



**COUNCIL OF
THE EUROPEAN UNION**



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Deposit guarantee schemes: Council confirms agreement with EP

The Council today¹ approved a political agreement reached with the European Parliament aimed at further harmonising EU rules on deposit guarantee schemes (DGSs) and enhancing depositor protection ([6162/14](#)).

The draft directive recasts legislation currently in place in order to improve the protection provided for savers with "covered" deposits of up to €100 000. The main changes involve:

- Simplification and harmonisation, in particular relating to coverage and pay-out arrangements;
- Further reduction of the time limit for paying out depositors from the current 20 working days to seven working days by 2024;
- Introduction of *ex-ante* financing arrangements, with a minimum target level for *ex ante* funds set, in general, at 0.8% of covered deposits to be reached within a 10-year period, collected from banks' contributions;
- Better access for depositors to information about the protection of their deposits, and for DGSs about their members (i.e. banks);
- Borrowing between DGSs on a voluntary basis.

¹ At a meeting of the Economic and Financial Affairs Council, without discussion.

P R E S S

Under the agreed directive, all banks will be required to join a DGS so that all their covered deposits are protected. DGSs must be supervised on an ongoing basis and have to perform regular stress tests of their systems. Depositors will no longer have to submit an application for repayment if their deposits become unavailable. And the determination of their eligibility for repayment is further simplified and harmonised.

The Council² agreed its general approach on the proposed directive in June 2011. The presidency subsequently started negotiations with the Parliament, which were put on hold when the latter voted its opinion at first reading in February 2012. Talks resumed in July 2013, following agreement in the Council on a general approach on a proposed directive on bank recovery and resolution, which is linked to the DGS directive as concerns the fund issue. Political agreement between the parties was reached on 17 December on the DGS directive.

The draft directive is aimed at repealing and replacing directive 94/19/EC and its successive amendments. Following the near-collapse of Northern Rock in 2007, and to prevent future bank runs, the Parliament and the Council in 2009 raised guarantee levels and reduced pay-out delays in the event that deposits of a bank would become unavailable. Specifically, the coverage level was increased from €20 000 to €100 000 and the pay-out deadline reduced to 20 working days.

The Council is expected to adopt its position at first reading on the directive in early March without further discussion, once the text has been finalised in all EU languages. The European Parliament is expected to acknowledge the Council's position in March and to adopt the directive at second reading at its plenary session in April.

The directive will enter into force once it has been signed by both institutions and published in the Official Journal in the weeks following the April EP plenary session. The member states will have one year after entry into force to transpose it into national law.

² The Permanent Representatives Committee, on behalf of the Council.