



# ***General Guidance for Public Awareness of Deposit Insurance Systems***

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# Public Awareness about Deposit Insurance is Crucial

## Outline

- n **Introduction**
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  2. Organizing an effective public awareness campaign
  3. Budget and resource
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## Introduction

- n To study the importance and objectives of a public awareness (PA) program for the DIS.
- n To study how a PA program can contribute to the effectiveness of a deposit insurance system (DIS).
- n To suggest guidance points in promoting PA on a DIS.

## Role and Objectives

- n Mandates and objectives of a DIS can not be achieved if its existence is unaware of.
- n Assure safe deposits and counterbalance push factors that could trigger a bank run.
- n Lack of awareness could lead to bank runs with significant ramifications within a short duration.
- n Public trust should be built during periods of financial stability as a preventive measure to face the challenges in periods of financial instability.

## Role and Objectives

- n Public awareness about deposit insurance is crucial. All deposit insurers should promote public awareness about the DIS on an ongoing basis.***

## *Key Objectives of a PA Program*

- n **Build public confidence in the DIS**
  - n As a tool for depositor protection thereby contributing to the safety and stability of the financial system.
- n **Build public confidence in the financial system**
  - n As measures to strengthen the payment system and to promote savings.
- n **Enhance stakeholder awareness**
  - n By providing key features of the deposit insurance system including its benefits and limitations.

## *Key Objectives of PA Program* (contin'd)

- n Educate financial consumers to take greater responsibility
  - n For better financial investment decisions making and additional discipline on the banking system.
- n Enhance consumer protection
  - n By promoting financial literacy of financial services consumers.
- n Providing information to depositors
  - n Advising where the public can source information on deposit insurance easily.





## Role and Objectives (contin'd)

- n The major objectives of a PA program are for the deposit insurers to accomplish their public policy objectives and enhance the effectiveness of a DIS through public education to promote the stability of the financial system.*

## Role and Objectives (contin'd)

- n Objectives of the PA programs should be clearly set out and consistent with the public policy objectives and mandates of a deposit insurer.*




## Role and Objectives (contin'd)

- n Deposit insurers need to maintain credibility and visibility with financial consumers as an integral part of financial safety net.
- n Failure to build credibility can undermine the effectiveness of a DIS.

## Role and Objectives (contin'd)

- n ***Deposit insurers should build credibility with depositors and stakeholders***



## Organizing an Effective Public Awareness Campaign

- n Conducting pre and post campaign researches to ascertain awareness levels.
- n Proper planning for a PA program in accord with developmental stages of a DIS.
- n Proper long-term plan to set out strategies, target audiences, key messages, initiatives and channels.

## *Consideration for Designing a Public Awareness Campaign*

- n Target audience
- n Messages
- n Tools
- n Special circumstances

### *Target Audience*

- n General public and depositors (small depositors regardless of age; younger generation)
- n Institutional depositors
- n Member institutions (front-line staff; senior managers)
- n Legislators and related authorities
- n Media (well-informed media can provide fair and balanced reports for the DIS.)

### **Target Audience** (contin'd)

- n Depositor insight is a key indicator of the relevance, reach and effectiveness of an ongoing PA campaign.
- n Understanding depositor profiles and their different risk tolerances.
- n Choosing right approaches and channels to meet the different needs and characteristics of various target audiences.



**Target Audience** (contin'd)

- n ***Clearly identify principal target audience groups and sub-groups***

## Messages

- n ***Integrate information that may affect depositors' savings***

- n Information about benefits and limitations should be included.

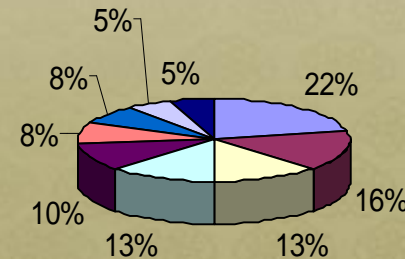
- n Written in precise but unsophisticated language to avoid ambiguity and misinterpretation

- n Short and simple for easy absorption

- n Consistent and coherent to avoid confusion

## Communication Tools

- n Mass media
- n Printed materials
- n Website
- n Lectures and seminars
- n Deposit insurance signs or logos
- n Product registers/product register code
- n A toll free line



## Communication Tools

- n ***Employ a wide variety of tools and channels of communication to ensure messages are conveyed to the target audience.***

## Budget and Resources

- n ***Make budget allocations to build/maintain desired level of public awareness on deposit insurance knowledge among the target audiences.***
  - n Adequate budget can support PA strategies and initiatives to be carried out effectively.



## Budget and Resources *(contin'd)*

- n ***Consider external public relations experts and branding expertise to maximize effectiveness of the PA program and to support internal expertise deposit insurers.***
- n A deposit insurer should ensure adequate coordination with the public relations firm and monitor the services it provides to assure the objectives of the programs are achieved.

# Performance Evaluation

- n Conducting campaign assessments
- n Review advancement of stated objectives
- n Identifying areas of improvement
- n Continuous monitoring and measuring

## Performance Evaluation

- n Deposit insurers should conduct regular, independent evaluations and reviews of awareness levels.*



## Special Circumstances

- n ***In transitioning from a blanket guarantee to a limited coverage DIS, public awareness activities should begin as early as possible.***
  - n This is to allow time for financial institutions and depositors to accept the changes and for the transition to achieve its intended results.

## Special Circumstances (contin'd)

- n ***Develop a PA program well in advance to address potential crises/failures.***
  - n This would ensure systematic, effective and efficient dissemination of relevant information, particularly in managing an imminent bank failure or resolution or rumours relating to such incidences.

## *Responsible Parties*

### 1. Deposit insurers

- n The primary responsible party

### 3. Financial safety net players

- n Collaboration enhances PA and financial stability

### 2. Member institutions



# Partnerships with Other Stakeholders

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## Member institutions

- n One of the most important channels to reach the public due to their daily interactions with customers.
- n Bank clients hold a special relationship with their financial institutions and they expect to be provided with relevant up-to-date information.



# Partnerships with Other Stakeholders

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(contin'd)

- n Member institutions should be required by law to promote information about deposit insurance.*

# Partnerships with Other Stakeholders

(contin'd)

- n ***A deposit insurer should develop strategic partnership for PA programs with other financial safety net players to ensure information consistency and maximize synergy.***
  - n Other financial safety net players - role and functions are all aimed at promoting and contributing financial system stability.

***Rome was not built in a day***

*~ John Heywood*



## Conclusion

**Public Awareness about  
Deposit Insurance  
is Crucial and Fundamental**



## Conclusion (contin'd)

- n All deposit insurers need to promote public awareness on an ongoing basis.
- n The importance of public awareness should never be underestimated irrespective of the mandates of a deposit insurer.
- n Public awareness will enhance the effectiveness of a DIS, reinforce consumer protection, and promote financial stability.



***Action is the proper fruit of  
knowledge!***



# Thank you !

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