

## X. PUBLIC RELATIONS OF THE CENTRAL BANK

### PRINCIPLES OF PUBLIC RELATIONS AND COMMUNICATION

Transparency and public credibility have a significant role among the requirements set for the activity of any central bank. **According to various surveys, Eesti Pank as an institution maintained its high credibility rating among the population and mass media in Estonia throughout 2002<sup>1</sup>.** Information presented by the central bank is considered highly credible, although occasionally slightly complicated.

The main objectives of Eesti Pank's communication are:

- to ensure public understanding of the monetary policy pursued by the central bank and sufficient support thereto;
- to maintain and value the image of Eesti Pank as that of a competent, independent and reliable institution, with a significant role in guiding national economic policy and development, with transparent and controllable activities, which is ready to communicate with all social groups;
- to ensure the best possible access to background information related to economic decisions for economic agents.

### ESSENTIAL TARGET GROUPS

As usual for central banks, the list of important target groups of Eesti Pank communication includes, besides general public and media, also quite a large number of domestic and foreign financial experts as well as local and international business communities and various international institutions. Majority of the users of both Eesti Pank publications and web site are from outside Estonia (eg, the number of Estonian and English language printed copies of the quarterly Monetary Developments & Policy Survey is 1:3, up to 70% of the web site users are from abroad). The central bank takes this into consideration in developing its output.

In disseminating information the bank attempts, if possible, to consider the interests of its important target groups, their preferences concerning information channels and background knowledge. Various quantitative and qualitative studies (focus groups' surveys, interviews, publication subscribers' surveys) are conducted in order to obtain that information. In 2002, **the attitude of Estonian business leaders to the euro and its potential introduction to Estonian economy** was one of the topics studied in more detail.

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<sup>1</sup> According to surveys conducted by ES Turuuringute AS, Emor and Saar Poll, depending on the survey method, 60–70% of the Estonian population has confidence in Eesti Pank and considers its activity successful. Out of the state institutions of Estonia, only the President of the Republic has a credibility rating stably exceeding this indicator.

## EESTI PANK'S REGULAR ECONOMIC POLICY PUBLICATIONS

Taking into account the significant role of Eesti Pank in formulating and communicating the economic policy stance and the need to coordinate messages to the public, Eesti Pank's Monetary Policy Committee approved in March 2002 a list of Eesti Pank's regular key economic policy publications and their publication principles.

**Eesti Pank's comments of the quarterly survey** is the most significant economic policy publication, summarising and analysing development trends of the last three months in Estonian and world economy and forecasting further developments. The quarterly comments are disclosed at the beginning of every third month at a public presentation with top executives of the central bank attending. The comments have had favourable reception both at home and abroad and their key messages have been an impetus for several essential macroeconomic policy discussions.

With a view to public awareness, comments to current economic policy indicators, such as changes in the consumer price index and GDP growth, are significant. The Annual Report of Eesti Pank published in spring covers the entire performance of the central bank. Pages 144–145 provide a more detailed overview of Eesti Pank's publications.

## HANDLING REQUESTS FOR INFORMATION

Eesti Pank receives thousands of requests for information a year from private persons and organisations from Estonia and outside. The Public Relations Office responded to more than 8,500 requests for information in 2002.

The majority of inquiries made by phone are about exchange rates of currencies quoted and not quoted by the central bank. The bank's web site is used more and more actively; good news for Internet users was the opening of the renewed home page of Eesti Pank – [www.bankofestonia.info](http://www.bankofestonia.info) – in early 2003.

Requests by e-mail and over the web site express thorough interest in statistics compiled and collected by the central bank. Requests from abroad display interest in services provided by Estonian commercial banks, operation of the banking system, Estonia's economic situation and monetary policy principles.

## MEDIA RELATIONS AND PUBLIC PRESENTATIONS

In 2002, Eesti Pank issued all in all 68 press releases and comments. In addition, top executives of Eesti Pank gave relatively many public speeches and media interviews (about 80 in 2002) compared to other EU accession countries' central bank executives. Apart from the events dedicated to the 10th anniversary of the reintroduction of the kroon, they delivered speeches at different venues (Euromoney Central and East European Investors' Forum, annual series of lectures by Faculty of Economy of the University of Tartu, Riga Business School, Pärnu Management Conferences, etc).

In 2002, Eesti Pank held six news conferences and an equal number of presentations. Top executives and experts of the central bank wrote 20 comments and analytical articles to leading newspapers.

### CELEBRATION OF THE 10TH ANNIVERSARY OF THE ESTONIAN KROON

*In 2002, Eesti Pank dedicated several of its activities to the 10th anniversary of the reintroduction of the Estonian kroon. The series of festive events started as early as on 4 May with **the day of open doors in Eesti Pank**. The host provided a multi-faceted introduction of the central bank as well as entertainment for its 1,100 visitors.*

*On 11 June, Eesti Pank held a Conference dedicated to the 10th anniversary of the reintroduction of the Estonian kroon **Alternative Exchange Rate Regimes in the Globalised World**, which brought*

well-known theoretical and practical experts of the financial community to Tallinn. President of the Republic of Estonia Arnold Rüütel opened the conference, which hosted about 700 guests. Key speakers were Governor of Eesti Pank Vahur Kraft, Deputy Governor of the European Central Bank (ECB) Eugenio Domingo Solans and General Manager of the Bank for International Settlements (BIS) Andrew Crockett. Prime Minister of the Republic of Estonia Siim Kallas made closing remarks. Deputy Governor of Eesti Pank Andres Sutt acted as a moderator.

Chief Economist of the European Bank for Reconstruction and Development (EBRD) Willem H. Buiter, Deputy Governor of Deutsche Bundesbank Jürgen Stark, Director of European II Department of the International Monetary Fund (IMF) John Odling-Smee, Governor of the Bank of Finland Matti Vanhala, former Deputy Finance Minister of Japan Eisuke Sakakibara, Deputy Chief Executive of Hong Kong Monetary Authority Tony Latter, Deputy President of the National Bank of Hungary György Szapary and several other experts participated in panel discussions. Also US Treasury and European as well as Asian universities were represented at the conference.

The conference was transmitted on-line across the Internet and about 300 people in Estonia and abroad watched it. Eesti Pank has also published Estonian and English versions of the collection of presentations and speeches made at the conference, overviews of discussions, comments and responses to questions from the audience.

On 20 June, the very day of the kroon anniversary, the central bank organised **an open-air public discussion on 'The Introduction of the Kroon and the Following Years – Forecasts and Reality'**. Prime Ministers of independent Estonia Siim Kallas, Mart Laar, Mart Siimann and Andres Tarand as well as Governor of Eesti Pank Vahur Kraft and Deputy Governor Märten Ross attended.

At that event also the **book 'Banknotes and Coins of the Republic of Estonia 1992–2002'** was presented. The book has become popular both in Estonia and abroad.

## SOME ADDITIONAL PUBLIC RELATIONS' EVENTS

### Money Compass 2002

In early October, the Tallinn Stock Exchange and the daily Eesti Päevaleht organised an investment fair Money Compass for the third time, with Eesti Pank traditionally represented as well. The fair is especially significant for the bank because it helps to attract the public's attention to a wide range of free information on Estonian monetary policy, banking and more broadly on the development of the economy available in the central bank.

The stand of Eesti Pank was quite popular among 3,500 guests of the fair. Information on different aspects of central bank activities was provided. Bank publications were popular as usual, especially overviews of economic research published in the series of the Working Papers of Eesti Pank.

### Eesti Pank Museum

Eesti Pank Museum<sup>2</sup> was opened in 1996 and plays an important role in the system of Eesti Pank's public relations. Besides permanent and temporary exhibitions, also meetings, presentations and news conferences are held in the museum.

In 2002, the museum had a record high number of visitors – about 7,000, sales reached 3.75 million kroons. The golden commemorative 100kroon coin dedicated to the 10th anniversary of the reintroduction of the

<sup>2</sup> The Museum at 11 Estonia Avenue is open Wednesday through Friday 12–17. Telephone: +372 6680 760.

Estonian kroon enjoyed high demand and two thousand coins were sold in a few days. Also a silver commemorative coin of the University of Tartu was popular.

In early January, an exhibition of banknotes withdrawn from the euro area countries caught the attention of the visitors and public. In May, an exhibition '2000 Years of Money in Estonia' was opened. This was a guest exhibition by the Estonian Institute of History, which displayed several of its previously not displayed findings.

## Quarterly Kroon & Economy

**In November 2002, the first issue of Eesti Pank's economic quarterly Kroon & Economy was published.** The predecessor of the journal was the Eesti Pank Bulletin, the contents and format of which were to be reorganised under changed circumstances.

The journal is published both in Estonian and English and allows better usage of the bank potential and research results, satisfies to a larger extent the public interest in topical economic issues and is an additional information output for the central bank. Readers of the journal could be everybody interested in economy, primarily students of economics and finance, of master and doctoral programmes, teaching staff and researchers, staff of scientific and research institutions, employees of state and local government agencies, businessmen, journalists and others.

### **INTERNATIONAL REQUIREMENTS TO PUBLIC INFORMATION ON NATIONAL FINANCIAL SYSTEM AND ECONOMY**

*In recent years, central bank public relations have been widely discussed at central banks' international forums. For example, the International Monetary Fund has introduced a number of measures to enhance the **transparency** of member states' economic policy and economic policy data. The changes include publication of the Public Information Notices (PINs) of Article IV missions on macroeconomic and financial situation of the state, which Estonia allowed to disclose among the first, already in 1999. By the autumn of 2002, about 80% of the IMF member states had granted its consent.*

*The IMF Executive Board has taken a significant step to adopt the **principle of 'presumed publication' of policy papers and associated PINs** under which the policy papers are subject to disclosure if not decided otherwise. In recent years the IMF has also paid more attention to publishing data on lending programmes for different countries and internal administrative issues but also published independent evaluations of IMF economic studies.*

*The European Central Bank (ECB) has underlined two aspects in its communication with the public and financial markets. Firstly, efficient communication **will make the central bank policy more effective** and will help to meet the goals set. Secondly, communication is a component of the **public responsibility** – the decisions important for the democratic society should be explained. It is especially important for the public to understand monetary policy objectives and framework. The objectives of the public relations of the European System of Central Banks are defined as follows:*

- **to support monetary policy performance and efficiency;**
- **to increase public support to the Eurosystem and its policies, both in Member States and outside;**

*In order to achieve the above objectives*

- **it is advisable to implement uniform information in the euro area single monetary policy relations;**
- **objectives, functions and activity of the Eurosystem should be more transparent.**

*Public relations should be transparent, understandable and consistent. **The ECB considers it very important to explain the public the meaning of price stability and the role of monetary policy in safeguarding price stability.***

## **PUBLIC COMMUNICATION OF EESTI PANK IN THE LAST DECADE**

*Communication with various target groups outside Eesti Pank has changed a lot during ten years – functional and organisational aspects have been renewed, accents have been moderated.*

*In the early 1990s, it was especially important to **have an information breakthrough and reach international information channels.** The then Department of Information and Economic Analysis of Eesti Pank was responsible for analysis combined with information. Besides, also economic data on Estonia was gathered and systematised to the extent possible and information about the central bank was communicated to Estonia and abroad.*

*Preparing the 1992 monetary reform, the then Information Department organised also the procurement of the first state-of-art personal computers to the central bank. Eesti Pank was the first in Estonia to gain access to business information channels of Reuters. Since Estonia lacked quality communication channels at that time, satellite communication had to be used. From the very beginning the central bank has released information at least in two languages – in Estonian and English.*

*After the monetary reform there was booming interest in Eesti Pank both at home and abroad. The daily *Rahva Hää*, the paper of the broadest circulation, started to publish comments twice a week and two new employees were involved to respond to requests for information.*

*In 1993, **the first regular central bank publication** was published – the *Bulletin*, which was published until the end of 2001. Preparation of publications as a separate function was worked out during 1994. The first Annual Report of Eesti Pank was published the same year, reflecting the performance in 1993. The central bank also started to publish newsletters, which were sometimes published 4–5 times a week. And due to the lack of information the dailies often published the materials of newsletters and bulletins in full. In 1995, Eesti Pank was one of the first central banks to launch its own **web page**. The series of *Working Papers of Eesti Pank* also goes back to 1995.*

*The year 1996 marked a pronounced growth in the interest of potential foreign investors in Estonian economy – the Information Department hosted 2–3 foreign delegations and responded to numerous inquiries from abroad every week. The **statistics overview** in English meant for economists had a stable subscription of 300–400. Also a subunit of international relations in Eesti Pank was established but it dealt only with the IMF and the World Bank.*

*In 1997, **the first monetary developments and policy survey** of the central bank was published. The first balance of payments of re-independent Estonia was compiled in 1992. By quarters the balance of payments was issued as separate fascicle but also in *Bulletins*. The first *Balance of Payments Yearbook* was issued in 2000.*

***Conferences** organised by the central bank have become a tradition. The material of each such conference have been later published, the first one was issued as early as in 1993.*

*In 2000, the independent International Relations Department and Information Department-based Public Relations Department were merged into an International and External Relations Department. Thus, several overlapping functions were streamlined and became more cost-efficient.*