

Deposit-guarantee schemes

European Parliament resolution of 13 December 2007 on deposit-guarantee schemes (2007/2199(INI))

The European Parliament,

- having regard to the Commission communication concerning the review of Directive 94/19/EC on Deposit Guarantee Schemes (COM(2006)0729),
- having regard to Commission Recommendation 87/63/EEC of 22 December 1986 concerning the introduction of deposit-guarantee schemes in the Community¹,
- having regard to the opinion of the Economic and Social Committee on the proposal for a Council Directive on the Co-ordination of Laws, Regulations and Administrative Provisions relating to deposit-guarantee schemes of 22 September 1992²,
- having regard to its positions of 10 March 1993 at first reading³ and of 9 March 1994 at second reading⁴ on the Commission's proposal for a Council directive on deposit-guarantee schemes,
- having regard to Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes⁵,
- having regard to the Commission report on the application of the export prohibition clause, Article 4(1) of the Directive on deposit-guarantee schemes (94/19/EC) (COM(1999)0722),
- having regard to the Commission report on the operation of the "topping-up" provision, Article 4, paragraphs 2-5 of the Directive on Deposit Guarantee Schemes (94/19/EC) (COM(2001)0595),
- having regard to the Committee of European Banking Supervisors' technical advice on a review of aspects related to deposit guarantee schemes of 30 September 2005 (CEBS/05/81),
- having regard to the report of the Commission Joint Research Centre (JRC) entitled 'Scenario Analysis: Estimating the effects of changing the funding mechanisms of EU Deposit Guarantee Schemes' of February 2007,
- having regard to the Commission report on the minimum guarantee level of Deposit Guarantee Schemes Directive 94/19/EC,

¹ OJ L 033, 4.2.1987 p. 16.

² OJ C 332, 16.12.1992, p. 13.

³ OJ C 115, 26.4.1993, p. 91.

⁴ OJ C 91, 28.3.1994, p. 85.

⁵ OJ L 135, 31.5.1994, p. 5. Directive, as last amended by Directive 2005/1/EC.

- having regard to the Commission White Paper on Financial Services Policy 2005-2010 (COM(2005)0629) and Parliament's resolution of 11 July 2007 thereon¹,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A6-0448/2007),
- A. whereas deposit-guarantee schemes are an important part of the safety net,
 - B. whereas deposit-guarantee schemes serve to protect individuals and functions and guarantee fair conditions of competition,
 - C. whereas the current situation in the banking sector triggered by the subprime crisis in the United States and its repercussions on financial markets has demonstrated the relevance of the issue of deposit-guarantee schemes,
 - D. whereas the differences between the structure of deposit-guarantee schemes at national level are a consequence of differences between the institutional conditions in individual Member States,
 - E. whereas confidence in safeguarding the stability of financial markets and fair conditions for competition are important foundations of the internal market as a whole,
 - F. whereas the latest research points to the conclusion that an increasing number of EU citizens are turning their attention to purchasing financial products abroad,
 - G. whereas, as a result of the increasing cross-border activity of credit institutions and changes in the structure of European banking supervision, new questions concerning cooperation, coordination and burden-sharing in crisis situations between home and host countries are arising,
 - H. whereas because of the increasingly integrated financial market, the safety net must fulfil its purpose in cross-border crisis situations,
1. Appreciates the importance of deposit-guarantee schemes and the benefits of Directive 94/19/EC for users and the stability of the financial market; stresses, at the same time, the importance of eliminating possible market distortions if these are verified by analysis;
 2. Agrees with the Commission that legislative amendments to Directive 94/19/EC should be undertaken only after the results of further research, particularly in the field of cross-border risk and crisis management, have become available; considers it important to tackle serious distortions of competition if these are verified by analysis;
 3. Considers that the minimum stipulated protection should be harmonised at a higher level, but that any increase should be closely linked to corresponding economic development, particularly as some countries still remain, as a result of their macroeconomic conditions, below the minimum level of protection provided in Directive 94/19/EC; makes it clear in this context, however, that a further decrease in guarantee protection, which is due to inflation, should be stopped no later than when the directive is next amended;

¹ Texts adopted, P6_TA(2007)0338.

4. Supports the assessment of the Commission that the operation of deposit-guarantee schemes might be improved through self-regulatory, particularly cross-border, measures;
5. Welcomes, in this respect, the cooperation with the European Forum of Deposit Insurers (EFDI) and the JRC, which was initiated by the Commission, and the wide-ranging dialogue aimed at drawing up self-regulatory measures, which was instigated by the Commission; asks the Commission to inform Parliament of its timetable and results achieved in this respect;
6. Is of the opinion that 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 that the approach should seek constantly to enhance the ability of intermediaries to operate on a cross-border basis and to promote market integration; believes that self-regulation and, in particular, the potential contribution of the EFDI could have an important role to play in this connection;
7. Considers that 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;
8. Highlights the fact that ex-post deposit-guarantee scheme systems should provide as much safety and security for the consumers as ex-ante deposit-guarantee scheme systems;
9. Believes that the separation of supervision and deposit-guarantee scheme between countries creates regulatory problems; asks the Commission to analyse the possible adverse effects of such a situation;
10. Considers that 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; considers that 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;
11. Considers it necessary, where reimbursement emanates from two deposit guarantee schemes, that the waiting period before depositors are reimbursed must be no longer for home country schemes than for host country schemes;
12. Endorses 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;
13. Supports the assessment of the Commission that new provisions for the transfer or refund of contributions to the guarantee schemes must neither weaken the functioning of the fund nor result in an inadmissible accumulation of risk;
14. Is of the opinion that, 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;

15. Welcomes the establishment of working groups from the Economic and Finance Committee and the Financial Services Committee to review and develop EU arrangements aimed at ensuring the stability of financial markets and to regulate supervision;
16. Clearly states that 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;
17. Believes it 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;
18. Considers it 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 representatives of the Member States, the central banks and the EFDI, to plan and determine procedures and cooperation and to inform Parliament accordingly;
19. Calls on the Commission to draw up standards to improve early-risk detection by the deposit-guarantee systems; sees an opportunity to use the early detection system to set risk-based contributions;
20. Considers it advisable to embark on a more exhaustive study necessary in order to determine a common risk assessment method;
21. Clearly states that the principal responsibility for risk limitation lies with the banks;
22. 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;
23. Instructs its President to forward this resolution to the Commission.