

FGDR - IADI ERC INTERNATIONAL CONFERENCE

# DIVERSITY AND HARMONIZATION OF DEPOSIT INSURANCE

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# CROSS-BORDER REGULATION

European Banking Authority's perspective on cross-border bank resolutions and depositor payouts

Slawek Kozdras

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## MR SLAWEK KOZDRAS POLICY EXPERT

### Current position

2015 - 2016 Policy Expert in the Resolution Unit  
European Banking Authority

European  
Banking  
Authority




### Previous positions

2014 - 2015 Senior Associate - Bank of England  
2012 - 2014 Policy Adviser - HM Treasury

### Miscellaneous :

Graduated from the London School of Economics

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## Structure of the presentation


WHAT IS THE EBA?  
WHAT ARE ITS OBJECTIVES?  
WHAT ARE THE EBA'S TASKS?  
WHAT ARE ITS TOOLS TO PERFORM THESE TASKS?

*EBA'S ROLE AND MANDATE*

*PRACTICAL LESSONS AND CHALLENGES*

HOW DOES IT APPLY THESE TOOLS IN THE DIS/DGS AREA?  
WHAT ARE THE LESSONS LEARNED BASED ON RECENT BANK FAILURES?  
WHAT ARE THE CURRENT AND FUTURE CHALLENGES IN RESOLUTION AND DEPOSIT INSURANCE FOR THE EBA?

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## EBA's role and mandate

**WHAT IS THE EBA?**

An independent European Union (EU) Authority ensuring effective and consistent prudential regulation and supervision **across the European banking sector**. Set up in 2011, as a response to the financial crisis.

**WHAT IS THE EBA'S OBJECTIVE?**

To safeguard the integrity, efficiency and orderly functioning of the single market in the banking sector and to maintain financial stability **in the EU**.

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6



## EBA's role and mandate

### WHAT ARE THE EBA'S TASKS?

Contribute to the creation of the **European Single Rulebook** in banking (a single set of harmonised rules in supervision and resolution for financial institutions in the EU).

Promote **consistent and convergent supervisory and resolution practices in the EU**.

Assess risks and vulnerabilities in the **EU banking sector**.

To promote a **transparent, simple and fair internal market for consumer financial products and services**.

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7




## EBA's role and mandate

### WHAT ARE THE EBA'S TOOLS TO PERFORM THESE TASKS?

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8




## EBA's role and mandate / Application of the tools in practice

<p><b>❑ RULEMAKING:</b></p>	<p>Furthering the European Single Rulebook by issuing Guidelines (GL), recommendations, and regulatory technical standards, e.g. GL on cooperation agreements between DGSs.</p>
<p><b>❑ MONITORING:</b></p>	<p>Ensuring compliance, monitoring application of the Single Rulebook and pursuing breaches of law, e.g. as in cases where the authorities failed to trigger DGS payout.</p>
<p><b>❑ REVIEWING:</b></p>	<p>Regular reviews of EBA products and peer reviews, e.g. peer reviews of DGS stress tests and assessing risk-based contributions methodologies applied by Member States.</p>
<p><b>❑ MEDIATING:</b></p>	<p>EBA may mediate in cases where disputes arise between authorities on cross-border issues, e.g. on the conclusion of cooperation agreements between DGSs in cross-border payouts.</p>
<p><b>❑ ANALYSING:</b></p>	<p>Collecting information to draw conclusions for further policy-making, e.g. collecting information on covered deposits and available financial means in DGSs across the EU.</p>
<p><b>❑ TRAINING AND ADVICE:</b></p>	<p>Organising training and exchange of technical experience between authorities, e.g. a recent training course on implementing EBA GLs on risk-based contributions.</p>

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9



## Lessons learned

**WHAT ARE THE LESSONS LEARNED BASED ON RECENT BANK FAILURES?**

- **Before 2015**, when the new European resolution regime came into force:
  - Lack of common rules across the EU meant national responses to a cross-border crisis.
  - Lack of necessary funding, for resolution of banks, and DGS payouts.
  - Lack of trust and cooperation between authorities.
  
- **After 2015**, with the new regime in place:
  - New rules in place, but practical challenges of implementing them need to be solved.
  - Practical cases already highlighted shortcomings of some of the framework's elements.
  - Partly mutualised funding for resolution in place, and ongoing work on mutualising deposit insurance funds.
  - New fora for cross-border cooperation, such as resolution colleges.

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10



## Current and future challenges

### WHAT ARE THE CURRENT AND FUTURE CHALLENGES IN DEPOSIT INSURANCE FOR THE EBA?

- Working within a new framework, with **limited empirical results for guidance**
- Designing rules for a **diverse range of national systems**
- Ensuring a harmonised approach between **Banking Union ins and outs**, including in the context of the European Deposit Insurance Scheme ('EDIS')
- Outstanding questions on **deposit guarantee schemes' role in resolution**