



## Outline

-  The Importance of Promoting Public Awareness of Deposit Insurance Systems (DIS)
-  Crisis Communication and Engagement
-  CDIC's Experience in Handling Crisis Communication
-  CDIC's Experience in Promoting Public Awareness
-  Future Direction and Conclusion

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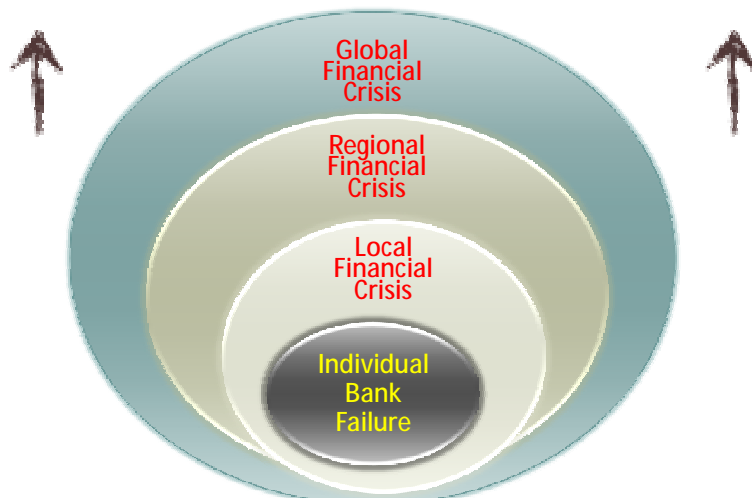


# The Importance of Promoting Public Awareness of DIS



# Types of Financial Crises

## SYSTEMIC CRISIS



## Objectives

- § To enable people to understand DIS policies and their rights while implementing government policies and DIS
- § To increase the public's awareness of DIS
- § To establish public confidence in the DIS and maintain financial stability

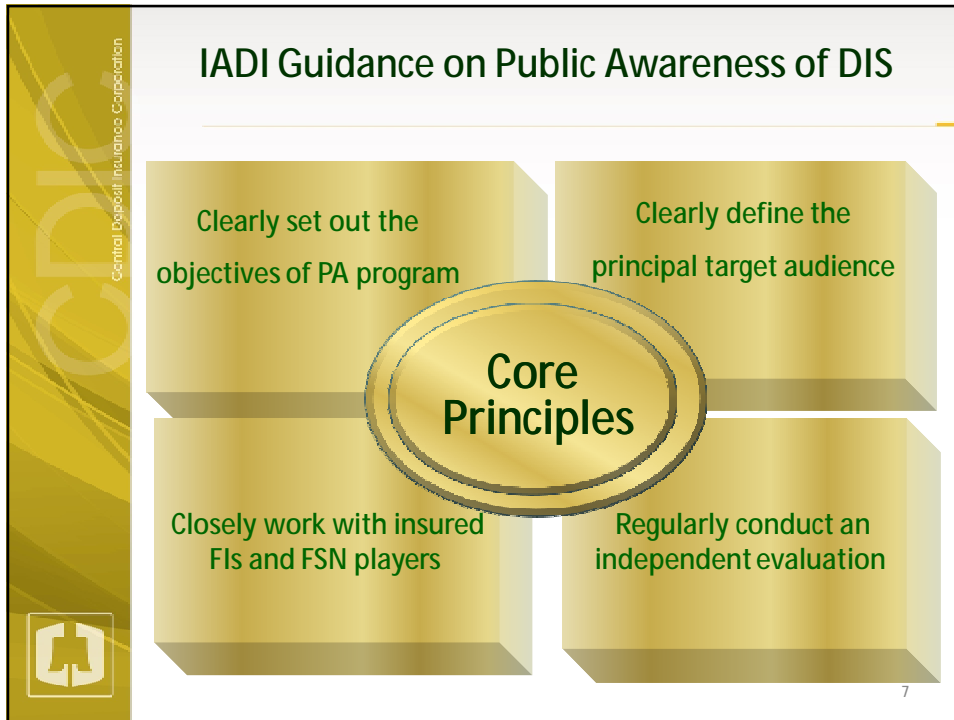


## Core Principle on Public Awareness

### Principle § 12

*In order for a deposit insurance system to be effective it is essential that the public be informed on an ongoing basis about the benefits and limitations of the deposit insurance system.*





- Central Deposit Insurance Corporation
- ## Communicating Information
- § Key messages
- Functions
  - Corporate profile (logo & sign)
  - Coverage limit
  - Coverage scope
  - Contact information
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Central Deposit Insurance Corporation

# Target Audience

1  
General Public

2  
Institutional Depositors

3  
Member Institutions

4  
Media

5  
FSN Players

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Central Deposit Insurance Corporation

# Crisis Communication and Engagement

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## Objectives of Crisis Communication

- § Strengthening the public announcement, strategies, handling procedures and schedules
- § Increasing communication with news media and stakeholders of financial institutions
- § Closely cooperating with the financial safety net players
- § Rapidly, extensively and intensively disseminating latest and accurate information to stakeholders



## Foundation of Crisis Communication

*Crisis communication on the occasion of a financial crisis is an extension of an effective public program implemented in good times.*

## Communication in Times of Crisis

### Harold Lasswell 's communication theory-5 W

- § WHO TO SAY.....Communicator  
↓
- § SAYS WHAT ?.....Message  
↓
- § IN WHICH CHANNEL .....Media  
↓
- § SAYS TO WHOM .....Receiver  
↓
- § WITH WHAT EFFECT ? .....Effect



## Who is Responsible for Crisis Communication?

- § Deposit insurer
- § Financial competent authority
- § Central Bank
- § Ministry of Finance



## What Information to be Promoted?

- § The rights and interests of depositors under DIS protection
- § Government policies and methods for handling a financial crisis
- § Resolve to maintain financial order
- § Easy, clear and positive messages



## To Whom?

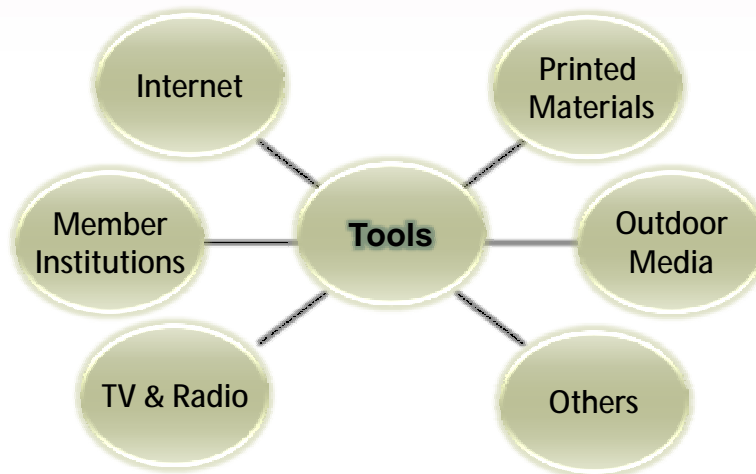
- § Depositors
- § Creditors
- § Shareholders
- § Employees of FIs
- § Media reporters







## In Which Channels?



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## In Which Channels? (cont'd.)

- § All insured institutions
- § DI employees
- § Intensive advertising campaigns
- § Corporate website of DIS, the failed insured institutions and competent authority
- § Mass media
- § Financial safety net players
- § Service lines



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## With What Effect?

- § Reduction in anxiety in times of a crisis
- § Fewer bank runs/stop such runs quickly
- § Establishment of public confidence



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## Strategies for Crisis Communication

- § Broad, rapid & frequent communication scope
- § Use of various media to contact different social levels, localities and ages groups
- § A well and organized Implementation plan
- § Use of simple, clear and easily-remembered slogan
- § Good and intensive media coverage
- § Well-known spokespersons with credibility
- § Launch of the dark site

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## CDIC's Experience in Handling Crisis Communication



## Banking Crises in Taiwan

### Stage of each crisis

**1995-1998** Frequent runs on community financial institutions

**2001~2005** Establishment of Financial Restructuring Fund as a mechanism to withdraw problem banks by providing a blanket guarantee

**2008-2010** Global financial tsunami

**End of 2010** Transition from a blanket guarantee to a limited deposit insurance coverage system

## Frequent Runs on Community FIs

1995~1998

- § Fierce competition in financial markets caused problem banks facing operating difficulties and heavy losses
- § Weak internal controls – the management team of a community financial institution was involved in embezzlement



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## The Era of the Financial Restructuring Fund

2001~2005

2001  
2002  
2003  
2004  
2005

- § No explicit exit mechanism to withdraw problem FIs before 2001
- § The establishment of the Financial Restructuring Fund to enhance the financial system in 2001
- § The implementation of a blanket guarantee
- § CDIC served as a conservator to handle problem FIs



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## The Era of the Financial Restructuring Fund

2001~2005

(cont'd.)

### § Methods and principles in dealing with FIs under conservatorship

- Adopting P&As to deal with problem FIs
- CDIC provided financial assistance to problem FIs
- Based on principles as follows :
  - Stabilizing social order
  - Ensuring the rights of depositors
  - No interruption in financial service
  - Least cost principle



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## Preemptive Response to the Global Financial Crisis

2008-2010



- § Taiwan government adopted a temporary blanket guarantee in strengthening depositors confidence
- § To maintain credit order and financial stability



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## Transition to a Limited Coverage System

2010~

- 2010 § As the global and domestic economy and financial conditions gradually recovered, Taiwan government decided to end the temporary guarantee system by the end of 2010
- 2011 § New policies adopted to enhance the public confidence beginning from Jan. 2011
- The maximum coverage was raised from NT\$1.5M to NT\$3M
  - Deposit interest and foreign currency deposits are insured



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## Crises Handling Experience in Taiwan



- § Bank runs
- § Conservatorship
- § Blanket guarantee
- § Transitioning to a limited coverage system



- § Payouts



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## Crisis Communication — Bank Runs

### Actions in stage 1

- CDIC employees were dispatched to problem FIs to stop such runs on banks to put depositors' mind at ease
- Prepared a pile of cash and placed on counters to imply sufficient liquidity
- Put up large notice in prominent areas to show the FI was insured
- Post press release via different communication tools



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## Crisis Communication — Bank Runs

(cont'd.)

### Actions in Stage 2 – In case the bank run escalates.....

- Held a joint press conference or publish a written statement with the heads of the Central Bank, Ministry of Finance and the Financial Supervisory Commission



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## Crisis Communication — Bank Runs

(cont'd.)



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## Crisis Communication — Bank Runs

(cont'd.)



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## Crisis Communication — Conservatorship

### Actions in Stage 1-communication with the public and depositors

- ü Disclosure of information to the public on CDIC website including :
  - Press release and announcement related to conservatorship and its handling progress
  - Information related to depositors’ rights and interests
  - Launching a crisis web page(dark site) to update consumers of the latest information of the FI



## Crisis Communication — Conservatorship

(cont'd.)

### Actions in Stage 2- communication with employees and stakeholders of the failed FI

- ü Calming employees of the failed FI
- ü Releasing positive messages toward the labor unions
- ü Informing BOD members their powers were taken over per law
- ü Informing shareholders through public announcement regarding their rights only limited to the remaining estate of the failed FI
- ü Informing creditors of their rights



## Key Messages — Bank Runs & Conservatorship



Emphasis on depositors' money are under DIS protection



Highlight the coverage limit and scope



Explain handling methods



Be positive



## Communication Tools Bank Runs & Conservatorship



Internet  
• News headlines  
• Corporate website



Television  
• News headlines  
• Scrolling messages  
• Media interview



Employees  
• CDIC  
• FIs



## Key Messages – Blanket Guarantee 2008~2010

- § Theme: Government has heard the voice of people
- § Action: Invited publicly trusted and influential personalities to serve as spokespersons to endorse government/CDIC’s policy



## Communication Tools – Blanket Guarantee

### Television



- ü Public Service Announcements
- ü Media interview

### Insured Institutions



- ü Posters
- ü Scrolling banners



## PSA Film with the Premier



## Advance Promotion of Important Policies-Transition

### IADI Guidance on Public Awareness

*If a country is transitioning from a blanket guarantee to a limited coverage deposit insurance system, public awareness activities should begin as early as possible.*



CDIC's public awareness program on transition was proposed in August 2010

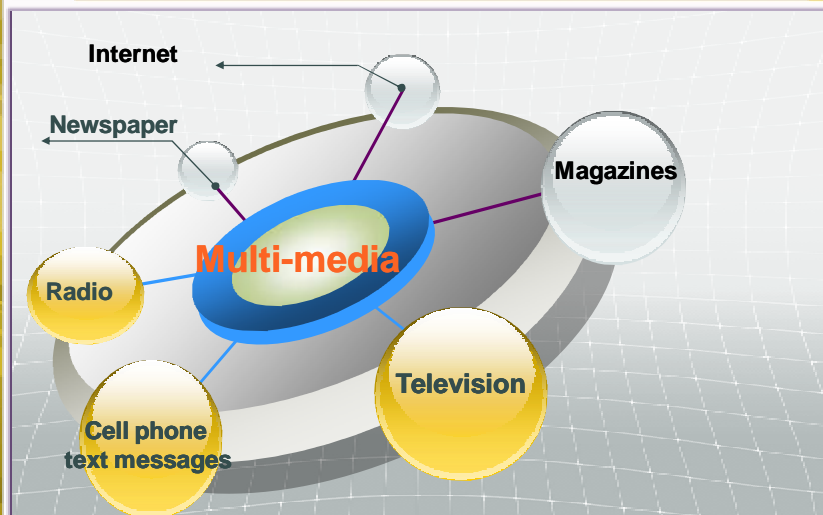
# Communication Strategy

## § Integrating Communication Marketing

*Adopted Integrated Communication Marketing Strategies: Intensive exposure through various channels at the same time*



# Integrated Communication Marketing



*ü Different target groups - Different media<sub>2</sub>*

## Key Messages – Transition

### § Theme:

*Double the Coverage , Double the Peace of Mind*

### § Request:

Choose popular spokespersons to speak for policy

**X** — *Blanket guarantee is expired*

**✓** — *You will continue enjoying protection*

**✓** — *Your protection will be increased*



## Communication Tools – Transition



Television

ü Public Service Announcements



Insured Institutions

ü Posters

ü Scrolling banners



## PSA Film for Transition



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## Cooperation with FSN Players

- § Establishment of a “Task Force to Oversee the Withdrawal of the Blanket Guarantee Deposit Insurance Measures” in July 2010
- § Regularly monitor progress in advocacy and put measures in place to avoid liquidity issues



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## CDIC's Experience in Promoting Public Awareness



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## Why Communicating in Good Times?

- § The well informed public is less susceptible to rumors on occurrence of financial crises
- § Public confidence in times of crisis depending on high awareness of DIS built in good times
- § A high awareness level cannot be achieved in a short run, but needs ongoing promotion

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# Target Audience of CDIC's PA Program



## § General Public

- Natural & legal persons
- Focus group-students



Institutional Depositors



Member Institutions



Media



FSN players



# Key Messages – in Good Times

§ Coverage limit

§ Coverage scope

§ CDIC's Corporate image



## TV – PSA TV Spot

ü Audience: all groups

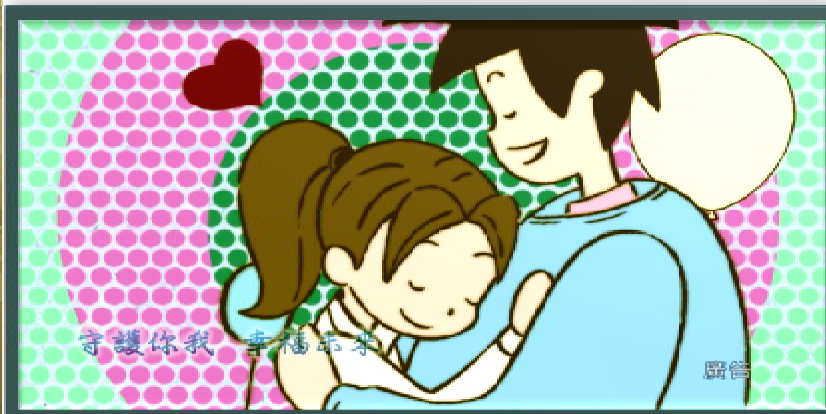


\* PSA: Public Service Announcement

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## TV – PSA Short Short Films

ü Audience: the young generation



ü Combining TV & Internet PSAs

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# Outdoor Media

ü Audience : the public and commuters



# Public Awareness Activities for Students

- § Include DI information into school curricula
- § Public awareness tours on campus
- § Deposit insurance comics for young students



# Public Awareness Activities for Students

(cont'd.)

ü Internet promotion with prizes for CDIC's events



# Newspapers and Magazines

ü Audience : white collar class





# Internet

ü Audience : youth & Internet users



# Mobile Phones and Radio

ü Audience :

- youth & employees (mobile)
- the elderly (radio)

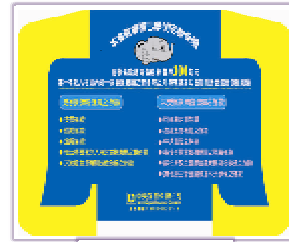


# Insured Member Institutions

ü Audience : depositors



(large sign)



(desktop sign)

自100年起存款保額提高為新臺幣300萬元 加倍保障 加倍安心

中央存款保險公司

(Scrolling banners)



# Insured Member Institutions

(cont'd.)

- § Playing PSA films on ATMs or providing stickers with CDIC's logo and mascot
- § Providing electronic messaging in places of business
- § Q&A Brochures



(brochures)



(Stickers)



# Insured Member Institutions

(cont'd.)

ü Displaying posters in every business unit of FIIs



(posters)

# Cooperation with News Media



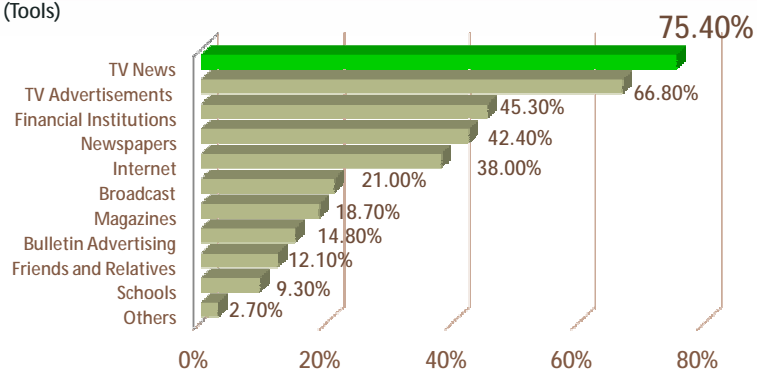
## FSN Players

- § Financial Liaison Team consisted of FSN players coordinate public awareness policies if necessary
- § Deliver accurate and consistent messages to maximize synergy



## Most Effective Media in Taiwan

(Tools)



(% of source of deposit insurance information)

Source : 2011 Public Awareness of CDIC and Deposit Insurance Survey





# Other Approaches

- § Customer service: trilingual toll-free line, email and mail boxes
- § Fliers, pamphlets, brochures



(trilingual toll free line)



(brochures)



(souvenirs)



# Other Approaches

(cont'd.)

## Organizing Conferences and Seminars

## Outdoor Events

ü Audience : employees of insured intuitions

ü Audience : the general public



## Other Approaches

(cont'd.)

### üTours at the Historical Exhibition Hall

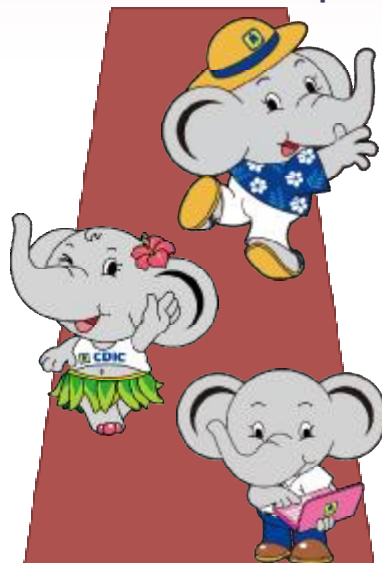


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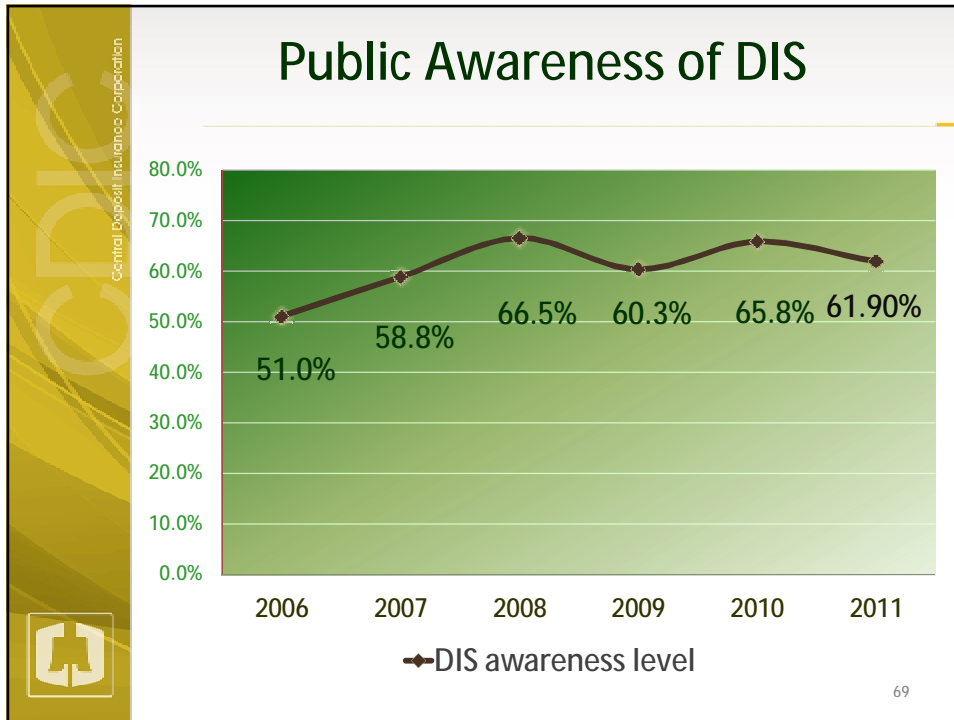
## Other Approaches

(cont'd.)

### üCDIC Mascot - elephants



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- ## Implementation Outcomes
- § Quickly calming abnormal panic runs, and avoiding triggering a systemic crisis
  - § Maintaining normal operations of problem FIs under CDIC's conservatorship
  - § Protecting rights of depositors & creditors
  - § As the conservator, quickly disposing of problem FIs by public tender to facilitate the structural reform of the financial system
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## Implementation Outcomes

(cont'd.)

- § Smooth transition back to a limited coverage system from the blanket guarantee
- § Assisting FIs to avoid being troubled by liquidity risk, and providing the financial sector with a sound operating environment



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## Future Direction and Conclusion



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## Future Direction

- § Working with financial safety net players together on preparing a crisis communication plan (for payout and resolution)
- § In times of crisis, strengthening information disclosure and cooperating with financial safety net players
- § Strengthening the promotion of education in financial savvy in normal times

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## Conclusion

*Promoting public awareness of the deposit insurance system is an ongoing process.*

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## Conclusion

*Crisis communication on the occasion of a financial crisis is an extension of an effective public awareness program implemented in good times.*



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Thank You  
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