



PROTECTING COOP MEMBERS' DEPOSITS: Issues for Discussion

CRISTINA QUE-ORBETA

President

Philippine Deposit Insurance Corporation



How does PDIC help protect depositors?

- 1. Provide deposit insurance for up to P500,000**
- 2. Examine banks, coordinate with BSP on courses of action: strengthening program for banks, financial assistance, assistance for merger, consolidation and acquisition**
- 3. Conduct depositor awareness and financial literacy programs**

Objectives:

- Depositor protection**
- Maintain financial stability**



How can CDA help protect depositors of cooperatives?

1. Ensure proper governance of cooperatives
 - Professionally managed
 - Accounting and financial system in place
 - Integrity of credit and collection process
 - Internal controls in place
2. Establish accountability and responsibility
3. Keep members informed of status of the cooperative

Is deposit insurance for cooperatives necessary?



Lessons learned from CODIS

- 1. CODIS' framework consistent with standards:**
 - **Voluntary membership scheme**
 - **Coop sustainability standards (PESOS Plus)**
 - **Evaluation and validation procedures**

- 2. Membership has not increased since 2011 compared to total number of cooperatives**
 - a. Why is there no interest?**
 - b. How can it attract more members?**

- 3. Effectiveness and sustainability of CODIS**



Deposit insurance for cooperatives?

1. **Mandate**
2. **Membership: voluntary or mandatory**
3. **Coverage : amount**
4. **Sustainability: funding and structure**
5. **Powers and measures to mitigate risks:**
 - ability to examine cooperatives
 - prescribe rules and regulations
 - impose sanctions for non-compliance
6. **System/infrastructure to reimburse insured deposits**
7. **Authority to resolve failing/failed cooperatives**
8. **Public awareness programs**



Meantime

- 1. Strengthen regulation and supervision of member institutions**
- 2. Work closely with other safety-net players**
(Article 62, Section 8, paragraph 2 of RA 9520 or the Philippine Cooperative Code of 2008)
- 3. Be guided by international standards: Revised Core Principles for Effective Deposit Insurance Systems of the International Association of Deposit Insurers (IADI)**



Thank You