



SAFETY NET

Deposit Insurance and Credit Guarantee Corporation
(Wholly owned subsidiary of the Reserve Bank of India)



Issue 2



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Editor's Note



Anup Kumar
Editor,
Chief General Manager
DICGC

We are pleased to release the second issue of the Safety Net. This issue carries a special report on public awareness initiatives by DICGC. Two new initiatives include the launch of

website and the claim status tracker App. DICGC released its Annual Report for 2023-24 during the period.

Newsletter also includes coverage on the IADI-APRC International Conference hosted at Jaipur by DICGC and bilateral meetings with the deposit insurers of Japan and Philippines, and the APRC JTF meeting as part of international cooperation and exchange of information. Some interesting facts on DICGC has been covered under 'Know your DICGC'.

Wishing you a Happy New Year 2025.

DICGC hosts IADI-APRC International Conference

DICGC hosted the International Association of Deposit Insurers (IADI) - Asia Pacific Regional Committee (APRC) International Conference on August 12-14, 2024 in Jaipur, India with the theme "Navigating the evolving Financial Landscape: Emerging Challenges for Deposit Insurers and the Significance of Crisis Preparedness.". The objective of the Conference was to deliberate on the challenges, implications and outlook for deposit insurance and the financial safety net framework in the context of evolving financial landscape and climate change-related financial risks, and the overarching significance of crisis preparedness and management policy.

The Conference was attended by distinguished representatives of the IADI and the APRC Secretariat, CEOs and officials of deposit insurance agencies/deposit insurance department in the central bank of 12 countries, eminent speakers, panelists and panel moderators from India and abroad, senior invitees from select major banks in India, senior officials from the Reserve Bank of India (RBI) and DICGC.



Dr. Michael D. Patra, Deputy Governor, RBI and Chairman, DICGC gave his keynote speech on '[Navigating Emerging Challenges for Deposit Insurers and Fortifying Crisis Preparedness](#)'. He highlighted the opportunities and challenges thrown up by digitalisation of financial services, digital innovations in currencies (CBDCs) and tokenised deposits, and climate change-related financial risks. He urged

deposit insurers to enhance our collective understanding of the emerging challenges so that we adapt, prepare and remain relevant and meaningful in inspiring public confidence and preserving financial stability.



Mr. M Rajeshwar Rao, Deputy Governor, RBI gave the valedictory address on '[Deposit Insurance: Keeping Pace with the Changing Time](#)'. He emphasised the fact that deposit insurance and deposit insurers are essential components of a stable and trustworthy financial system. It has become imperative for the regulators and the deposit insurers to realign their

policies and regulations to enable banks to better manage and enhance their risk management capabilities, especially liquidity risk management.



Mr. Swaminathan J, Deputy Governor, RBI gave a talk on '[Financial Stability in the Emerging Financial Technology Landscape](#)'. He indicated that technology-induced systemic risk has become one of the key

areas of concern for the financial sector. By adopting a proactive, risk-based approach, including enhanced oversight, risk-based premiums, reliance on supervisory ratings, faster claim settlements, and industry collaboration, deposit insurers can effectively manage these risks.



Ms. Eva Hüpkes, Secretary General, IADI spoke on '[Digital transformation – the future of deposits in a tokenised world](#)'.

Mr. Alejandro López, President and Chair of the Executive Council, IADI gave his [opening address](#) virtually and Mr. Hidenori Mitsui, Chairperson, APRC and Governor, Deposit Insurance Corporation of Japan gave his opening remarks via video recording.

The Conference had four panel discussions. The first Panel on 'Deposit Insurance in the Digital Currency Era' explored the benefits and challenges of digital innovation, particularly CBDCs, in the context of deposit insurance and financial stability. Panel 2 on 'Tokenised Deposits' examined how the unique characteristics of tokenised deposits may require adaptations in the existing deposit insurance frameworks. Third Panel on 'Deposit Insurers and Climate Change-Related Financial Risks' deliberated on ongoing efforts to understand the impact of climate-change related financial risks on financial stability and deposit insurance. Panel 4 on 'Enhancements in Crisis Preparedness and Management Policies for Deposit Insurance: Case Studies from Deposit Insurers' presented case studies from deposit insurers and RBI. Two eminent speakers spoke on the topics 'Futuristic Developments in Fintech and its impact on deposit insurance' and 'The 'Finternet' - a set-up of multiple interconnected financial ecosystems - as the future financial system'.



Governance

New Directors on DICGC's Board

DICGC proudly welcomes three new Directors as its Board members. The Directors are Shri Arnab Kumar Chowdhury, Executive Director, RBI, Prof. Partha Ray, Director, National Institute of Banking Management (NIBM) and Dr. Tarun Agarwal.



Shri Arnab Kumar Chowdhury



Prof. Partha Ray



Dr. Tarun Agarwal

Risk Management Committee of the Board established

As decided by its Board, DICGC has set up a Risk Management Committee of the Board (RMCB) with Shri Pankaj Sharma, Joint Secretary, Department of Financial Services, Ministry of Finance as the Chairperson and Shri Arnab Kumar Chowdhury, ED, RBI, Smt. Sudha Balakrishnan, Chief Financial Officer (CFO), RBI and Prof. Partha Ray, Director, NIBM as members. Shri Anup Kumar, CGM, DICGC will be the member secretary. A Risk Management Cell has been set up by the Corporation to provide secretarial support to the RMCB. The Terms of Reference of the RMCB are:

- To recommend to the Board strategies and policies related to internal control framework for mitigation of key risks.
- To monitor contingency planning and crisis management policies/procedures and their effectiveness.
- To review the organizational structure, budget, resources and performance of internal risk management function.
- To have oversight over Executive Risk Management Committee of the Corporation.
- Any other related matter that may be assigned by the Board.

Board Meeting Management Solution

DICGC implemented a comprehensive Board Meeting Management Solution for management of Board meetings in a paperless, collaborative and a convenient way. The solution integrates digital tools for secure and seamless sharing of critical information and documents by the board members and provides real time updates, annotation facility, chat option, and an intuitive user interface.

DICGC Initiatives

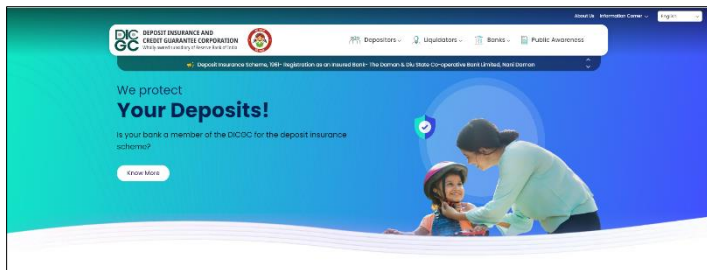
Chairman launched the following in the 272nd Board Meeting of the Corporation held on August 28: (a) Inaugural issue of DICGC Semi-Annual Newsletter "Safety Net"; (b) DICGC Annual Hindi Magazine "Abhivyaakti"; (c) Depositors' Claims Status Tracker "Daava Soochak"; and (d) QR Based File Management System for internal usage.



Public Awareness

New Website Inaugurated

Chairman, DICGC inaugurated DICGC's new website on November 5, 2024. Harnessing the power of the latest technology, the new vibrant website presents information in a streamlined manner, through an intuitive interface, easier navigation and coherent information architecture. For improved user experience, multiple aspects such as the use of gradient colour palette, extensive iconography, images, videos, visualisations, etc. have been added. Further, various functionalities have been incorporated, such as AI chatbot, website level search, Progressive Web App (PWA) technology to facilitate access of the website through mobile browser, as also various functions for the differently abled, such as text magnifier, reading mask for assisting people with low vision, text scaling and content scaling for assisting people with dyslexia. Additionally, public awareness video messages, key statistics both in INR and USD, structured FAQs etc. have also been incorporated. This new website is expected to serve the information needs of all stakeholders especially new/first time users of the banking system (<https://website.dicgc.org.in/>).



“Daava Soochak” - The Claim Status Tracker

DICGC launched a claim status tracker named 'Daava Soochak' on its website on August 28, 2024. Through this App, depositors can check the status of their claim. The facility is presently available for banks under All Inclusive Direction (AID) of the Reserve Bank w.e.f, April 1, 2024 and will be shortly extended to liquidated banks.

Public Awareness Survey 2024

The Public Awareness Survey 2024, conducted by the DICGC with guidance from a Technical Advisory Committee, aimed to assess public understanding of deposit insurance and DICGC's role. The agency carried out the survey fieldwork across five Indian states and gathered insights from approximately 5000 respondents. It revealed varying levels of awareness about deposit insurance, DICGC's functions, and banking safety.

While nearly all respondents felt their bank deposits were safe, 73.81% were familiar with deposit insurance, and 63.67% knew about the functioning of DICGC. A small percentage accurately understood the maximum insurance coverage and premium responsibilities. The findings underscore the need for enhanced public awareness campaigns and better information dissemination. The report recommends targeted initiatives to clarify key concepts, improve multilingual content accessibility, and strengthen collaboration with banks to ensure customers are well-informed about deposit insurance. Addressing these issues is crucial for building public confidence in the financial safety net provided by DICGC.

DICGC Annual Report, 2023-24

DICGC released its 62nd Annual Report 2023-24 on September 19, 2024. The first Chapter gives an overview of DICGC including its history, legal framework, and regulations governing the deposit insurance scheme. The second Chapter on “Management Discussion and Analysis,” outlined major policy initiatives including strengthening governance, improving information sharing, increasing public awareness, and initiating digital transformation.

The full report is available at (https://www.dicgc.org.in/PUB_AnnualReports.html) or



DICGC Website traffic

Consequent to the displaying of DICGC's QR Code and Logo on insured banks website since September 2023, traffic to DICGC website has increased twenty-fold. On average, 1,25,000 users visited the website in a month, of which 50% were new users. More than three-fourth of the users accessed the website on their mobile device. The pages most visited after the homepage were that of 'List of insured banks', and 'A guide to deposit insurance'. While majority users (Top five) from India hailed from the cities of Mumbai, Chennai, Delhi, Jaipur and Ahmedabad; internationally top five visitors were from Germany, Singapore, Saudi Arabia, UAE, and the USA.

Know your DICGC

Departments in DICGC

In the initial years, DICGC had four departments (Deposit Insurance, Non-Industrial Credit Guarantee, SSI Credit Guarantee and Administration & Accounts) and three divisions/sections (Board Section, Claims Committee, and Computer Division). With the evolving role and functions, DICGC currently has six Departments and twelve Divisions/Cells.

Departments	Divisions/Cell
Claims Settlement Department (CSD)	Audit Budget Coordination Cell (ABCC)
Department of Accounts and Taxation (DAT)	Communications Cell
Department of Information Technology (DIT)	Complaints Redressal Cell (CRC)
Human Resources Management Department (HRMD)	IADI and External Relations Cell
Insurance Operations Department (IOD)	Information Management and Data Analytics Cell (IMDAC)
Secretary's Department (SD)	Legal Cell
	Official Language/Rajbhasha Cell
	Project Management Cell
	Recovery Management Cell (RMC)
	Research, Policy and Information Cell (RPIC)
	Risk Management Cell
	Treasury (Front, Mid and Back) Offices

What we do?

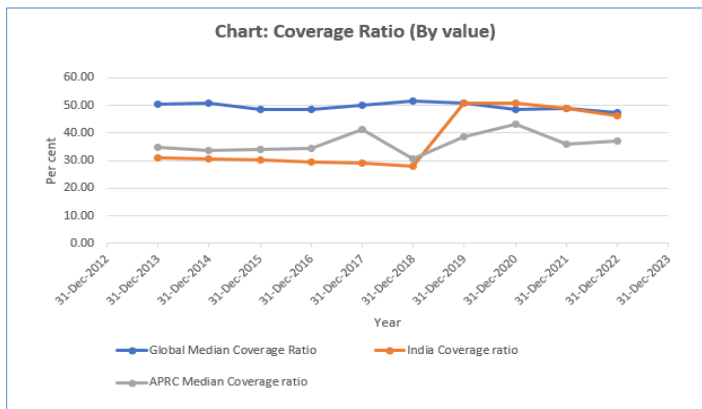
Claims Settlement Department

Whenever a bank is placed under directions by the banking supervisor (Reserve Bank of India) and such directions restrict the access of deposits by the depositors of the bank concerned; or whenever an order of winding up/liquidation of a bank is drawn by the competent authority, DICGC becomes liable to pay each eligible depositor an amount equivalent to the deposits held in the same capacity and in the same right with the bank, subject to a ceiling of ₹ 500,000 (approx. USD 6000). Furthermore, when a scheme of amalgamation is drawn by the competent authority and such a scheme envisages payment of an amount to the depositors which is less than the original amount with the bank and also the specified amount, DICGC becomes liable to pay each eligible depositor of the bank. In discharge of the mandate, DICGC employs the services of a chartered accountant firm to verify the claims submitted by the insured banks or the liquidators of insured banks, as the case may be. Based on the report submitted by the chartered accountant firm and its own internal validation, DICGC pays each eligible depositor. Depositors of both liquidated banks and banks under directions are informed via electronic messages whenever the claim is received from the liquidator/bank and also when the claim payment is released. Information about the status of claim payment is also available on claim status tracker App (Daava Soochak) hosted on DICGC website. Service is presently available for banks under direction and will be shortly extended to liquidated banks.

Deposit Insurance at a glance: A Global Outlook

Coverage Ratio

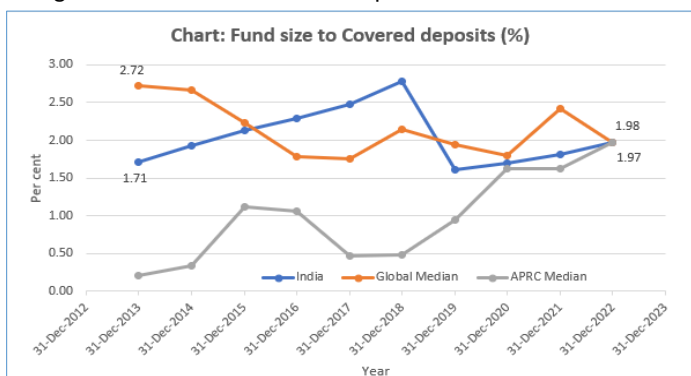
Coverage ratio (in terms of value), or the Insured Deposit Ratio, is the ratio of total value of insured deposits to the total eligible or assessable deposits. It is one of indicators used by deposit insurers and the International Association of Deposit Insurers (IADI) to assess the performance of the deposit insurance system. This ratio for India has been higher than the APRC median value since 2019 and aligned with the global median since 2020 (Chart).



Source: IADI Annual Survey and DICGC's calculations.

Reserve Ratio

Reserve Ratio (the ratio of the Deposit Insurance Fund to Insured Deposits) for India was almost the same as the median APRC and global medians in the recent period (Chart).



Source: IADI Annual Survey and DICGC's calculations.

The Reserve Ratio of most APRC members showed a general upward trend between 2018 and 2022 and was in the range of 0.2 to 13.9 per cent in 2022 (Table). Further, it is observed that developed economies maintained relatively lower and stable reserve ratios, while emerging economies had higher and variable ratios. India's reserve ratio consistently increased during 2020 to 2022.

Table: Reserve Ratio in the Asia Pacific Region (%)

	2018	2019	2020	2021	2022
Minimum	0.18	0.20	0.21	0.23	0.24
Maximum	17.00	18.02	20.01	12.28	13.94
Mean	3.15	3.29	3.50	3.02	3.46
Median	0.48	0.95	1.63	1.62	2.02
India	2.78	1.61	1.70	1.81	2.02

Source: IADI Annual Survey and DICGC's calculations.

International Development and Outreach

New Vistas for Deposit Insurance in India

Dr. Michael D. Patra, Chairman of the Corporation and Deputy Governor of Reserve Bank of India gave a talk on '[New Vistas for Deposit Insurance in India](#)' during the 79th meeting of Executive Council of the International Association of Deposit Insurers (IADI) in Rome in June 2024.

Commending the IADI's role as a global standard-setter and a global forum contributing significantly to building effective deposit insurance systems across the world, Chairman highlighted the recent policy initiatives undertaken in India for designing a strong safety net for depositors, particularly with regard to Risk Management, Public Awareness, Digitisation, and ESG Policy.

As regards risk management, treasury operations are being reinforced with asset-liability management tools, real time monitoring of liquidity and concentration ratios, and periodic value-at-risk and scenario analyses. A dedicated market risk reserve has also been created.

Backed by a Board approved communication policy, public awareness campaigns are being refashioned and stepped up for continuous dissemination of deposit insurance related information. Digital transformation of all operations is underway with a focus on data management, process optimisation, business analytics and cyber security with best-in-class market technologies.

An in-house recovery dashboard enables tracking compliances, and authentication of asset details and payments by liquidators. DICGC is exploring framing of a comprehensive ESG policy.

DICGC – PDIC Bilateral Meeting on Reimbursement

DICGC and Philippines Deposit Insurance Corporation (PDIC) held a bilateral meeting on August 12 to discuss and exchange experience about payout operations on the sidelines of the IADI-APRC International Conference.

DICGC hosts 21st Meeting of Joint Task Force

The 21st meeting of the APRC Joint Task Force on Strategic Priorities and Action Plans (JTF) was held on August 14 on the side-lines of the Conference.

DICJ Officials visit DICGC

Mr. Hiroaki Kuwahara, Senior Executive Director and Eisuke Suzuki from Deposit Insurance Corporation of Japan (DICJ) visited DICGC Headquarters at Mumbai for a bilateral meeting on August 16 to exchange experiences on the functioning of DICJ and DICGC.

2024 India Financial Stability Assessment Programme (FSAP)

DICGC is participating in the ongoing 2024 Financial Sector Assessment Program (FSAP) for India, which is jointly conducted by International Monetary Fund and World Bank, once in 5 years. This year's FSAP is the third so far for India, the first and second were conducted in 2011-12 and 2017-18.

The FSAP is a comprehensive and in-depth analysis of a country's financial sector with two main components - the financial stability assessment and the financial development assessment.