per cent share of the banking sector's total deposit base. The sub-sector also dominated as credit provider, having extended over 73.1 per cent or \$161,127 million (net of provision) of the banking sector's total loans. Foreign currency loans of \$66,536 million accounted for 40.5 per cent of the sub-sector's loan portfolio.

Between April 1, 2006 and March 31, 2007, the asset base (including contingent liabilities) of the four (4) building societies aggregated \$108,738 million, consequent on a 17.5 per cent (or \$16,181 million) expansion over the previous year's

\$92,557 million. Asset base as a percentage of the banking sector's total moved up by 60 basis points to 17.9 per cent (2005/06: 17.3 per cent). Loans, which comprised predominantly residential mortgages, increased by \$8,270 million or 21.9 per cent to total \$45,951 million (net of provisioning) assisted by general increase in the price of real estate as well as the access to increased funding through the National Housing Trust (NHT) afforded borrowers. Savings Fund grew by 15 per cent or \$9,927 million to total \$75,992 million at review date and remained the sub-sector's primary funding source, comprising largely shareholders' savings.

Given the miniscule share of the FIA Licence sub-sector's asset base previously held by Citimerchant, this policyholder's exit had no

impact on the performance of the sub-sector. The sub-sector's asset base grew by \$153 million or 32 basis points to stand at \$47,399 million, but represented a 1 per cent drop in market share from 8.8 per cent in 2005/06 to 7.8 per cent, thereby retaining the smallest share of the banking sector's total assets. Within the merchant bank sub-sector, investments (\$26,476 million) continued as the dominant asset category accounting for 55.9 per cent of total assets but represented a substantial shift from \$32,772 million or 69.4 per cent in 2005/06 as the sub-sector rebalanced the asset portfolio in favour of loans. As such, the sub-sector's loans & advances amounted to \$13,350 million or 28.2 per cent of total assets as against \$8,925 million or 18.9 per cent in 2005/06.

## International Relations



**Representatives from IADI member institutions pose with Sheila Bair, Chairman of the Federal Deposit Insurance Corporation (FDIC), (Front row 8th from left), following Chairman Bair's address to the group at the end of IADI'S Strategic Planning Session hosted by the FDIC.**

As a founding member of the International Association of Deposit Insurers (IADI), the Jamaica Deposit Insurance Corporation (JDIC) remained active in IADI's programmes, during the Association's fifth year of operation. Participation in the international network continued to be mutually beneficial, through exchange of information at the level of the Association as well

as collaboration among member agencies.

With the change of leadership at the JDIC, the Corporation's representation at the Association also changed, as Miss Antoinette McKain, JDIC's CEO effective January 1, 2007, was invited to the membership of the Executive Council and relevant Standing Committees and assumed the Chair of

the Caribbean Regional Committee. The Association, through President J.P. Sabourin, paid tribute to the contribution of outgoing member Winston Carr and simultaneously welcomed Miss McKain, expressing the confidence that under her leadership JDIC will continue to be a valued contributor to the work of IADI. During the year, a seventh Standing Committee – specifically for dealing with legal affairs – was established and Miss McKain appointed as its Chairman.

Highlights of IADI activities for the year included the Fifth Annual Conference; IADI's strategic planning exercise; work on a number of research papers coordinated by the Research and Guidance Committee; and the co-hosting with the Federal Reserve Bank of Chicago, of the Ninth Annual International Banking Conference, International Financial Instability: Cross-Border Banking and National Regulation.

The Fifth Annual conference was held November 2006, in Rio de Janeiro, Brazil under the theme '*Raising the Bar.*' The occasion was used to showcase the work and development of guidance. Papers presented addressed such areas as Governance; Funding; Effective Deposit Insurance Mandate; and Claims and Recoveries.

The Canada Deposit Insurance Corporation (CDIC) became the second recipient of the Deposit Insurance Organization of the Year Award, in a presentation made at the Annual Conference.

CDIC is a founding member of IADI and has contributed significantly to the sound growth and development of the Association. In particular, during 2006/07, a number of CDIC staff members were very active in, and integral to, several research projects aimed at enhancing deposit insurance effectiveness.

Strategic planning was given preferred attention, as after five years since establishment, the Association sought to take stock, review its accomplishments, and chart the course for the next 3 to 5 years. The planning session was hosted by the FDIC in Washington D.C. from February 26 to March 2, 2007 and arising from these deliberations some key strategic thrusts emerged, covering broadly:

- **Training and Development**
- **Research and Guidance**
- **Databank maintenance**
- **Governance and expansion of Secretariat services**
- **Promotion and Branding of IADI**
- **Communication.**

At the end of the year, March 31, 2007, there were ninety five (95) deposit insurance systems in operation worldwide, with a further eleven (11) pending and an additional twelve (12) planned or under serious study. Of the operating institutions 47 were IADI members.