Deposit guarantee schemes

2007/2199(INI) - 13/12/2007 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drawn up by Christian **EHLER** (EPP-ED, DE) in response to the Commission communication concerning the review of Directive 94/19/EC on Deposit Guarantee Schemes

MEPs appreciate the importance of deposit-guarantee schemes and the benefits of Directive 94/19/EC for users and the stability of the financial market. They stress, at the same time, the importance of eliminating possible market distortions if these are verified by analysis. They agree with the Commission that legislative amendments to Directive 94/19/EC should be undertaken only after the results of further research. Parliament made the following points :

- the minimum stipulated protection should be harmonised at a higher level, but any increase should be closely linked to corresponding economic development, particularly as some countries still remain below the minimum level of protection provided in Directive 94/19/EC. However, a further decrease in guarantee protection, which is due to inflation, should be stopped no later than when the directive is next amended ;

- more information needs to be provided to customers to enable them to make informed choices regarding the intermediaries to whom they are to entrust their savings, and the approach should seek constantly to enhance the ability of intermediaries to operate on a cross-border basis and to promote market integration. Self-regulation and, in particular, the potential contribution of the EFDI could have an important role to play in this connection;

- the various existing ways in which the deposit-guarantee schemes are financed should be examined in the context of possible distortions of competition, including equal treatment of customers and the ensuing costs, and, in particular, of the effects on operation in the event of a cross-border crisis;

- the separation of supervision and deposit-guarantee scheme between countries creates regulatory problems, and the Commission is asked to analyse the possible adverse effects of such a situation;

- the waiting period before depositors are reimbursed in a crisis situation could be substantially reduced because of the considerable innovations in communication technologies which have taken place since the adoption of Directive 94/19/EC. Improvements should primarily be achieved through non-legislative means such as agreements, best practices, improvements in data quality, and a clear allocation of responsibility for data processing and commitment on the part of banks;

- where reimbursement emanates from two deposit guarantee schemes, the waiting period before depositors are reimbursed must be no longer for home country schemes than for host country schemes;

- the approach whereby the decision relating to any refund or transfer of contributions made to the guarantee schemes by a credit institution should, in the event of a member leaving a deposit-guarantee scheme, be made by Member States is endorsed by Parliament;

- in the long run, the question of harmonisation of deposit-guarantee schemes as regards their financing and competence and the role of the supervisory authority needs to be addressed through a common proactive approach if the requested analyses show distortions of competition, unequal treatment of customers or negative consequences for cross-border risk management;

- the trend towards replacing subsidiaries with branch structures in the banking sector is also linked to new requirements for cooperation between the authorities in the Member States concerned in crisis situations;

- it is necessary for the Commission, together with the finance ministers of Member States, the central banks, and the EFDI, to analyse the potential advantages and disadvantages of burden sharing before and after potential crisis situations arise, and to inform Parliament of the results;

- it is also necessary for the procedures and interaction between all parties concerned in a potential cross-border crisis situation to be determined in advance, and for the Commission together with stakeholders, to plan and determine procedures and cooperation and to inform Parliament accordingly.

Parliament calls on the Commission to draw up standards to improve early-risk detection by the deposit-guarantee systems. It sees an opportunity to use the early detection system to set risk-based contributions. It considers it advisable to embark on a more exhaustive study necessary in order to determine a common risk assessment method. Parliament clearly states that the principal responsibility for risk limitation lies with the banks. Lastly, it considers it necessary to develop principles for cross-border risk and crisis management in order to reduce the free rider problem and the risk of moral hazard.