

*Africa Regional  
Committee*



中央存款保險公司  
Central Deposit Insurance Corporation

# Deposit Insurance System Public Awareness: Taiwan Experience

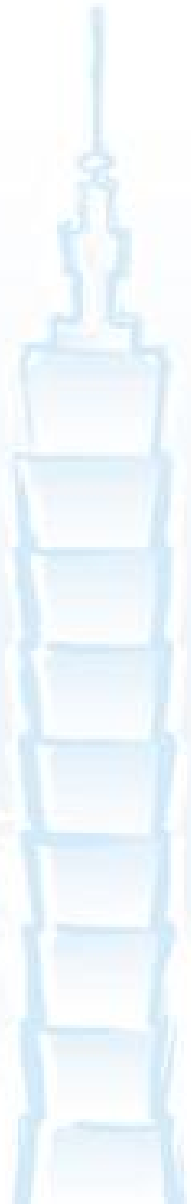
Harrison Hwang & Vanessa Lin  
Central Deposit Insurance Corporation  
(Taiwan)  
August 15, 2008

# Recent Bank Runs



# 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

# **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**

# **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**

# 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

# Target Audience

## *Before 1999*

- Small depositors
- Financial institutions

## *1999-2007*

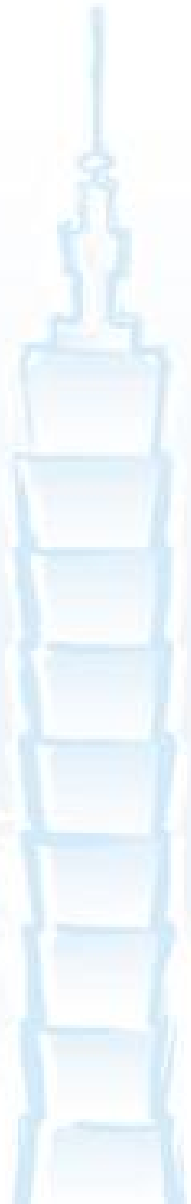
- All depositors
- Financial institutions

## *After January 2007*

- All depositors
- Financial institutions

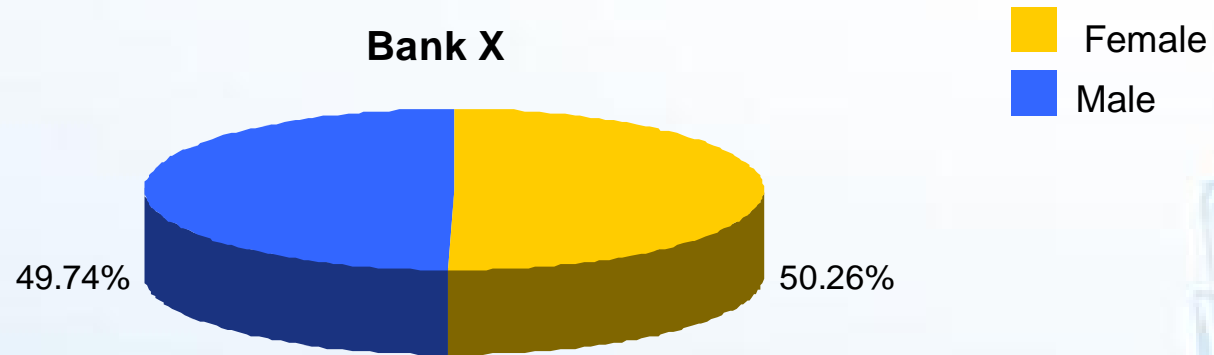
# Target Audience (cont.)

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



# Bank Withdrawals by Gender

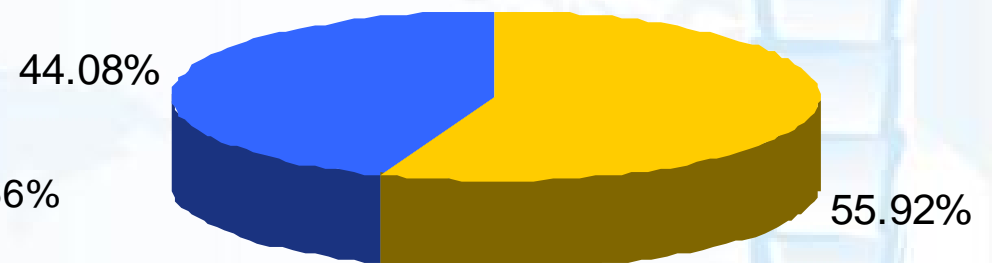
**Bank X**



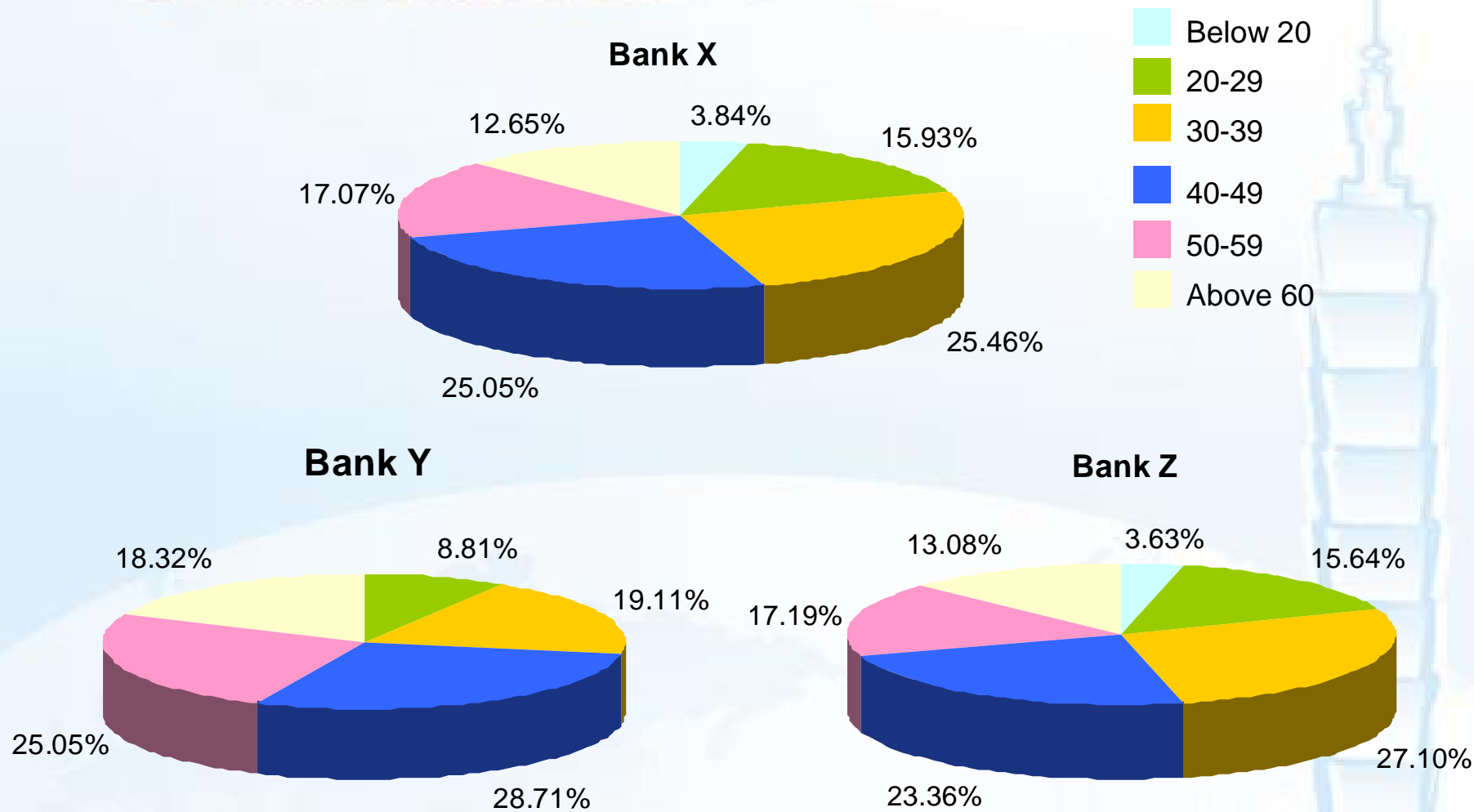
**Bank Y**



**Bank Z**

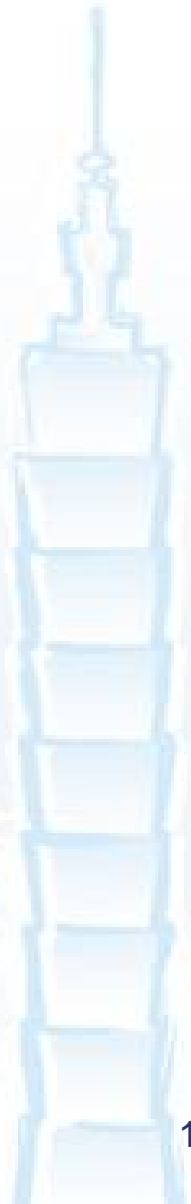


# Bank Withdrawals by Age Range



# **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



# Showcase



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引領國家經濟永續成長



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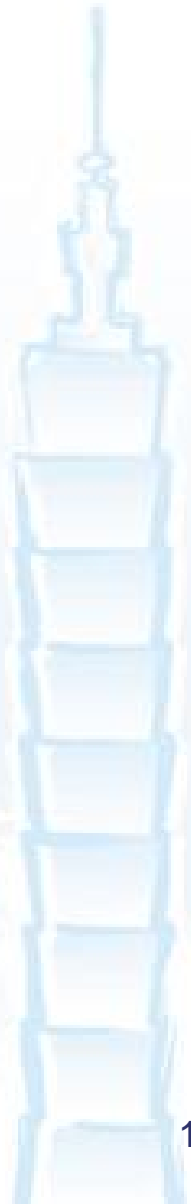
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# **What Depositors Need to Know ?**

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

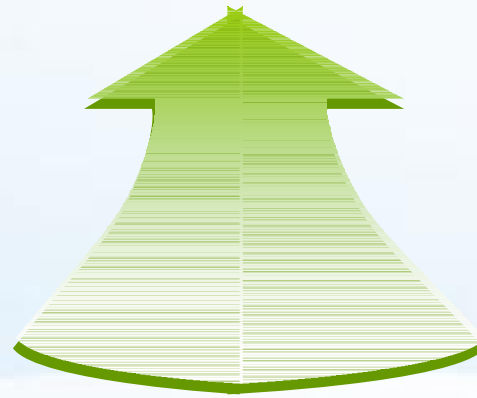


# What Depositors Need to Know ? (cont.)

- 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 ?

# Responsible Parties

**Maintaining Financial Stability**



**Other  
Financial Safety  
Net Players**

**CDIC Taiwan**

**Insured  
Financial  
Institutions**

# 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](http://www.cdic.gov.tw)



# Chinese Website - [www.cdic.gov.tw](http://www.cdic.gov.tw)

中央存款保險股份有限公司 CENTRAL DEPOSIT INSURANCE CORP. - Windows Internet Explorer

http://www.cdic.gov.tw/mp.asp?mp=1

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最新消息

- 公告欄 近期更新內容項目 2008/8/8
- 業務動態 業務動態 2008/8/5
- 新聞稿 中央存款保險公司新卸任董事長交接典禮新聞稿 2008/7/10
- 新聞稿 中央存款保險公司於97年5月24日順利完成寶華商業銀行特定不良債權暨特定不動產以外之資產、負債及營業概括讓與新加坡商星展銀行新聞稿 2008/5/26
- 公告欄 中央存款保險公司甄才公告 2008/5/23
- 新聞稿 中央存款保險公司與韓國存款保險公司續簽合作備忘錄簽署典禮會後新聞稿 2008/5/8
- 新聞稿 中央存款保險公司與韓國存款保險公司續簽合作備忘錄簽署典禮會前新聞稿 2008/5/5
- 公告欄 本公司委任財務顧問公司規劃及標售「亞洲信託投資股份有限公司」不良授信債權暨後續讓與營業、資產及負債採購決標公告。 2008/4/18
- 新聞稿 中央存款保險公司於97年3月29日順利完成中華商業銀行特定保留資產及保留負債以外之資產、負債及營業概括讓與香港商香港上海匯豐銀行股份有限公司新聞稿 2008/3/31
- 新聞稿 寶華商業銀行特定不良債權暨特定不動產以外之資產負債暨營業標售案結果公告 2008/2/1

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# English Website

中央存款保險公司 Central Deposit Insurance Corporation - Windows Internet Explorer

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### Video Corner

### Hot News

- 2008/7/22 Press Release for the Handover Ceremony of CDIC's Incoming and Outgoing Presidents (Press Release)
- 2008/6/6 CDIC participated in the international seminar "Risk Analysis in Deposit Insurance Schemes" held by Deposit Insurance Agency, Russian Federation in Moscow on May 27-28, 2008 (Announcement)
- 2008/5/9 Celebrating the 3rd Annual International Deposit Insurance Week (Announcement)

More

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# Communication Tools (cont.)

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

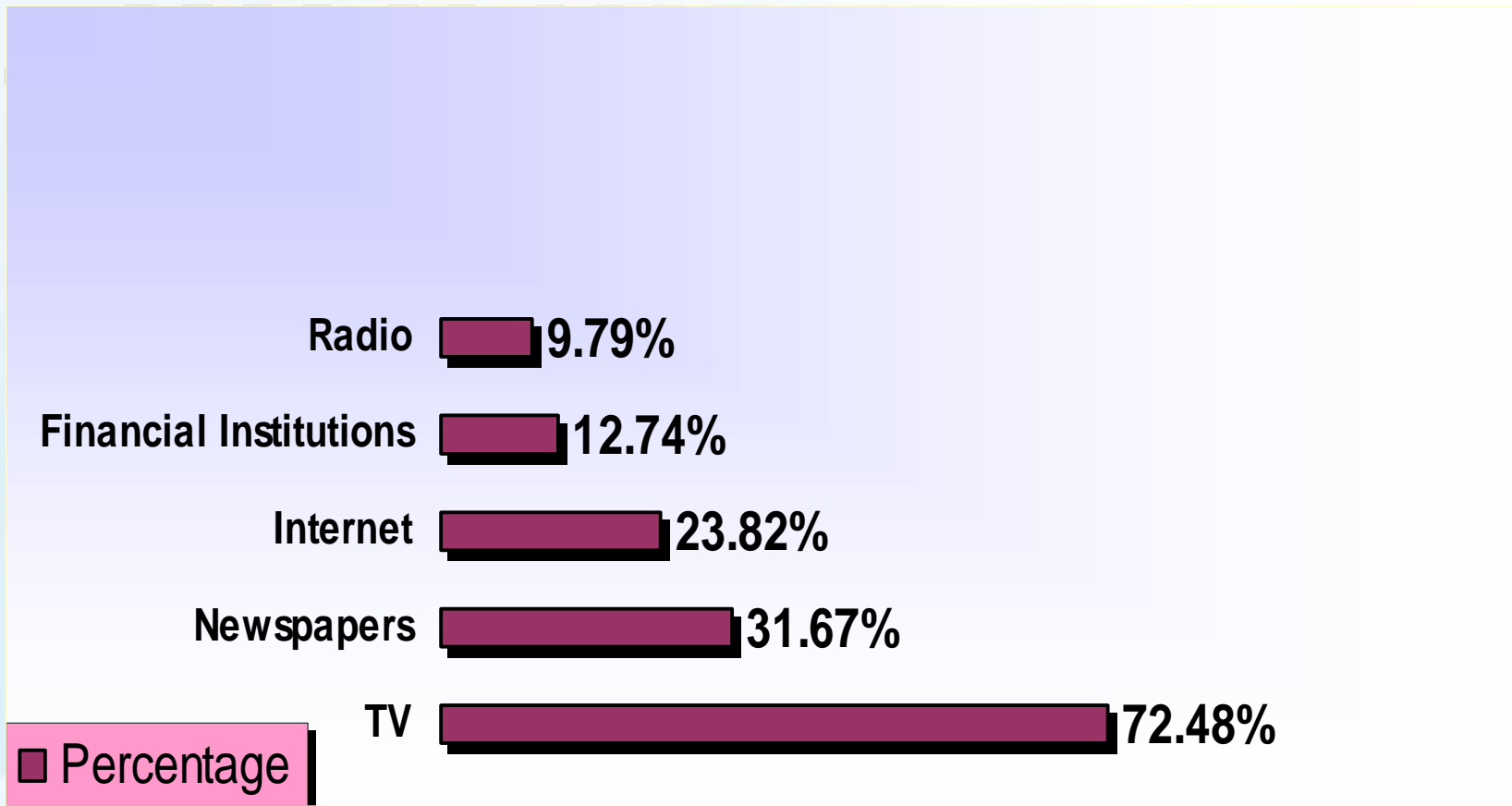


# Communication Tools (cont.)

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



# The Five Most Effective Tools in Taiwan



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

# 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%

# Performance Evaluation (cont.)



- **Satisfaction for certain events or activities**

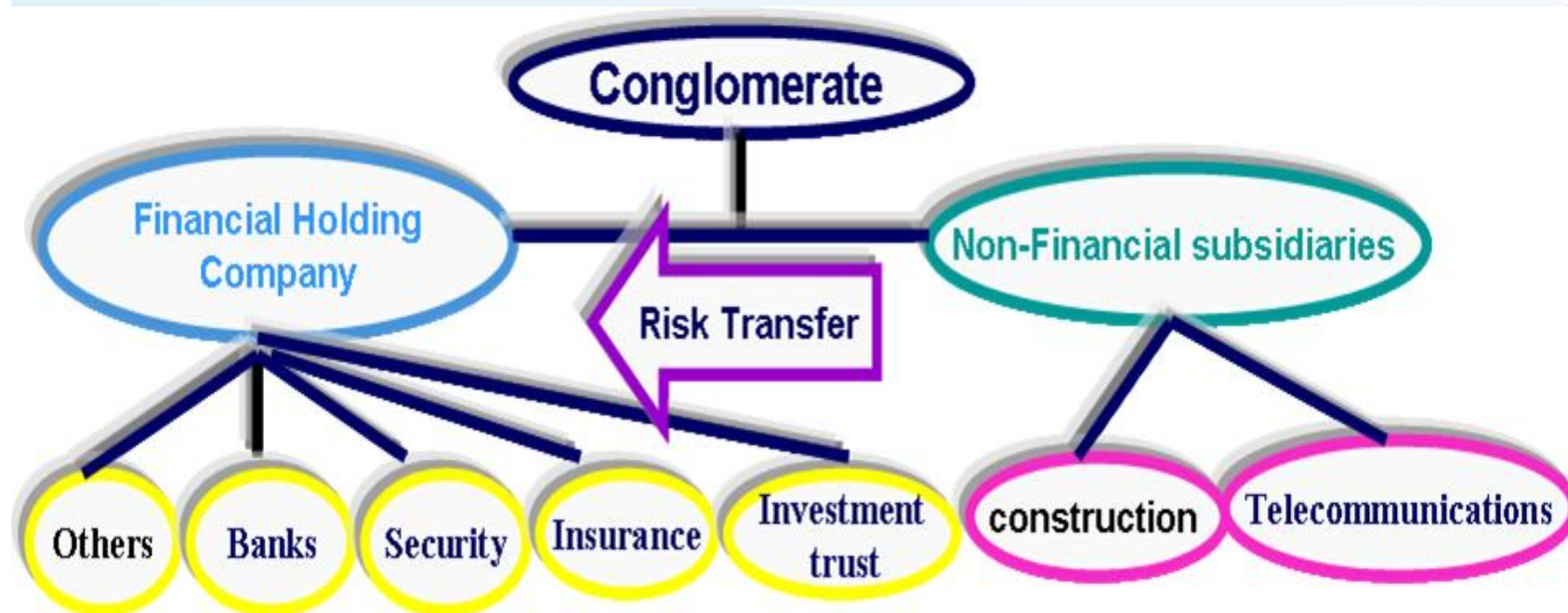
**ØA very high level of satisfaction across a range of services and deposit insurance information offered by CDIC Taiwan**

# **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

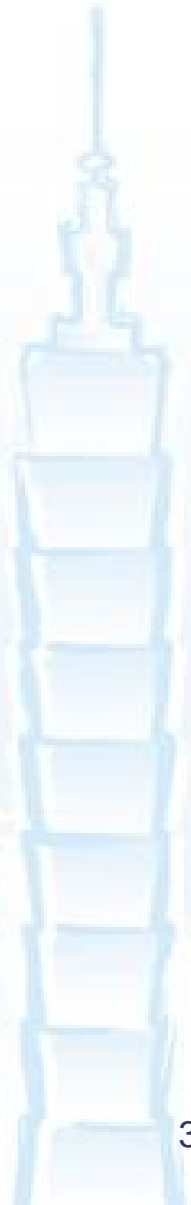
# Special Occasions for Promoting DIS (cont.)

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



# **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**



# Run on Q Bank



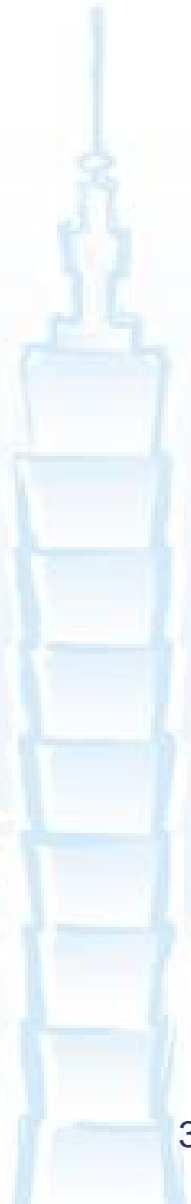
# Measures Taken by CDIC Taiwan

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



## 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



# Piles of Money to be Withdrawn from Q Bank

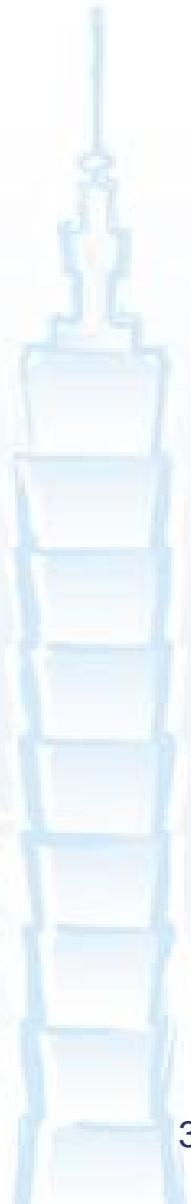


Media report on Taiwan Television

# **Review of Methods Used**

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



# **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**

# **Future Perspectives**

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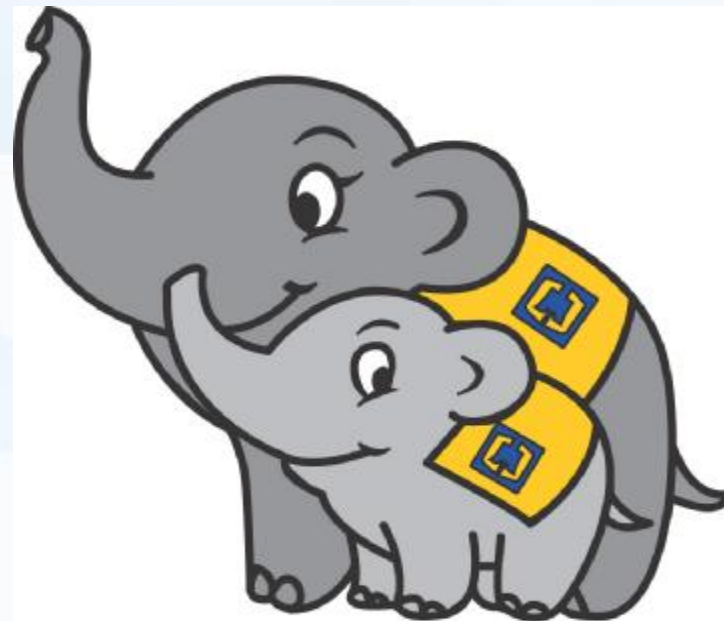
- **The roles of CDIC Taiwan**
- **Multilateral cooperation for consumer protection and public awareness among safety net players**
- **To prepare crisis communications plan to deal with emergency situations**



# Showcase

# Radio Broadcast

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

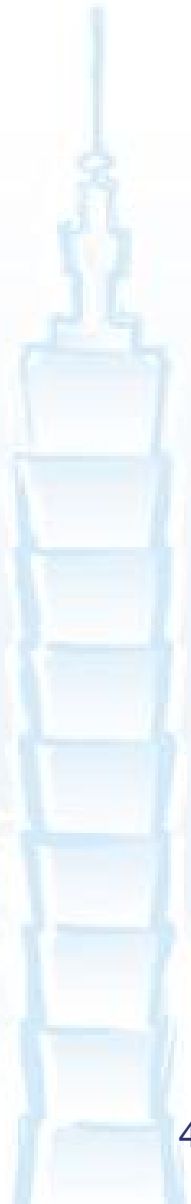


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# Super Star

# **Limitations on Advertisement**

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



# Quiz



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









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**Thank You!**  
**[Cdic@cdic.gov.tw](mailto:Cdic@cdic.gov.tw)**