



## PRESS INFORMATION

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### **Proposal for a recast of the Deposit Guarantee Schemes Directive: ESBG comments**

*The 2009 revision of the Deposit Guarantee Schemes Directive made an important contribution to enhancing financial stability in Europe, notably by increasing depositors' protection and confidence. New proposals for another recast have now been adopted by the European Commission, which aim at enhancing further the level of financial stability and at guaranteeing a level-playing field all over the European Union.*

ESBG notes first that the new Commission proposals, which are supplementing the last review of the Directive, contain a number of positive aspects. One example is the idea of a standardized information sheet for depositors: clarity and comparability of information can increase even further depositors' confidence.

However, the proposal also contains a number of provisions, which would contribute neither to the aim of stability or confidence, nor to that of guaranteeing a level-playing field, although this was the Commission's intention.

Precisely, the Commission proposes to apply the Directive to all Deposit Guarantee Schemes, including voluntary schemes and institutional protection schemes recognized as Deposit Guarantee Schemes. The Commission acknowledges the stabilizing function of such special schemes, while it defines strict rules on the roles and financing of such schemes. This approach could regrettably *de facto* eliminate institutional protection schemes and voluntary schemes from the European banking landscape. ESBG believes that this is a wrong step for the following reasons:

Based on the existing framework, voluntary schemes exist in addition to Deposit Guarantee Schemes and mutual guarantee schemes constitute a recognized, but separate case within the Directive. Any bank is allowed to establish a voluntary scheme or a mutual guarantee scheme, so that a level-playing field is guaranteed. Unfair competition can therefore not be used as an argument to interfere in these schemes.

Moreover, these special systems have proved their value over time, and also during the crisis. They were set up by savings banks, which were stable elements in the crisis. Savings banks focus on retail clients and provide financing in particular for SMEs, which is highly important for the whole economy. For ESBG it is not understandable why these systems are now questioned.

*Voluntary schemes* are based on a private contract and deliver supplementary beneficial elements in the context of risk monitoring and early intervention. *Mutual guarantee schemes* provide similar benefits - benefits for consumers and financial stability alike. The Commission proposal would lead to a discontinuation or restriction of these useful functions. ESBG therefore opposes to these proposals.

Chris De Noose, ESBG Managing Director summarizes: "*Voluntary and mutual guarantee schemes provide safety and reliability in addition to the classical function of payout of Deposit Guarantee Schemes. They enable depositors to have continuous access to their bank account and, in more general terms, to financial services.*" He



European Savings Banks Group - aisbl

Rue Marie-Thérèse, 11 ■ B-1000 Bruxelles ■ Tel: + 32 2 211 11 11 ■ Fax: + 32 2 211 11 99

E-mail: first.name.surname@savings-banks.eu ■ Website: www.esbg.eu



concludes: “Introducing measures which could lead a discontinuation, or at least restriction, of voluntary and mutual guarantee schemes, would not be the right signal in terms of guaranteeing financial stability and depositors’ confidence.”

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**Notes to Editors:**

**Press Contacts:**

Dirk Smet, Tel: +32 2 211 11 90 [dirk.smet@savings-banks.com](mailto:dirk.smet@savings-banks.com)

**About ESBG:**

The European Savings Banks Group (ESBG) is an international banking association which represents one of the largest European retail banking networks, comprising about one third of the retail banking market in Europe, with total assets of almost €6,000 billion (January 2009). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

ESBG members are typically savings and *retail* banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their *region*. ESBG member banks have been reinvesting *responsibly* in their region for many decades and they are a distinct benchmark for corporate social responsibility activities throughout Europe and the world.

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