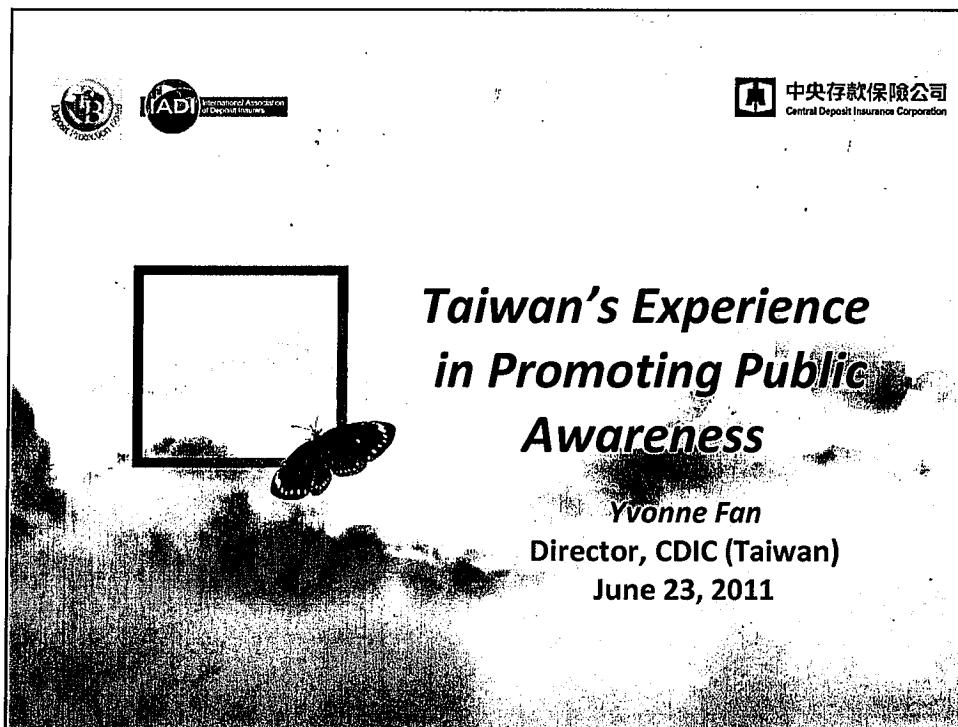
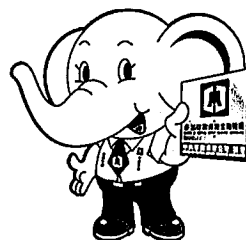


附錄一、我國宣導存款保險以提高公眾意識之經驗簡報資料



Outline

- Introduction of CDIC (Taiwan)
- Objectives of PA programs
- Target audience
- Evaluation
- Conclusion



Introduction of CDIC

- Establishment in 1985
- Mandate
 - Handle deposit insurance businesses
 - Control insurance risk
 - Deal with problem financial institutions



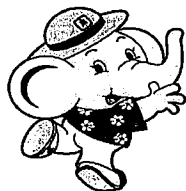
Pay Box



Risk Minimizer

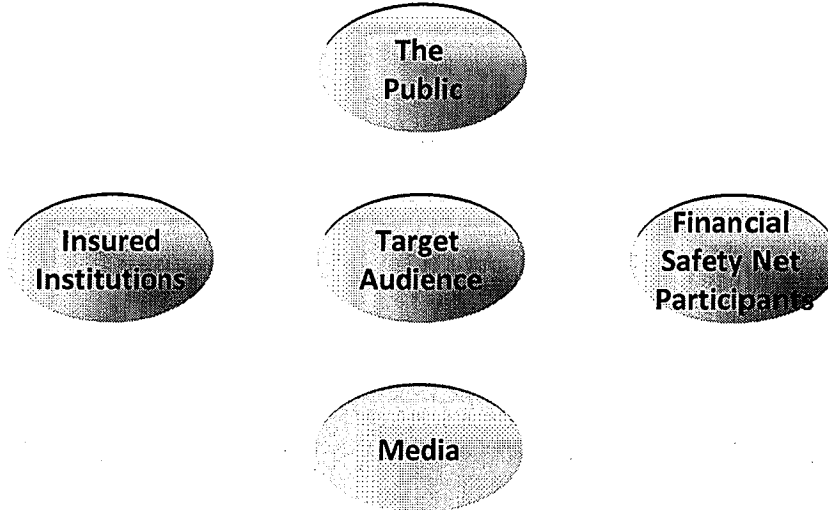
Objectives of PA Programs

- To enhance fulfillment of public policy objectives and responsibilities of DIS in Taiwan
- To maintain a sound deposit insurance system and financial stability
- To elevate the level of awareness of deposit insurance



Target Audience

- Clearly define principal target audience



5

■ Major target: The Public

- ✓ Natural and legal persons
- ✓ Future depositors-students



6

Messages

- **Disseminating strategies**

- ✓ Manage the public expectation by providing positive news

- ✓ Provide simple and easy to understand messages

e.g.

No — Blanket guarantee is expired

Yes — You will continue enjoying protection

Yes — Your protection will be increased



Messages (cont.)

- **Key messages**

- ✓ Coverage limit

- **NT\$ 3 million**
(about US\$100,000)

- ✓ Coverage scope

- ✓ CDIC signs

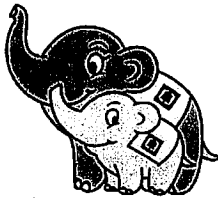


- *CDIC covers insured deposits of natural & legal persons both in local and foreign currencies.*

Messages (cont.)

- **Key messages**

- ✓ Corporate image
- ✓ CDIC logo/emblem
- ✓ CDIC mascot



Promotional Tools

- **Choosing different tools based on different target groups and geographic areas**

1. Multi-media

- ✓ TV, cinema, radio, newspapers, magazines, cell phone text messages, and Internet



(TV/film)



(newspapers)



(magazines)



(internet)

Promotional Tools (cont.)

2. Apply *Integrating Communication Marketing* strategies: Intensive exposure through various channels at the same time



Promotional Tools (cont.)

3. Other tools

- ✓ Customer service: trilingual toll-free line, email and mail boxes
- ✓ Bilingual corporate website
- ✓ Fliers, pamphlets, brochures, annual reports & souvenirs



Promotional Tools (cont.)

- Use networks of insured institutions-free channels
 - Deposit insurance signs
 - A large sign (required by law to place in every business unit of insured banks)
 - A desktop sign (for counters of business units)
 - Films and stickers (for ATMs or business units)



(desktop sign)



(large sign)



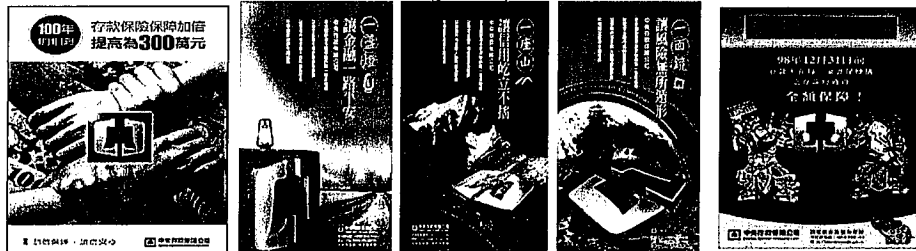
(stickers)

13

Promotional Tools (cont.)

- Use network of insured institutions-free channels
 - Posters (for business units)
 - Scrolling banners (standard language provided by CDIC)

(posters)



(Scrolling banners)

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

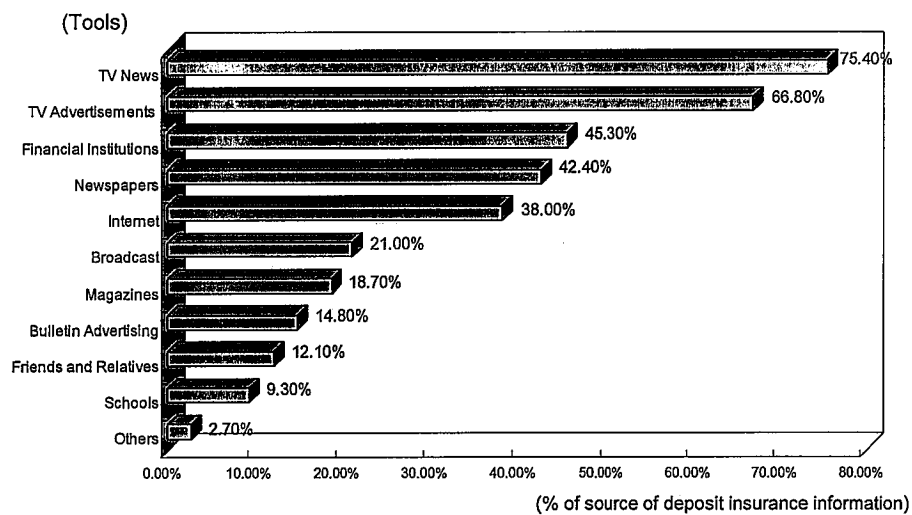
14

The Public — Students

- **Include DI information into school curricula**
 - ✓ Cooperate with education department and the financial competent authorities
 - ✓ Raise the financial literacy level for young people & students
- **Choose promotional channels accordingly**
 - ✓ Campus campaign
 - ✓ Competition of deposit insurance poster/film
 - ✓ Internet



The Most Effective Tools in Taiwan



Source : 2010 public awareness on CDIC and deposit insurance survey

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Toward Insured Institutions

- **Key messages**

- ✓ Benefit of promoting deposit insurance awareness
- ✓ Risk management issues
 - Inappropriate deposit structure
 - Maturity mismatch between assets & liabilities
 - Poor funding capacity
- ✓ Latest deposit insurance policies (e.g. revising premium rates, building up e-data, etc.)

- **Promotional tools**

- ✓ Issue letter notices (e.g. request submitting financial reports for monitoring purpose)
- ✓ Hold meetings and domestic/international seminars



Toward the Financial Safety Net Participants

- **Key messages**

- Win their supports on public awareness policies
- Deliver accurate and consistent messages to maximize synergy

- **Communication channel**

- ✓ The specific task force among the FSN for the transitioning



Toward the Media

- **Promoting Strategies**

- ✓ Actively release the press communiqué referring the DIS regularly and promptly respond to media's inquiries
- ✓ Receive interviews with the media

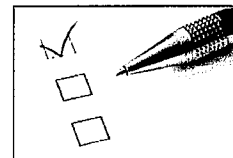
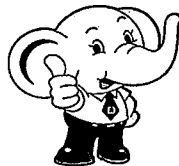
Build up a long-term good relationship and serve as trial balloons of public opinions



The more the media know about deposit insurance, the better they can provide balance reports when necessary

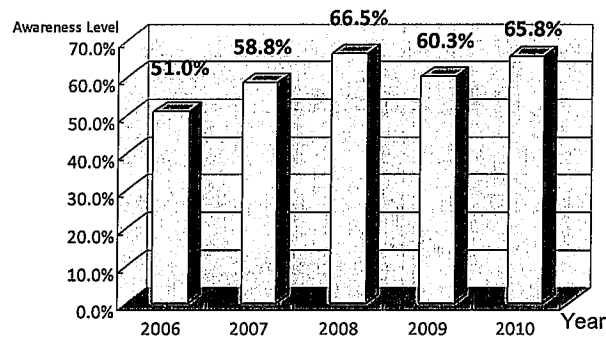
Evaluation

- Conduct regular and independent evaluation of awareness level
- Most practical approach to know awareness level
 - Understand result of a PA campaign
 - Learn where/what to focus for further PA campaigns



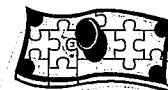
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Public Awareness Level on DIS in Taiwan of General Public

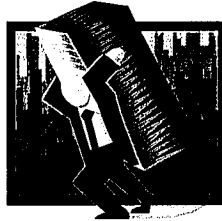


Budget & Other Resources

- Budget prepared by CDIC and approved by the Parliament
- About 5% of annual business expenses (about US\$ 1 M)
- Fully utilize free service channels sponsored or provided by other government agencies or insured institutions



Conclusion

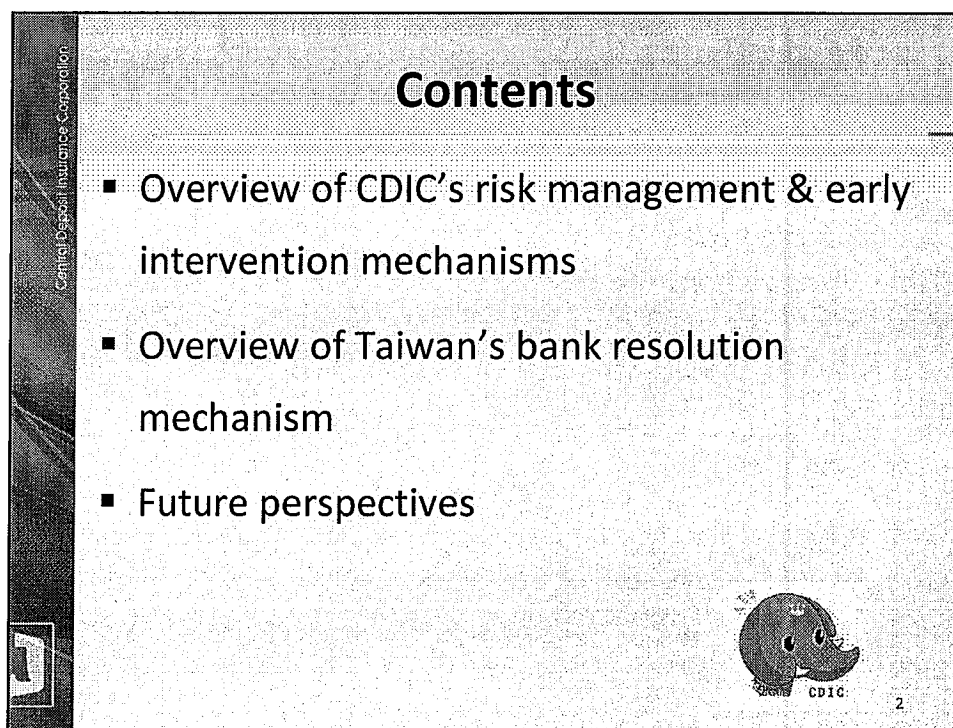
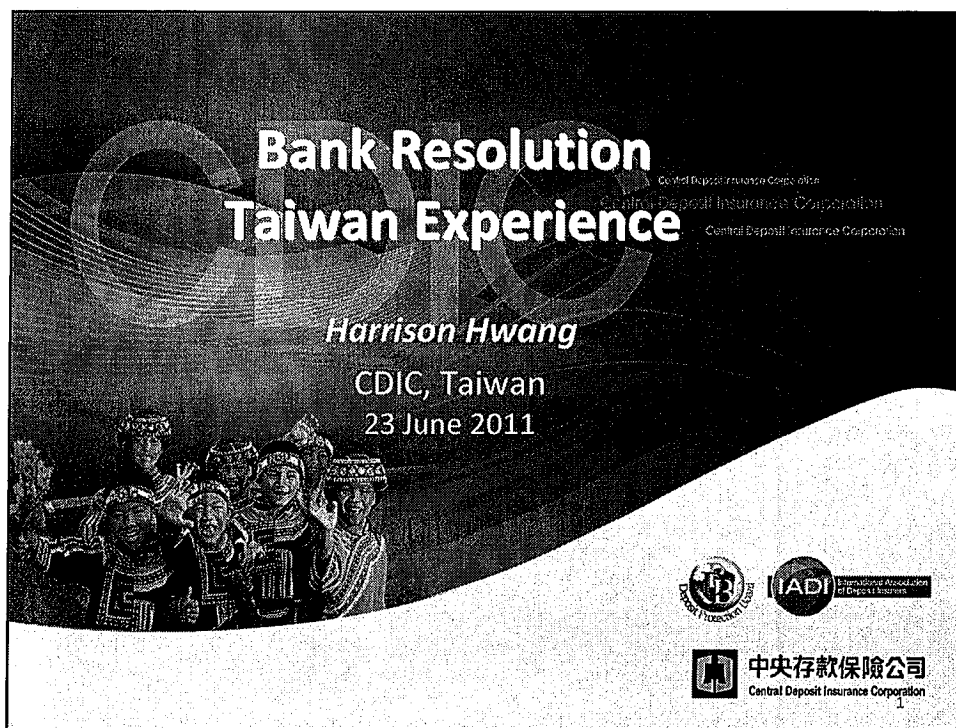


Thank You

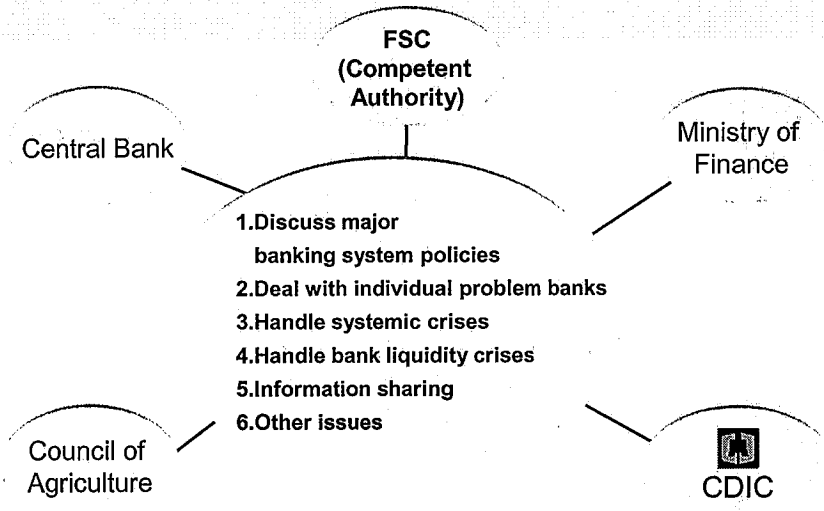
cdic@cdic.gov.tw



附錄二、我國金融機構處理之經驗簡報資料



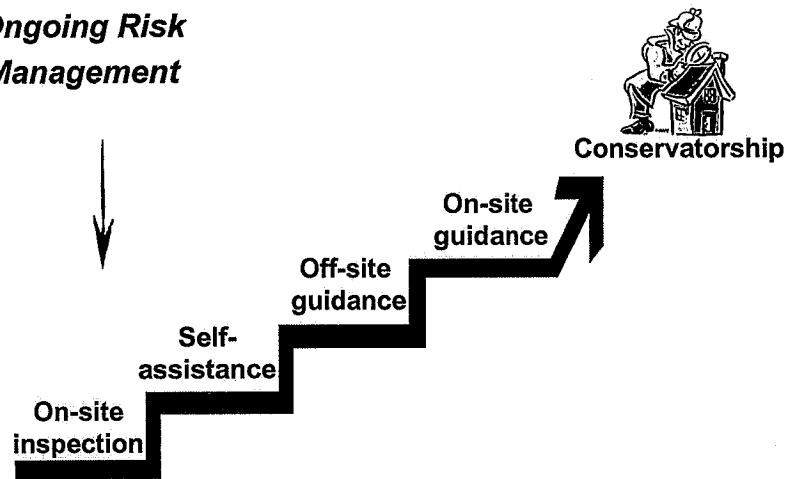
Financial Safety Net & Its Liaison System



3

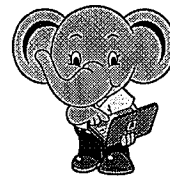
Early Intervention & Resolution Mechanism in Taiwan

Ongoing Risk Management



4

Risk Management & Early Intervention



5

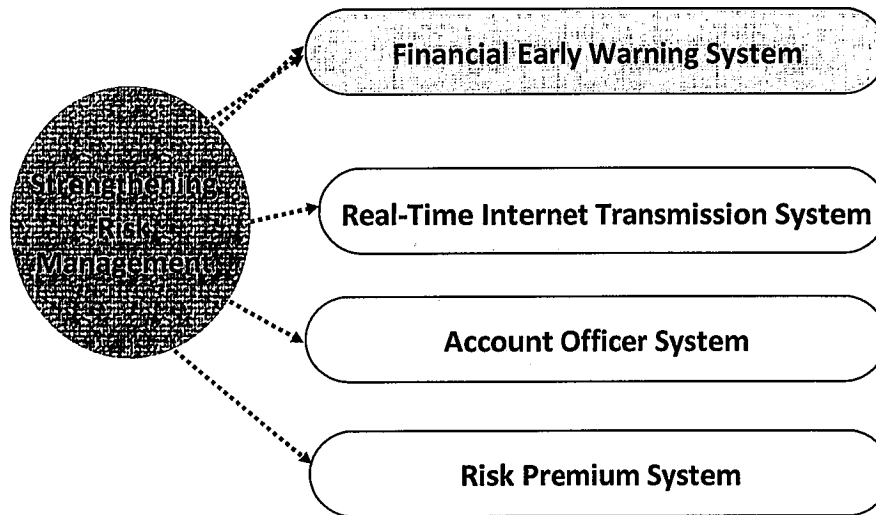
Entry of DIS – Mandatory Application

- Mandatory application, but subject to CDIC's on-site inspection and review
 - If the applying financial institution doesn't conform to the Membership Approval Standard, the CDIC will urge it to make improvements within certain timeframe.



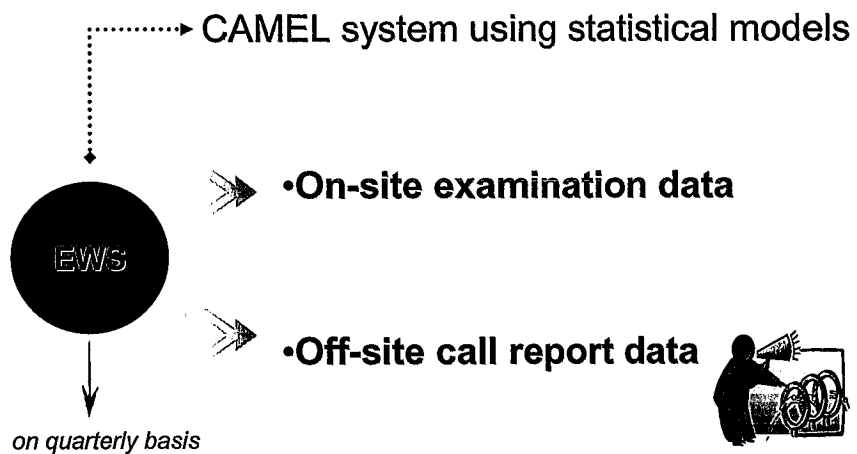
6

Ongoing Risk Management



7

Financial Early-warning System (EWS)



8

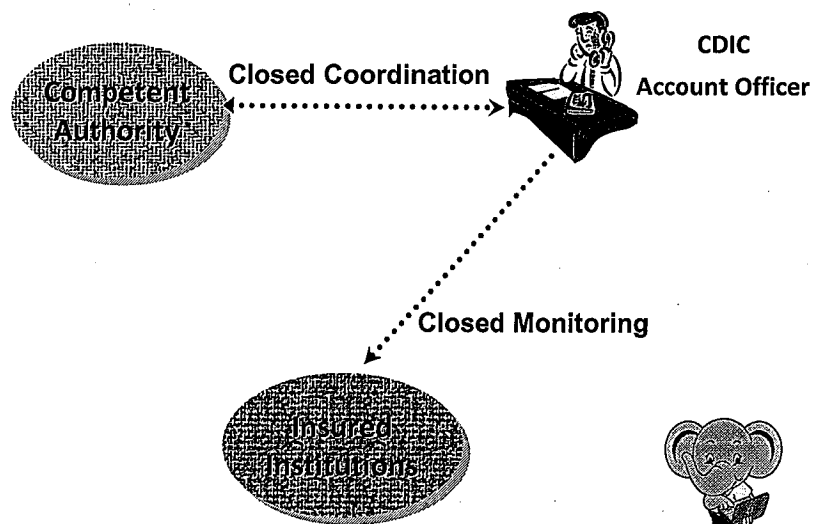
Real-time Internet Transmission System

- Financial institutions transmit major financial data to the CDIC on a daily basis.
- CDIC can promptly dictate abnormalities and respond to warning signals.



9

Account Officer System



10

Risk Premium System

- Adoption of risk premium system since 1999.
- The new modified system has been implemented from Jan. 2011.
 - **Increase premium rates and spreads**

⇒ *Part of CDIC's ongoing risk management mechanisms.*



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Special Inspection and Investigation

• Accuracy of deposit assessment base and content of electronic data files

• Any event causing the termination of DI contract

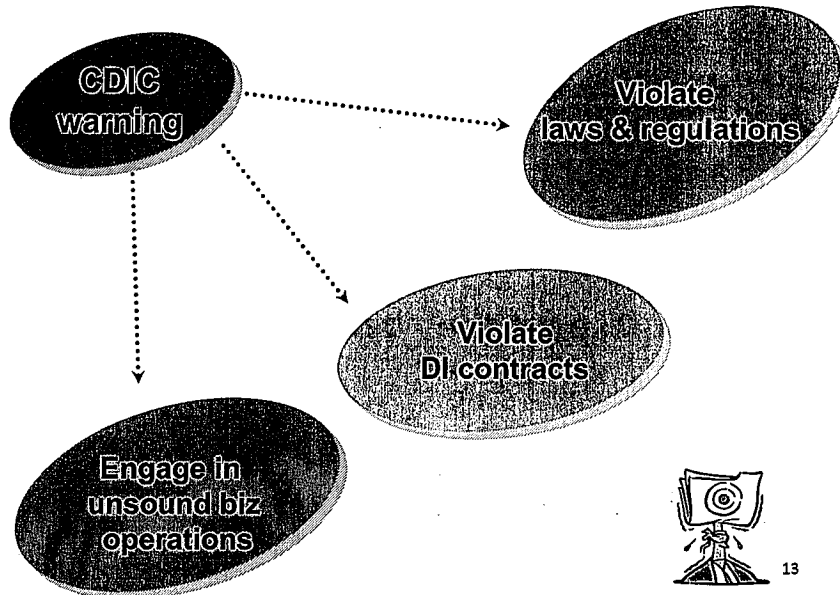
• Assets and liabilities of insured institutions prior to the fulfillment of insurance responsibilities

• Property information and information needed to pursue civil liabilities for illegal acts or omissions by employees of failed insured institutions

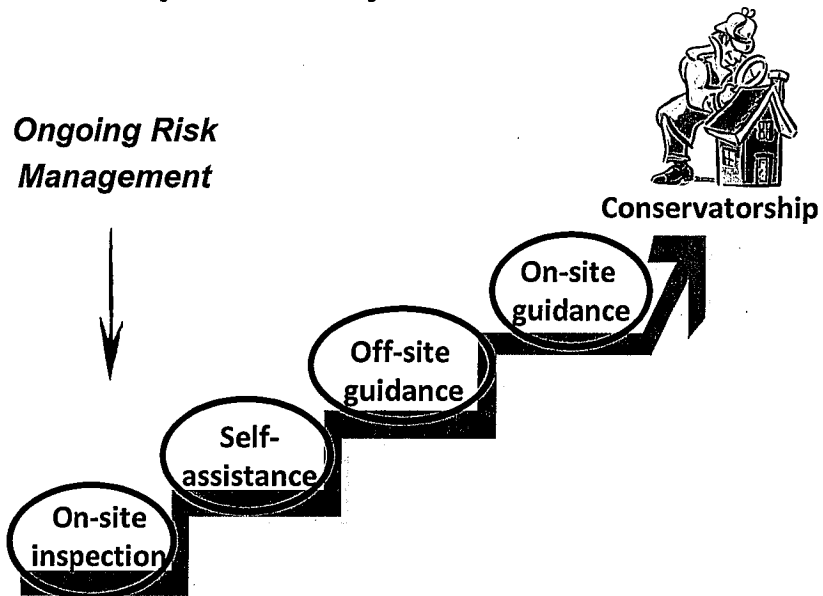
• Set up the E-Data Files Verification IT System to assist verifying data accuracy in inspections

12

Exit of DIS – Warning & Termination

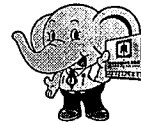


Steps of Early Intervention



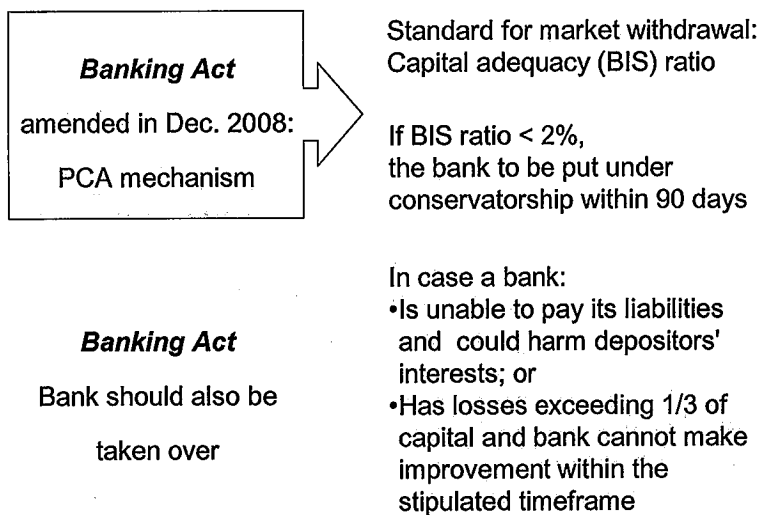
Bank Resolution Mechanism

- Resolved 57 problem institutions by Purchase and Assumption (P&A) method since CDIC's establishment in 1985.
- First step for early banking resolution: Conservatorship.



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First Step of Bank Resolution - Conservatorship



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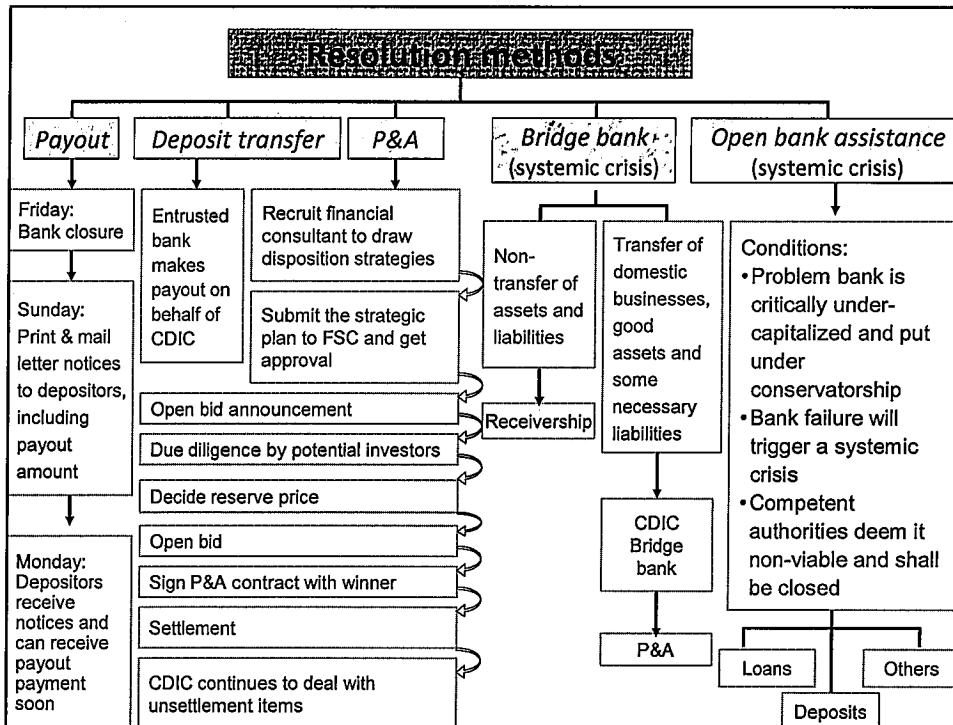
CDIC's Compliance with Core Principles

Taiwan's early intervention & bank resolution mechanism



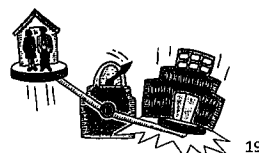
Core Principles
for Effective Deposit Insurance Systems
Principle 15 – Early detection and timely intervention & resolution

17



Purchase and Assumption (I)

- The only method adopted by CDIC in all the past resolution cases.
- The most cost effective way in protecting depositors and preserving critical banking functions to minimize disruption of markets.



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Purchase and Assumption (II)

As of Dec. 2010

| Year | Banks | Credit Coop. | Credit departments of farmers' & fishermen's associations | Methods |
|-----------------|----------|--------------|---|--|
| 1999 | | 1 | | Whole bank P&A |
| 2001 | | 7 | 29 | Whole bank P&A |
| 2002 | | 1 | 7 | Whole bank P&A |
| 2004 | 1 | 1 | | Whole bank P&A and Partial P&A |
| 2005 | 1 | | 1 | Whole bank P&A and Partial P&A |
| 2007 | 3 | | 1 | Whole bank P&A and Partial P&A |
| 2008 | 3 | | | Partial P&A and P&A with put back option |
| 2010 | 1 | | | Partial P&A |
| Subtotal | 9 | 10 | 38 | |
| Total | | | 57 | |

Procedure of P&A Transactions

Financial consultants appraise the value of the problem banks as reference

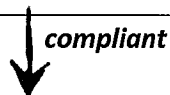
CDIC reviews the appraisal provided by financial consultants and then an Appraisal Subcommittee reviews the appraisal

Final price decided by an open bid

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CDIC's Compliance with Core Principles

Taiwan's bank resolution process



Core Principles
for Effective Deposit Insurance Systems
Principle 16 – Effective resolution processes

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Key to Facilitate P&A



- **Design of disposition plan & reserve price**
 - Provide incentives
 - Flexible and adaptable to market needs
- **Employees' rights and interest**
 - Coordinate with employees
- **Fair appraisal**
 - Appropriate procedure
- **Economic and Market Conditions**
 - Benign economic and financial conditions would greatly increase the success rate of P&A transactions

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Mechanism for Handling Systemic Crises

- **Deposit insurance mechanism is not to deal with a systemic financial crisis**
 - But deposit insurance plays an important role in maintaining financial stability.
- **Systemic crisis mechanism is stipulated in *Deposit Insurance Act* in Taiwan:**
 - Legal basis of implementation of blanket guarantee under global financial crisis in 2008.
- **Two resolution methods for handling systemic crises**
 - Open bank assistance
 - Bridge bank
- **If fund is insufficient, CDIC may collect special premiums**



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Future Perspectives



Future Perspectives

- Reinforcing risk management
 - Call Report Rating IT system
- Strengthening resolution mechanism for dealing with failing financial institutions
 - E-data File Verification IT system
 - Payout IT system



