



March 27, 2024



# One Year Later: How Banks are Mitigating the Reputational and Strategic Risks that Buried Silicon Valley Bank

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March 27, 2024



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# Bank Run Risks



- Even a healthy bank may not survive a sustained run.
- Bank runs can be contagious.

# Bank Runs



1930's



Source: Bundesarchiv, Bild 102-12023 / Georg Pahl / CC-BY-SA 3.0 via Wikimedia.

2008

Pasadena Star News File Photo



2023

Image Source: Silicon Valley Bank



# Ways to Stop or Slow Bank Runs



- Make Causing Bank Runs Illegal
- Trusted Validators
- Aggressive Transparency
- Deposit Insurance

# Make Causing Bank Runs Illegal



## **N.C. Gen. Stat. § 53C-8-10**

### **§ 53C-8-10. Willfully and maliciously making derogatory reports.**

Any person who shall willfully and maliciously make, circulate, transmit, or otherwise communicate any statement, rumor, or suggestion to one or more other persons that is directly or by inference false and derogatory to the financial condition, or affects the solvency or financial standing, of any bank, or who shall counsel, aid, procure, or induce another to make, circulate, transmit, or otherwise communicate any such statement or rumor, shall be guilty of a Class 1 misdemeanor.

# Trusted Validators



- Government Officials
- Regulators
- Competitors
- Clergy

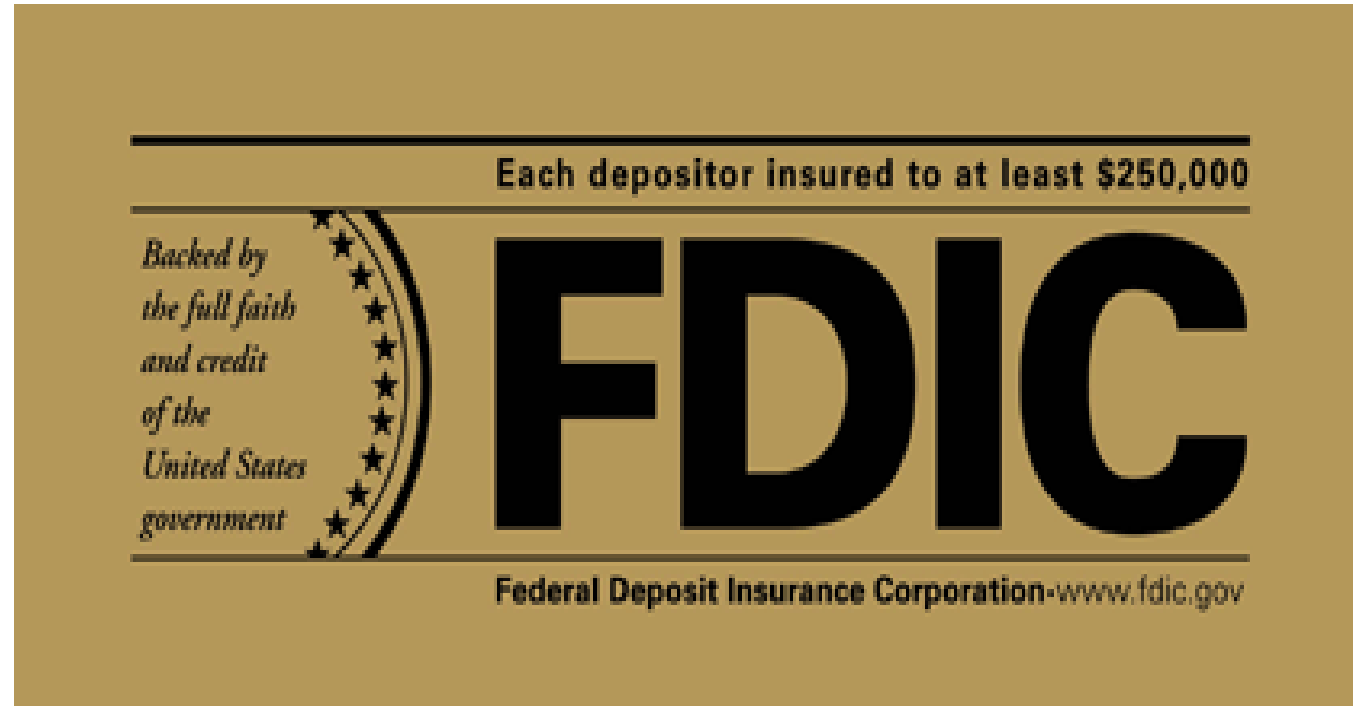
# Aggressive Transparency



- Open Loan Files
- Show liquidity



# Deposit Insurance



# Social Media Risks



- Social media platforms reward engagement.
- Misinformation heightens engagement
- Social media features that make it more powerful as a coordination mechanism than offline social networks.
  - The speed of communication is greater than personal connections.
  - The communications posted to social media platforms are visible publicly, which transmits information well beyond close personal connections.



“Don’t expect to counter the firehose of falsehood with the squirt gun of truth.”

Christopher Paul and Miriam Matthews, The Russian “Firehose of Falsehood” Propaganda Model: Why It Might Work and Options to Counter It, Rand Corporation (2016)



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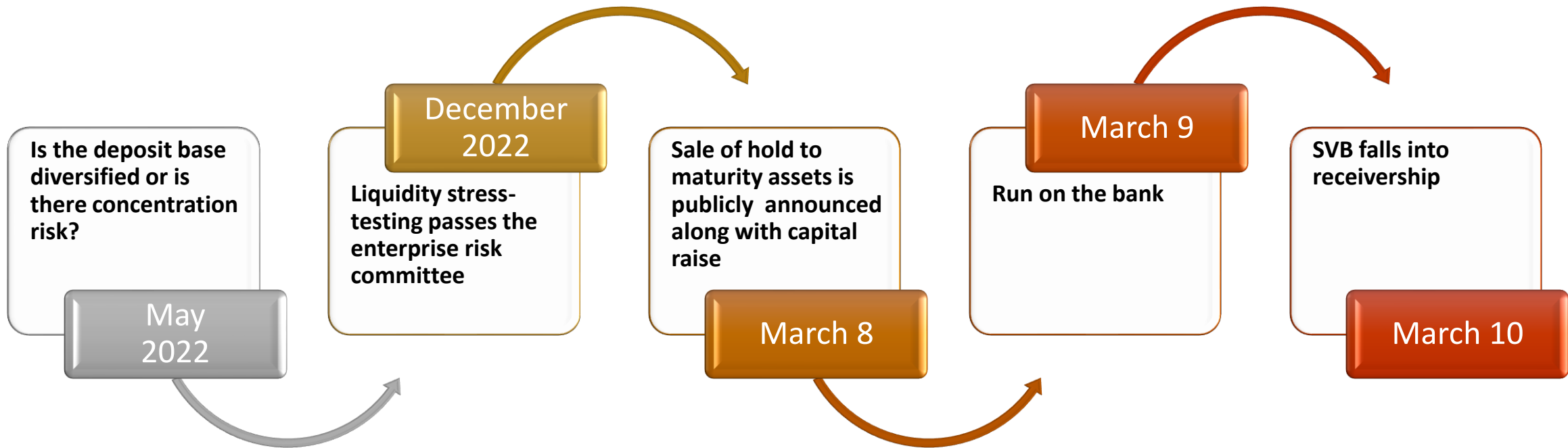



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# Lisa Marie Carr

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# Crisis Management Best Practices

## PREPARE FOR THE WORST

- Earn Leader Trust
- Build Quick Access Tools
- Ongoing Listening
- Lift Your Own Rocks
- Identify Emerging Threats

## RESPOND WITH SPEED + TRANSPARENCY

- Checklists, Playbooks
- Pre-approved Messaging
- Decision Matrixes (Signal to Noise)
- Know Your Advocates
- Inform Your Leaders (SitReps)



## TRAIN IN THE FOG OF WAR

- Dedicated Crisis Teams
- No Notice Drills
- Test Accelerants
- Expect Tech Failures
- Plan for Absence of Key Players

## LEARN FROM MISTAKES

- Hot Wash / AAR
- Case Studies
- Understand Impacts
- Refresh Messages and Tools
- Celebrate and Fix Gaps



Questions?