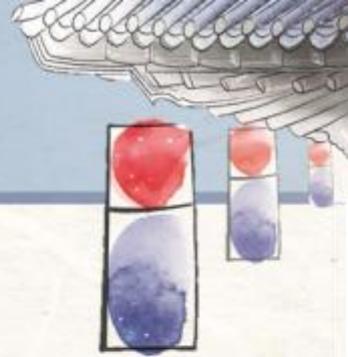


IADI-FSB Enhanced Guidance Paper

Public Awareness of Deposit Insurance Systems

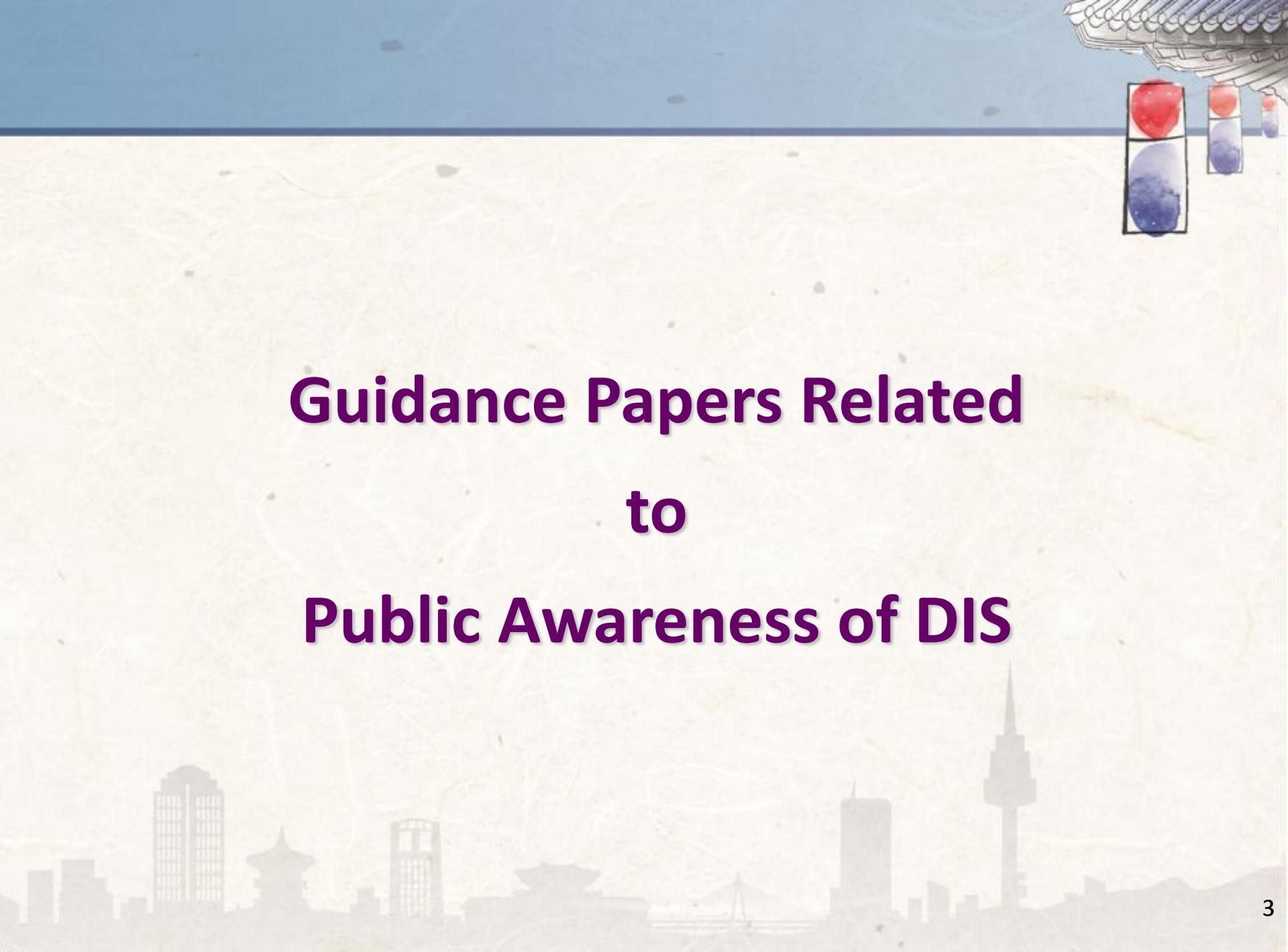
Harrison Hwang
Deputy Director
CDIC, Taiwan
15 May 2013

Contents



- Introduction on guidance papers related to public awareness of DIS
- IADI-FSB enhanced guidance on public awareness of DIS
- Taiwan's experience in promoting public awareness
- Conclusion

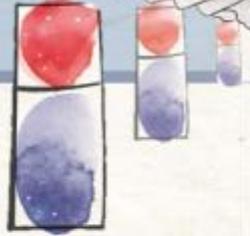




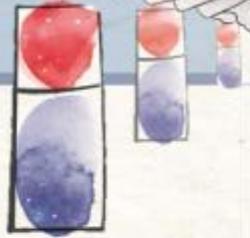
**Guidance Papers Related
to
Public Awareness of DIS**

Lessons Learned

- **Public confidence in banks is crucial for financial market stability**
- **An effective deposit insurance system is needed**
- **The public should be educated**



Developments of Promoting Public Awareness of DIS



2009

• *IADI Guidance Paper on Public Awareness of Deposit Insurance Systems*

• *BCBS-IADI The Core Principles for Effective Deposit Insurance Systems*

2010

BCBS-Core Principles for Effective Deposit Insurance Systems - A methodology for compliance assessment

2012

• *FSB Thematic Review on Deposit Insurance Systems Peer Review Report*

• *IADI Enhanced Guidance for Effective Deposit Insurance System: Public Awareness of Deposit Insurance System*

2013

FSI Tutorial for Public Awareness of Deposit Insurance Systems

Core Principle on Public Awareness

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.



Essential Criteria in Promoting Public Awareness



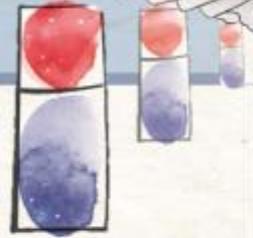
Additional Criterion in Promoting Public Awareness



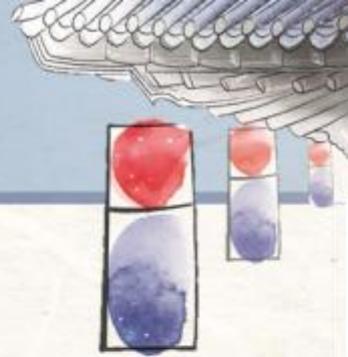
- The public awareness program is tailored to defined target audiences
- Various communication tools should be adopted
- The desired level of visibility and awareness is a primary factor in determining the budget for the program



Findings of the FSB



- Many deposit insurers have comprehensive public awareness programs using a wide range of tools to inform depositors
- It is not yet a common practice for deposit insurers to evaluate public awareness levels and potential information gaps



Enhanced Guidance Paper Public Awareness of Deposit Insurance Systems



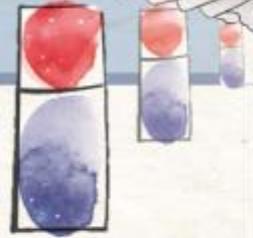
Highlights of the New Enhanced Guidance



- **Setting a long-term strategy and make budget allocations**
- **Including social media as one of communication tools**
- **Providing more details on evaluating public awareness of DIS**
- **Developing a crisis management contingency program**



Objectives of a PA Program



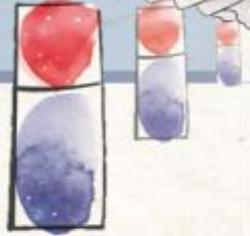
- **Enhancing the effectiveness of a deposit insurance system**
 - Building acceptance
 - Enhancing the level of stakeholder awareness
 - Building public confidence in the DI and banking system
- **Reinforcing consumer protection**
 - Public awareness should be promoted from the perspective of consumer protection
 - Financially-informed consumers can impose additional discipline on the banking system

Organizing an Effective PA Campaign

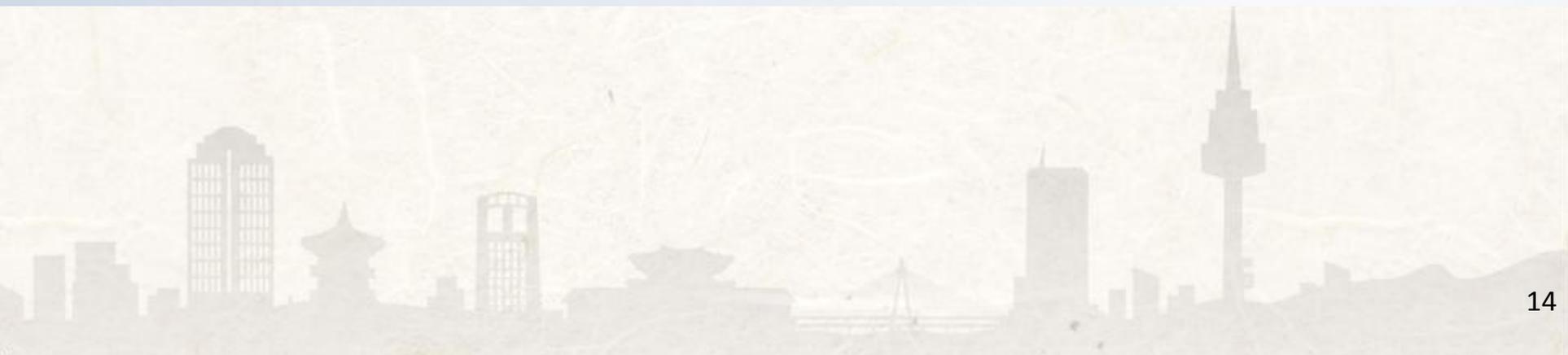


- **Strategy**
- **Target audience**
- **Responsible parties**
- **Content**
- **Communication tools**
- **Frequency and timing**
- **Budgets and resources**
- **Evaluation**

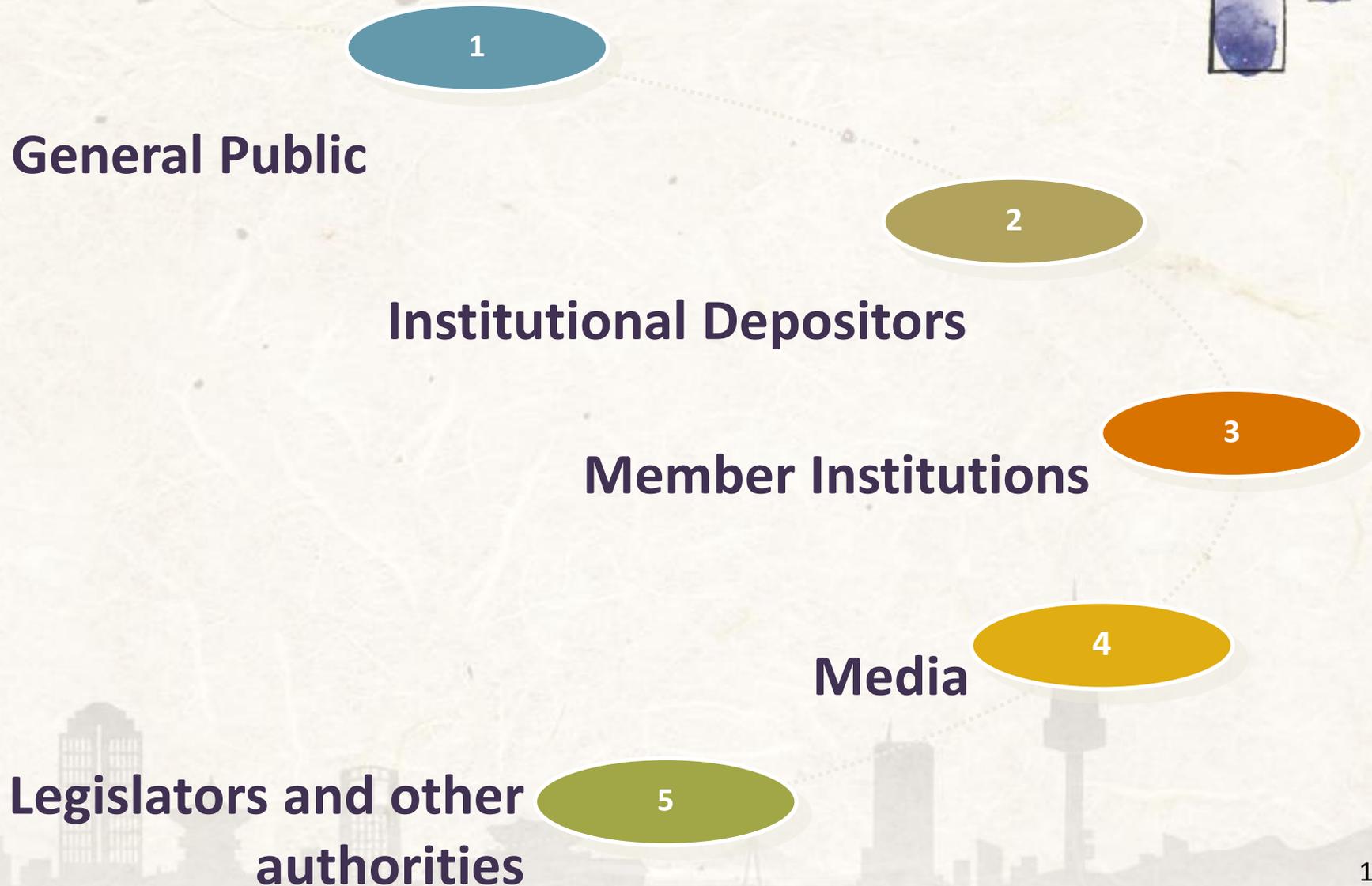
Strategy



- Set out a long-term strategy & plan
- Determine important elements of a campaign
- Review the strategy on an ongoing basis

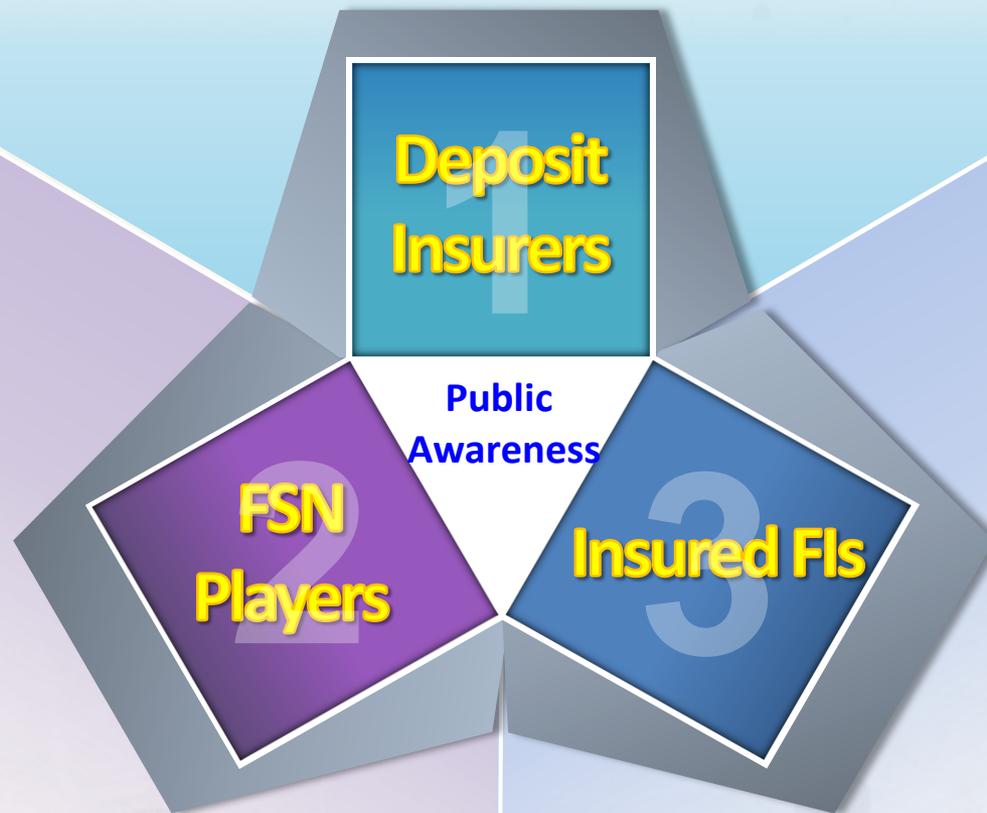


Target Audience



Responsible Parties

The primary responsible parties



Share a common objective with DIs- maintaining financial stability

- The closest channel to depositors
- Effective partners

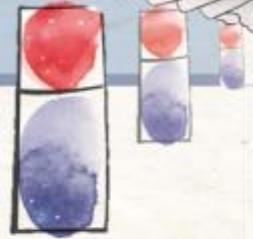
Content

- **Essential information**

- Scope
- Limit of coverage
- DI information that affects the interest of depositors

- **Considerations**

- The stage of development of the deposit insurance system
- The specific needs of the country



Communication Tools

Mass media

Printed materials

Signs & logos

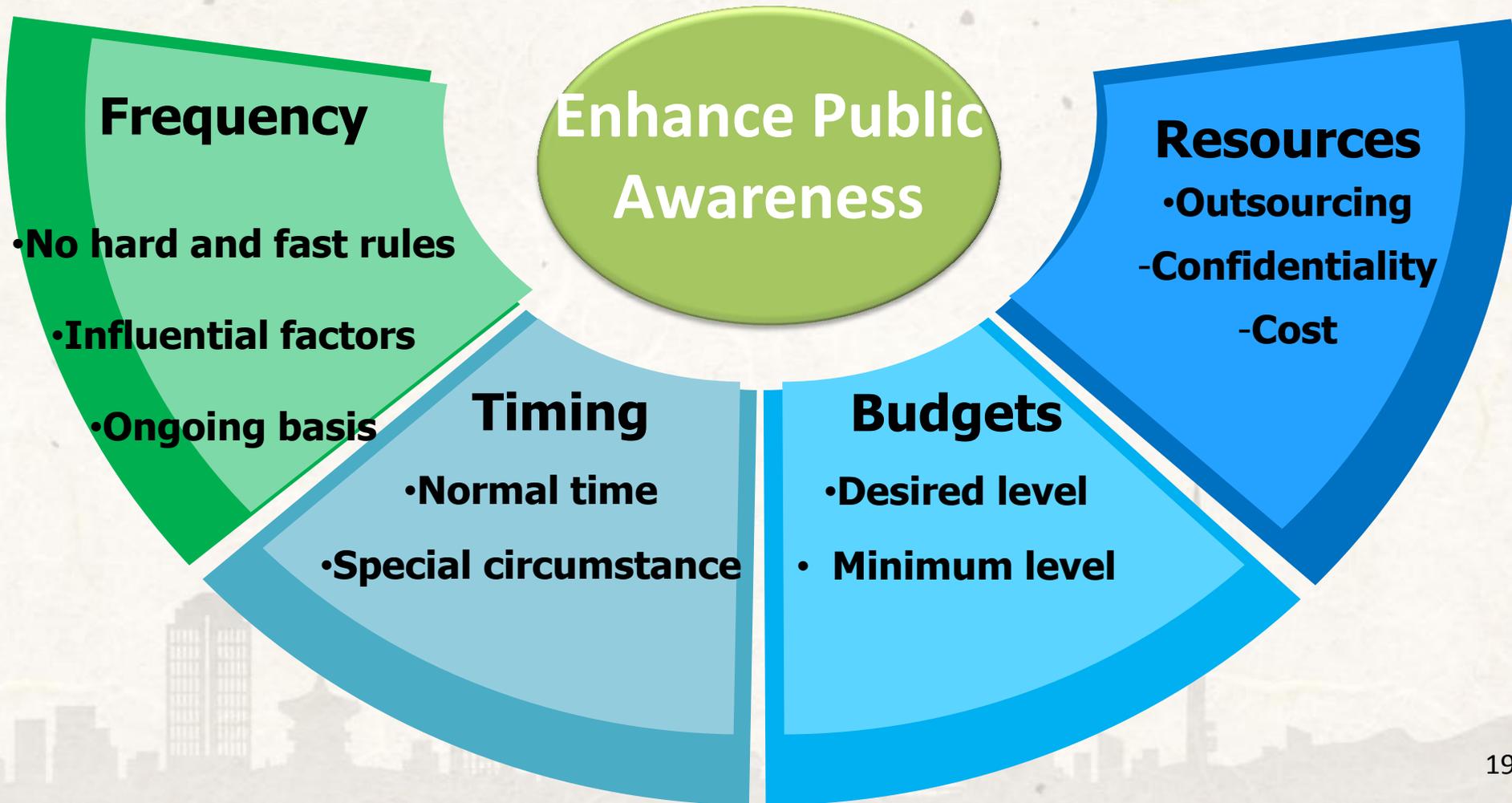
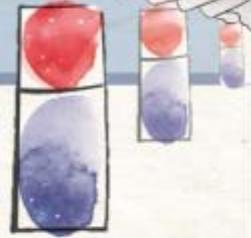
Products register

Lectures & seminars

Toll-free lines

Website & digital media

Frequency and Budgets



Evaluations

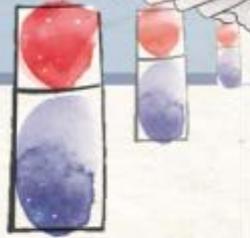


- **Conduct regular and independent evaluation of awareness level**
 - Most practical approach to know awareness level
 - Understand result of a PA campaign
 - Learn where/what to focus for further PA campaigns
 - Outsource professional firms to conduct the survey

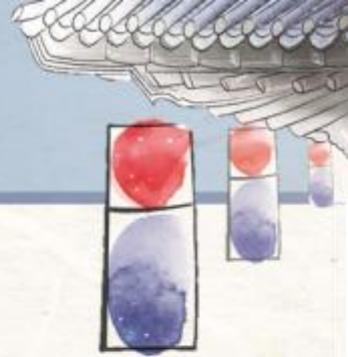


Public Awareness under Special Occasions

- Transitioning to limited coverage
- Bank runs
- Failure of a member institutions
- Cross-border issues



Transitioning to Limited Coverage



- Engage in public awareness activities early
- Disseminate accurate information of coverage limit and transition schedule



Bank Runs

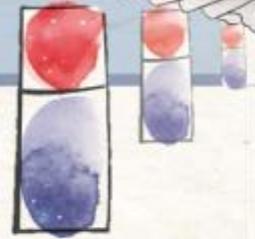
- **Communication must be quick and wide reach**
- **Make good use of the media: press release and media updates**
- **Distribute announcement of deposit protection at bank units and to bank staff**



Bank Failures

- **Plan ahead**
- **Crisis communication plan should be part of SOP**
- **Activate the dark site for reimbursement**
- **Utilize all media to disseminate information about reimbursement**
- **Coordinate with other financial safety net players to maximize synergies**

Cross-border Issues

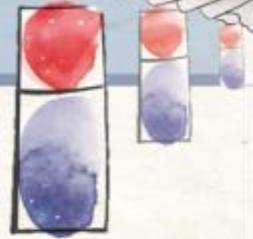


- **Public awareness of cross-border issues related to deposit insurance is low up to the present**
- **The need for promoting public awareness in following cases**
 - Depositors are protected by multiple systems
 - Depositors of a banking group operating with different franchises are under a single maximum aggregate protection limit
- **Clear information must be made available by DIs and FIs**



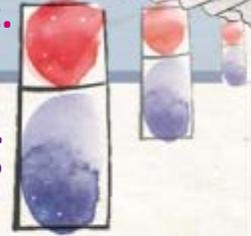
Taiwan's Experience in Promoting Public Awareness (Good Times)

Compliance with IADI Guidance

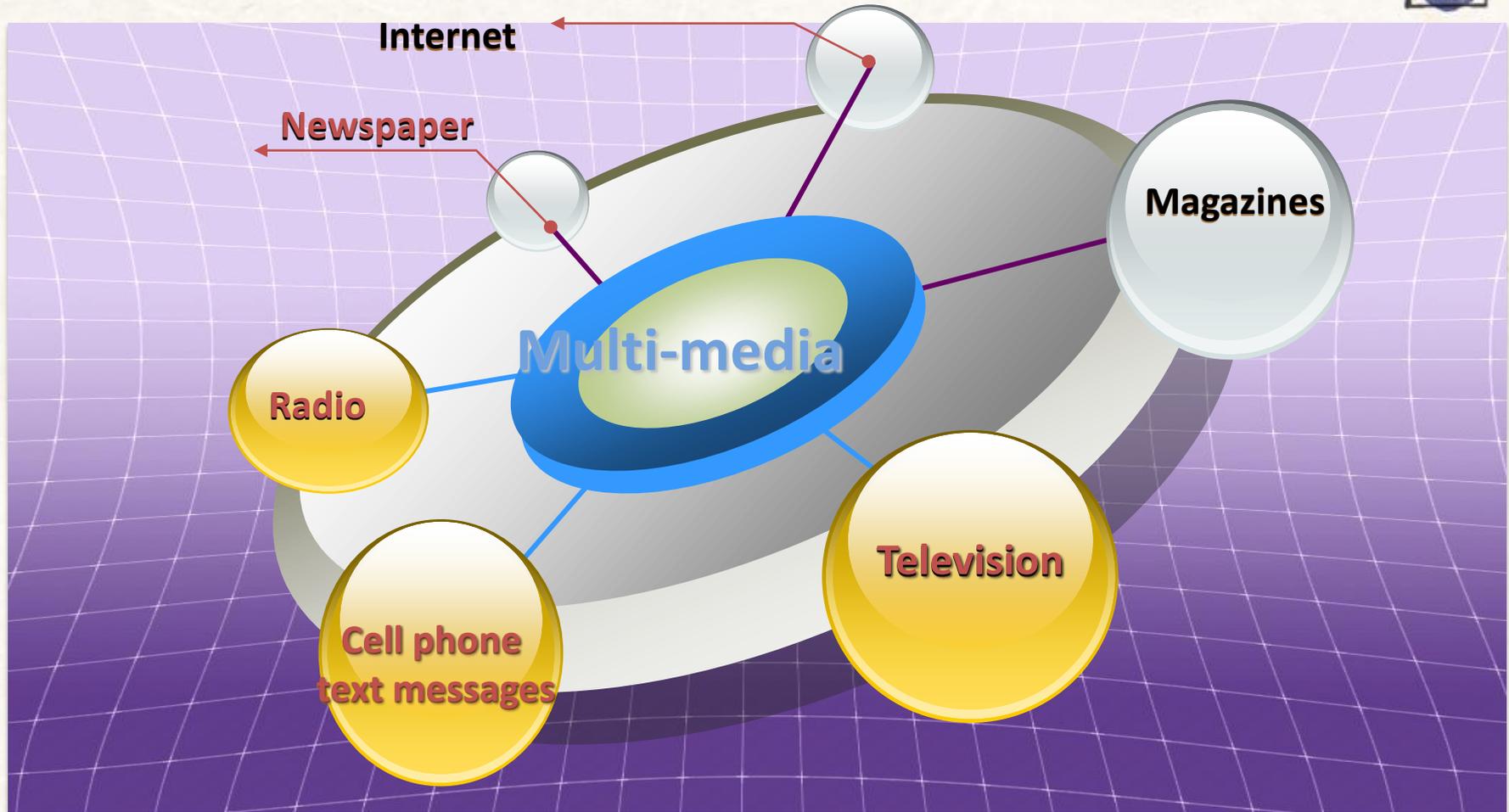


- **Defining objectives of public awareness program**
 - To enhance fulfillment of public policy objectives and responsibilities of DIs
- **Designing a public awareness program**
 - Target audience: all depositors and FIs
 - Information: (1)The scope and limit of coverage
(2)Corporate image

Compliance with IADI Guidance cont.

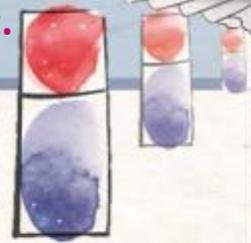


- Communication tools-integrated communication marketing

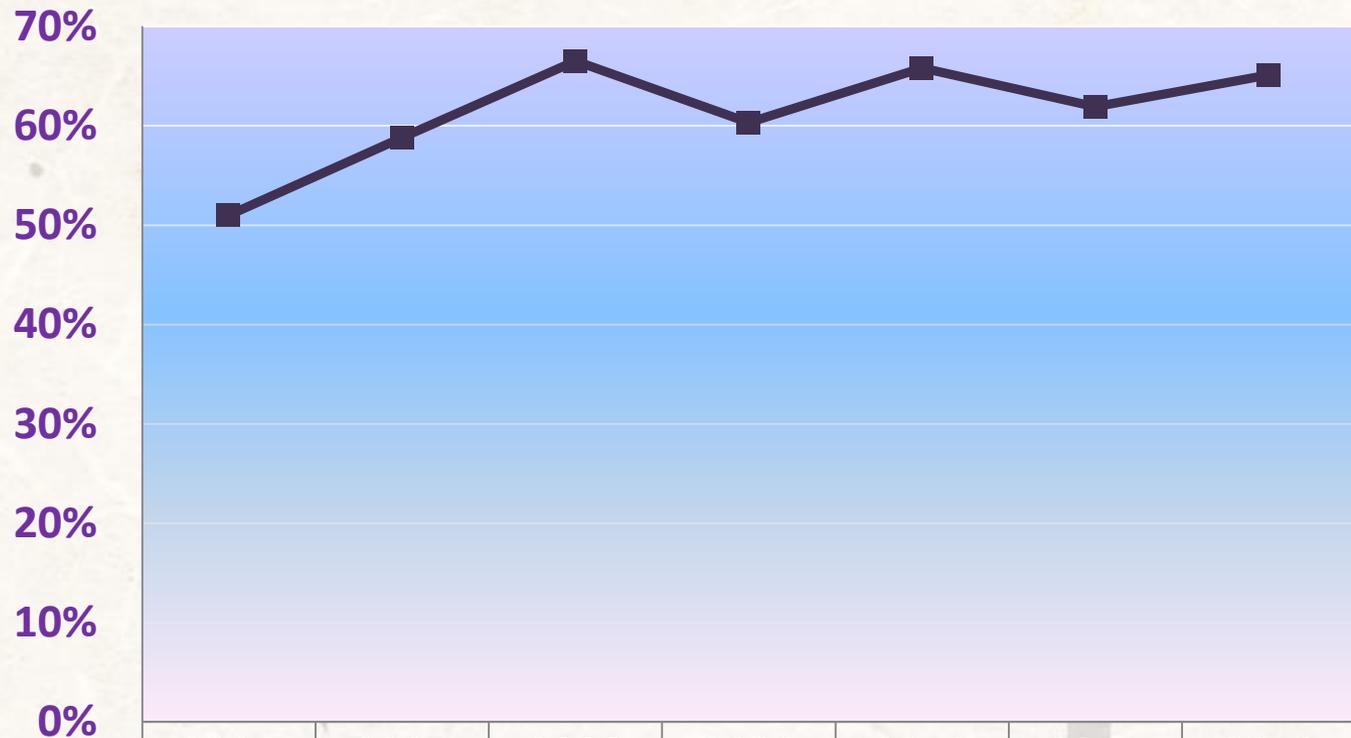


✓ *Different target groups - Different media*

Compliance with IADI Guidance cont.



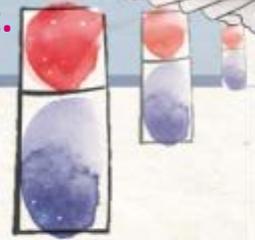
- Evaluation on overall awareness level of public



■ DIS awareness level

2006	2007	2008	2009	2010	2011	2012
51%	58.80%	66.50%	60.30%	65.80%	61.90%	65.10%

Compliance with IADI Guidance cont.



• Evaluation on effectiveness of communication tools

	2008		2009		2010		2011		2012	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
TV	55.5%	1	News 41.5%	1	News 48.6%	2	64.6%	1	61.9%	<u>1</u>
			Ads 31.0%	3	Ads 51.0%	1				
FIs	15.4%	5	31.6%	2	31.6%	3	39.4%	2	37.6%	2
Newspaper	33.3%	2	17.1%	5	19.5%	4	17.0%	3	16.9%	3
Friends & relatives	18.1%	4	17.4%	4	17.3%	5	12.3%	4	14.2%	4
Internet	26.5%	3	7.6%	6	13.6%	6	10.1%	5	11.0%	5
Bulletin Ad	-	-	0.5%	9	4.6%	9	7.9%	6	1.9%	9
Magazines	12.5%	6	5.5%	7	7.8%	8	7.1%	7	5.9%	6
Broadcast	2.8%	8	0.5%	9	7.9%	7	5.6%	8	2.5%	8
Campus	-	-	0.5%	9	2.5%	10	0.6%	10	0.8%	10
Work	3.2%	7	-	-	-	-	-	-	-	-
DM	0.6%	9	-	-	-	-	-	-	-	-
Others	-	-	4.7%	8	2.2%	11	2.1%	9	4.9%	7

CDIC's Public Service Announcement

存款保險保障好
安心存款沒煩惱

專業效率
處理問題機構

風險管理
發揮預警功能

守護存款
保障民眾權益

最高保額
300萬元

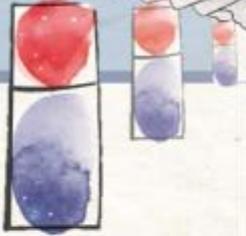
運籌帷幄
維護金融穩定

中央存款保險公司
Central Deposit Insurance Corporation

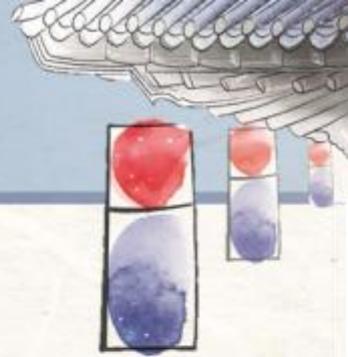
廣告

Challenges

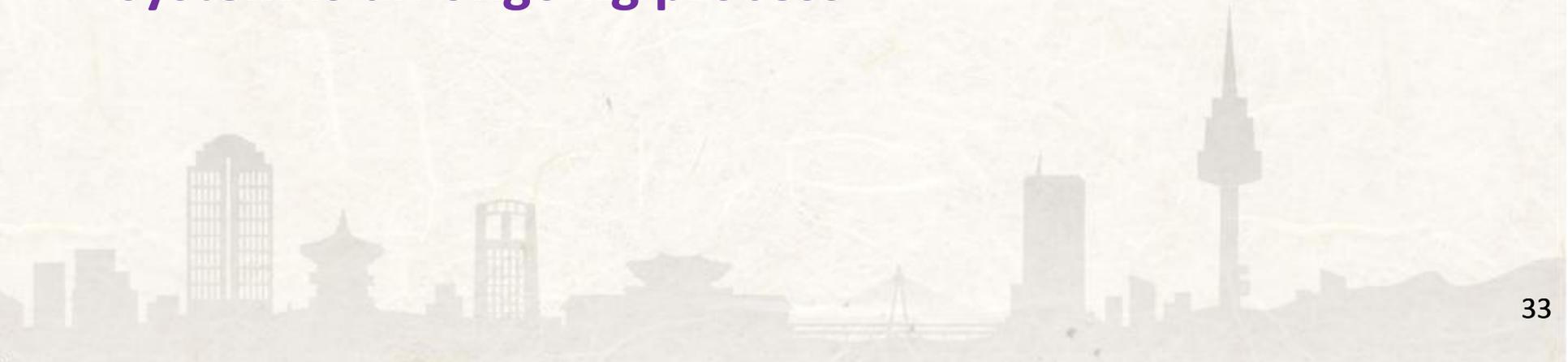
- **Gaining stakeholders' fully support on promoting public awareness of DIS**
- **Budget & resources**
- **Maintaining an expected awareness level**
- **Crisis communication plan**



Conclusion



- For deposit insurance to be effective, it is essential that public must be informed and educated about the benefits and limitations of the system
- Promoting public awareness of the deposit insurance system is an ongoing process



Thank You
cdic@cdic.gov.tw

