

JAMAICA DEPOSIT INSURANCE CORPORATION



GUARANTEED DEPOSITOR PROTECTION

*25 Years
and Beyond*



OUR VISION

To contribute to the highest levels of financial consumer protection and financial system confidence and stability in Jamaica and support financial stability of the Caribbean region by leveraging Financial System Safety Net partnerships.

OUR MISSION

In contributing to confidence and stability in Jamaica's financial system the Jamaica Deposit Insurance Corporation:

- Protects depositors against loss of their insured deposits
- Facilitates the resolution of non-viable Deposit Taking Institutions in cooperation with the Financial System Safety Net Agencies
- Promotes financial consumer education and financial inclusion
- Supports the enhancement of financial consumer protection initiatives
- Manages the Deposit Insurance Fund

To execute its Mission, the Corporation will create a knowledge management environment which promotes excellence in professional and technical expertise acknowledging employees as our internal customers and allowing them to realize their full potential.

OUR CORE VALUES

ACCOUNTABILITY

We accept the mission, our role and responsibilities and carry them out compliant with applicable laws and agreed policies, strategies and priorities and do so in a transparent manner.

INTEGRITY

We adhere to strong moral and ethical principles in furtherance of the mission, and in carrying out our role and responsibilities.

PROFESSIONALISM

We exercise due skill, good judgement and adopt appropriate standards of best practices, communicating effectively to ensure the highest level of productivity in the performance of our duties.

TEAMWORK

We preserve an environment of collaborative efforts, respect and mutual support, where our best solutions come from embracing each employee's unique expertise, skills and talents.

ADAPTABILITY

We actively pursue the objectives of the Corporation, giving timely and appropriate identification and responses to changes in the operating environment and monitor productivity to improve our operations in pursuit of ensuring value to the financial system safety net for the benefit of depositors and other customers of the financial services.

MESSAGES

Providing the highest level of coverage possible to small depositors

Congratulations to the Jamaica Deposit Insurance Corporation (JDIC) on their 25 years of service in the finance sector. The JDIC emerged in the sector at a critical juncture to improve the regulatory framework of the local industry to build resilience and encourage local growth.



A major partner in the financial service network within the Ministry of Finance and the Public Service, the Corporation provides the highest level of coverage possible to small depositors. This gives confidence in deposit-taking institutions and encourages stability in the nation's financial sector while having a clearly defined system for dealing with problems which may arise in insured financial institutions.

Indeed, the JDIC is more than a regulator, but a major stakeholder in our communities through labour day projects, financial fairs and training aligning with your values and mission of making Jamaica stable and being there for the people of your country. Thank you for being a part of the society through corporate social responsibility, improving Jamaica and its people.

You are also critical to our financial inclusion with digital payments, sharing your recommendations on why it is a good path to take for the future. I urge you to use public education to inform citizens that financial inclusion will offer better service in access, choices of payments, infrastructures for clearing and settlements and most importantly consumer protections.

The JDIC, since its inception on August 31, 1998, has achieved several milestones which have served to strengthen Jamaica's financial health. From being a founding member of the International Association of Deposit Insurers (IADI), which facilitates the sharing of knowledge and expertise among Deposit Insurers, to enhancing the effectiveness of Deposit Insurance systems to also increasing Deposit Insurance coverage and having easier access to deposit insurance payments through transfer agents.

Another journey continues. I wish you greater success as you continue your mission to protect deposits for our citizens.

The Most Hon. Andrew Holness ON, MP
Prime Minister

Supporting a robust financial sector

On August 31, 2023, the Jamaica Deposit Insurance Corporation (JDIC) celebrated its 25th anniversary of service to the people of Jamaica. I am delighted to join JDIC in celebrating this significant milestone.



JDIC was established as one of the modern institutional mechanisms supporting a robust financial sector, in tandem with the significant strengthening of the regulatory framework governing our financial system. For a quarter of a century, the JDIC has provided the assurance that savers' funds are safe and sound, quietly contributing to the stability and resilience of Jamaica's deposit-taking system.

The success of the JDIC over the past twenty-five years is, perhaps paradoxically, underscored by the fact that it has not been called on to bail out depositors. Its very existence, reinforced by its sustained growth over time as its asset base expands, generates the confidence that has helped to ensure that its resources are not called upon.

I have no doubt that the JDIC will continue to play an important role in Jamaica's economic architecture, safeguarding the nation's financial well-being and contributing to our progress.

As we celebrate this occasion, let us not only recognize the achievements of the past but also look forward to the future. May the JDIC continue to thrive, adapt and evolve, embracing the challenges and opportunities that lie ahead.

Congratulations on your 25th anniversary! I anticipate your continued success in the years to come.

Mark J. Golding, MP
Leader of the Opposition



Maintaining public confidence in our financial system

The period in our economic history that precipitated the establishment of the Jamaica Deposit Insurance Corporation (JDIC) was undoubtedly a painful one for many Jamaicans who were negatively impacted. Many lessons have been learned since then and the JDIC, which protects Jamaican depositors, is one of the key entities that today, play a vital role in maintaining public confidence in our financial system. For twenty-five years, the JDIC has fulfilled its mandate by contributing to the strengthened supervisory and regulatory framework of Jamaica's financial sector.

The Government of Jamaica is committed to the goals of economic independence, expansion of economic opportunity for all, and protection of society's most vulnerable. The achievement of these goals requires, as a prerequisite, a safe and sound financial system. As such, the JDIC's role in promoting a financial system that is characterized by predictability, transparency, stability and integrity is paramount.

I would like to extend my congratulations to the Jamaica Deposit Insurance Corporation on your 25th Anniversary, and for playing such an integral role in building and maintaining the confidence held by many in our financial system. I am confident that the JDIC, for the next 25 years and beyond, will continue to build the public's assurance that our financial system is sound, competitive, and credible.

The Hon. Nigel Clarke, DPhil, MP
Minister of Finance and the Public Service

Chairperson's Message



Myrtle Halsall, OD
Chairperson, Jamaica Deposit
Insurance Corporation

August 31, 2023, marked a momentous occasion for the Jamaica Deposit Insurance Corporation (JDIC), as this date makes it twenty-five (25) years since JDIC's establishment. Importantly, it is another opportunity for the organization to look forward in pursuit of the continued enhancement of its operations to ensure the greatest levels of protection for depositors' funds in an environment moving rapidly towards the digitization of financial services.

Established in 1998 by the Government of Jamaica (GOJ), with the passing of the Deposit Insurance Act, the Corporation is mandated to manage the Deposit Insurance Scheme (DIS) for the protection of depositors in Jamaica in the event that their bank or other insured deposit-taking financial institution fails and is unable to make any payment on deposits it holds for its customers. In this role, JDIC is part of Jamaica's Financial System Safety Net framework together with the Bank of Jamaica, the Financial Services Commission and the Ministry of Finance and the Public Service, and so plays a critical role in contributing to financial system confidence and stability in the country.

As we, the Board of Directors, Management, and Staff of the JDIC, mark this milestone, I take this opportunity to remind Jamaica that our country's banking system has remained resilient since Jamaica's financial system crisis of the mid-1990s, and it was also successfully tested during the Global Financial Crisis of 2007-2009. This resilience was facilitated by the various undertakings and initiatives supported by enhancement to the legal frameworks implemented by financial system safety net authorities to enhance the monitoring and regulation of financial institutions' condition and

performance and the resolution of non-viable ones. This included JDIC's role in managing the Deposit Insurance Scheme in Jamaica in a manner that continues to bolster the confidence of depositors and supports financial system stability.

This resilience and stability are manifest in there being no bank failure over the last 25 years. This stability, together with the sound management of the Deposit Insurance Fund saw this grow from \$44.3 million at the end of March 1999 to \$35.0 billion in 2023. The JDIC coverage limit was increased on three occasions during the period to ensure that it was able to remain credible in the context of the erosion of values with inflationary pressures and exchange rate devaluations. The coverage limit is now \$1,200,000 for each depositor per ownership category in each financial institution, and this limit fully covers 97 percent of deposit accounts within the banking system at 2022.

Importantly, the past 25 years have also been characterized by the effects of contemporary economic globalization (which started around the 1980's), with the interdependence of world cultures and economies involving trade in goods and services, capital flows, and trade in assets, the transfer of technology and ideas and international flows of labour or migration, all being supported by the globalization of financial markets. Naturally, over the period of the successes of the JDIC financial contagion risk has increased exponentially for all countries, and no less for Jamaica. The JDIC has pursued strategies and initiatives cognizant of these risks. These include: focusing on financial system crisis preparedness and management systems and public education and awareness taking into account international standard of best practices and the nuances of local financial markets. To ensure that the JDIC's ability to remain responsive to the continuing risks is sustainable, it also focuses on seeking to provide an enabling environment to support the recruitment, development, and retention of a core cadre of officers who are experts in deposit insurance, financial regulation, and resolution of non-viable financial institutions.

The Board of Directors, in fulfilling its oversight responsibility, ensures that the Corporation continues to operate at the highest levels of accountability, probity and transparency to meet its mandate. As Chairman of the Board, I am proud to note that since the inauguration of the MoFPS/PSOJ Public Bodies Corporate Governance Awards in 2017, the Corporation has been recognized

for its performance across five of six categories, including that year when JDIC was awarded first place in the category 'Best Corporate Governance, Policies, Procedures and Practices'; and 1st runner up for 'Compliance and Disclosure of Information', and 'Best Annual Report'.

In 2018, the Corporation won first place in the category 'Corporate Governance Policies, Procedures and Practices', and was the 2nd runner up for 'Best Annual Report'. The following year, 2019, the Corporation was awarded 1st place in the category 'Board Composition, Function and Structure', and was 2nd runner up for 'Compliance and Disclosure of Information'. In 2022, JDIC won 2nd place for 'Best Website' and 3rd place for 'Best Annual Report'.

This recognition serves as an acknowledgement of our commitment to best practice standards, including robust risk management and effective oversight and the Corporation continues to uphold these high standards as it carries out its operations.

Looking ahead, the Board recognizes the rapidly evolving financial landscape, largely driven by technology, the consequential challenges, and the need to keep pace with these changes. As a Board, we are therefore committed to ensuring that the Corporation remains at the forefront of industry advancements and supporting the Management's pursuit of strategies that enable agility and positioning that prepares the Corporation to readily adapt to the emerging developments and trends in fintech, cyber security risks, cross border issues and climate change.

Lastly, on behalf of the Board of Directors, I extend heartfelt gratitude to the CEO, Senior Management, and other members of the JDIC team for their long-standing and unwavering dedication and professionalism in their pursuit of the JDIC's mandate and its performance over the years which has been instrumental in the Corporation's delivery on its mandate for contributing to the confidence of depositors and supporting the framework for financial stability. We, therefore, send thanks also to our Financial System Safety Net Partners, Policyholder institutions, regional and international counterparts, including the International Association of Deposit Insurers, for their technical and collaborative support over the years and commitment to continuing and enhancing the collaborative processes that will ensure the most optimal results.

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CEO's Message



Antoinette McKain
Chief Executive Officer, Jamaica
Deposit Insurance Corporation

Being established under the Deposit Insurance Act passed into law and made effective on the 31st of August 1998, Jamaica Deposit Insurance Corporation (JDIC) now marks 25 years as an integral part of Jamaica's Financial System Safety Net (FSSN), together with its counterparts, the Bank of Jamaica (BOJ), the Financial Services Commission and the Ministry of Finance and the Public Service. This milestone prompts a review of past operations to allow for the identification and assessment of lessons learned and, on that basis, to assess and secure the most optimal solutions for the protection of depositors' monies with the ultimate objective of securing financial system stability for the growth and development of Jamaica.

Brief History about the Genesis of Deposit Insurance

It is well known that individuals and businesses who deposit their money in banks (called depositors or customers of the bank) ordinarily form the largest source of funding for banks and banking systems, and this is the case for Jamaica also. Banks use depositors' money to lend it to other households and businesses who need money for their personal use or businesses at an agreed fee (a stated interest rate) and for the bank to be paid back at differing lengths of time, which may be many years into the future. With access to these loans, individuals and businesses help keep the economy growing. Except where there are otherwise agreed conditions between the bank and the depositor, depositors can request their monies from the bank at any time. Banks, therefore, do not lend all the money that their customers deposit and will keep in their branches an amount of money they estimate that their depositors are likely to request daily. Because banks

lend their depositors' monies to others, banks are said to put these monies lent at risk because there is the possibility of the bank not being repaid as agreed. In this event, the depositors might lose their monies. This is the primary reason that banks are subject to appropriate regulations by governmental authorities, and in the case of Jamaica, the BOJ (the Central Bank) licenses and regulates the operations of banks in Jamaica.

It is also to be noted that banks are ordinary companies with shareholders, like any other company, but they are also considered special because they are one of the chief channels through which Central Banks can expand or contract the supply of money. The Central Bank will want to see the money supply expanded to help boost economic activity, but they will want to implement policies that seek to curb inflation to protect consumers from too high prices. It requires balancing as the two objectives are important: boosting economic activity must achieve greater productivity' otherwise, with lower productivity but a greater supply of money into the hands of consumers, prices will become too high for all but the very rich to afford. For the reasons above, both depositors and banks are special to our economy.

A bank could not, therefore, remain viable if all its depositors wanted all their money in one day. This could occur if depositors believe that their bank will fail and they will lose their deposits unless they are able to withdraw their funds before other depositors, causing what is referred to as "a run on the bank". With the failure of many banks in the United States and the subsequent crash in its Stock Market in 1933, a period called the "Great Depression," the Congress of the United States passed into law the establishment of what was the first deposit insurance organization, the Federal Deposit Insurance Corporation, to help mitigate the propensity of depositors to demand all their deposits at one time because if their bank did fail, their deposits would now be credibly guaranteed by the Federal Deposit Insurance Corporation. The FDIC was also mandated with the powers to regulate federal banks to ensure their safety and soundness to help minimize the possibility of bank failures and further bolster depositor confidence. In successive years thereafter, other countries followed with the establishment of deposit insurance schemes, usually during a financial system crisis or shortly thereafter, to give depositors a guarantee, mitigating the propensity for bank runs and establishing a system for dealing with failing banks and thereby aiding in preserving financial system stability. There are now approximately 145 deposit insurance organizations worldwide, six being in the Caribbean, including Jamaica and British Virgin

Islands..

The JDIC Mandate and Role

Since its establishment, JDIC's mandate and role has been to manage the Deposit Insurance Scheme in Jamaica to protect depositors in commercial banks, merchant banks, and building societies (all referred to as being comprised of "the banking system") up to a prescribed coverage limit. This limit is now \$1,200,000 and guaranteed to the holders of individual accounts, joint accounts, business accounts, trust accounts, and nominee accounts, respectively, if their bank fails and cannot pay. At this level of coverage, approximately 97 percent of accounts within Jamaica's banking system are fully covered. JDIC can also act as a liquidator of banks to maximize recovery from the failed bank's assets for its creditors in the priorities permitted in law, and for replenishing the Deposit Insurance Fund from which depositors had been paid out. Additionally, the JDIC, under an appropriate agreement for repayment, can provide financial assistance to aid in a viable bank's purchase of assets and assumption of liabilities (primarily being bank deposits) of a failing bank, which preserves and protects all depositors' funds making them immediately available to depositors in the normal course of their accessing their deposits on a day-to-day basis and obviating the need for a pay out, consequent to liquidation.

In the context of its mandate, JDIC carries out a role as a regulatory counterpart under the Bank of Jamaica Act. The last 25 years have seen the Jamaican financial system successfully weather significant adverse global events, including making the necessary preemptive accommodations by the Central Bank and the enhanced prudential regulation for liquidity and capital management guided by international standards of best practices and appropriate stress testing models. Notable events were the Global Financial Crisis of 2007-2009, referred to as a liquidity crisis with unprecedented global impact and causing economic crises in many countries. More recently was the COVID-19 Global Pandemic and the Russian war in Ukraine, with significant global supply chain disruptions causing lower world productivity and implementing a series of measured and timely contractionary monetary policy actions by Central Banks globally to curb exponentially rising inflation. This course was also adopted by Jamaica's own Central Bank. These contractionary monetary policies were primarily through an increase in policy interest rates, which adversely impacted bond market prices and presumptively precipitated some significant mid-size bank failures in the United States by 2023. Through effective micro-prudential regulation

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Adhering to international standards



Alejandro Lopez
IADI President and Executive Council Chair
Chief Executive Officer, Seguro de Depósitos
Sociedad Anónima, Argentina

The International Association of Deposit Insurers (IADI) plays a vital role as the global standard-setter for deposit insurance. Our Association is built on the collective expertise of deposit insurers worldwide, and our members play a key role in their respective jurisdictions in supporting financial stability and enhancing public confidence in the financial system.

In a joint effort to promote effective deposit insurance systems, the Basel Committee on Banking Supervision (BCBS) and IADI jointly published the Core Principles for Effective Deposit Insurance Systems on 18 June 2009. These principles serve as an important benchmark for jurisdictions in establishing or reforming deposit insurance systems. Designed to be adaptable, the Core Principles take into account the different characteristics of safety nets and the circumstances of different jurisdictions. They comprehensively address a number of critical issues, including coverage, funding, powers, membership, limited coverage and prompt reimbursement.

While the original Core Principles have served their intended purpose, the lessons learned from the 2008 global financial crisis and the evolving regulatory landscape have underscored the need for a revision to ensure that they continue to serve as a flexible and universally applicable standard. In recognition of this, IADI's Executive Council formally approved the revised Core Principles on 21 October 2014.

Acting as a roadmap, the Core

Principles provide deposit insurers with a structured guide to enhance their effectiveness and align their institutional frameworks with international best practices. The Jamaica Deposit Insurance Corporation (JDIC) is an exemplar of dedication, protecting the savings of countless Jamaicans. Through unwavering commitment, the JDIC has ensured the soundness of the Jamaican banking system and fostered depositor confidence by adhering to this international standard.

Beyond its local impact, the JDIC also sets an inspiring precedent for deposit insurers by actively contributing to the development of IADI as a standard-setting organisation. Through its robust regional presence on the Caribbean Committee, the JDIC has become a model for others to emulate at the international level.

On this significant milestone, we extend our sincere appreciation to the JDIC for its unwavering service to Jamaicans and the global deposit insurance community, and congratulate it on its remarkable 25th anniversary.

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and monitoring and macroprudential surveillance, the Jamaican financial system maintained its resilience throughout this period without any bank failures.

25 Years of JDIC Operations in Summary

Along with the benefits to the economy, this resilience of the financial system has been beneficial to the operations of the JDIC as there were no bank failures requiring JDIC to have reason to pay out depositors. The period was an opportunity for JDIC to ensure the most optimal management of the Deposit Insurance Fund (DIF) with its capital preserved and its returns consistently above the benchmark T-Bill rates and within the targets set for respective years. In this period, JDIC undertook the necessary close monitoring of banking system conditions and performance and reviewed macroprudential assessments to be able to assess risk to the DIF and the management and efficacy of the Deposit Scheme more generally. Importantly also was JDIC's ability to build and enhance its technical, and institutional capacity for dealing with bank failures and enhancing its policies

and systems to support financial system crisis preparedness and management together with its FSSN Partners. This has been in the context of the prevailing standards of international best practices developed by the International Association of Deposit Insurers and other internationally related standard setters, where their work focused primarily on seeking to close certain financial system regulatory and other institutional gaps that were made evident from the Global Financial Crisis and the COVID-19 pandemic impacts on economies and financial systems. This work also involved providing expert technical inputs to support appropriate legislative and institutional reforms concerned with making a more robust framework for preemptively dealing with financial institutions' failures likely to disrupt financial system stability and minimizing the potential for resorting to the use of public funds when banks fail.

In addition, consistent with international standards and local demographic needs, JDIC was able to undertake robust public education and awareness campaigns to seek to bolster and sustain the confidence of depositors by providing through traditional media and social

media platforms information relating to the protections of the Deposit Insurance Scheme more particularly and by the financial regulatory authorities more generally.

For us, at the JDIC, the perennial question is whether and to what extent the Deposit Insurance Scheme in Jamaica is serving to bolster the confidence of depositors in that their deposits are credibly guaranteed, and the risk of moral hazard has not unduly increased.

The simple answer is that although international practices and experiences show that Deposit Insurance Schemes do effectively bolster depositor confidence and, by extension, support financial system stability, these schemes must be part of a larger FSSN framework for sound prudential regulation and supervision and market conduct, and financial consumer protection systems and effective resolution regimes for non-viable financial institutions. Depositors and the public must know, in advance of financial institution failures and crises, that deposit insurance protections are available to them and, the scope of the coverage offered, and that the banking

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Contributing to the economic well-being of our citizens



Septimus 'Bob' Blake
President
Jamaica Banker's Association

For the past two and a half decades, the Jamaica Deposit Insurance Corporation (JDIC) has played a pivotal role in securing the savings of Jamaican citizens, fostering confidence in the financial system, and contributing to the stability and growth of the nation's economy. As we celebrate the JDIC's remarkable journey, it is only fitting that we reflect on the entity's commitment and contribution to the economic well-being of our citizens.

ENSURING DEPOSITOR PROTECTION

Through its comprehensive deposit insurance programme, the JDIC has provided Jamaicans with the assurance that their savings are protected in the case of bank insolvency. This dedication to depositor protection has been a cornerstone of the JDIC's operations for the entirety of its 25-year history.

FINANCIAL STABILITY AND ECONOMIC GROWTH

By exercising a special duty of care to consumers, the JDIC makes a substantial contribution to financial stability in Jamaica. The knowledge that deposits are protected from unforeseen events enables depositors to have a high level of confidence in the banking system. This in turn, has led to long, uninterrupted periods of sector stability and reliability.

Stability has a cascading effect on the wider economy. A strong and reliable financial system serves as the

backbone for growth and development. In this regard, the JDIC's efforts have contributed immensely to Jamaica's fortunes.

CRISIS MANAGEMENT

At its most expansive ideation, the entity is an effective, and efficient crisis manager during times of upheaval or distress. The global financial crisis of 2008 served as a critical point of learning for deposit insurance schemes world-wide, proving that resilience and an ability to ring-fence depositors in the face of adversity, is critical to the very health of a nation.

The JDIC since inception, has demonstrated foresight and prudence in the employment of proactive measures, implementing robust risk management frameworks to ensure that Jamaican depositors are shielded from the possibility of similar adverse impacts at home. By so doing, the JDIC has maintained public trust in its capacity to facilitate recovery from threats to the financial system.

ENHANCING FINANCIAL LITERACY

In addition to its core mandate of providing adequate deposit insurance, the JDIC has been instrumental in promoting financial literacy among Jamaican citizens. Recognizing that an informed, 'au fait' population is essential for economic empowerment, the JDIC has implemented educational initiatives, workshops, and outreach programmes. These efforts have aimed to improve the understanding of financial products and services, risk management, and personal financial planning.

By equipping individuals with the knowledge and tools to make informed decisions, the JDIC has without a doubt enhanced the overall financial well-being of Jamaican citizens.

ADAPTING TO EVOLVING CHALLENGES

Over the years, numerous challenges have arisen from an ever-changing financial landscape. Technological advancements, globalisation, and emerging risks have necessitated continuous adaptation and innovation from financial institution stakeholders. The JDIC continues to rise to these challenges, staying abreast of international best practices, and

embracing advancements in the risk management and Fintech spaces. Through its nimble, agile approach, the JDIC has effectively navigated the complexities of a dynamic financial services ecosystem, ensuring that depositors evolve right along with the environment.

COLLABORATIVE APPROACH AND INTERNATIONAL RECOGNITION

The JDIC's success has also been a testament to its collaborative approach and partnerships with various stakeholders. Its ongoing cooperation with regulatory authorities, financial institutions, and international counterparts has been vital in fostering robustness within the banking sector.

Through skills and knowledge-sharing, the JDIC has garnered unto us, a level of international recognition for Jamaica that is undergirded by a risk-based approach to conducting bank assessments. These assessments evaluate everything from financial health, and general risk management practices, to the adequacy of capital, liquidity, and management frameworks.

POST-CRISIS EVALUATION AND LEARNING

Finally, we acknowledge that the JDIC has developed the capacity to conduct self-evaluations to assess the efficacy of its own crisis management strategies. This allows for forensic reviews and internal examinations that aid in the identification of areas of self-improvement. This commitment to continuous learning and improvement has strengthened the JDIC's ability to effectively manage any future crises and successfully protect depositors' interests.

We are grateful to the JDIC for the steadfast stewardship of its duty to maintain financial stability, protect depositors, and ensure the orderly resolution of volatility within institutions.

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Together, let us forge ahead with renewed determination guided by our shared vision for financial stability and economic development. Your support inspires us to continue our journey as we look forward to another 25 years.

Key national institution for the protection of depositors

Bank of Jamaica (BOJ) and Jamaica Deposit Insurance Corporation (JDIC) share a special and enduring relationship. The JDIC was, in fact, created out of the operations of the central bank as a key national institution for the protection of depositors, and the promotion of stability and confidence in Jamaica's financial system.

Together, the Corporation and the Bank play significant roles in the Financial System Safety Net. Their representation on the Financial Regulatory Committee speaks volumes about the importance of information sharing, coordination and cooperation among the country's regulatory authorities. At the same time, the leadership of the JDIC continues to be actively engaged as members of the Bank's Financial System Stability Committee, which has the responsibility for financial system assessments and recommendations with regard to the identification, mitigation and control

of any systemic threats to the financial system.

A leading example of 'stronger together', this framework of ongoing collaboration continues to work in the best interest of Jamaica and its people, creating trust, boosting confidence and ensuring peace of mind among depositors in deposit-taking institutions.

After 25 years of operations, the JDIC has built up a vast reservoir of expertise in the administration of deposit insurance coverage, financial technology, bank depositor information systems, and bank valuation methodologies among other related areas of its mandate.

The work of JDIC places Jamaica among the ranks of countries that have in place an equitable system and robust institution for the resolution of any bank that may face difficulties, ensuring in the process that the deposits of savers



Richard Byles
Governor, Bank of Jamaica

up to a prescribed limit, are secured.

On behalf of the Board, management and staff of Bank of Jamaica, I extend congratulations to the Board, management and staff of JDIC as the team celebrates 25 years of diligent work, significant growth and sterling achievements.

Sound management of the Deposit Insurance Fund

It is with great pleasure that, I extend my heartiest congratulations to the Jamaica Deposit Insurance Corporation (JDIC) as they celebrate 25 years of promoting and inspiring confidence and stability in the nation's financial sector.

Since August 31, 1998, the JDIC has been an integral part of the Jamaican financial sector's regulatory framework. It has established and maintained a reliable deposit insurance framework which has undoubtedly fortified the confidence of individuals and businesses in the Jamaican banking sector. Through its proactive approach, JDIC has continuously adapted to the evolving dynamics of the financial landscape, ensuring that its policies and practices remain relevant and practical.

Through its sound management of the Deposit Fund, the Corporation has provided increased insurance

coverage against the loss of depositors' funds, minimized its loss exposure, and ultimately contributed to the stability and confidence in Jamaica's financial system. The JDIC has maintained its financial independence by being self-funded while realizing significant growth in the deposit insurance fund and its total assets. This is testimony of the JDIC's sterling work to achieve its mission. The Corporation truly embodies its core values of accountability, integrity, professionalism, teamwork and adaptability.

The JDIC continues to be a pivotal institution in the nation's development. I commend the past and present Board of Directors, management, and staff of JDIC for their vision, hard work, perseverance, and commitment.

This silver anniversary is a milestone achievement, and I thank the JDIC for its service to Jamaica's financial system over the years. Best wishes for



Major Keron Burrell
Executive Director
Financial Services Commission

your anniversary celebration, and I wish you continued success.

Commitment to continuous learning



Darlene Jones
Executive Director
Jamaica Institute of Financial Services

On behalf of the Jamaica Institute of Financial Services (JIFS), I am delighted to extend congratulations to the Jamaica Deposit Insurance Corporation (JDIC) on reaching the momentous 25th Anniversary.

JDIC's role as the protector of depositors and its effort in ensuring the safety and security of deposits have played a crucial part in bolstering the resilience of Jamaica's financial institutions. It is, therefore, important to recognise and celebrate the incredible efforts of the entire JDIC team. Your collective dedication to your mission is truly commendable.

We must also commend your commitment to continuous

improvement and learning, ensuring that JDIC maintains a standard of excellence in its operations. JIFS is delighted to have been providing support in this regard, as we execute our mandate to ensure the professional development of the financial services sector. As you commemorate this significant milestone, we wish you continued success in the years ahead. May JDIC's journey be filled with even more accomplishments, growth and positive impact on Jamaica's financial system. Once again, congratulations on this significant achievement. JIFS is honoured to be part of this celebration.

Furthering public confidence in the markets



Dr. Marlene Street Forrest
Managing Director
Jamaica Stock Exchange

The Jamaica Stock Exchange (JSE) acknowledges and congratulates the Jamaica Deposit Insurance Corporation (JDIC), for their sterling service to the financial sector and their accomplishments over their journey which started 25 years ago. The JSE is delighted to have been a partner on this journey aimed at enhancing the health of the financial system.

Your contribution over these years to ensuring a robust and sustainable financial sector through the growth in the deposit insurance services is admirable and has not gone unnoticed. The JDIC performs a key role in building financial system confidence and the growth of a sound robust market for depositors. JDIC satisfies an integral need of the banking public for recourse by providing coverage of deposits.

We thank you for establishing and maintaining an institution that gives people peace of mind and contributing tangibly to the stability of the financial services industry. We applaud you for positively impacting the goals of the Exchange and our achievements as you demonstrate your understanding of full inclusion of the many facets of the financial sector and the pivotal role that the JDIC must play to ensure a stable financial and economic climate.

Your contribution has been priceless. Behind every great company, there is a group of people who made it possible. Your leadership and team members deserve a gigantic applause for being determinedly purpose driven in the pursuit of accomplishing goals after goals, which JDIC has liberally passed on to the sector and stakeholders.

We look forward to the years ahead as we continue to build on and strengthen our partnership and to achieve mutual goals to the benefit of the sector including furthering the increase of public confidence in the markets. The Boards, Management and Staff of the JSE Group wish JDIC a fulfilling and memorable 25th Anniversary commemoration.

Thank you JDIC for being a superb partner for 25 wonderful years.



Congratulations

**Jamaica Deposit Insurance Corporation (JDIC)
on your 25th anniversary milestone**

This is a significant achievement that reflects your commitment to safeguarding depositors and promoting financial stability. Your dedication to providing confidence and security in the financial system is commendable. Here's to **another successful 25 years and beyond!**



www.jmmb.com

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and financial regulatory framework is sound and robust. Depositors and other consumers of financial services must know how they can structure their financial affairs in the way most beneficial to them with the greatest amount of confidence. The JDIC's role in policy development, its technical collaborations with its FSSN partners, and its operations, including its public awareness and education campaigns, are designed to achieve its objectives in a manner that also supports the objectives of the larger framework of the FSSN. The overall resilience and stability of the financial system over the last 25 years is a testament to depositor confidence and the role JDIC has played in fostering this.

What Do Depositors and the Public Say Now

The most recent Public Awareness and Attitude Survey conducted on behalf of JDIC in 2022 shows several results that present opportunities and should guide JDIC's public education and awareness thrust of the JDIC going forward into the medium term. The Survey shows that although there has been a decline in the number of persons holding at least one bank account during the period 2011 to 2022, overall awareness of the JDIC has remained relatively steady at between 74 percent and 84 percent since 2011. These results are well within similar trends in mature global deposit insurance systems. The Survey notes that by 2022, the persons who indicated that JDIC made them feel more secure about doing business with financial institutions had reduced to 44 percent, down from 65 percent in 2011. This was highly likely due to the economic and financial system stressors brought on by the COVID-19 pandemic of 2020-2022 and demonstrates the likely attitudes of depositors and other persons where there is stress within the economy and financial system. Respondents who saw the JDIC as necessary remained at the same levels between 2017 and 2022, moving from 65 percent to 66 percent. What is clear from the Survey results is that depositors and the public are aware of deposit insurance, but the public education and awareness initiatives, inclusive of financial literacy initiatives of the JDIC, must be aggressively continued. Work by the FSSN partners through the National Financial Inclusion Council on these initiatives must continue with very clear and coordinated strategies for normal non-crisis periods and during periods of financial system stress and financial system crises.

What's Next?

JDIC remains very poignantly aware that financial system crises can be precipitated by many external and internal factors and events, some having no inherent connection to the financial system and others that defy prediction.

Over the past decade, we have witnessed the emergence of risks not previously considered or being considered significant. We have witnessed a surge in technological advancements and the emergence of disruptive FinTech solutions that have reshaped traditional banking products and services. We know that Artificial Intelligence will make banking systems more efficient and potentially less fraud-prone. We do know, however, that while these are opportunities, cyber risk has also been increasing and is likely to increase more exponentially in banking systems, pushing the costs to minimize this possibility. It is possible that in the near term, financial institutions and governmental agencies may be called up to determine how the costs of protecting depositors and other consumers of financial services from large-scale cyber risk events, must be allocated and in what circumstances.

There is also the matter of climate risk for which regulatory agencies and their counterparts like JDIC must impose robust prudential and other necessary requirements to ensure that financial institutions preemptively undertake the management of these risks that might threaten the viability of their institutions and financial system stability. Cognizant of this, the required prudential regulatory framework for the assessment and mitigation of climate risk that financial institutions might assume is under review by the BOJ in collaboration with the FSSN's Partners, including the JDIC. With the list of sources of risk to the financial system not likely to be closed, the FSSN Partners, who have already demonstrated success in facilitating the resilience of Jamaica's financial system over the past 25 years, will continue to deploy and enhance the tried-and-true standards of best practices for the regulation of banking and financial systems and build out the best practices standards for the newer risks that arise or can be anticipated with a level of certainty. Government policy now supports the strengthening of the financial system regulatory framework with a decision to implement a Twin Peaks model for prudential regulation and for market conduct and consumer protection, respectively, within a 2-year period. International best practice standards and the experiences of other countries that have adopted this model of financial system regulation show that its success will depend on several factors, including primarily: sound regulatory governance structures with necessary transparent decision-making processes that secure the independence of the organization; strong technical, institutional capacity; and strong technical collaboration and cooperation mechanisms for the FSSN Partners to act with the required coordination that aid in sound regulatory applications and the seamless implementation of ameliorative actions in crisis periods.

Going Forward

Going forward, in addition to JDIC's work for ensuring the due identification and monitoring of banking system risk, ensuring the depositor guarantee through the sound management of the DIF, facilitating speedy reimbursement mechanisms for depositors where a bank fails, and maintaining financial system crisis management preparedness systems, JDIC commits to continuing to enhance its research and policy development work to ensure that it remains relevant and credible in a future where individual and corporate opportunities will be characterized by the digitization of financial services but also the attendant risks. JDIC will aggressively continue its public education and awareness programs, including those to enhance financial literacy to meet the information needs of depositors and the public with accessibility to as many communities as possible.

In closing, I confirm that it has been my honour and my privilege to have been able to serve the JDIC as its Chief Executive Officer since 2007 and to continue to collaborate with the expert staff represented by the Senior Management and all other JDIC staff members towards achieving JDIC objectives.

I acknowledge with appreciation the work of the early establishers of the JDIC being its first Chief Executive Officer, Mr Winston Carr, CD, former Deputy Governor of the BOJ, and one of the founding signatories to the incorporating documents of the International Association of Deposit Insurers of which JDIC remains an active member, and JDIC's first Board Chairman, Ambassador Herbert Walker, OJ, CD former Governor of the BOJ. I also acknowledge all past Board Chairmen and Board members for always adhering to the highest principles of sound governance and all past staff members over these 25 years for their invaluable contributions. The position that JDIC now holds as an integral part of Jamaica's FSSN, securing the confidence of depositors and the public in furtherance of financial system stability, is a testament to the vision and efforts of these persons.

On behalf of myself, the other members of the senior management team, and all the staff of the JDIC, we also commend the work of the current Board of Directors under the Chairmanship of Mrs. Myrtle Halsall, OD, former Senior Deputy Governor of the BOJ Jamaica, for the continued expert and invaluable oversight of the JDIC management and operations.

The JDIC team commits to the further strengthening of the operations of the JDIC, acknowledging the expectations of our partners in the FSSN and that of depositors and other financial system consumers.

JDIC Milestones

1998 – The Jamaica Deposit Insurance Corporation (JDIC) was established in 1998 under the Deposit Insurance Act (DIA), following the failure of several financial institutions in the mid-1990's. Membership to the Deposit Insurance Scheme was made compulsory for all Commercial Banks, Merchant Banks and Building Societies.

The prescribed coverage limit was set at \$200,000 per ownership category, per institution.

Mr. Winston Carr, CD, former Deputy Governor of the BOJ was appointed the first Chief Executive Officer of the JDIC and Ambassador Herbert Walker, OJ CD was appointed his first Chairman.

2000 – JDIC became a member of the Financial Regulatory Committee, comprising the Bank of Jamaica (BOJ), Financial Services Commission (FSC) and the Ministry of Finance and Public Service (MOFPS) – all four organizations forming Jamaica's Financial System's Safety Net (FSSN).

2001 – Deposit insurance coverage limit increased from \$200,000 to \$300,000

2002 – JDIC became a founding member of the International Association of Deposit Insurers (IADI). IADI facilitates sharing of knowledge and expertise among Deposit Insurers worldwide, to ensure effectiveness of deposit insurance systems.

2007 – The deposit insurance coverage was increased from \$300,000 to \$600,000.

Ms. Antoinette McKain was appointed Chief Executive Officer on January 1. She was also invited to sit on the Executive Council of IADI representing the JDIC.

2009 – JDIC adopted the IADI Core Principles for Effective Deposit Insurance Systems. Developed by the Basel Committee on Banking Supervision and the IADI, these Core Principles provide broad policy guidance for deposit insurers, endorsed by the international community as standards of best practice.

2010 – JDIC establishes itself as a significant player in deposit insurance with the hosting of a major international conference titled 'Bank Insolvency in the Caribbean – Law and Best Practice'. Twenty-five countries from CARICOM, Africa, Asia were represented as well as the United

Continues on P.15

The Birth of the Jamaica Deposit Insurance Corporation

A Background on Depositor Protection in Jamaica

As part of its policy response to problems in the financial sector during the 1990s, in September 1995 a seven-member Task Force was established by the Government of Jamaica (GOJ) to identify the main policy issues and legislative requirements for a depositor protection system and to make recommendations for the formulation and introduction of a Deposit Insurance Scheme (DIS) in Jamaica.

Deposit insurance had become a common feature of the financial systems of many developed and developing countries, serving a number of important economic and social objectives, including: providing protection to small depositors, many who were not in the position to assess the risk of the institutions in which they choose to deposit their savings, either because they are not so empowered or the information available is insufficient for them to make optimal decisions. Secondly, such a system helps to maintain confidence in and the stability of deposit-taking institutions, thereby reducing the probability of contagious runs on banks and other institutions which could undermine the stability of the financial system.

Emerging at an important juncture in the development of the country's financial system, the Jamaica Deposit Insurance Corporation (JDIC/ the Corporation) became the latest plank in strengthening the financial sector regulatory framework at its establishment on August 31, 1998, twenty-five years ago.

The JDIC was created by the GOJ to protect depositors and promote stability and confidence in Jamaica's financial system. As a statutory body, the Corporation reports to Parliament through the Minister of Finance and the Public Service and shall submit to the Minister such operating plans and forecast, returns, accounts and other information as the Minister may require with respect to the operations of the Corporation.

The main goals of the Corporation are to:

- Provide the highest level of coverage possible to small depositors.
- Provide a clearly defined system for dealing with problems which may arise in insured financial institutions.
- Restore and maintain confidence in

Continues on P.15



Public Policy Objectives for Deposit Insurance Systems

Governments' decisions to establish explicit deposit insurance systems (DIS) and the mandate, design and structure of such systems are influenced by a number of considerations, some of which are unique to each country. It has been observed that, in recent times, there has been greater convergence in practices across jurisdictions and reduced heterogeneity in terms of key design features of DIS. This is particularly evident in the public policy objectives for deposit insurance. The International Association of Deposit Insurers (IADI) which is the standard setting body for DIS identifies the key policy objectives as: protecting depositors and contributing to the stability of the financial system. Given these overarching policy objectives, there are a number of important social and economic benefits to be derived from the establishment of a DIS which are also relevant to Jamaica.

BENEFITS OF DEPOSIT INSURANCE SYSTEMS

Deposit insurance strengthens a country's financial safety-net. Deposit insurance, as part of a well designed and coordinated financial safety net and legal framework that includes prudential regulation, supervision, lender of last resort, and resolution functions, provides a robust mechanism for resolving problem banks with a view of protecting depositors and the financial system.

1. The provision of deposit insurance contributes to financial system confidence and stability

The financial system and the macroeconomy are likely to be less volatile because of the existence of deposit insurance, as it promotes confidence and contributes to the maintenance of a sound financial system and economy.

2. Deposit insurance provides a guarantee to depositors

The existence of deposit insurance is a commitment by the Government that insured deposits are protected if a bank fails. This provides reassurance to

depositors; reduces the incidence and severity of a bank run, contagion on other viable banks and the probability of a financial crisis.

3. Deposit insurance relieves vulnerable depositors of the burden of monitoring their banks

Deposit insurance, inter alia, is intended to protect depositors who are not in a position to assess the risk of the bank in which the depositor chooses to save. These depositors are not generally able to undertake such risk assessment or there is insufficient information available to them even if they were able to do so.

4. Deposit insurance minimizes the risk to the taxpayer

Deposit insurance replaces the implicit or blanket government guarantees to protect depositors, allows for better creditor certainty, and limits the exposure and involvement of taxpayers and governments in resolving failed banks. Deposit insurance clarifies the government's obligations to depositors and limits the scope for discretionary decisions that may result in arbitrary actions.

5. Deposit insurance promotes financial literacy and positively impacts financial inclusion

The deposit insurer's ongoing public awareness programme and activities to convey information about the DIS promotes financial literacy and financial inclusion.

6. Deposit insurance encourages appropriate incentives to mitigate moral hazard

Key design features of an effective DIS aim to mitigate excessive risk taking by banks or those receiving the benefit of protection. These features include: limited coverage levels; types of deposits and depositors covered; and funding of DIS by the banks covered.

PUBLIC POLICY OBJECTIVES, DESIGN AND STRUCTURE OF JAMAICA'S DEPOSIT INSURANCE SYSTEM

The public policy objectives of the JDIC are to establish and manage an explicit scheme for the insurance of deposits or parts thereof against the risk of loss. These objects are stated in the JDIC's governing legislation, the Deposit Insurance Act and align with the internationally recognized objectives for deposit insurance systems. The design and management of the DIS reinforces JDIC's commitment to protect depositors and contribute to confidence and stability in Jamaica's financial system.

This is particularly evident in the scope of coverage and level of protection provided by the JDIC to depositors. Data received from member banks of the DIS, as at December 2022, confirms that 96.8 percent of the number of deposit accounts eligible for deposit insurance are fully insured at the existing coverage limit of \$1,200,000. Of note, as at the same period, the average account balance in the banking system was \$317,169. Knowing that there is deposit insurance coverage to protect their funds, depositors are confident about keeping their savings in banks.

The JDIC may also use the Deposit Insurance Fund to aid in financing restructuring transactions to resolve a failed institution by providing loans and guarantees to ensure depositors continued access to their deposits and that critical financial services are maintained. This is consistent with the international reform agenda since the global financial crisis where greater emphasis is being placed on the role of the deposit insurer in crisis management and the resolution of troubled banks. The application of restructuring transactions allows for the flexibility in resolving a failed bank at a lesser cost and continuity of depositor's access to their funds than reimbursing depositors by a payout. It is therefore important that jurisdictions ensure that there is congruence between the institutional arrangements of the DIS and the other financial safety net partners and that the public policy objectives are being met.



Happy 25th anniversary JDIC.

CIBC FirstCaribbean congratulates the Jamaica Deposit Insurance Corporation (JDIC) on the achievement of 25 years of operations in Jamaica, protecting depositors and helping to ensure the country maintains a robust financial system.

As a proud Member Institution of the JDIC, our bank salutes your role in promoting stability and confidence in Jamaica's financial system.

Since your establishment in 1998 the JDIC has had a focus on providing the highest level of coverage to depositors as well as a well-defined system for dealing with problems which may arise in insured financial institutions. Your work has been integral in minimizing the potential occurrence and impact of financial crises.

We also applaud your contributions to public education and awareness through school programmes, on-line training for policy holders and public fora. You have steadily contributed to the overall well-being of the banking sector and by extension, the local economy and have emerged as one of the island's most valuable financial safety net partners.

We all know that banks are vital to national economies and your role in providing a level playing field and diminishing risks by reducing the likelihood of bank runs is well appreciated.

With high quality bank supervision comes lower systemic bank risks. The JDIC has been on a steady growth path as evidenced by the increase in insurance deposit accounts as well as the level of insured deposits and Jamaica's strengthened financial system owes much to steady and informed management within their portfolio by the JDIC.

Happy 25th anniversary JDIC. We wish you continued success.

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PSOJ/MOFPS Corporate Governance Awards



Members of JDIC team at the Private Sector Organization of Jamaica/Ministry of Finance & Public Service Public Service Corporate Governance Awards in 2018.

As a statutory Corporation, the JDIC is committed to maintaining the highest standards of corporate governance through the oversight of its Board of Directors and Management.

This commitment is demonstrated in the Corporation's performance in the Private Sector Organization of Jamaica Public Sector Corporate Governance Awards since its inauguration in 2017.

That year, the Corporation was awarded 1st place in the category of 'Best Corporate Governance Policies and Procedures', as well as 1st runner up for 'Compliance and Disclosure of Information' in the PSOJ/Ministry of Finance and the Public Service inaugural Public Sector Corporate

Governance Awards. In a special category 'Best Annual Report', sponsored by the Jamaica Stock Exchange, the Corporation was also awarded 1st runner up.

In 2018, JDIC won first place in the category of Corporate Governance Policies, Procedures and Practices, and was the second runner up in the category for Best Annual Report.

The following year, 2019, the Corporation was awarded 1st place in the category for Board Composition, Function and Structure, as well as second runner up in the category for Compliance and Disclosure of Information



Former JDIC Board Chairman, John Jackson (right) and CEO, Antoinette McKain receive Certificate of Participation from Cabinet Secretary, Ambassador Douglas Saunders OJ, CD, JP

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JDIC Milestones

States.

2011 – The DIA was amended to allow for: 1. The provision of financial assistance in the form of loans and guarantees with security to resolve Policyholder institutions in financial distress 2. Separate coverage for each beneficiary in trust and nominee accounts. 3. Separate coverage for depositors where their Policyholder institutions merge. 4. Easier access to deposit insurance payments through transfer agents.

2013 – JDIC marks its 15th Anniversary with a Financial Markets Symposium and Fair under the theme "Promoting Financial Inclusion through Public Education and Awareness".

2014 – JDIC signs MOU with IADI members in the Caribbean region with an aim to promote the sharing of information and technical expertise among members with a view to the enhancing capacity of each deposit insurance corporation and the region. JDIC also collaborates with the CARICOM secretariat to establish a regional policy on deposit insurance for member states. This included leading the work for the development of a proposal to establish a model for regional deposit insurance protection.

2016 – As part of its public education and awareness thrust, and to promote financial literacy among youths, the JDIC launched a secondary school competition for the creation of a Financial Literacy Android Game. The competition saw 230 students participating from 61 schools across Jamaica.

JDIC also hosted a 'Bank Resolution Workshop and Simulation' for IADI members and FSSN partners. Participants tested and sharpened their expertise to resolve non-viable institutions in an orderly and timely manner to ensure depositor protection and financial system stability in a crisis.

2017 – JDIC was awarded 1st place for 'Best Corporate Governance Policies and Procedures', as well as 1st runner-up for 'Compliance and Disclosure of Information' in the PSOJ/MFPS's inaugural Public Sector Corporate Governance Awards. The Corporation was also awarded 1st runner-up in the 'Best Annual Report' category.

JDIC, along with other Financial Regulatory Committee (FRC) members, issued a proposal for a Special Resolution Regime (SRR) for financial institutions in Jamaica. The SRR serves

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The International Association of Deposit Insurers (IADI) issued the updated Core Principles for Effective Deposit Insurance Systems in October 2014. The Core Principles and their compliance assessment methodology are used by jurisdictions as a benchmark for assessing the quality of their deposit insurance systems and for identifying gaps in their deposit insurance practices and measures to address them. The JDIC benchmarks its operations against the Core Principles and conducts ongoing comprehensive review to ensure compliance and to be better aligned with international standards of best practice.

The Core Principles identify the key standards, structure and design of an effective deposit insurance system. These are as follows:

**CORE PRINCIPLE 1
PUBLIC POLICY OBJECTIVES:**

The principal public policy objectives for deposit insurance systems are to protect depositors and contribute to financial stability. These objectives should be formally specified and publicly disclosed.

**CORE PRINCIPLE 2
MANDATE AND POWERS:**

The mandate and powers of the deposit insurer (DI) should support the public policy objectives and be clearly defined and formally specified in legislation.

**CORE PRINCIPLE 3
GOVERNANCE:**

The deposit insurer should be operationally independent, well-governed, transparent, accountable, and insulated from external interference.

**CORE PRINCIPLE 4
RELATIONSHIPS WITH OTHER SAFETY-NET PARTICIPANTS:**

There should be a formal and comprehensive framework in place for the close coordination of activities and information sharing, on an ongoing basis, between the deposit insurer and other financial safety-net participants.

**CORE PRINCIPLE 5
CROSS-BORDER ISSUES:**

Where there is a material presence of foreign banks in a jurisdiction, formal information sharing and coordination arrangements should be in place among deposit insurers in relevant jurisdictions.

**CORE PRINCIPLE 6
DEPOSIT INSURER'S ROLE IN CONTINGENCY PLANNING AND CRISIS MANAGEMENT:**

Development of a crisis strategy and implementing crisis management policies is not the responsibility of a single agency but is the joint responsibility of all safety-net participants. A framework should be in place that includes the deposit insurer

as a member of a jurisdiction's crisis management framework.

**CORE PRINCIPLE 7
MEMBERSHIP:**

Membership in a deposit insurance system should be compulsory for all banks.

**CORE PRINCIPLE 8
COVERAGE:**

Policymakers should define clearly the level and scope of deposit coverage. Coverage should be limited, credible and cover the large majority of depositors. Deposit insurance coverage should be consistent with the deposit insurance system's public policy objectives and related design features.

**CORE PRINCIPLE 9
SOURCES AND USES OF FUNDS:**

The deposit insurer should have readily available funds and all funding mechanisms necessary to ensure

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prompt reimbursement of depositors' claims, including assured liquidity funding arrangements. Responsibility for paying the cost of deposit insurance should be borne by banks.

**CORE PRINCIPLE 10
PUBLIC AWARENESS:**

In order to protect depositors and contribute to financial stability, it is essential that the public be informed on an ongoing basis about the benefits and limitations of the deposit insurance system.

**CORE PRINCIPLE 11
LEGAL PROTECTION:**

The deposit insurer and individuals working both currently and formerly for the deposit insurer in the discharge of its mandate must be protected from liability arising from actions, claims, lawsuits or other proceedings for their decisions, actions or omissions taken in good faith in the normal course of their

duties.

**CORE PRINCIPLE 12
DEALING WITH PARTIES AT FAULT IN A
BANK FAILURE:**

The deposit insurer, or other relevant authority, should be provided with the power to seek legal redress against those parties at fault in a bank failure.

**CORE PRINCIPLE 13
EARLY DETECTION AND TIMELY
INTERVENTION:**

The deposit insurer should be part of a framework within the financial safety-net that provides for the early detection of, and timely intervention in, troubled banks. The framework should provide for intervention before the bank becomes nonviable. Such actions should protect depositors and contribute to financial stability.

**CORE PRINCIPLE 14
FAILURE RESOLUTION:**

An effective failure resolution regime

should enable the deposit insurer to provide for protection of depositors and contribute to financial stability. The legal framework should include a special resolution regime.

**CORE PRINCIPLE 15
REIMBURSING DEPOSITORS:**

The deposit insurance system should give depositors prompt access to their insured funds in order to contribute to financial stability. There should be a clear and unequivocal trigger for insured depositor reimbursement.

**CORE PRINCIPLES 16
RECOVERIES:**

The deposit insurer should have, by law, the right to recover its claims in accordance with the creditor hierarchy in law.

Continued from P.15**JDIC Milestones**

to enhance the current legal framework for the resolution of regulated, non-viable financial institutions.

2018 – JDIC celebrated its 20th Anniversary. The Corporation carried out several initiatives. These included two public fora held under the theme 'Empowering Today's Financial Consumers for the Future'.

2019 – JDIC won the Public Bodies' Corporate Governance Awards for Board Composition, Function and Structure. JDIC was also 2nd-runner up in the Public Bodies' Corporate Governance Awards for Compliance and Disclosure of Information. The Corporation conducted a comprehensive review of the organization model and structure, evaluation of commensurate jobs and the supporting reclassification exercise was finalized and submitted to the MoFPS for approval.

2020 – The JDIC increased the deposit insurance coverage limit from \$600,000 to \$1.2 million.

JDIC Director of Intervention, Resolution and International Relations, Eloise Williams Dunkley was elected to serve on IADI's Executive Council for a three-year term, at its 19th Annual General Meeting held 08 December 2020, and subsequently Chair of the IADI Audit and Risk Council Committee.

2022 – JDIC was 3rd-place in the Public Bodies' Corporate Governance Awards for best Annual Report, and 2nd-place for best website.

2022 – DIF balance increased by 66.5 percent over the last five years.

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The Birth of the Jamaica Deposit Insurance Corporation

deposit-taking institutions and by extension contribute to the stability and confidence in the nation's financial sector.

As such, under the Deposit Insurance Act, the principal objects of the Corporation are to establish and manage a Deposit Insurance Scheme (DIS) for the insurance of deposits against the risk of loss.

Membership to the DIS is compulsory for all deposit-taking financial institutions. At the establishment of the DIS there were thirty-five (35) member institutions, comprising: 9 commercial banks, 9 building societies and 17 FIA licensees (merchant banks). While there have been no bank failures over the years, with mergers and acquisitions there are presently only eleven (11) member institutions: 7 commercial banks, 2 building societies and 1 merchant bank. These institutions are supervised and regulated by the Bank of Jamaica.

The JDIC was initially capitalized by the government of Jamaica in the amount of \$1,000,000. Member institutions must pay initial and annual premiums into the DIS. These premiums make up the Deposit Insurance Fund (DIF) along with investment income. The DIA provides that the JDIC must pay out of the DIF

in respect of an insured deposit up to the prescribed coverage limit, where their bank or building society is unable to pay. At establishment of the Scheme, it was decided that a modest level of coverage both in nominal and real terms would contribute towards a satisfactory level of market discipline. For this reason, the level of coverage was first set at \$200,000 per depositor (ownership category), per insured institution.

The limit represented just over two times Jamaica's per capita GDP which satisfied the conventional maxim that coverage should be about twice a country's per capita income. In 2001 the level of coverage was increased from \$200,000 to \$300,000 and again in 2007 to \$600,000.

On August 31, 2020 the coverage limit was doubled and hence the present limit of \$1,200,000. Of note at this coverage limit approximately 97 percent of the number of deposit accounts are covered, which is consistent with the International Association of Deposit Insurers (IADI) best practice recommendation of fully insuring upwards of 90-95 percent. For the purpose of deposit insurance coverage, the ownership categories are: Individual Accounts; Joint Accounts; Business

Accounts; Trust Accounts; and Nominee Accounts; all covered separately under the Scheme, up to the maximum limit.

Presently there are over 140 deposit insurance schemes worldwide. In addition to Jamaica, in the Caribbean

the other countries with a DIS are the Bahamas, Barbados and Trinidad and Tobago, Belize and Guyana.



The Jamaica Stock Exchange Group

Congratulates

The Jamaica Deposit Insurance Corporation (JDIC)

for their exemplary service to the financial sector and milestones achieved since their inception 25 years ago.





FAQS

1. WHAT IS DEPOSIT INSURANCE?

It is a safety net set up primarily to protect depositors in case their bank or other insured financial institution fails or is unable to make payments to depositors.

2. WHAT DOES JDIC INSURE?

The majority of funds received by a deposit-taking financial institution are insured. These include:

- Savings & Chequing Accounts
- Time Deposits
- Certificates of Deposit, (ie. CDs)
- Managers' Cheques, Money Orders, Drafts

3. WHAT MONIES ARE NOT INSURED BY JDIC?

JDIC does not insure: Commercial Paper, Brokered/Managed Funds, Debentures and Deposits made by other Policyholders, statutory bodies or the Government of Jamaica.

4. ARE FOREIGN CURRENCY DEPOSITS INSURED?

Yes. But payments are made in Jamaica and in Jamaican currency.

5. WHAT IS THE DEPOSITOR'S RESPONSIBILITY?

Depositors are ultimately responsible for the choices they make about where to deposit their funds. With the introduction of Deposit Insurance, the 100% Government guarantee which depositors benefited from ceases to exist.

6. HOW ARE PAYMENTS MADE IF A POLICYHOLDER FAILS?

Either by cheques directly to depositors or by transferring funds to another policyholder which pays out on behalf of the Corporation.

7. WHICH INSTITUTIONS ARE NOT INSURED BY JDIC?

Financial institutions that are not licensed by the Bank of Jamaica to accept deposits. These include: Credit Unions, Money Market Brokers, Investment Firms and Life Insurance Companies.

8. HOW SOON WILL I GET MY MONIES?

JDIC will pay depositors as soon as possible. In any event, JDIC must pay the insured sum within three months of the failure of the institution. If not, the Corporation pays interest, but only after the three months have passed.

9. CAN I INCREASE MY COVERAGE BY DIVIDING MY MONIES AND OPENING SEVERAL ACCOUNTS?

You cannot increase coverage by dividing your monies among several accounts in the same ownership category. The most common ownership categories are Individual, Joint, Business and Trust Accounts.

10. CAN I INCREASE MY COVERAGE BY DEPOSITING MY MONIES IN SEVERAL BANKS?

Yes. Deposits by the same depositor in different institutions are insured separately and therefore enjoy

coverage of \$1,200,000 per depositor. However, to gain this additional protection, deposits must be held in separate institutions and not different branches of the same institutions.

11. IF MY BANK FAILS WILL I GET BACK ALL MY DEPOSITS?

Eligible depositors who hold deposits of \$1,200,000 or less, will be paid in full. Depositors with deposits above the coverage limit will have to await the liquidation process.

12. DO I LOSE UNINSURED AMOUNTS OVER THE \$1,200,000 LIMIT?

The liquidator will make prorated payments to depositors when the failed institution's assets are available for distribution.

13. DO I HAVE TO PAY INSURANCE PREMIUMS?

Each Policyholder contributes to the Deposit Insurance Fund through annual premiums.

14. HOW DO I KNOW IF MY FINANCIAL INSTITUTION IS A POLICYHOLDER OR COVERED BY THE SCHEME?

JDIC insures deposits held by licensed deposit taking institutions, commercial banks, merchant banks and building societies. To make sure your money is protected, look for a Certificate of Deposit Insurance which must be prominently displayed in the head office and branches of all Policyholders.

THE JDIC TEAM



... ONE MISSION, ONE VISION

JDIC MEMBER INSTITUTIONS

The Jamaica Deposit Insurance Corporation (JDIC) manages the Deposit Insurance Scheme (DIS) in Jamaica. Institutions covered under the DIS are Commercial Banks, Building Societies and Merchant Banks (JDIC Policyholders). Insured products include Saving and Chequing Accounts and Certificates of Deposit (CDs). Depositors are automatically covered up to a maximum of J\$1.2 million per depositor, per institution. The institutions covered under the DIS at June 30, 2023 are listed below.

COMMERCIAL BANKS

- ▶ Citibank N.A. - Jamaica Branch
- ▶ First Global Bank Limited
- ▶ FirstCaribbean International Bank (Jamaica) Limited
- ▶ JMMB Bank (Jamaica) Limited
- ▶ JN Bank Limited
- ▶ National Commercial Bank Jamaica Limited
- ▶ Sagicor Bank Jamaica Limited
- ▶ The Bank of Nova Scotia Jamaica Limited

BUILDING SOCIETIES

- ▶ Scotia Jamaica Building Society
- ▶ Victoria Mutual Building Society

MERCHANT BANK

- ▶ Cornerstone Trust and Merchant Bank Limited

NOTE:

All Policyholders are required to display a Certificate of Deposit Insurance in their Head Office and Branches

BOARD OF DIRECTORS



Myrtle Halsall, OD
Chairperson



Antoinette McKain
Chief Executive Officer



Aisha Wright
Nominee of the Financial Secretary



Dr. Jide Lewis
Nominee of the BOJ Governor



Herbert Hylton
Director



Blondell Walker
Board Member



Linda Wright Ashley
Board Member



Protecting
depositors
for

25 Years

Sagicor Bank Jamaica extends congratulations to the Jamaica Deposit Insurance Corporation (JDIC) on reaching its momentous 25th anniversary milestone. This significant achievement is a testament to the unwavering dedication of the organization to safeguarding the interests of depositors and ensuring the stability of Jamaica's financial system.

Over the past 25 years, the JDIC has played a vital role in enhancing depositor confidence and fostering trust in Jamaica's banking sector. Their commitment to deposit insurance coverage has provided much-needed reassurance to individuals and businesses. Their commitment to consumer education and awareness is exemplary. By providing valuable information and resources, they have empowered depositors to make informed financial decisions.

As partners in the financial services industry, we look forward to continued collaboration with the JDIC in the years to come. Together, we can further strengthen the resilience of Jamaica's banking sector and ensure a prosperous future for the nation.

Congratulations on this remarkable milestone.
We wish the JDIC continued success in their important mission.

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Sagicor Bank

KEY FACTS



- The JDIC is a statutory body established under the Deposit Insurance Act
- As a public body, the Corporation is accountable to the Minister of Finance and the Public Service and operates within the legal framework of the Public Bodies Management and Accountability Act (PBMA).
- The JDIC manages the Deposit Insurance Scheme (DIS) for the insurance of deposits or parts thereof against the risk of loss.
- Membership in the DIS is mandatory for all deposit taking institutions regulated by the Bank of Jamaica.
- Currently there are 11 Members or Policyholders of the DIS, comprising eight (8) Commercial Banks, two (2) Building Societies and one (1) Merchant Banks.
- Insurance premiums are paid annually into the Deposit Insurance Fund (DIF) by policyholders.
- The DIF as of March 2023 was \$35 billion
- Approximately 97% of deposit accounts are fully covered at the coverage limit of \$1.2 million.
JDIC is a founding member of the International Association of Deposit Insurers (IADI).
- Deposit insurance entitlement is based on the account ownership categories of Individual, Joint, Trust, Nominee and Business accounts.
- The JDIC can act as receiver, liquidator, or judicial manager of any policyholder, or of its holding company.
The JDIC has the power to administer loans and advances with security and or guarantee payments to resolve a failed policyholder.

Cornerstone

Trust & Merchant Bank Ltd.

Wishes The
Jamaica Deposit Insurance Corporation

Happy
25TH
ANNIVERSARY



"Do not go where the path may lead, go instead where there is no path and leave a trail." – Ralph Waldo Emerson.

Cornerstone Trust & Merchant Bank congratulates the JDIC on 25 years of trailblazing service to the people of Jamaica.

Barbara Hume
Chief Executive Officer

Cornerstone Trust and Merchant Bank (CTMB), is a licensed deposit-taking institution and authorized foreign currency dealer regulated by the Bank of Jamaica and offering a range of banking products to both consumers and businesses



BUSINESS SOLUTIONS

- COMMERCIAL MORTGAGES
- BUSINESS LOANS
- LEASE FINANCING

CONSUMER SOLUTIONS

- RESIDENTIAL MORTGAGES
- MOTOR VEHICLE LOANS
- FIXED DEPOSIT ACCOUNTS



17 St. Lucia Way, Kingston 5
sales@cornerstone.com.jm
+1 (876) 618 3455

Financial Education

Creating a strong Foundation for Youth



The consensus is that persons who are financially literate make good financial decisions that enable them to have a better quality of life for themselves, their families, communities and by extension the economy. Financial education can be defined as the process of acquiring the knowledge and skills that lead to financial literacy.

Since its inception the Corporation has determined 'public education and awareness' to be a key business strategy towards the achievement of its public policy objective of protecting depositors and contributing to financial system confidence and stability. The best deposit insurance system will not achieve its objectives if stakeholders are unaware of its existence or unclear about the terms and conditions of the deposit insurance scheme. Through its public education programme and using various communication channels the Corporation continuously informs depositors, other financial consumers, and the general public about how the deposit insurance scheme works. This includes the types of accounts that are covered; the coverage limit and how

they are refunded if their bank or other insured institution fails.

Among the initiatives in the Corporation's public education and awareness campaign is a focus on youth, through its schools programme. These initiatives also supports the GOJ National Financial Inclusion Strategy. Over the years the schools programme has included deposit insurance presentations to tertiary and secondary institutions; hosted essay, poster, and website design competitions; as well as the development of an online android financial education game/ competition for secondary schools.

As the Corporation marks its 25th anniversary, the following are among the activities to be conducted under the schools' programme:

- Launch of JDIC's financial education book "Justin, Justina and the Money Master". The book is intended to increase financial awareness and literacy among children ages 8 -12 years and to encourage them to develop the habit of savings from an early age. In

addition to the hard copies the book will also be available on the Corporation's website at www.jdic.org.

- Handover of JDIC branded mathematics notebooks and geometry sets to select high schools in each parish. The notebook contains functional syllabus, formula sheets, graph paper and study tips to help students prepare for their CSEC exams.

- Launch of a high school essay competition where students are required to write about their understanding of the role of the JDIC and the DIS, and secondly about their school or a community facility in need of renovation, highlighting how this would benefit their school or the community in which they live. The renovation, to be carried out by the Corporation under its CSR programme, will form part of the prizes for the first-place winners in each county.

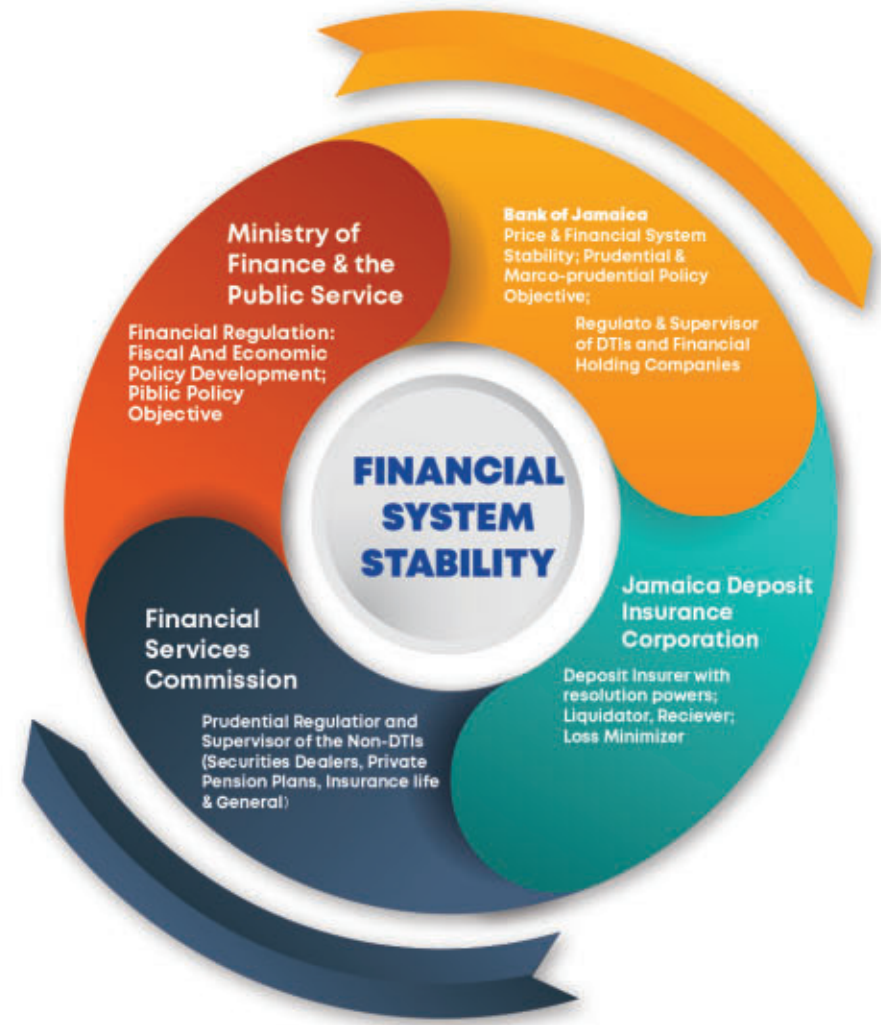
Congratulations



on celebrating a quarter-century of
unwavering commitment to maintaining
a secure financial landscape.

Scotiabank®

Deposit Insurance Coverage Limit and Financial System Stability



Deposit insurance is a protection mechanism developed and implemented by Governments around the world to provide protection to depositors of their deposits, in full or in part from losses in the event their regulated deposit-taking institution (DTI) fails. It is one of the features of maintaining a sound financial system that promotes confidence and stability in the system.

The global financial crisis, which occurred during 2007 and 2008, and the recent bank failures in the United States and Switzerland, have reinforced the importance of maintaining depositor confidence in the financial system and the key role that deposit insurance schemes play in maintaining that confidence. The coverage limit is the maximum amount a depositor is guaranteed to be reimbursed in the event of the failure of a regulated DTI and resolution is the only method for a payout. An appropriate deposit insurance coverage limit helps to support and promote depositor confidence and financial stability and the economy.

Jamaica experienced a financial system crisis (1996-1997), which cost taxpayers approximately 40 per cent of

its GDP. Coming out of this crisis several reforms were introduced to strengthen Jamaica's financial system, one of these reforms was the development and introduction of the Deposit Insurance Scheme (DIS) in keeping with the Deposit Insurance Act of 1998 which gave birth to the Jamaica Deposit Insurance Corporation (JDIC) on August 31, of the said year. One of the main functions of the JDIC is the management of a Deposit Insurance Fund (DIF), that will be used to reimburse depositors or aid in financing other resolution options to safeguard depositors and maintain confidence in the financial system.

International Guidance

The determination of an adequate deposit insurance coverage limit is guided by international best practices. According to the International Association of Deposit Insurers' (IADI) Core Principles for Effective Deposit Insurance Systems, coverage should be limited, credible, and cover the large majority of depositors, but leave a substantial amount of the value of deposits exposed to market discipline. Deposit insurance coverage should be consistent with the deposit insurance systems public policy objectives and related design features. In order to make certain that coverage remains

credible, coverage limits are reviewed periodically to ensure that it meets the public policy objectives of the deposit insurance system and where necessary, adjusted.

The following are additional guidance with respect to a credible coverage limit:

- The coverage limit should be at a level that fully protects most retail depositors. This should range upwards from 90–95 per cent of the number of total deposit accounts in the system.
- To ensure equity, the deposit insurer should apply the same level and scope of coverage to all member institutions.
- The value of the insured deposits at risk of loss and the likelihood of failure should be estimated and assessed.
- Funding requirements should be examined to support coverage limits and to ensure that adequate funding for a typical loss is available, whether from an ex-ante deposit insurance fund or secured ex-post funding arrangements. Additionally, the international standards recommend that deposit insurers arrange for liquidity funding in advance for timely access to emergency funding, should it

become necessary.

- The deposit insurance coverage limit should be reviewed on a regular basis. The IADI recommends that the coverage limit should be reviewed at least every five (5) years. In reviewing the coverage limit, it is an effective practice for the deposit insurer to take into account inflation and changes in real income. This should preserve the value of depositors' purchasing power and the composition and size of deposits, as well as stakeholders' expectations. Additionally, the development of new deposit products, additional funding requirements, the robustness of the supervisory and regulatory framework, the financial performance of the institutions, the performance of the economy, and other factors could impact the public policy objectives of the deposit insurance system.

Increase in JDIC's Deposit Insurance Coverage Limit - "You've Been Upgraded"

The present deposit insurance coverage limit of \$1,200,000 was increased effective 31 August 2020, up from \$600,000, under the advertising slogan "You've Been Upgraded". At this upgraded level and based on insured deposit data as at December 2022, the JDIC is presently covering approximately 96.8 per cent of deposit accounts in the banking system, bettering the international best practice recommendation. Of note, the JDIC's 2022 Survey of Insurable Deposits conducted among all member institutions revealed that the average balance in a deposit account was \$317,169 vis-à-vis the coverage limit of \$1,200,000 per account, per the ownership category and per member institution. This data reiterates that the present coverage limit remains credible and supports the JDIC's public policy objective of protecting the large majority of retail depositors and contributing to financial system confidence and stability.

The increase in the coverage limit in 2020, as in previous periods, was based on the decline of the real value of the previous coverage limit over the years due to the movements in the inflation rate, exchange rate, resilience, and financial performance of the institutions. Other factors included: the financial performance of the institutions; the robustness of the regulatory and supervisory environment; and the strength of Jamaica's economy.

Adequate depositor protection is important, especially in a jurisdiction of Jamaica's size that has a highly conglomerated and interconnected financial system where difficulties in one financial institution could adversely affect the entire financial system and the economy. Against this background, the JDIC remains committed to ensuring the coverage limit of the DIS sufficiently protects the large majority of retail depositors and mitigates against the risk of bank runs. The JDIC, as a member of the Financial System Safety Net (FSSN), therefore place significant focus on the ongoing review and enhancements to the coverage limit and other design features of the DIS as well as collaborating with the other members of the FSSN to promote and maintain confidence and stability within Jamaica's financial system.



The JN Group
congratulates the
management and staff
of the Jamaica Deposit
Insurance Corporation
on the occasion of their
25th Anniversary.

Your efforts continue
to inspire confidence
in Jamaica's financial
system.

We wish you continued
success and growth.



We'll help you find a way!



25TH Anniversary Church Service and Brunch Highlights





Chief Executive Officer of the JDIC, Ms. Antoinette McKain (right) posing next to JDIC Board Chairman, Ms. Myrtle Halsall at the Corporation's 25th Anniversary Brunch held on the lawns of the Vista Villa at the Caymanas Golf Club in St. Catherine, held on Sunday, August 27, 2023.



Donning the JDIC colours, Director of Monitoring & Risk Assessment, Dawn Marie Brown posing for cameras on the lawns of the Vista Villa at the Caymanas Golf Club for the JDIC's 25th Anniversary Brunch held on Sunday, August 27, 2023.



JDIC Procurement Officer, Mickel Brown enjoying the grounds of the Vista Villa at the 25th Anniversary Brunch held at the Caymanas Golf Club on Sunday, August 27, 2023.



Chairperson for the JDIC Board of Directors, Ms. Myrtle Halsall delivers the opening remarks at the Corporation's 25th Anniversary Brunch held on the lawns of the Vista Villa at the Caymanas Golf Club in St. Catherine, held on Sunday, August 27, 2023.



Members of the JDIC team engaged during Fellowship Service at the Boulevard Baptist Church.



JDIC team member Marcell Meade engaged during Fellowship Service at the Boulevard Baptist Church.



Rev. Dr. Devon Dick of the Boulevard Baptist Church greets JDIC Board Chair Ms. Myrtle Halsall



Past JDIC executive officer greets CEO, Antoinette McKain at Fellowship Service.

YOU'VE BEEN UPGRADED!

Your deposit protection has increased to **\$1.2 MILLION**
from \$600,000

“I enjoy the **AUTOMATIC PROTECTION** I get every time I save for what matters most. The JDIC Deposit Insurance is **BIG PROTECTION** for my little family.”

To benefit under the Deposit Insurance Scheme your deposits must be held at a commercial bank, building society or merchant bank.



JDIC...Protecting Deposits for You and Me

✉ Email: jdic@jdic.org

🌐 www.jdic.org

▶ Jamaica Deposit

📱 @jdicjam

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Digitization, Financial Innovation and Deposit Insurers:

Thoughts on Navigating the Changing Landscape - IADI

The rapid advancement of digitization, electronic payments, and financial technology has brought about transformative changes across various industries, including banking. As these innovations continue to reshape the financial landscape, it is essential to examine their impact on deposit insurance and the evolving business models of deposit insurers. In this article, the findings from the International Association of Deposit Insurers (IADI) Paper titled "Deposit Insurance in 2023, Global Trends and Key Issues" are explored and the implications of digitization and emerging financial trends for deposit insurance are examined. Among the key issues highlighted that are expected to significantly impact the activities of deposit insurers in the future are: changing macroeconomic conditions and the recognition of the role of deposit insurers in the resolution of non-viable banks; digitization; climate change and environmental, social and governance factors or ESG for short.

The Macroeconomic Environment and

the Role of Deposit Insurers

The IADI report highlights the macroeconomic environment in which deposit insurers operate today, one of rising global inflation and economic instability precipitated by the pandemic and the Russia-Ukraine war. With globalization and interconnected financial systems, deposit insurers face new challenges and responsibilities. One notable trend is the recognition of the critical role of deposit insurers in the resolution of non-viable banks. In addition to their traditional mandate of protecting depositors, deposit insurers are increasingly playing a crucial role in facilitating the resolution of troubled banks, and in so doing, ensuring financial stability.

Digitization and Operational Challenges

Digitization has revolutionized the banking industry, transforming the way financial transactions are conducted. While this has brought about numerous benefits, it also presents operational challenges for deposit insurers. The IADI

report emphasizes the need for deposit insurers to adapt to these changes and develop new strategies to effectively monitor and manage risks arising from the digitization of banking services. This includes understanding changes in the risk profile of member banks and enhancing public awareness of deposit insurance coverage in the digital era.

Cross-Border Issues and Digital Opportunities

The global nature of digital transactions raises cross-border issues for deposit insurers. The IADI report emphasizes the importance of international cooperation and information sharing among deposit insurers to address challenges associated with cross-border banking activities. Additionally, the report highlights digital opportunities for deposit insurers, such as leveraging technology to enhance operational efficiency, data analytics to improve risk assessment, and digital platforms to increase public engagement and education on deposit insurance.

Cybersecurity Risks and Changing Competition

As digitization progresses, the risk of cyber threats and data breaches becomes more prevalent. Deposit insurers must be proactive in implementing robust cybersecurity measures to safeguard depositor information and maintain public trust. Furthermore, the IADI report acknowledges the medium-term consequences of changing competition in banking markets, driven by financial technology and emerging decentralized finance models. These developments require deposit insurers to examine their business models and regulatory frameworks to ensure the continued protection of depositors' funds.

Central Bank Digital Currencies (CBDCs) and Cryptocurrencies

Governments worldwide are exploring the creation of central bank digital currencies (CBDCs) as a means to enhance financial inclusion, efficiency, and security. In the Caribbean and Latin America, countries such as Jamaica and the Bahamas have introduced their respective CBDCs, known as JAMDEX and the Sand Dollar respectively. While these initiatives hold promise, the impact of CBDCs and cryptocurrencies on the business model of deposit insurance is still unfolding.

The Future of Deposit Insurance

As indicated in the IADI trends report and based on further research, the mandate of deposit insurers is set

to expand in response to emerging financial trends. This includes proactive risk assessment in the digital era, embracing technological advancements to enhance capabilities. Therefore, as the financial landscape continues to evolve, deposit insurers must remain agile and adapt to emerging risks and technologies. By doing so, they can continue to fulfill their mandate of safeguarding the interests of depositors and preserving the integrity of the global banking system.

Reference: Van Roosebeke, B. Defina, R (2021). Five Emerging Issues in Deposit Insurance (Policy Brief No.4) International Association of Deposit Insurers. IADI Policy Brief 4 - Emerging Issues in Deposit Insurance.pdf

DEPOSIT ACCOUNT OWNERSHIP CATEGORIES

INDIVIDUAL ACCOUNTS:

An Individual Account is owned by one person.

JOINT ACCOUNTS:

A Joint Account is owned by two or more persons.

TRUST ACCOUNTS:

A trust account is one set up by an individual, company, association or group (trustee) for the benefit of another party (beneficiary).

NOMINEE ACCOUNTS:

A nominee account is held by an agent; a guardian; a custodian or the Supreme/Parish Court for the benefit of a principal or ward, a minor or patient as the case may be.

BUSINESS ACCOUNTS:

A business account is set up expressly for business, as opposed to individual or personal purposes.

JDIC

PROTECTING DEPOSITS

for YOU & ME

Up to **\$1.2M** per depositor, per institution.



www.jdic.org

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JDIC'S Corporate Social Responsibility



Members of JDIC team and community members pose for group picture at the McLeod Basic School in St. Andrew for the 2019 National Labour Day project.

Over the years, the JDIC has endeavored to fulfill our corporate social responsibility through our five (5) key areas of focus: financial education, work experience programmes, community outreach and development, national development, and environmental management.

Spreading the importance of financial literacy in schools has been a major drive of the Corporation, which has brought rise to our sponsorship of 630 copies of a Mathematics Notebook for distribution to secondary schools where students were identified as needing help with Mathematics. Branded as a 'super' notebook, it contains a condensed mathematics syllabus, formula sheets and graph

sheets to help students prepare for their exams. The inside, front and back covers of the book are branded with deposit insurance information and some basic facts on financial literacy. The notebooks will be distributed to the selected schools in the upcoming school year.

The Corporation also believes in the importance of community outreach and, over the years, has actively donated to basic and primary schools, children's homes, and nursing homes across the corporate area. These have included the Salvation Army Nest Children's Home in St Andrew; the Woman Centre; Lloyd's Gospel Assembly Homework Centre; the Sir John Golding Rehabilitation Centre; McLeod Basic

School in St. Andrew, among others.

Also, annually during Breast Cancer Awareness Month, JDIC staff members participate in initiatives put on by the Jamaica Cancer Society (JCA) to raise awareness of Breast Cancer. Additionally, the Corporation has also supported the JCA by raising funds in keeping with their activities for the month.

The Corporation remains fully committed to contributing to these goals and conducts its operations in a manner that supports the achievement of these standards; both for its team members and external constituents.









JDIC 25 YEARS OF PROTECTING DEPOSITORS 1998-2023

ESSAY COMPETITION

To mark its 25th Anniversary and as part of its Corporate Social Responsibility and Public Education programmes, the Jamaica Deposit Insurance Corporation (JDIC), is holding an Essay Competition for high schools' students.

COMING SOON

YOU'VE BEEN UPGRADED!

Deposit protection has increased to **\$1.2 MILLION**
from \$600,000.

“The JDIC Coverage is **BIG PROTECTION** for my savings. I enjoy the protection I get for my hard-earned money”

To benefit under the Deposit Insurance Scheme your deposits must be held at a commercial bank, building society or merchant bank.



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