Deposit protection, use of deposit guarantee schemes funds, cross-border cooperation, and transparency

2023/0115(COD) - 26/03/2026 - Text adopted by Parliament, 2nd reading

The European Parliament adopted a legislative resolution **approving** the Council's position at first reading with a view to the adoption of a directive of the European Parliament and of the Council amending Directive 2014/49/EU as regards the scope of deposit protection, use of deposit guarantee schemes funds, cross-border cooperation, and transparency.

The proposal is part of a package of amending acts aimed at **reforming the framework put in place for the crisis management** and deposit insurance (CMDI) framework.

The proposals relating to the CMDI framework have the general objectives of better protecting financial stability and taxpayers' money, protecting the real economy from the impact of bank failures and further strengthening the protection of depositors.

The CMDI package provides for a targeted development of the existing framework with the aim of making the orderly resolution for small and medium-sized banks practicable by authorising resolution authorities to draw, in exceptional cases and under strict conditions, on funds from the deposit guarantee scheme (DGS) to finance the implementation of a bank’s transfer resolution strategy if the internal loss-absorbing capacity of such bank is not sufficient to access the resolution funding arrangement.

The reform aims to:

- **minimise recourse to taxpayers’ money while preserving depositor access and financial stability** and upholding the resolution framework’s key principle of primary loss absorption by shareholders and creditors to protect the integrity of resolution funding arrangements;

- **harmonise the treatment of alternative and preventive measures** and strengthens cross-border coordination between supervisors and resolution authorities.

This proposal aims to ensure the **uniform protection of depositors in the Union**. It sets out the rules and procedures relating to the establishment and the functioning of deposit guarantee schemes (DGSs), the coverage and repayment of deposits, and the safeguards for the use of DGS funds for measures other than the repayment of deposits to ensure the access of depositors to their deposits.

The main changes agreed within the framework of the Council's position on the proposal to amend Directive 2014/49/EU (DSGD Directive) aim to:

- **further frame the use of deposit guarantee schemes funds outside of resolution**. The use of DGS funds for preventive measures remains optional for Member States but their use, becomes subject to additional conditions and safeguards, in particular the least cost test (LCT) which is the same as for use of DGS funds in resolution, i.e. capping the intervention at the gross amount of covered deposits;

- subject the use of DGS funds for alternative measures in insolvency becomes subject to the same **least cost test** (LCT) and further rules governing what types of transfers from the failing bank can be financed by DGS as part of those measures;

- require **Institutional protection schemes** (IPS) recognised as Deposit Guarantee Schemes are required to maintain an ex-ante target level at 0.8% of covered deposits. They are allowed to temporarily transfer funds for the purpose of supporting affiliated institutions' liquidity and solvency up to a certain limit and subject to safeguards. Those funds should be repaid within 7 working days in case of payout or a contribution to the resolution of a credit institution affiliated to such an IPS.