Deposit guarantee schemes: coverage level and the payout delay

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The Council arrived at a general approach on a draft Directive aimed at tightening up the rules on bank deposit guarantee schemes in order to improve confidence in the banking sector. On the basis of this approach, the Presidency will continue its contacts with the European Parliament in order to reach an agreement enabling the Directive to be adopted at first reading, before the end of the parliamentary term.

The Council's general approach provides for:

- raising the deposit guarantee level to EUR 50 000, rather than the present EUR 20 000, from 30 June 2009 and harmonising the level at EUR 100 000 from 31 December 2011. That harmonisation should make it possible to avoid the distortion of competition among banks which appeared during the financial crisis (in the form of massive deposit transfers from banks affiliated to a scheme offering a low coverage level to banks affiliated to a scheme offering a high coverage level);
- a period of five working days to establish that a credit institution has failed to repay deposits which are due and payable, and of 20 working days, subject to extension by 10 working days, to make the repayment. The corresponding periods are at present 21 working days and three months, subject to two three-month extensions. Overall, the payout period could not exceed 35 working days, compared with 10 months at present.

The European Parliament's vote is expected during the week of 15 December.