

*Africa Regional
Committee*

Deposit Insurance System Public Awareness: Taiwan Experience

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Lessons Learned

- **An effective deposit insurance system is needed**
- **Confidence in banks and financial market can easily be shattered**
- **Promoting and sustaining public confidence on an ongoing basis is fundamental and indispensable**

Outline

- **Objectives of PA programs**
- **Developing a public awareness program**
 - Target audience
 - DI messages
 - Communication tools
- **Special occasions for promoting public awareness of deposit insurance**
- **Future perspectives**
- **Showcase**

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Objectives of PA Programs

- **To enhance fulfillment of public policy objectives and responsibilities of DIs**
- **To maintain a sound deposit insurance system**
- **To elevate the level of awareness of deposit insurance**

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Public Policy Objectives of CDIC Taiwan

- **Protecting the interest of depositors**
- **Maintaining order in the credit system**
- **Promoting the healthy development of the financial industry**

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Designing a PA Program

- **Deposit insurance annual promotion plan**
 - **To promote the current/new policies**
 - **Based on the public awareness survey results**
 - **Can be adjusted during the implementation period**
- **Budget**
 - **The budget is accordingly prepared by CDIC Taiwan and approved by Parliament**

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Target Audience

Before 1999

- Small depositors
- Financial institutions

1999-2007

- All depositors
- Financial institutions

After January 2007

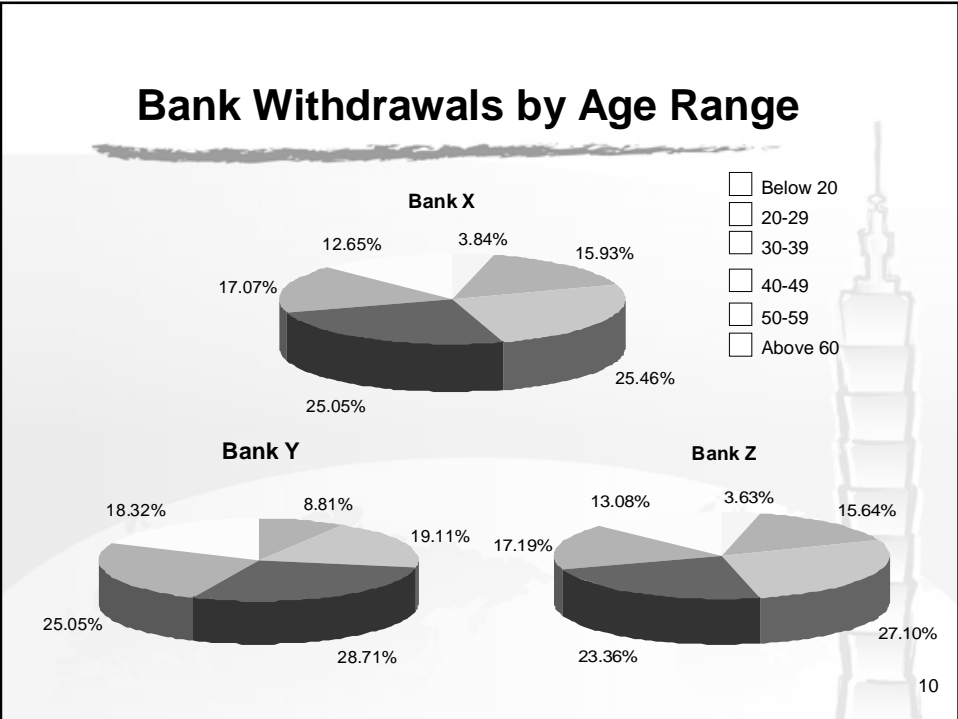
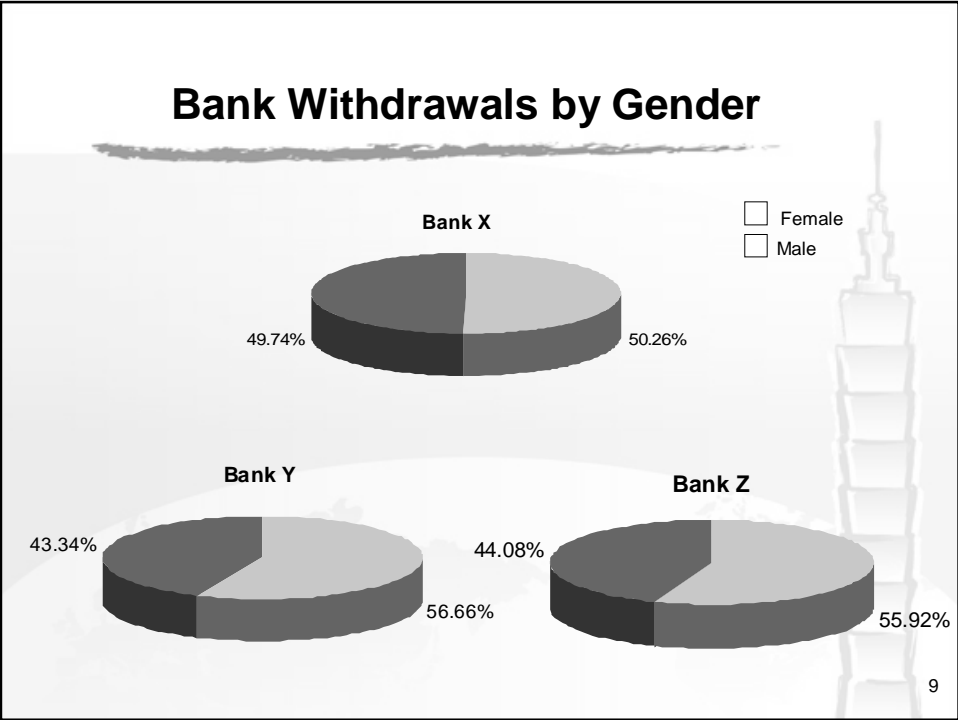
- All depositors
- Financial institutions

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Target Audience (cont.)

- Female depositors
- Middle-aged depositors
- Future depositors
 - Students
- Financial institutions

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Basic Information for Depositors

- The maximum coverage
 - NT\$ 1.5 million (US\$48,387)
- The scope of deposit insurance coverage
- Basic information on CDIC Taiwan
 - Corporate image

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Showcase

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What Depositors Need to Know ?

- What is deposit insurance ?
- Which parties should pay deposit insurance premiums ?
- Are all banks insured ?
- Am I insured ?
- Are all deposits insured ?

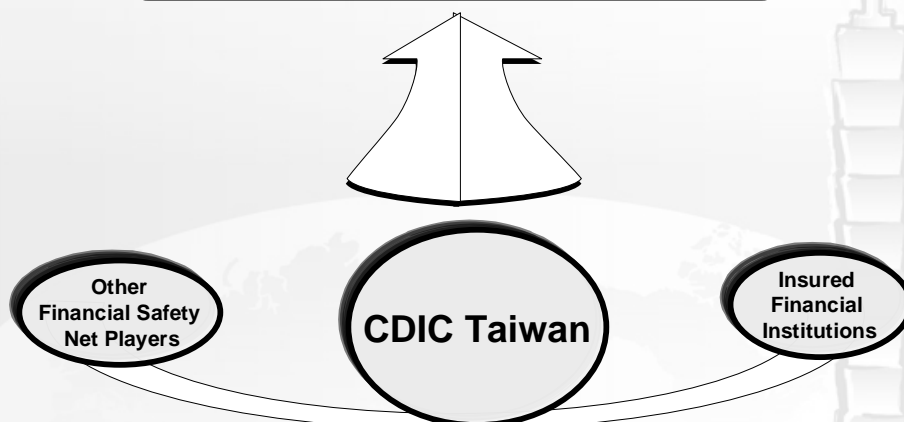
What Depositors Need to Know ? (cont.)

- What are the responsibilities of CDIC Taiwan in the event of a bank closure?
- Will banks fail ?
- How and when do I get my deposit back ?

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Responsible Parties

Maintaining Financial Stability



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Communication Tools

- Educational materials
 - Fliers, pamphlets, brochures and annual report
- Multi-media
 - TV, radio, newspapers and magazines
- Toll-free line
 - 0800-000-148
- A customer service e-mailbox and a fax line
- Bilingual corporate website
 - www.cdic.gov.tw



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Chinese Website - www.cdic.gov.tw



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English Website



Communication Tools (cont.)

- Holding international symposiums and professional seminars for financial institutions
- Organizing open seminars for the general public



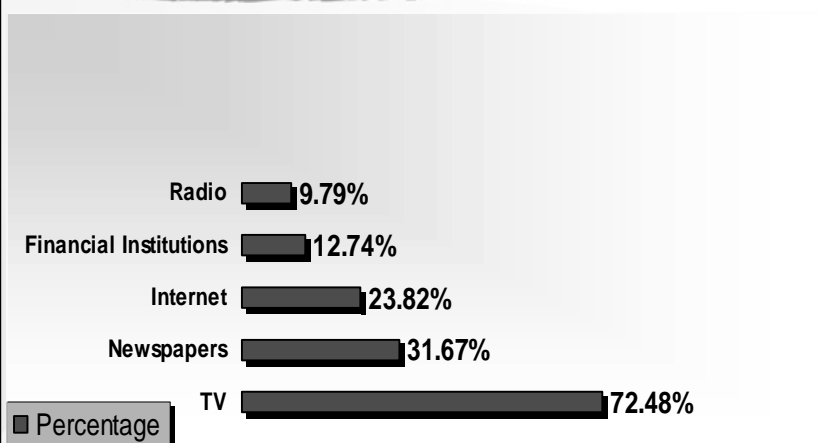
Communication Tools (cont.)

- Deposit insurance signs
 - A large-sized sign
 - A small-sized sign
- Sticker



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The Five Most Effective Tools in Taiwan



Source : 2007 public awareness on CDIC Taiwan and deposit insurance survey

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Performance Evaluation

- **Overall awareness level of the general public at the end of 2007**

ØThe level of awareness of deposit insurance was 60%

ØThe level of awareness of CDIC Taiwan was 60%

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Performance Evaluation (cont.)

- **Satisfaction for certain events or activities**

ØA very high level of satisfaction across a range of services and deposit insurance information offered by CDIC Taiwan

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Special Occasions for Promoting DIS

- **Transitioning to limited coverage**
 - **Financial Restructuring Fund**
 - 2001~2005
 - Blanket guarantee
 - **10 July 2005**
 - Limited coverage
 - **Messages**
 - Proposed transition schedule
 - The maximum coverage
 - Insured items

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Special Occasions for Promoting DIS (cont.)

- **Public awareness of deposit insurance in systemic crisis (large banks)**
 - “Q” Bank



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Case Study: Q Bank

- **Dummy companies siphoned off funds from Q Bank**
- **Sham transactions**
- **Funds transferred illegally**
- **Two group subsidiaries filed for insolvency**
- **Group chairman fled abroad**
- **US\$24.4 million stolen**

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Run on Q Bank



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Measures Taken by CDIC Taiwan

- **CDIC Taiwan staff in Q Bank to halt the run on the bank**
- **SOP for handling such a run**



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Other Methods

- **Issuing press releases for the public**
- **Putting up large notices in prominent areas**
- **Preparing a pile of cash laid out on the counter**
- **A joint statement of the financial competent authorities posted on the front page of local newspapers**

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Piles of Money to be Withdrawn from Q Bank



Media report on Taiwan Television

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Review of Methods Used

- **The joint statement was an unusual measure in Taiwan**
- **Caused more suspicion and confusion among the public**
- **Lack of credibility to command public confidence**

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Lessons Learned from the Run on Q Bank

- **Government credibility is very important in the event of a systemic crisis**
- **Media are crucial in manipulating levels of public confidence**
- **Media influence whether the crisis would ease or escalate**

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Future Perspectives

- **The roles of CDIC Taiwan**
- **Multilateral cooperation for consumer protection and public awareness among safety net players**
- **To prepare crisis communications plan to deal with emergency situations**

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Showcase

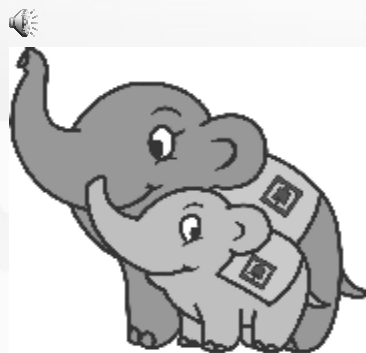


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Radio Broadcast



“YOU’VE GOT TO KNOW DEPOSIT INSURANCE”
radio commercial



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Advertisement

Super Star

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Limitations on Advertisement

- **NO negative approach in conveying messages or information**
- **NO threatening messages**
- **NO ambiguous messages**

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Quiz

What is the maximum insurance coverage for each depositor at a insured institution in Taiwan?

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Thank You!
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