

| Basic information | |
|--|---|
| 2023/0115(COD) | Awaiting Council's 1st reading position |
| COD - Ordinary legislative procedure (ex-codecision procedure) Directive | |
| Deposit protection, use of deposit guarantee schemes funds, cross-border cooperation, and transparency | |
| Amending Directive 2014/49 2010/0207(COD) | |
| Subject | |
| 2.50.02 Savings 2.50.04 Banks and credit 4.70.05 Regional cooperation, cross-border cooperation | |
| Legislative priorities | |
| Joint Declaration 2023-24 | |

| Key players | | | |
|------------------------------|---|---|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | ECON Economic and Monetary Affairs | PETER-HANSEN Kira Marie (Greens/EFA) | 12/09/2024 |
| | | Shadow rapporteur NIEDERMAYER Luděk (EPP) TINAGLI Irene (S&D) ZIJLSTRA Auke (PfE) ZÍLE Roberts (ECR) BOYER Gilles (Renew) SCHIRDEWAN Martin (The Left) JUNGBLUTH Alexander (ESN) | |
| | | | |
| Former committee responsible | | Former rapporteur | Appointed |
| | ECON Economic and Monetary Affairs | PETER-HANSEN Kira Marie (Greens/EFA) | 27/11/2023 |
| | | | |
| Former committee for opinion | | Former rapporteur for opinion | Appointed |
| | IMCO Internal Market and Consumer Protection | The committee decided not to give an opinion. | |

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| | <div style="border: 1px solid red; padding: 2px; display: inline-block;">JURI</div> Legal Affairs | The committee decided not to give an opinion. | |
| Council of the European Union | | | |
| European Commission | Commission DG Financial Stability, Financial Services and Capital Markets Union | Commissioner MCGUINNESS Mairead | |

| Key events | | | |
|------------|---|---------------|--|
| Date | Event | Reference | Summary |
| 18/04/2023 | Legislative proposal published | COM(2023)0228 |  Summary |
| 10/07/2023 | Committee referral announced in Parliament, 1st reading | | |
| 20/03/2024 | Vote in committee, 1st reading | | |
| 25/03/2024 | Committee report tabled for plenary, 1st reading | A9-0154/2024 | |
| 24/04/2024 | Decision by Parliament, 1st reading | T9-0328/2024 |  Summary |
| 24/04/2024 | Results of vote in Parliament | |  |
| 21/10/2024 | Committee decision to open interinstitutional negotiations after 1st reading in Parliament | | |
| 13/11/2024 | Committee referral announced in Parliament, 1st reading | | |
| 13/11/2024 | Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72) | | |
| 05/11/2025 | Approval in committee of the text agreed at early 2nd reading interinstitutional negotiations | PE779.333 | |

| Forecasts | |
|------------|--|
| 27/04/2026 | Indicative plenary sitting date, 1st reading |

| Technical information | |
|----------------------------|--|
| Procedure reference | 2023/0115(COD) |
| Procedure type | COD - Ordinary legislative procedure (ex-codecision procedure) |
| Procedure subtype | Legislation |
| Legislative instrument | Directive |
| Amendments and repeals | Amending Directive 2014/49 2010/0207(COD) |
| Legal basis | Treaty on the Functioning of the EU TFEU 053-p1 |
| Stage reached in procedure | Awaiting Council's 1st reading position |

Documentation gateway

European Parliament

| Document type | Committee | Reference | Date | Summary |
|---|-----------|--------------|------------|---------|
| Committee draft report | | PE753.698 | 03/10/2023 | |
| Amendments tabled in committee | | PE754.693 | 06/11/2023 | |
| Committee report tabled for plenary, 1st reading/single reading | | A9-0154/2024 | 25/03/2024 | |
| Text adopted by Parliament, 1st reading/single reading | | T9-0328/2024 | 24/04/2024 | Summary |
| Text agreed during interinstitutional negotiations | | PE779.333 | 05/11/2025 | |

European Commission

| Document type | Reference | Date | Summary |
|--|--|------------|---------|
| Legislative proposal | COM(2023)0228  | 18/04/2023 | Summary |
| Document attached to the procedure | SWD(2023)0225  | 19/04/2023 | |
| Document attached to the procedure | SWD(2023)0226  | 19/04/2023 | |
| Commission response to text adopted in plenary | SP(2024)394 | 08/08/2024 | |

National parliaments

| Document type | Parliament /Chamber | Reference | Date | Summary |
|---------------|---------------------|---------------|------------|---------|
| Contribution | PT_PARLIAMENT | COM(2023)0228 | 02/10/2023 | |

Other institutions and bodies

| Institution/body | Document type | Reference | Date | Summary |
|------------------|---|---|------------|---------|
| EDPS | Document attached to the procedure | N9-0047/2023 OJ C 255 20.07.2023, p. 0004 | 12/06/2023 | |
| ECB | European Central Bank: opinion, guideline, report | CON/2023/0019 OJ C 307 31.08.2023, p. 0019 | 05/07/2023 | |

Additional information

| Source | Document | Date |
|---------------------|----------|------------|
| EP Research Service | Briefing | 31/05/2024 |
| European Commission | EUR-Lex | |

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

| Transparency | | | | |
|-------------------|-------------------|-----------|------------|--|
| Name | Role | Committee | Date | Interest representatives |
| SCHIRDEWAN Martin | Shadow rapporteur | ECON | 25/01/2024 | Deutscher Sparkassen-und Giroverband |
| URTASUN Ernest | Rapporteur | ECON | 12/10/2023 | Permanent Representation to the EU of France |
| URTASUN Ernest | Rapporteur | ECON | 12/10/2023 | Single Resolution Board |
| URTASUN Ernest | Rapporteur | ECON | 10/10/2023 | European Commission |
| URTASUN Ernest | Rapporteur | ECON | 21/09/2023 | European Commission |
| URTASUN Ernest | Rapporteur | ECON | 20/09/2023 | European Central Bank |
| URTASUN Ernest | Rapporteur | ECON | 19/09/2023 | German Permanent Representation to the EU |
| URTASUN Ernest | Rapporteur | ECON | 17/07/2023 | European Commission |
| URTASUN Ernest | Rapporteur | ECON | 06/07/2023 | Permanent Representation of France to the EU |

Other Members

| Transparency | | |
|-----------------|------------|--------------------------------------|
| Name | Date | Interest representatives |
| DE LANGE Esther | 12/10/2023 | Deutscher Sparkassen-und Giroverband |

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

2023/0115(COD) - 24/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 385 votes to 180, with 156 abstentions, a legislative resolution on the proposal for 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 proposed Directive aims to ensure uniform protection of depositors in the Union.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

Official recognition, participation and supervision

Member States should ensure that the competent authority, in cooperation with the designated authority, promptly takes all appropriate measures, including, if necessary, the imposition of penalties, to ensure that the credit institution concerned complies with its obligations as a member of a DGS. They should determine the system of penalties applicable in the event of failure by credit institutions to comply with their obligations as members of a DGS. Sanctions must be effective, proportionate and dissuasive.

The designated authorities should have the necessary enforcement powers, including powers to impose penalties or other administrative measures, to remedy infringements of this Directive by a DGS.

Eligibility of deposits

The following should be excluded from any reimbursement by DGSs: (i) deposits arising from transactions for which a criminal conviction has been handed down for a money laundering or terrorist financing offence; (ii) deposits made by natural or legal persons subject to targeted financial sanctions adopted by the Union.

Level of cover

To harmonise depositor protection in the Union and to reduce the administrative complexity and legal uncertainty related to the scope of protection of such deposits, it is necessary to align their protection to a minimum amount of at least **EUR 500 000** and a maximum of **EUR 2 500 000** for a harmonised duration of 6 months, in addition to the coverage level of EUR 100 000. After their transposition by Member States, the Commission should carry out a review of the amounts which are protected, with a view to determining whether the maximum amount should be reduced, taking into account whether the amounts which are protected are proportionate and ensure a level playing field across the Union.

Determining refundable amount

Member States should ensure that credit institutions report to their DGSs, at least annually, the aggregated amount of eligible deposits and ensure that DGSs may at any time request credit institutions to inform them about the aggregated amount of eligible deposits of every depositor.

Where interest rates on certain deposits significantly exceed the prevailing market interest rate, as determined and based on transparent and publicly available data, the DGS should have the power to adjust the reimbursed interest to reflect the prevailing market interest rate at the time of the determination made by the relevant administrative authority or of the ruling made by the judicial authority. That adjustment should be made to prevent moral hazard.

Repayments

DGSs should ensure that the repayable amount is available as soon as possible and in any event within **seven working days**. Where DGSs are not able to make the repayable amount available in less than seven working days, they should ensure that depositors have access to an appropriate amount of their covered deposits to cover the cost of living within five working days of making a request for that amount.

DGS funding

Member States should ensure that DGSs have in place adequate alternative funding arrangements to enable them to obtain short-term funding to meet claims against those DGSs. Member States should ensure that the alternative funding arrangements of DGSs are not financed through public funds. They should ensure that DGSs use the financial resources available primarily to guarantee repayments to depositors.

Target level

Member States are to ensure that by 3 July 2024, the available financial means of a DGS reach a target level of **0.8 %** of the amount of the covered deposits of its members. In consideration of the expansion of scope for DGS use, the adequacy of the 0.8 % target level should be subject to close monitoring and assessment.

Transparency

It is essential that any involvement of the DGS in any scenario be conducted with a focus on cost effectiveness and transparency. That approach is essential to avoid distorting the level playing field and to ensure that no unfair advantages are conferred on specific market participants.

Preventative measures

To ensure that preventive measures achieve their objective, credit institutions should be required to present to the competent authority a note outlining the measures that they commit to undertake. The note should detail the credit institution's initial capital shortfall, the capital-raising measures implemented and the safeguards put in place to prevent the outflow of funds. For the same reason, during the implementation of the measures envisaged in the note, credit institutions should also **strengthen their liquidity positions** and refrain from aggressive commercial practices, and from the distribution of dividends or variable remuneration or repurchasing of own shares or call hybrid capital instruments.

Within a reasonable timeframe, the credit institution should provide the competent authority with a **business reorganisation plan** to secure long-term viability. Preventive measures granted to a credit institution should be **suspended** where the competent authority is not satisfied that the business reorganisation plan is credible and feasible to secure long-term viability.

To mitigate moral hazard, where appropriate, the credit institution receiving support from DGSs in the form of preventive measures, its shareholders, its creditors or the business group to which it belongs should contribute to the restructuring from their own resources and provide adequate remuneration for the preventive measure granted by the DGS.

To give them sufficient time to adapt to the new provisions, in particular the safeguards for the application of preventive measures, a three-year transitional period should be granted to institutional protection systems.

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

PURPOSE: to ensure uniform protection of depositors in the Union.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: deposit guarantee schemes (DGS) reimburse a limited amount to compensate depositors whose bank has failed. A fundamental principle underlying DGS is that they are funded entirely by banks, and that no taxpayer funds are used.

Under existing EU rules, deposit guarantee schemes protect depositors' savings by guaranteeing deposits of up to EUR 100 000 and help prevent the mass withdrawal of deposits in the case of bank failure, which can create financial instability.

In accordance with Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes, the Commission has reviewed the application and the scope of that Directive and concluded that the objective of protection of depositors in the Union through the establishment of deposit guarantee schemes has mostly been met. However, the Commission also concluded that there is a need to address the remaining **gaps in depositor protection** and to enhance the functioning of DGSs, while harmonising rules for DGSs interventions other than payout proceedings.

The proposed amendments to Directive 2014/49/EU (the Deposit Guarantee Schemes Directive or DGSD) are part of the crisis management and deposit insurance (CMDI) legislative package that includes also amendments to Directive 2014/59/EU (the Bank Recovery and Resolution Directive or BRRD) and Regulation (EU) No 806/2014 (the Single Resolution Mechanism Regulation or SRMR).

CONTENT: the aim of the proposed amendments is to build on and clarify the mandate of DGSs to better protect deposits in the context of the reimbursement of depositors.

More specifically, the proposal:

- clarifies the scope so that along with the establishment and functioning of the DGS, the **coverage and repayment of deposits, and the use of DGS funds** for measures to maintain the access of depositors to their deposits also fall within the scope of this Directive;
- harmonises the level of coverage of EUR 100 000 per depositor and bank, as set out in the Deposit Guarantee Scheme Directive and extends depositor protection to public entities (i.e. hospitals, schools, municipalities), as well as client money deposited in certain types of client funds (i.e. by investment companies, payment institutions, e-money institutions);
- includes measures to harmonise the protection of temporary high balances on bank accounts in excess of EUR 100 000 linked to specific life events (such as inheritance or insurance indemnities);
- consolidates the provisions on the **exchange of information** between credit institutions and DGS and reporting by authorities;
- harmonises the rules for the calculation of the repayable amount;
- allows the DGS to apply a longer period of up to **20 working days** in the case of repayment of beneficiary accounts, client funds, and temporary high balances;
- aims to ensure that depositors, above a **threshold of EUR 10 000**, are reimbursed via credit transfers in line with the AML/CFT objectives;
- seeks to harmonise to **five years** the period during which depositors can make a claim against the DGS;
- establishes a set of **safeguards** for preventive measures and allocate the responsibilities among authorities for assessing how preventive measures are applied. This aims at ensuring that the use of these measures is timely, cost-effective and applied consistently across Member States, as improvements to the current situation;
- establishes **requirements for the credit institutions which did not comply with their commitments or fail to repay financial support** granted with preventive measures. The EBA is mandated to develop guidelines on the content of the note with measures needed for the efficient implementation of a preventive measure and of the remediation plan;
- clarifies that the protection by DGSs also covers depositors located in Member States where their member credit institutions exercise the freedom to provide services;
- requires that branches of credit institutions established in **third countries** join a DGS in a Member State if they want to provide banking services and take eligible deposits in the EU. This enhances the protection of depositors as it eliminates the risk of having deposits in the EU whose protection by a non-EU DGS would not be up to the EU standards;
- seeks to **harmonise information** which banks have to provide to their clients annually on the protection of their deposits. It also enhances the information requirements for depositors in case of mergers or other major reorganisations of credit institutions, changes of DGS affiliation and unavailability of deposits due to the critical financial situation of banks;
- clarifies **rules on reporting and improving the exchange of information** from the credit institution to the DGSs and from the DGSs and the designated authorities to the EBA. It is also important that the EBA is appropriately informed of situations that occur and for which the DGS may intervene, to support the EBA in its tasks of overseeing the financial integrity, stability, and security of the European banking system.