INTERVENÇÃO DO PRESIDENTE DA COMISSÃO DIRETIVA DO FGD

E VICE-GOVERNADOR DO BANCO DE PORTUGAL

CONFERÊNCIA ANUAL DA INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS

27 DE NOVEMBRO DE 2025

Mr. President of the International Association of Deposit Insurers,

Members of IADI,

Dear colleagues,

It is a great pleasure to welcome you all to Lisbon for the Annual Conference of the International Association of Deposit Insurers.

On behalf of the Fundo de Garantia de Depósitos, I extend a warm greeting to all participants and conference attendees who have travelled, in many cases from very far, to join this important gathering.

Hosting the global deposit insurance community here in Portugal is an honour for our Fund and for Banco de Portugal, and I would like to begin by expressing our sincere gratitude to the IADI Secretariat and to the teams at Banco de Portugal and the Fundo de Garantia de Depósitos for their dedication and hard work in preparing this conference.

Let me also begin by congratulating IADI for its sustained efforts in strengthening deposit insurance systems worldwide, and in particular for its role in promoting cooperation and fostering information and knowledge sharing among so many financial safety-net participants from around the globe.

This Annual Conference is the perfect example of the outstanding international footprint of the Association: we welcome more than two hundred participants from nearly ninety jurisdictions.

It is an impressive achievement and a clear expression of the relevance of IADI's mission and of the commitment of deposit insurers across regions to deepen cooperation and coordination.

In today's world, the spirit of cooperation and openness that clearly pervades this gathering is more important than ever.

We meet in a world marked by renewed geopolitical tensions, geoeconomic fragmentation, shifting alliances, and a pace of technological change and of information flows that has no precedence.

And whereas policymaking is increasingly dictated by domestic or regional considerations and interests, financial markets remain strongly interconnected. Moreover, the core of our mission as safety-net participants is the same wherever we come from: to safeguard depositor confidence and to preserve financial stability.

In the current environment, the role of IADI as a platform for dialogue, knowledge exchange, technical cooperation and coordination is essential.

The Association enables deposit insurers and other safety-net authorities to learn from one another, to align practices where appropriate, and to develop tools that are effective across diverse institutional settings.

This year's conference theme — "Navigating Policy Challenges to Sustain Stability in an Uncertain and Fragmented World" — could not be more appropriate and timely.

It captures the essence of the environment in which we operate today.

Uncertainty arises from a range of sources — geopolitical tensions, shifting macroeconomic conditions, rapid technological change, new and disintermediated means of communication and the expansion of the frontiers of finance, with the emergence of new players and new products, such as digital assets.

Fragmentation manifests through a reconfiguration of trade patterns and geopolitical realignment which is again starting to divide the world in blocs after a period of globalisation and integration.

Together, these forces imply that shocks can happen unexpectedly and that they will be transmitted in unpredictable ways.

For financial safety-net participants, this environment requires our response in two main dimensions, both of which lie in the core of IADI's mandate.

It requires that we increase our *readiness* to act when shocks materialise and that we are able to overcome fragmentation through increasing *cooperation*.

It is precisely because crises can (or better say: will) occur unexpectedly — and spread quickly — that our preparation is so important.

In Europe, substantial progress has been made in building an integrated crisis management framework.

Within the Single Resolution Mechanism, resolution plans have been prepared for every bank, loss-absorbing capacity has been built-up across the Banking Union and a single resolution financing arrangement has been put in place and capitalised. Work is now focused on ensuring resolvability and increasing readiness, namely through testing and crisis simulations.

Yet, even in the Banking Union, where so much progress has been achieved in a relatively short period of time, the work is not complete.

The resolution framework remains unfit for small and medium-sized banks which operate in a more traditional business model and to which it would be disproportionate to apply loss-absorbing requirements calibrated for larger institutions.

And most important of all: whereas it is called a Banking Union, deposit guarantee schemes are still strictly national, which means that banks are still very much national "in death".

This is not only inconsistent with the aspiration to have an integrated EU banking market but makes such aspiration difficult to achieve: it forces national authorities to continue to be mindful of their national responsibilities, this resulting in relevant barriers to cross-border business and consolidation.

A European Deposit Insurance Scheme is therefore essential if we want to be serious about building a Banking Union and fostering the resilience and competitiveness of European banks in the global arena.

Dear colleagues,

It is especially rewarding for Portugal to be hosting this gathering in 2025.

Like many other countries, Portugal was deeply affected by the global financial crisis and by the period that followed. Our banking sector faced serious challenges, and we had to take difficult decisions.

Ten years ago, in November 2015, we had one of our most significant banks operating as a bridge bank and we were about to put a second bank in resolution: two banks failed within about a year and had to be resolved, representing approximately 20% of the banking system. And the remaining 80% of the system was also not in a good shape.

Over the last decade, the Portuguese economy and the Portuguese banking sector have undergone a very significant recovery.

The banking sector in Portugal is currently among the most solid in the European Union.

Over the past ten years, solvency has increased significantly, NPLs have decreased markedly and profitability and efficiency have also improved.

Moreover, all banks in Portugal are now compliant with the applicable Minimum Requirement for Own Funds and Eligible Liabilities, meaning that they have also built adequate capacity to absorb losses in case of failure.

Multiple factors have certainly contributed to this impressive turnaround. Among them, the effectiveness of the crisis management measures adopted by Banco de Portugal and by the Portuguese authorities played a decisive role.

Our response ensured that financial stability was safeguarded, depositors were protected, the financial services provided to the economy by the failed banks were preserved and contagion was avoided.

The performance of the Portuguese banking sector over the last decade is therefore a good example of the importance of financial crisis management.

What we do as financial safety-net authorities has concrete impact on the overall economy and therefore on the well-being of our citizens.

Needless to say, deposit guarantee systems are a critical pillar in the financial safety-net architecture.

In the European Union, this is clearly acknowledged: one of the three pillars of the Banking Union is comprised of the deposit guarantee systems.

And the regional bank failures in the United States, in 2023, have again reminded us all of the importance of our shared mission. Those events showed that in today's world, depositor confidence can erode much faster than before and that mistrust can spread at an impressive pace.

At a time when, driven by technological developments, news spreads faster than ever (whether accurate or not), and when any depositor can move their funds at any time of the day, preserving depositor confidence is more important than ever.

Those events also showed that the failure of even the smaller banks can pose a threat to financial stability overall.

This implies that crisis management arrangements cannot be calibrated only to address the failure of larger or theoretically more systemic banks.

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The crisis management architecture must provide a comprehensive and coherent response to the possible failure of every bank.

This requires that resolution and deposit insurance are properly articulated. And again implies an increased role for deposit guarantee schemes.

Not surprisingly, we have been witnessing a continuous expansion of the mandates of deposit insurers, namely with their increasing involvement in bank resolution.

According to IADI data, the share of deposit insurers with a role in resolution has grown steadily from 68% in 2014 to 82% 2024.

The extent of deposit insurers involvement in resolution varies by region. In North and Latin America, deposit guarantee schemes play an above-average role in resolution decision-making. In Africa and Asia, involvement remains more limited, though Asia has been actively working to enhance this role.

In Europe, while deposit guarantee schemes participation in resolution is currently modest, the ongoing reform of the legal framework aims to enhance this role by creating the conditions that further enable the use of deposit guarantee schemes in the protection of depositors of small and medium-size banks through means other than the traditional payout.

Ladies and gentlemen, let me conclude,

The programme for today reflects the diverse challenges we face.

The panels will address global risks, cooperation in crisis management, and the impact of digital transformation. Cyber risks, new payment technologies, and accelerated information flows require us to rethink traditional approaches.

Fragmentation and *uncertainty* demand a stronger emphasis on *readiness*, *coordination*, and *trust* among safety-net authorities.

Our work as financial safety-net participants, individually and collectively, helps preserve depositor confidence – which remains the most precious asset in any financial system.

I wish you all a productive conference and I hope you can also have the opportunity to enjoy our beautiful city of Lisbon.

Thank you for your attention.