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## Banking System Stability and Public Security: the Cases of the Collapse of the Commercial Banks “Snoras” and “Ūkio bankas” in Lithuania

The stability of the banking system is analyzed in the article as an important condition of security of the society. The article analyzes the short term and long term impact of the collapse of two commercial banks, “Snoras” and “Ūkio bankas”, on the public attitude about the banking activities in Lithuania. Employing new institutionalism theoretical approaches, an analytical model is constructed based on the reconstruction of discursive devices of two Lithuanian Internet news portals, *Delfi.lt* and *Lrytas.lt*. The positions of the main process actors (Bank of Lithuania, Heads of the State, and media itself) within a changing structural environment are assessed. The article argues that new institutionalism presents an appropriate theoretical framework for characterizing the processes analyzed, taking into account calculations of actors and explaining development of political processes, and taking into account circumstances of consensus reached in the former stages of political processes. Employing the discursive institutionalism approach enables the understanding of actors as actively influencing and changing structural environment. Five stages of bank collapse are defined according to the reflections in the news media portals. They differ by their continuity, intensity and by the means used for (re-)constructing discourses, comparing former case of collapse with the latter one. For instance, the position of the society caused by the “Snoras” bank collapse can be characterized as a classical case of cognitive dissonance: commercial banks are treated by the society as untrustworthy and at the same time society’s behavior shows that society is benefiting from the bank services. Politically the problem analyzed seems like a marginal one without any important influence on mainstream political processes. It seems that the situation after the bank collapse is different from early post-Soviet times when “safety of savings” was an important argument in the fight of political parties for the power. However, taking into account the influence of these two banks’ collapses for international country ratings we note that collapse as a “frequent phenomenon” worsened Lithuania’s position. “Normatively” interpreting the collapse cases we may argue that actors of the political field (mainstream media channels included) coped with the dynamic situation by appropriately minimizing negative outcomes of the collapse of the two commercial banks.

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## Introduction

The stability of the bank system is an important condition for public security (“soft security”)<sup>1</sup>. Complementary dimensions of “secure/insecure” geopolitical area are important in transitional societies. “Loss of savings” has long been a staple in society’s memory, accompanied by a willingness to place the blame for it on the government. The savings/deposit loss in “Sekundė” bank<sup>2</sup> in 1994, or in the bank “Lietuvos akcinis inovacinis bankas”<sup>3</sup> in 1995, are associated with “wild capitalist relations” intrusion in the society. The mass media’s evaluations tried to escalate and support these feelings for a long time. So far, the public discourse about the collapse of banks and financial pyramids is one of the important features of the post-communist era, a symbol of “inability of socialist mentality to adapt to the “new” market relationships.”<sup>4</sup>

The collapse of the two commercial banks “Snoras” and “Ūkio bankas,” which took place in turn in 2011 and 2013 in the stable well-established commercial banking system in Lithuania, motivates a return to the topic of bank collapse.

The main object of this article is the reflection of the “Snoras” and “Ūkio bankas” collapse cases in the Lithuanian media and the impact of the information about the bank collapse on the perception of public security.

From the political science and political communication view at this point in the discussion of the new bank collapse cases there appears a new dimension of new extended media, when the traditional forms of media are being supplemented by electronic ones. On the one hand, this increases the dynamics of the spread of the message on the bank collapse. On the other hand, the analysis of the media may be a useful instrument in the analysis of the collapse processes.

A number of the theoretical approaches and frames might be used for the research of the chosen object. The new institutionalism is one of the approaches which may be useful in the research of the processes related to the public perceptions. Rational choice, sociological, historical and discursive institutionalisms—each of them describes the relationship between the actors of the process and changes in structural environment differently.<sup>5</sup> The theoretical frame can be constructed by adding the media framing conception to the

<sup>1</sup> Brown A. “Making sense of the collapse of Barings Bank”, *Human Relations* 58 (12), 2005, p. 1579-1604.

<sup>2</sup> Bank of Second (translation of the bank name).

<sup>3</sup> Lithuanian Joint Stock Innovation Bank (translation of the bank name).

<sup>4</sup> Mažylis, L., Unikaitė-Jakuntavičienė, I., Povilaitis, R. “Security discourses in the Lithuanian news portals: two cases of private bank collapse”. Presentation at the conference “Edukacija dla bezpieczeństwa. Wyzwania i zagrożenia w XXI wieku. Militarne i niemilitarne paradygmaty bezpieczeństwa. Gdansk, 2013.

<sup>5</sup> Schmidt Vivien A. „Taking ideas and discourses seriously: explaining change through discursive institutionalism as the fourth ,new institutionalism“, *European Political Science Review*, 2:1, 2010, p. 1-25.

analysis of information spread<sup>6</sup> and ability to take into account the cognitive processes<sup>7</sup>. This research becomes a significant object in describing the power of the applied theories in the explanation of the phenomenon under consideration.

The aim of the article is the reconstruction of the two bank collapse cases' reflection in Lithuanian news media portals and a description of their influence on the formation of public's sense of insecurity.

The research objectives are: to select the theoretical framework by explaining the impact of bank collapse on the politics and society; to analyse the discursive tools used in two main Lithuanian news media portals and reconstruct the process (at the end of 2011, and at the beginning of 2013); describe how are discourses of society and politics in media portals constructed, and what the critical junctures in discourses are—are the arguments changing, are alternative views emerging?; discuss the discursive strategies of the actors (public, politicians, journalists); try to evaluate the cognitive effect/reaction—the public sense of security/insecurity, concrete manifestations—formed in the information from news media portals.

## 1. Theory and Literature Review

Interpreting the links between the social and political processes, most of the recent works reconsider the explanatory power of new institutionalism.<sup>8</sup> This theoretical framework was applied in the explanation of recent political events in Lithuania.<sup>9</sup> The application of these frameworks may be useful in a new conceptualization of public sense of soft security<sup>10</sup>, and narrowly in the analysis of the object of this article (bank system reliability).

There are a few types of institutionalism: rational choice, sociological, historical, and discursive. Every type gives a different content to the institutionalism concepts and conceptions – actors, structures, ideas, norms, values, activity, as well as changes of ideas, norms, values and politics. That is why it is necessary

<sup>6</sup> Entman R.M., „Framing: towards clarification of a fractured paradigm“, *Journal of Communication*, 43 (4), 1993, p. 51-58.

<sup>7</sup> Altheide D.L., Michalowski R.S.. “Fear in the news: A Discourse of Control”, *The Sociological Quarterly*, 40 (3), 1999, p. 475-503.

<sup>8</sup> Hay C., “From Historian to Constructivist Institutionalism” in Rhodes R.A.W., Binder S.A., Rockman B.A., eds., *The Oxford Handbook of Political Institutions*, Oxford: Oxford University Press, 2008, p.56-63.

<sup>9</sup> Mažylis L., Unikaitė-Jakuntavičienė I., Ivanovas B. “The Rise of Popularity of Lithuanian Political Party Drasos kelias”, *Baltic Journal of Law and Politics*, Vol. 6, no. 1, 2013, p. 63-88.

<sup>10</sup> Brodie J. “Social Security to Public Safety: Security Discourses”, *University of Toronto Quarterly*, 78 (2), 2009, p.687-708.

to take this into account. Taking into consideration the newest research of the researchers applying this theoretical framework, we applied a combination of new institutionalism types.

Rational choice institutionalism usually selects rational actors' behavior interpreted through their deductions and benefit maximization as the research objects. Advanced superficial empirical analysis (for more details see below) allows you to detect and characterize a number of important actors of political sphere (as we shall see, such actors are the Bank of Lithuania, state leaders, the media itself), to compare their reactions to the changing values and normative environment. The media here is treated as one of the influential political actors: it conveys and structures the policy, determines the standards for policy news presentation; the new presented in the media must be understood as a result of politicians and journalists interactions. Supposedly "the media and the individual media institutions have their own short-term and long-term considerations."<sup>11</sup> Thus, in the analysis of mass media information, two conceptions are important: the agenda-setting media theory and the framing of topics<sup>12</sup>. In this situation, our selected new media portals have been the subject of study and one of the research instruments, enabling an evaluation of the actors' behavior.

Followers of sociological institutionalism stress the central role that norms and cultural contexts play, their interpretations are based on the 'hit' logic, and emphasize the perception of institutions typical for the new institutionalism when institutions are perceived as cultural conventions, norms and cognitive frames.

In the process of selecting "perceived reality" aspects and making them prominent in communicating texts it is appropriate to use "framing" concept. As Anabela Carvalho notes, "the concept of 'frame' has been employed by many authors with quite varied meanings".<sup>13</sup> We use the conception of "frame" defined by R. Entman. According to his definition, in order to "frame the issue", it is necessary "to select some aspects of perceived reality and make them more salient in the communicating texts in such a way as to promote a particular problem definition, causal interpretation, moral evaluation, and/or treatment recommendation for the item described."<sup>14</sup>

"Framing devices... that suggest how to think about the issue", we consider

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<sup>11</sup> Cook, T. E. „News Media as a Political Institution: Looking Backward and Looking Forward“, *Political Communication*, 23, 2006, p.159-171.

<sup>12</sup> Sanders K., *Communicating Politics in the Twenty-First Century*, Palgrave Macmillan, 2009.

<sup>13</sup> Carvalho A., "Discourse Analysis and Media Texts: a Critical Reading of Analytical Tools". Paper presented at the „International Conference and Logic and Methodology“, RC33 Meeting (International Sociology Association), Koeln, 3-6 October, 2000, p. 7.

<sup>14</sup> Entman R.M., „Framing: towards clarification of a fractured paradigm“, *Journal of Communication*, 43 (4), 1993, p. 51-58.

“metaphors, exemplars (i.e. historical examples from which lessons are drawn), catchphrases, depictions, and visual images (e.g., icons)”. The ‘reasoning devices’ “that justify what should be done about the issue” we consider “the causes, consequences, and appeals to the principles and moral claims”<sup>15</sup>.

However, these two types of institutionalism in the selected case analysis are quite limited due to the complicated methodological instruments and a very large impact of resources. Especially since it would oblige researchers to explain the behavior of players in the political game by using schemes that limit the choices of actors; actors’ choices would need to be perceived as purely determinable by external factors, keep them in a certain sense “unthinking.” However, the reconstruction and fixation of social norms treated “as a given” (the theoretical assumptions inherent in sociological institutionalism), would limit the possibilities to explain the process and change, assess the dynamics of the processes.

Historical institutionalism defines institutions as the formal and informal procedures, routine, norms and agreements<sup>16</sup>. Researchers of historical institutionalism think that institutions are “heritage” of the specific historical processes (past or the recent past political struggles for one or the other policy decisions). Institutions are considered social constructions in the sense that they embody the common perception, become interpretive frames. The attraction of historical institutionalism is that the policy changes are interpreted through the lenses hidden in the earlier policy choices; those choices limit (though fully prejudice) subsequent policy decisions. Thus, processes are interpreted through the critical junctures points (moments and events that have been crucial to some particular processes or events change) and path dependence (events, processes, development patterns, similarities). The objects of interpretation become structures and practices. Historical institutionalism allows the choice of research variables from a wide diversity of them. They can be individuals, the rules and contexts; no one of them is given priority. It is important to explain just how and why the choice was made, and what consequences it has caused in the long run. Institutions (understood as a particular social structure) may change, but change is limited by the decisions of the past trajectories. An important advantage of the historical institutionalism is prominence of the sequence of events, and the time factor.<sup>17</sup>This approach in the interpretation of the two banks’ collapse in

<sup>15</sup> Carvalho, 2000, p.8.

<sup>16</sup> Steinmo S., “Historical institutionalism”, in Della Porta, D., & Keating, M., eds., *Approaches and Methodologies in the Social Sciences: A Pluralist Perspective*. Cambridge: Cambridge University Press, 2008, p. 118-138.

<sup>17</sup> Thelen K., “Historical Institutionalism in Comparative Perspective”, *Annual Review of Political Sciences*, 2, 1999, p. 369-404.

turn, seems to make sense, in the sense that the first bank collapse must certainly have an impact on society and the individual actors reactions (representing the context of values and norms, and can be illustrated by the “path dependence”). One must consider the links of recent collapses to the early post-Soviet period, marked by collapses of banks and financial pyramids that had affected historical experience of the society. However, historical institutionalism explains institutional change within their exogenous nature - through critical junctions, external events and crises, rather than through endogenous - not through the process actors’ internal self-determination influencing the provisions of ideological changes. In this sense, the historical as well as the other two “older” new institutionalism types are limited in their explanatory power.

Using the latest version of the main theoretical institutionalism approaches - discursive institutionalism – we hoped to avoid the above limitations. Discursive institutionalism considers ideas as empirical entities; the understanding of institutions is different as well. Actors are perceived as flexible adaptive, “thinking what they think”, “rethinking and adjusting their actions, capable of changing institutions not only on the external push”. Discursive institutionalism draws attention to the ideas of change as an endogenous factor; institutions are treated as not only limiting choices of actors, but also as institutions constructed and modified by actors; it recognizes coordination, communication, and interactive discourse functions.<sup>18</sup> In our study, this approach opens the way to describe/reconstruct the dominant discourses in media, society, and politics.

Consequently, our study’s logic is as follows. First, we reproduce the behavior of the key players in the changing structural environment. Second, behavior analysis is followed by an analysis of the text and context. Finally, within the discursive framing devices we describe the discursive strategies linking political actors with political discourses.

## 2. Discourse Devices in the News Media Portals *Delfi.lt and Lrytas.lt*

This section presents data of the discourse devices in the two news portals Delfi.lt and Lrytas.lt. The aforementioned portals were chosen according to the statistical data indicating that they have the greatest number of readers. Monitoring was carried out in order to investigate several important matters:

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<sup>18</sup> Schmidt V., “Taking ideas and discourses seriously: explaining change through discursive institutionalism as the fourth ,new institutionalism”, *European Political Science Review* 2 (1), 2010, 1-25.

a) what discourses dominated Lithuanian media on both banks, “Snoras” and “Ūkio bankas” collapse processes (promoting public insecurity, or, conversely, promoting feeling of public security), b) identify the major actors and their positions in the process of bank failures, c) understand the context and content of the bank collapse.

Monitoring was carried out using the same scheme for both cases. First, the key words were used in the selection process of the articles in the portals during the most intensive periods of collapse of the bank in question. For the case of “Snoras” the articles which appeared in the analyzed portals from November 4<sup>th</sup> 2011 to January 1<sup>st</sup> 2012 were selected. For the analysis of the “Ūkio bankas” case the articles which appeared in the portals from January 20<sup>th</sup> to March 31<sup>st</sup> 2012 were selected. Second, the articles were analyzed and grouped according to the selected categories seeking to find out the collapse process phases, changes of opinions and evaluations, identification of problems, the main positions of the actors of the process and etc.

## 2.1. Reconstruction of “Snoras” Bank Collapse according to the Reflection of the Process in Main News Media Portals

Since the first publication about the suspension of the “Snoras” bank activities in November 16, 2011 up until January 15<sup>th</sup> 2012, when it was already clear how will be dealt with the closed bank, there were 315 publications found in the news portal Lrytas.lt and 210 publications found in Delfi.lt on the “Snoras” bankruptcy process.

The first news about problems in Lithuanian banks appeared in November 4-15, 2011, when it was announced in the newspaper *Lietuvos rytas* and news media portals that there are some signs that in Lithuania it is an attempt to ruin the Lithuanian banks. While all banks denied that law enforcement authorities perform any inquiries in their banks or declined to comment on (the “Bank does not have any information”, “the bank is working at a normal pace and law enforcement authorities does not any investigation in the bank”)<sup>19</sup>, the General Prosecutor’s Office also denied talks about investigations (“General prosecutor’s

<sup>19</sup> Lrytas.lt (2011 11 16) Po paskelbtos informacijos apie bankų žlugdymą Lietuvos bankas ir komerciniai bankai situacijos nekomentuoja [After the presented information about the banks disruption the Bank of Lithuania and commercial banks don not comment the situation] (in Lithuanian) // <http://www.lrytas.lt/-13213460061320328974-po-paskelbtos-informacijos-apie-bank%C5%B3-%C5%BElugdym%C4%85-lietuvos-bankas-ir-komerciniai-bankai-situacijos-nekomentuoja.htm>, 2012 08 20.



office is distancing itself from the information published on 15th of November in one media about the destruction of Lithuanian banks and categorically rejects the claim that the Prosecutor General's Office has signed a permission to carry out searches in one bank and at home of its managers"). The Bank of Lithuania said that "the bank does not comment the news media publications"<sup>20</sup>. These comments were the first sign that the problem actually exists. When all the institutions participating in the discussions avoid speaking about the stability of the banking system and do not want to comment, a society begins to worry and suspect that there is certainly something being concealed.

The second phase of the content of publications is associated with the government announcement on November 16<sup>th</sup> 2011 about the takeover of the bank "Snoras" shares for public interest, and suspension of bank operations. At the time of the bank suspension in the discourses of all the process, government officials and state institutions dominated the topics related to the disclosure of the reasons of bank suspension, the information about plans for what to do with the closed bank and the effort to reassure the public that deposits are insured and will be returned, and the economy will not have significant adverse effects.

Lithuanian bank in his statement announced that measures against "Snoras" were taken due to the fact that, according to him, *Snoras*' asset quality was poor, and the credit risk was rated irresponsibly. Lithuanian bank instructions to reduce operational risks were ignored or carried out formally, without substantial changes in the activities. The report stated that "the Bank statutory measures were taken only after the estimations of 'Snoras' financial condition, the recent performance trends and the latest inspection results. The decision was taken after the evaluation of the recent changes in the bank as well"<sup>21</sup>.

The most important actors, whose information was regularly disseminated and published, were the Chairman of the Board of the Bank of Lithuania Vitas Vasiliauskas, Minister of the Ministry of Finance Ingrida Šimonytė, Prime Minister Andrius Kubilius and Chairman of the National Security Committee Arvydas Anušauskas. V. Vasiliauskas claimed that "Snoras" is about being on the verge of insolvency, "we are talking exclusively about one bank. It really is not a systemic problem, but if it had not been brought under control - could

<sup>20</sup> Ibid

<sup>21</sup> Lrytas.lt (2011 11 16) Valstybė perėmė „Snoro“ banką, sustabdė jo veiklą ir žada dalinti į dvi dalis, buvusius vadovus kaltina grobstymu [The state takeover of the bank "Snoras" shares for public interest, suspended its activities and promise to divide it into two parts] (in Lithuanian) // <http://www.lrytas.lt/-13214504891321026690-p4-valstyb%C4%97-per%C4%97m%C4%97-snoro-bank%C4%85-sustabd%C4%97-jo-veikl%C4%85-ir-%C5%BEada-dalinti-%C4%AF-dvi-dalis-buvusius-vadovus-kaltina-grobstymu-video.htm>, 2012 08 20.



become so. Depositors should feel safe.”<sup>22</sup>; “People should stay calm for the deposits because all deposits up to 345 thousand LTL are insured.” Government representatives are also sought to reassure the public to avoid panic and potential consequences for public safety. A. Kubilius stated that “the Government’s primary goal is the safety of depositors, so they adopted the most favorable solution”. I. Šimonytė said that the government’s decision to take over the bank “Snoras shares will have no special effects for the state’s economy.” “It is quite exceptional case of one financial institution, and the other banks depositors and lenders can be completely calm.”<sup>23</sup> “A. Anušauskas highlighted security threats but also contributed to sedation of society. He said that “the measures taken in the ‘Snoras’ bank, make it to reduce the risks to depositors and threats to the State”, “according to our threat assessment it is provided that the following types of threats such as the financial instability exist and they can lead to problems in the banking sector”, “the measures taken are adequate. Therefore, depositors can be assured that the state provides them and their deposit protection. In this case, the minimization of the problem allows avoiding a much bigger threats”<sup>24</sup>. Lithuanian President Dalia Grybauskaitė endorsed “Snoras” nationalization and said: “‘Snoras’ bank has [enacted] a deliberate attack on the Lithuanian banking system and the Lithuanian people.” “This is the cheapest way the state was able to protect the entire banking system in Lithuania and Lithuanian people’s property. This action has helped to stop the clumsy attack against Lithuanian banking system and against the interests of the people of Lithuania”<sup>25</sup>.

The public in this period was dominated by concerns about savings and they wished to know what will happen to their money, when they would be able to recover their money: “I have come to find out what happens next. I want to

<sup>22</sup> Alfa.lt (2011 11 17) Vasiliauskas: per kelias dienas dingio 200 mln. Lt „Snoro“ pinigų [Vasilaiuskas: in a few days 200mln litas disappeared from the bank “Snoras”] // <http://m.alfa.lt/straipsnis/13017670/>, 2012 08 20.

<sup>23</sup> Lrytas.lt (2011 11 16) Valstybė perėmė „Snoro“ banką, sustabdė jo veiklą ir žada dalinti į dvi dalis, buvusius vadovus kaltina grobstymu [The state takeover of the bank “Snoras” shares for public interest, suspended its activities and promise to divide it into two parts] (in Lithuanian) // <http://www.lrytas.lt/-13214504891321026690-p4-valstyb%C4%97-per%C4%97m%C4%97-snoro-bank%C4%85-sustabd%C4%97-jo-veikl%C4%85-ir-%C5%BEada-dalinti-%C4%AF-dvi-dalis-buvusius-vadovus-kaltina-grobstymu-video.htm>, 2012 08 20.

<sup>24</sup> Lrytas.lt (2011 11 16) Ekspertai teigia, kad priemonės prieš „Snorą“ sumažino grėsmes valstybei ir indėlininkams.[experts argue that the measures take against „Snoras“ diminished threats to the state and depositors] (in Lithuanian) // <http://www.lrytas.lt/-13214583871319927301-ekspertai-teigia-kad-priemon%C4%97s-prie%C5%A1-snor%C4%85-suma%C5%BEino-gr%C4%97smes-valstybei-ir-ind%C4%97lininkams.htm>, 2012 08 20.

<sup>25</sup> Lrytas.lt (2011 11 17) D.Grybauskaitė: „Užsienio pagalbos dėl „Snoro“ Lietuvai nereikės, nacionalizaciją palaikau, „Snoras“ nebuvo lietuviškas bankas“ // <http://www.lrytas.lt/-13215065771321196576-d%C4%971-banko-snoras-nacionalizavimo-pasitarimas-pas-prezident%C4%99-video.htm>, 2012 08 20

hear something from the people who work here; I do not have a hope to withdraw deposits. I was told now that activity has been suspended”.<sup>26</sup> In the publications it was written that after the posted information about *Snoras*’ problems people flooded to the banks, and tried to withdraw money from ATMs.<sup>27</sup> Quickly banking operations were suspended in the bank. The public began to panic that they cannot use the debit card, to get transfers of pensions and the like: “We cannot live without money; there are salaries and pension which we shall get from the bank; they closed ‘*Snoras*’ and we have no possibility to withdraw money which we need for daily spending, for the food”; “We live in wild capitalist times. Now we have to keep money in a sock rather than in banks”.<sup>28</sup>

Another topic in the media publications during this period was the fact that some people (“influential individuals and large companies”)<sup>29</sup> knew about the future of “*Snoras*” problems and withdrew the money from the bank.<sup>30</sup> The main task was to find out who might have leaked the information.

From November 22 the media began to develop the discourse of conspiracy theories, critiques of bank restructuring and uncertainty about the necessity of “*Snoras*” nationalization and appropriate punishment for the guilty people. Reviewer Alvydas Medalinskas, remembering previous bank failures cases, considered whether this time the bankers will be punished who wasted bank assets and institutions that failed to warn people in advance not to keep money in the bank.<sup>31</sup> “*Snoras*”

<sup>26</sup> Lrytas.lt (2011 11 16) Po žinių apie „Snorą“ žmonės patraukė prie bankomatų ir banko skyrių, indėlių išdavimas sustabdytas [after the news about „*Snoras*“ people went to the banks and ATMs, the deposits issuing is stopped] (in Lithuanian) // <http://www.lrytas.lt/-13214562671320681980-po-%C5%BEini%C5%B3-apie-snor%C4%85-%C5%BEmon%C4%97s-patrauk%C4%97-prie-bankomat%C5%B3-ir-banko-skyri%C5%B3-ind%C4%97li%C5%B3-i%C5%A1davimas-sustabdytas-video-nuotraukos.htm>, 2012 08 20.

<sup>27</sup> Delfi.lt (2011 11 16) Prie „Snoro“ skyrių būriavosi žmonės, indėlių išdavimas sustabdytas [Near the branches of „*Snoras*“ bank the people were gathering] (in Lithuanian) // <http://verslas.delfi.lt/verslas/prie-snoro-skyriuburiavosi-zmones-indeliu-isdavimas-sustabdytas.d?id=51824021#ixzz2f8pCJ5OZ>, 2012 09 15.

<sup>28</sup> Lrytas.lt (2011 11 18) Reakcija į banko „*Snoras*“ veiklos sustabdymą: žmonės panikuoja, verslas mėgina apsidrausti [reaction to the suspension of bank activities: people panic, business tries to make insurance] // <http://www.lrytas.lt/-13215556601320962525-reakcija-%C4%AF-banko-snoras-veiklos-sustabdytm%C4%85-%C5%BEmon%C4%97s-panikuoja-verslas-m%C4%97gina-apsidrausti-video.htm>, 2012 09 15.

<sup>29</sup> Lrytas.lt (2011 11 17) Parlamentarai tikina, kad iš „Snoro“ įtakingi žmonės spėjo paimti indėlius, nes iš anksto žinojo apie nacionalizaciją [parliamentary members argue that some influential people were successful withdrawing deposits from the bank because they knew in advance about nationalization] (in Lithuanian) // <http://m.lrytas.lt/naujiena.asp?id=13215239211320021801>, 2012 09 15

<sup>30</sup> Lrytas.lt (2011 11 28) „Ypatingas atvejis“: kas prie „Snoro“ indėlių priėjo daug anksčiau? [special case: who were able to take deposits in advance?] (in Lithuanian) // <http://www.lrytas.lt/-13224931651320239672-ypatingas-atvejis-kas-prie-snoro-ind%C4%97li%C5%B3-pri%C4%97jo-daug-anks%C4%8Diau.htm>, 2012 09 15

<sup>31</sup> Delfi.lt (2011 11 24) A.Medalinskas. „Snoro“ bankas - ar šį kartą bus išaiskinti kaltieji? // <http://www.delfi.lt/news/ringas/lit/amedalinskas-snoro-bankas-ar-si-karta-bus-isaiskinti-kaltieji.d?id=52105253#ixzz2f8sGr4u9>, 2012 09 15.

deposits and creditors' Association issued a statement in which the association said that the Association is concerned about the government proposed several solutions to the bank problems, its legitimacy and relevance to the Constitution.<sup>32</sup> Journalists spread doubts about the necessity of nationalization on the grounds that a week after the nationalization passed but the government still had no one single basic and very strong argument as to why the bank had to be nationalized. The question was raised: "Can it be that 'Snoras' nationalization is a foreign-planned operation and not an operation of the Lithuanian government, in which the Bank of Lithuania, Vitas Vasiliauskas and all the government had only a puppet role?"<sup>33</sup>

Society at that time still worried because there was no clarity as to what will be done with the closed bank. The situation was revealed on November 25th, when it was reported that the bank "Snoras" will go bankrupt and depositors will receive their money around Christmas, with a 30 day period. V. Vasiliauskas, the Chairman of the Board of the Bank of Lithuania, commented on the decision as inevitable as the analysis has shown that the situation in "Snoras" was worse than expected during the first days. He said that "The evaluation of a reformed banking option showed that to continue the activity of the bank there is no reason, and we can't find the reason why the bank could successfully exist".<sup>34</sup> This moment ushered in a calmer period, because the public was notified for information on where and how to recover the money, where to go for further pension transfers and so on. Thus, residents could feel a little safer, and the panic subsided. The fourth phase of the "Snoras" bank collapse history began. This period was also full of explanations that everything is done on time and in accordance with the procedures, that the effect on the banking system is observed (how much is reduction in total deposits in all the banks), some personal grievances of the population due to inability to perform certain financial transactions were voiced, people were informed about the recovered assets of

<sup>32</sup> Lrytas.lt (2011 11 23) „Snoro“ indėlininkai meta akmenį į valstybės daržą - ji banko problemas sprendžia užkulisiuose // <http://www.lrytas.lt/-13220487561320160095-snoro-ind%C4%97lininkai-meta-akmen%C4%AF-%C4%AF-valstyb%C4%97s-dar%C5%BE%C4%85-ji-banko-problemas-sprend%C5%BEiau%C5%BEkulisiuose.htm>, 2012 09 15.

<sup>33</sup> Lrytas.lt (2011 11 24) „Šamokslu teorija: Lietuvos bankas, Vyriausybė ir Seimas „Snoro“ nusavinimo istorijoje buvo tik užsienio žvalgybų marionetės?“ [conspiracy theory: Lithuanian bank, Government and Parliament were just puppets of foreign intelligence?] (in Lithuanian) // <http://www.lrytas.lt/-1322041720132157713-s%C4%85mokslu-teorija-lietuvos-bankas-vyriausyb%C4%97-ir-seimas-snoronusavinimo-istorijoje-buvo-tik-u%C5%BEsienio-%C5%BEvalgyb%C5%B3-marionet%C4%97s.htm>, 2012 09 15.

<sup>34</sup> Lrytas (2011 11 25) „Nespėję 500 litų iš „Snoro“ pasiimti žmonės turi laukti Kalėdų“ [The people who were not successful in taking 500 litas from „Snoras“ should wait until Christmas] (in Lithuanian) // <http://www.lrytas.lt/-13222092181320771379-nesp%C4%97j%C4%99-500-lit%C5%B3-i%C5%A1-snoropasiimti-%C5%BEmon%C4%97s-turi-laukti-kal%C4%97d%C5%B3-video.htm>, 2012 09 15

the bank, and preparations for the return of money by the designated banks.

A member of the Lithuanian bank Board provided information that “at the time of decision to nationalize ‘Snoras’ bank deposits in other banks fell by 280 million LTL”; “it is much less than was expected, so there is no risk to the banking system.”<sup>35</sup> During this period a Lithuanian population survey on the confidence in banks was performed. The survey showed that the public’s trust in banks fell: “Even 45 percent of respondents said they do not trust Lithuanian banks, another 23.2 percent respondents said they are confident only of some banks. When asked whether there is any other bad bank, of all respondents “More than half said that without Snoras in Lithuania we may find more banks they tend not to trust, and 8.4 percent respondents were even more specific and said they think there is one more bank similar to “Snoras”, the pro-Russian Bank.”<sup>36</sup>

Politicians continued to develop conspiracy ideas. Seimas initiated a special commission of clarification of Snoras’ problems. Individual MPs expressed their evaluations. For example, Member of Parliament Loreta Graužinienė “questioned government actions, discussed why it has not been convened at the National Defense Council, because Snoras’ case, in her view, was a matter of national security.” The government was preparing for Snoras’ nationalization not for one day, and this preparation may have been influenced by geopolitical interests of other states.<sup>37</sup> Politicians were echoed by the aforementioned Snoras’ depositors and creditors association, which demanded the Government of Lithuania and Lithuanian bank of moral and legal responsibility for the bank Snoras bankruptcy.<sup>38</sup>

Lithuanian bank chairman V. Vasiliauskas continued defending his actions: “hand on heart I may add and say: I acted accurately, timely and

<sup>35</sup> Lrytas.lt (2011 11 25) „Lietuvos banko valdybos narys V.Geralavičius: „Kitus trejus metus bankai Lietuvoje nebankrutuos“ [The other three years banks in Lithuania will not have bankruptcy] (in Lithuanian) // <http://www.lrytas.lt/-/13222247941321240012-lietuvos-banko-valdybos-narys-v-geralavi%C4%8Dius-kitus-trejus-metus-bankai-lietuvoje-nebankrutuos.htm>, 2012 10 11.

<sup>36</sup> Lrytas.lt (2011 11 28) „Pasitikėjimas bankais sumažėjo“ [the trust in banks has diminished] (in Lithuanian) // <http://www.lrytas.lt/-/13224652831320868310-pasitik%C4%97jimas-bankais-suma%C5%BE%C4%97jo.htm>, 2012 10 11.

<sup>37</sup> Lrytas (2011 11 25) „L.Graužinienė: „Snoro“ nacionalizavimui Vyriausybė ruošėsi ne vieną dieną, įtakos galėjo turėti geopolitiniai kitų valstybių interesai“ // <http://www.lrytas.lt/-/13227482731321754591-l-grau%C5%BEinien%C4%97-snoro-nacionalizavimui-vyriausyb%C4%97-ruo%C5%A1%C4%97si-nevien%C4%85-dien%C4%85-%C4%AFtakos-gal%C4%97jo-tur%C4%97ti-geopolitiniai-kit%C5%B3-valstybi%C5%B3-interesai.htm> 2013 08 25.

<sup>38</sup> Lrytas.lt (2011 12 02) „Asociacija reikalauja išsiaiškinti, ar „Snoro“ bankrotas nebuvo tyčinis“ // <http://www.lrytas.lt/-/13228154351321483167-asociacija-reikalauja-i%C5%A1siai%C5%A1kinti-ar-snoro-bankrotas-nebuvo-ty%C4%8Dinis.htm>, 2013 01 15.

appropriately”.<sup>39</sup> This strategy used by the head of Lithuanian bank could have an impact on public opinion. In December a poll stated that “70.8 percent of respondents think that Chairman of the Board of Lithuanian bank V.Vasiliauskas acted in a way that was most professional and gave the most benefit to the state”; “63.4 percent of respondents think that the Lithuanian bank during Snoras nationalization behaved correctly, but too late. Slightly more than one-fifth of the respondents evaluated activities of Lithuanian bank without reservation positively and 12.6 percent – negatively.”<sup>40</sup>

It is worth noting that a November poll executed about the Snoras nationalization process at the peak showed that after the “Snoras’ bankruptcy trust in the Bank of Lithuania decreased significantly. In October, the institution was trusted by more than half of 52 percent of respondents, and in November the Bank of Lithuania was trusted only by 44 percent respondents. Confidence in commercial banks fell by half, “after the bank Snoras bankruptcy confidence in commercial banks fell from 32 per cent in October to 16 percent at the end of November”. “As many as three in four (76 percent) of Lithuania’s population do not trust the commercial banks. During the month, do not trust increased by 20 percentage points. Mostly people over 30 years old and rural people do not trust in commercial banks.”<sup>41</sup> At that time, an interesting situation arose alongside a kind of cognitive dissonance, as in mid-December people started to recover deposits carried back to other banks, but not to the house, although the polls expressed their lack of confidence in the banks. Their decisions were rationalized in the following way: “I did not take money in cash home when received the money from “Snoras” but immediately opened a deposit account in the SEB bank.”; “I will keep money in another bank. And why do I need to keep money at home?”; “I’m going to spread the received money into a few banks in order to lower the risk,” “No, I withdraw money not for a fear that other banks might collapse, I am not afraid of this, just I need the money”.<sup>42</sup>

In the last stage, after residents started to recover deposits, the dominant discourse in the media developed the theme of the circumstances of nationa-

<sup>39</sup> Lrytas.lt (2011 12 06) „Lietuvos banko valdytojas V.Vasiliauskas: „Ranką prie širdies pridėjęs galiu pasakyti: veikiau tiksliai, laiku ir tinkamai“ // <http://m.lrytas.lt/naujiena.asp?id=13231798271321679636>, 2013 01 15.

<sup>40</sup> Delfi.lt (2011 12 12) „V.Vasiliausko veiksmai dėl „Snoro“ vertinami kaip teisingi, bet pavėluoti“ // <http://verslas.delfi.lt/snoras/vvasiliausko-veiksmai-del-snoro-vertinami-kaip-teisingi-bet-paveluoti.d?id=52831197#ixzz2f9Ei2FTtr>, 2013 01 15.

<sup>41</sup> Lrytas.lt (2011 12 12) „Snoro“ bankrotas sudavė smūgį visos bankų sistemos įvaizdžiui // <http://www.lrytas.lt/-13237159521322659451-snoro-bankrotas-sudav%C4%97-sm%C5%ABg%C4%AF-visos-bank%C5%B3-sistemos-%C4%AFvaizd%C5%BEiui.htm>, 2013 01 15.

<sup>42</sup> Lrytas.lt (2011 12 14) „SEB banką trečiadienį šturmavę žmonės klauso finansų ministrės - „Snore“ turėtų indėlių į kojine nedėsi“ // <http://m.lrytas.lt/naujiena.asp?id=13238477301322692727>, 2013 01 15.

lization of the bank and the topic of the political disputes about the special commission. The latest information and comments were routinely reported on the actions of shareholders of the bank “Snoras” in London, and the amounts paid to the depositors, and in what way they are recalled. The most important message that was presented was: the amounts of money in all the commercial banks are not decreasing. The reduction is visible only in Lithuanian commercial banks, but there is an increase in other commercial banks.<sup>43</sup> This information encouraged the public to believe that the bankrupt bank in question did not destabilize the banking system, and the people can continue to be calm. This is the reaction phase, which still continued later when certain information about the “Snoras” bankruptcy process appeared along with its consequences.

The analysis of two months’ worth of news portals publications showed that the most important actors in the whole “Snoras” collapse process—those who dominated the media publications—were state institutions, politicians, experts, civil society and the media itself. Their discourses have evolved in different stages of the process. Institutions’ discourse shifted from a propitiation and justification discourse to an optimistic discourse that allowed the settlement of the process without causing significant panic that the banking system works and is not destabilized. Society shifted from a largely panicked discourse and daily walking to the bank building to complacency and mature thinking – the latter including not withdrawing their deposits and continued confidence in the banking system. The media as an information provider promoted distrust in the government and banks, as a significant number of publications were counted which expressed doubt, criticism, conspiracy theories development, and the like.

## 2.2. Re-Constructing the “Ūkio Bankas” Collapse according to Reflections of the Process in the Main News Media Portals

Since the first publications at the end of January, 2013, until the end of March, 245 publications were found in the news portal *Delfi.lt*, and 190 publications *Lrytas.lt* regarding the particular problems in “Ūkio bankas” and the consequences of the collapse of aforementioned bank.

Two weeks prior to the official stop of the activities of “Ūkio bankas,” most

<sup>43</sup> Lrytas (2011 12 28)“ Lietuviškuose bankuose indėlių lapkritį sumažėjo, daugelyje kitų – padaugėjo“// <http://www.lrytas.lt/-13250002881323642025-lietuvi%C5%A1kuose-bankuose-ind%C4%97li%C5%B3-lapkrit%C4%AF-suma%C5%BE%C4%97jo-daugelyje-kit%C5%B3-padaug%C4%97jo.htm>, 2013 01 15.

information presented about “Ūkio bankas” in the news portals was negative and indirectly stimulating non-confidence in this bank. It was connected with possible money laundering from Russia to “Ūkio bankas”<sup>44</sup>, with the attention of *State Tax Inspectorate*, to the enterprises of Vladimiras Romanovas<sup>45</sup>, and with financial problems of the basketball club Žalgiris<sup>46</sup>, the owner of which was V.Romanovas. The main actors of these publications were representatives of the Bank of Lithuania, Prosecutors, and President of Lithuania. Their expressions and refusal to talk led to ideas about possible collapse of the bank. Deputy head of the Bank of Lithuania, Raimondas Kuodis, was stating at the time that the “reaction of markets shows how ‘Ūkio bankas’ is treated in the markets due to its money laundering scandal”<sup>47</sup> President of Lithuania Dalia Grybauskaitė refused to compare possible money laundering in “Ūkio bankas” with the activities of “*Snoras*” bank.<sup>48</sup> Escalation of the aforementioned scandals caught the attention of readers and could have influenced the collapse of the bank. When people hear about problems in the bank and in the sport club belonging to the bank’s owner, they start worrying or at least considering how to behave in this situation – should they keep their money in the bank or withdraw it. Thus these first publications were the first signs of non-safety. The dominant discourse strategy of the mainstream actors was, despite different problems in “Ūkio bankas”, to try not to directly spread bad news and not to discover what was awaiting in the future, limiting themselves to phrases such as: the “answer is evident”, “the bank falls into risky zone of operations due to work with Eastern markets”, “legal institutions don’t start any activities yet”, and so on.

Another sign of bank problems was: information published about price of the shares of the bank. One week prior to the suspending of the activities of the bank there were publications informing the public that shares’ trade is

<sup>44</sup> Sausio 25d. pasirodė pirmi pranešimai apie galimą UB dalyvavimą pinigų plovime iš Rusijos (Kauno prokuratūros atstovai aiškinosi, ar buvo išplauta 13 milijonų dolerių /daugiau kaip 33 milijonai LT). // Delfi.lt (2013 01 22) „Ūkio banko vadovai: su pinigų plovimu bankas neturi nieko bendra“ // <http://verslas.delfi.lt/verslas/ukio-banko-vadovai-su-pinigu-plovimu-bankas-neturi-nieko-bendra.d?id=60518127#ixzz2Q9mVZJ6r>, 2013 08 22.

<sup>45</sup> Delfi.lt (2013 01 24) Milijonierius V.Romanovas ir su juo susijusios įmonės – Mokesčių inspekcijos akiratyje // <http://verslas.delfi.lt/verslas/milijonierius-vromanovas-ir-su-juo-susijusios-imonės-mokesčių-inspekcijos-akiratyje.d?id=60502651#ixzz2Q9pKVII0>, 2013 08 22.

<sup>46</sup> Delfi.lt (2013 02 07) „Ūkio banko injekcija į „Žalgirį“ – 5,2 mln. Lt“ [Ūkio bankas injection to „Žalgiris“ - 5,2 mln. Lt ] // <http://sportas.delfi.lt/krepšinis/ukio-banko-injekcija-i-zalgiri-52-mln-lt.d?id=60616907#ixzz2QFbluPbf>,

<sup>47</sup> Delfi.lt (2013 01 24) „R.Kuodis apie Ūkio banką: atsakymas ivaizdus“ // <http://verslas.delfi.lt/verslas/rkuodis-apie-ukio-banka-atsakymas-akivaizdus.d?id=60507709#ixzz2Q9oVij00>, 2013 08 22.

<sup>48</sup> Delfi.lt (2013 01 25) „D.Grybauskaitė Ūkio banką slegiančių skandalų nesureikšmina“ // <http://verslas.delfi.lt/verslas/dgrybauskaitė-ukio-banka-slegiančių-skandalų-nesureikšmina.d?id=60515809#ixzz2Q9n4ipoL>, 2013 08 22.



active and half of the sales were connected with shares of “Ūkio bankas” which price fell down 12 percent.<sup>49</sup> After three days it was stated again that the “Ūkio bankas” shares’ trade is dominating the market and the panic was replaced by mild optimism: price of the shares rose 3.5 percent.<sup>50</sup> This information was also important in deciding whether to withdraw money from the bank because after the information spread big flows of depositors came to the bank to withdraw their money.<sup>51</sup> This behavior of the society stimulated the Bank of Lithuania to stop the activities of “Ūkio bankas”.

Thus on February 12 the activities of “Ūkio bankas” were limited by the Bank of Lithuania. Immediately after this decision publications appeared with the titles that repeated the “*Snoras*” history. Despite this spreading opinion, financial specialists claimed almost unanimously that limiting activities of “Ūkio bankas” will have less impact on Lithuanian economy than the bankruptcy of “*Snoras*” had.<sup>52</sup>

In the first days after announcing the limited activities of the bank, a number of themes were dominant within the media discourse. Part of the publications were trying to compare the situation of “Ūkio bankas” with the situation in “*Snoras*”, stating that the situation in “Ūkio bankas” will not create a lot of damage to and influence on the entirety of the banking system in Lithuania. For instance, President of Lithuanian Banking Associations, Stasys Kropas said: “I think that situation in “Ūkio bankas” any remarkable [influence – DELFI] would not have on the whole banking system because problems of liquidity of bank were felt. They were not unknown; there should be not any fall. Supposed, bank should continue its activities in one or another form”. He stressed that the situation is different from the bankruptcy of “*Snoras*”.<sup>53</sup>

A legal expert explained the differences between “Ūkio bankas” and “*Snoras*” as follows: “In a case of *Snoras* there was control taken by the State not only in terms of governing but also of actions seeking to prevent further criminal activities of bank action holders. Thus in the *Snoras* case priority was

<sup>49</sup> Delfi.lt (2013 02 05) „Ūkio banko akcijos pigo 12 proc.“//<http://verslas.delfi.lt/rinka/ukio-banko-akcijos-pigo-12-proc.d?id=60600803#ixzz2Q9qIJRw9>, 2013 09 05.

<sup>50</sup> Delfi.lt (2013 02 11) „Ūkio banko akcijos brango“

<http://verslas.delfi.lt/rinka/ukio-banko-akcijos-brango.d?id=60647101#ixzz2QFcWLF6B>, 2013 09 05.

<sup>51</sup> Delfi.lt (2013 02 12) „V.Vasiliauskas: vien pirmadienį iš Ūkio banko atsiimta indėlių už daugiau kaip 100 mln. litų“ // <http://verslas.delfi.lt/archive/vvasiliauskas-vien-pirmadieni-is-ukio-banko-atsiimta-indeliu-uz-daugiau-kaip-100-mln-litu.d?id=60658101#ixzz2emC9aAxQ>, 2013 09 05.

<sup>52</sup> Delfi.lt (2013 02 12) „Apribota Ūkio banko veikla, paskirtas laikinasis administratorius (2013 m. vasario 12 d.)“ // <http://verslas.delfi.lt/ukiobankas/apribota-ukio-banko-veikla-paskirtas-laikinas-administratorius.d?id=60653185#ixzz2QFdGut4n>, 2013 09 05.

<sup>53</sup> Delfi.lt (2013 02 12) „Bankų asociacija: tai ne „*Snoras*““//<http://verslas.delfi.lt/ukiobankas/banku-asociacija-tai-ne-snoras.d?id=60653333#ixzz2QFeBxeL1>, 2013 09 05.

given to the securing national banking system stability. The problems of Ūkio bankas are connected with non-appropriate evaluation of credit risk towards risky loans, insufficiency reserves of the risk managing, inaccurate accounting, thus the factors connected in fact with only internal activities of Ūkio bankas”.<sup>54</sup>

The same was stated by the President of Bank of Lithuania Vitas Vasiliauskas. He stressed that the situation in “Ūkio bankas” differs from *Snoras* because owners of *Snoras* were committing a crime while the problems of “Ūkio bankas” look like negligence. Activities of the bank are limited only because: “when the main shareholder of Ūkio bankas provided information about the bad situation in the basketball club Žalgiris, transfer of money started, and the bank faced liquidity problems. This means, the bank has no money resources”.<sup>55</sup> It seems, by these comparisons and stressing better situation in “Ūkio bankas” compared to *Snoras*, all actors and commentators were striving purposely to form a view in order to avoid promoting a feeling of non-safety among Lithuanian citizens and non-confidence in all banks. The main motivation for the actions of the Bank of Lithuania was to show to people that they can be confident in banks and government, thus avoiding panic by provoking security problems in the state.

The second dominant theme of publications was the detailed information about deficient activities of the bank, about the rules of limiting bank activities, and about how long it will continue, what kind of operations will be not able to fulfil clients of the bank; also information that all the money in the bank accounts are safe and that clients will receive them back independently of what type of reorganization will be chosen. They were explaining that money is ensured according to the rules of the EU. Bank of Lithuania was arguing 99.7 per cent of deposits are not bigger than the sum ensured, thus about 200 hundred thousand people will retake their money. The largest part of all clients is physical persons.<sup>56</sup> In these publications quieting and explanatory discourse strategies were dominant: the more information and details, the less likely that money might be lost, and the greater the feeling of security and diminishing possibility of political crisis.

Prime Minister Algirdas Butkevičius was trying to reassure people, stating

<sup>54</sup> Delfi.lt (2013 02 12) „Advokatas L.Sesickas: „Ūkio banko“ ir „Snoro“ skirtumai“ // <http://verslas.delfi.lt/ukiobankas/advokatas-lsesickas-ukio-banko-ir-snoro-skirtumai.d?id=60657473#ixzz2QFms7rRB>

<sup>55</sup> Delfi.lt (2013 02 12) „V.Vasiliauskas: po V.Romanovo pareiškimų apie „Žalgirį“ iš Ūkio banko pradėjo „išseidinti pinigai“ // <http://verslas.delfi.lt/ukiobankas/vvasiliauskas-po-vromanovo-pareiskimu-apie-zalgi-is-ukio-banko-pradejo-iseidineti-pinigai.d?id=60653865#ixzz2QFhHRsyi>, 2013 09 15.

<sup>56</sup> Delfi.lt (2013 02 13) „Suskaiciavo, kiek indelininkų atgaus Ūkio banke laikytus pinigus“ // <http://verslas.delfi.lt/ukiobankas/suskaiciavo-kiek-indelininku-atgaus-ukio-banke-laikytus-pinigus.d?id=60660053#ixzz2QFoRYCa8>, 2013 09 15.

that the money in the accounts of “Ūkio bankas” is secure: don’t panic, because all deposits are secure<sup>57</sup>. Chairman of the Committee of Budget and Finances of the Seimas Bronius Bradauskas was doing the same. He was also telling people that deposits are secure, insured, and nobody will lose their money even in the worst case.<sup>58</sup> All governing parties and members of the Government were trying to do all they could to avoid panic due to feelings of insecurity, including avoiding protests and other collective activities of the society.

The third theme of the publications dominant in the discourse was information about how people feel in their reaction to the limiting of activities of the “Ūkio bankas”, and the evaluations of experts about how people should react in the critical situations. According to V.Katkus, a banking expert, the impact on the whole banking system in Lithuania will not be great, but the society will need nerves of steel (great patience will be needed): “Problems of *Snoras* and “Ūkio bankas” are connected with bank owners. Therefore they cannot destroy the banking system. Well, and knowing that *Snoras* bankrupted some years before, and the last 24 months we have been hearing about limits for credit unions, now in addition there comes a problem of ‘Ūkio bankas’. A lot of patience will be needed to avoid panic.”<sup>59</sup> Some publications cited comments of bank clients about their feelings. They informed some clients who were shocked when they saw that the main building of the “Ūkio bankas” in Kaunas was closed. People were just coming to the bank and reading information deployed on the window. People were saying: “I came to take mother’s pension and now I am surprised because neither the bank nor the bank machines are working. How we will live without money?” Or: “all my money and the money of my husband are lost. We were saving, and now such a situation...”<sup>60</sup> People’s reactions were reflected in this third discourse showing society is surprised but not aggressive.

The fourth discourse theme was the problems of the basketball club Žalgiris. There was concern about how this team will survive to the end of season without money. This is important for Lithuanians because the team has

<sup>57</sup> Delfi.lt (2013 02 13) Šešias dienas finansinių paslaugų nebus: ką reiškia apribota finansinė veikla?//<http://verslas.delfi.lt/ukiobankas/sesias-dienas-finansiniu-paslaugu-nebus.d?id=60653609#ixzz2QFf3hPrwhttp://verslas.delfi.lt/ukiobankas/sesias-dienas-finansiniu-paslaugu-nebus.d?id=60653609#ixzz2QFesVDMp>, 2013 09 15.

<sup>58</sup> Delfi.lt (2013 02 12) „B.Bradauskas: nors Ūkio bankas ne gėlėlė, bet ir ne dilgėlė“// <http://verslas.delfi.lt/ukiobankas/bbradauskas-nors-ukio-bankas-ne-gelele-bet-ir-ne-dilgele.d?id=60655207#ixzz2QFk0h7oc>, 2013 09 15.

<sup>59</sup> Delfi.lt (2013 02 15) „Finansų analitikas V.Katkus: Ūkio banko bėdos – kaip pusė „Snoro“ problemų“// <http://verslas.delfi.lt/ukiobankas/finansu-analitikas-vkatkus-ukio-banko-bedos-kaip-puse-snoro-problemu.d?id=60654615#ixzz2QFiSfNAw>, 2013 09 15.

<sup>60</sup> Delfi.lt (2013 02 12) „Uždarytas centrinis Ūkio bankas - klientams šokas“// <http://verslas.delfi.lt/ukiobankas/uzdarytas-centrinis-ukio-bankas-klientams-sokas.d?id=60655037#ixzz2QFj6zDCs>, 2013 09 15.

old traditions and basketball is a favorite sport in Lithuania. The team stated that this situation was a surprise to them.<sup>61</sup> This discourse was relevant for the society but hardly could have any importance for the feeling of security.

The latter discourse was dominated by the discussions of possible reasons of “Ūkio bankas” collapse, and how the bank owner and his hobbies could contribute to it. For instance, according to the President of Bank of Lithuania, V. Romanovas was paying much attention to the spheres outside banking such as basketball club. Thus “Ūkio bankas” could mask problems of the bank.<sup>62</sup> V. Vasiliauskas was commented: recent activities of V. Romanovas when he demanded 10 million litas from Kaunas city municipality for his *Žalgiris* club was one of the most important for the collapse of “Ūkio bankas”.<sup>63</sup> Discussing reasons is important for the society but is already a stage that reflects a lack of dealing with insecurity.

### 2.3. The Collapse Processes of the Two Banks: the Phases of Processes, Actors' Positions, and Reconstruction of Dominant Discourses

Since the very first message in the media about the bank problems, information about the problems of *Snoras* was not grounded (that is a warranted method for spreading panic!). The mainstream political institutions were becoming actors of process. In the first phase of the process, the non-consequent nature of the messages delivered is typical; it is difficult to understand what effect on the public is expected from the publication of one or another message (see Table 1).

<sup>61</sup> Delfi.lt (2013 02 12) „Sustabdžius Ūkio banko veiklą, LKL čempiono „Žalgirio“ ateitis pakibo ore”// <http://sportas.delfi.lt/krepsinis/sustabdžius-ukio-banko-veikla-lkl-cempiono-zalgirio-ateitis-pakibo-ore.d?id=60655011#ixzz2QFjasOkd>, 2013 09 15.

<sup>62</sup> Delfi.lt (2013 02 12) „R. Kuodis: Ūkio bankas galėjo finansines problemas maskuoti per „Žalgirį““ <http://verslas.delfi.lt/ukiobankas/rkuodis-ukio-bankas-galejo-finansines-problemas-maskuoti-per-zalgiri.d?id=60657769#ixzz2QFnNPcpr>, 2013 09 15.

<sup>63</sup> Delfi.lt (2013 02 13) „Paskutinę vinių į Ūkio banko karstą įkalė pats V. Romanovas“ // <http://verslas.delfi.lt/ukiobankas/paskutine-vini-i-ukio-banko-karsta-ikale-pats-vromanovas.d?id=60659209#ixzz2QFnzVFpD>, 2013 09 15.

Table 1. ***Snoras* collapse: Phase 1:  
Nervous push on the absence of the problem or its local nature**

Dates	November 4-15, 2011
Actors	Bank of Lithuania, Prosecutors, President's Office
Typical phrasing in portals	"There will be no comments"; <i>Snoras</i> is payable; "no plans to act against banks with Lithuanian [implicitly, Russian?] capital"
Vizualization	Bundles of banknotes

12 days later, there were typical signs of panics as well as the purposeful efforts of different state institutions to cope with these panics in the media (2nd phase, see Table 2).

Table 2. ***Snoras* collapse:  
Phase 2: Panics and efforts to cope with them**

Date	November 16, 2011
Actors	Head of the Bank of Lithuania, Prosecutors, President, Prime Minister, Minister of Finances, Head of State Security Department, Member of the European Commission
Typical phrasing in portals	A billion disappeared; criminal action suspected; <i>Snoras</i> presumably insolvent; nationalization; savings secure; "the one tenth of the [Lithuanian financial] market only"; lines of the people near the bank departments; Internet system out of order; threat for the State and depositors
Vizualization	People gathering near the bank departments; faces of the actors

After six more days the situation starts looking more under control: the threat to the whole banking system is assumed to be localized down to one bank alone, and there are no mainstream political actors seen in a public space; the mass media is becoming, the main actor, considering versions of how to qualify what was happened (see Table 3).

Table 3. **"*Snoras*" collapse:  
Phase 3: Critics, doubts, conspiracy versions**

Date	November 22, 2011
Actors	Media
Typical phrasing in portals	Bank of Lithuania, Cabinet of Ministers and Seimas – puppets of the special services of [Western?] foreign countries; bank wasn't insolvent; no other bank will become bankrupt; it's better than it was with <i>Parex</i> in Latvia; ethnic minorities do not possess information; Russia; <i>Latvijas Krajbanka</i> ; owners of <i>Snoras</i> hopped for England
Vizualization	People still gathering near the bank departments

After one more week these discussions ended, too, and the consequences individualized: the Head of the Bank of Lithuania assigns the success of coping

with situation to himself, and particular victims of the bank collapse air their grievances (Table 4).

**Table 4. *Snoras* collapse: Phase 4:  
Total panics went out, grievances individualized**

Date	December 1, 2011
Actors	Head of Bank of Lithuania; individuals suffered
Typical phrasing in portals	"I was acting correctly, in time, and appropriately" (Head of the Bank of Lithuania); "This was not a human action" (Juozas Statkevičius)
Vizualization	Head of Bank of Lithuania; individuals suffered

Some two more weeks after one can state the remote effect of the process: it can be characterized as classical cognitive dissonance: a public opinion poll data shows critical distrust in commercial banks although savings do not essentially diminish (see Table 5).

**Table 5. *Snoras* collapse:  
Phase 5: Cognitive dissonance as remote effect of the process**

Date	December 17, 2011
Actors	Politicians (actors of position and opposition blaming each other), public opinion searchers
Typical phrasing in portals	Crisis avoided; distrust in banking system
Vizualization	Faces of actors; trust in banks percentage figures

Reflections in the same portals of the collapse of another bank that took place more than a year later can be categorized into five similar phases. As the data summarized in Tables 6-10 shows, more or less the same groups of actors are characterized. Phases thus might be similarly reconstructed as in the case of "*Snoras*" collapse. However, important nuances are present. No doubt, experiences of the "*Snoras*" bank collapse had their influence on the political actors, and on the public itself. Practically, problems are named precisely and concretely since the very first stage (see Tables 6-7). The case of "*Snoras*" is fresh in the memory of the society, and, through that, it is something to compare with. A positive message should make an important impact on the public understanding that "NO – it's not a *Snoras* case". There is no ground for panic but they coped with it very quickly; the other stages of the process are shorter, too.

**Table 6. “Ūkio bankas” collapse:  
Phase 1: Recognizing problem by precise characterizing it**

Date	End of January-beginning of February, 2013
Actors	Bank of Lithuania, President, Prosecutors'
Typical phrasing in portals	Money laundering possible; financial problems of main shareholder of Ūkio <i>bankas</i> ; it's not a <i>Snoras</i> case
Vizualization	Faces of actors; banknotes

**Table 7. “Ūkio bankas” collapse:  
Stage 2: Signs of panics replaced by mild optimism**

Date	February 12, 2013
Actors	Bank of Lithuania, media
Typical phrasing in portals	It's not a <i>Snoras</i> case; non-effective activities but no crime; internal problems but not the ones of the banking system; nerves of people should be of iron
Vizualization	Lines near the bank departments; faces of actors

When the panics in the society softened, discussions with financial experts started in media on the reasons of bank collapse, about the possibilities of information leak, and about conspiracy theories (see Table 8).

**Table 8. “Ūkio bankas” collapse:  
Phase 3: Critics, doubts, conspiracy versions**

Date	February, 2013
Actors	Financial experts
Typical phrasing in portals	Was there an information leak?
Vizualization	Faces of the actors

Grievances were individualized rather quickly (see Table 9). However, it was recognized that the people who suffered should have “nerves of steel”.

**Table 9. “Ūkio bankas” collapse:  
Phase 4: Grievances individualized**

Date	February, 2013
Actors	Media
Typical phrasing in portals	We were saving, and look...
Vizualization	Bank machines out of order

The status of cognitive dissonance in society is becoming permanent: common distrust in banks remains, but, paradoxically, some of these commercial



banks called “untrustworthy” are winning their competitive fight for the clients in these circumstances of suspiciousness (see Table 10).

Table 10. “Ūkio bankas” collapse:  
Phase 5: Remote effect of the process

Date	March, 2013
Actors	Media
Typical phrasing in portals	Fight of the banks for their clients
Vizualization	Faces of the representatives of banks

## Conclusions

The cases of the collapse of the two banks, “Snoras”, and “Ūkio bankas”, are analyzed here applying theoretical approaches of new institutionalism. With the reservation that particular media channels are interested actors of the political field, materials of news media portals were treated as an objective source of information acceptable for process tracing and (re-)constructing discursive devices.

Operating within the approach of historical institutionalism, we interpreted the phenomenon of bank collapse within the context of “political experiences” of the past. Political “experiences” with each bank collapse (“critical junctures”) lead to one or another consensus on this question forming within political field. The concept of “path dependence” helped to show how new experiences can be influenced by similar past experiences. The structural environment formed around the “Snoras” collapse was influenced by the old but not yet forgotten experiences of bank collapses from the early post-Soviet period while collapse of “Ūkio bankas” was developing within the structural context of fresh experiences of society and politics acquired during collapse of “Snoras”. These observations and insights allow us to argue that historical institutionalism has its strong explanatory power in understating the importance of ideas and active influence of the actors on the structural environment.

Discursive institutionalism admits the importance of ideas in decisions of the actors and the sentient influence of the authors to the structural environment of the processes; it finishes up appropriate understanding processes. Main actors of the processes such as Bank of Lithuania, Heads of the State, and media, are to be understood as those who were actively forming reaction of the politicians and society: it was focused on the fact that the bank collapses but it is not the most

important factor for the instability within the commercial banking system; it is not a collapse of the system; the situation is under control. The whole Lithuanian media became a medium that disseminated signals on how the situation should be qualified. Thus interpreting the situation and actors' behavior normatively, actors of political field (mainstream media channels included) coped with the situation appropriately, minimizing the negative outcomes.

It seems that only within a segment of society not listening and reading the messages of the Lithuanian media did mood of disquiet become more evident: there, the situation was sometimes accepted as a fatal one ("savings disappearing"). The other part of society actively interested in the information provided in the media had a feeling of security. That is why collapse processes did not cause high levels of destabilization in all the major state sectors.

In terms of politics, the problem analyzed seems like a marginal one without any important influence for mainstream political processes. It seems different from early post-Soviet times when the "safety of savings" was becoming an important argument in the fight of political parties for power. However, taking into account the influence of these two collapses of banks for international state ratings, the collapse as a "frequent phenomenon" worsened the position of Lithuania.

The position of society provoked by the collapse of the banks can be characterized in terms of classical cognitive dissonance: commercial banks are treated by the society as untrustworthy and at the same time society's behavior shows that society is benefiting from the bank's services.

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