



## Main provisions of the new EU DGS Directive

### Definitions

Statutory and contractual DGSs, as well as Institutional Protection Schemes (IPs) could be officially recognized as DGSs.

“Covered deposits” (total aggregated up to 100 000€) are differentiated from “eligible deposits” (within the scope of the guarantee).

## COVERAGE

### Exclusions from the guarantee

- deposits by credit institutions, financial institutions, investment firms, insurance undertakings, collective investment undertakings, pension and retirement funds
- money laundering and terrorism financing
- public authorities
- debt securities issued by a credit institution

Note 1: all currencies are now covered

Note 2: optional exceptions to the exclusions (i.e. inclusions)

- deposits by local authorities with an annual budget under 500 000€
- deposits held in personal pension schemes and occupational pension schemes of small or medium-sized enterprises
- deposits that can be released only to pay off a loan on private property towards the credit institution or another institution (i.e. guarantee deposits)

### Coverage level

100 000€ per depositor per institution (even if the banks uses different trademarks) for aggregated deposits of each depositor in case they become unavailable.

Additional compulsory protection above these 100 000€, for a period between 3 and 12 months after they have been credited, for:

- deposits resulting from private residential real estate transactions
- deposits linked to particular life events such as marriage, divorce, retirement, dismissal, redundancy, invalidity or death (tb further defined)
- insurance benefits or compensation for criminal injuries or wrongful conviction

In case of a merger between two banks, depositors have three-months to withdraw or transfer their funds in excess of the coverage level to another bank, without incurring any penalty



## **Depositor information**

Information given by banks on the relevant DGS to actual and intending depositors (standardized information – see sheet in Annex 1), in the language that was agreed by the depositor and the bank or in the official language of the Member State. Depositors shall acknowledge the receipt of that information when they contract

Banks shall provide depositors for

- confirmation of the eligibility of the deposits on their statements of account, with a reference to the sheet in Annex I and to the DGS website
- for the information in sheet of Annex I at least annually

If a depositor uses internet banking, the information may be communicated by electronic means, unless the depositor requests a paper communication

The DGS's website shall contain the necessary information for depositors, in particular information concerning the process for and conditions of deposit guarantee

## **COMPENSATION**

### **Repayable amount (determined on the unavailability date)**

Inclusion of interests accrued not credited at the unavailability date

Joint accounts shared under contractual provisions or equal repartition

Where the depositor is not absolutely entitled, the guarantee goes to those who are absolutely entitled, provided they are identifiable at the unavailability date, each with a 100 000€ coverage limit

Option to consider business partnership, association or grouping of a similar nature, without legal personality, as a new and single depositor

No set off except, optionally, for due liabilities at the unavailability date if depositors informed when concluding the contract

No repayment for dormant accounts (no transactions within the last 24 months) when the value of the deposit is lower than the administrative costs of the repayment

Option not to repay depositors if no claim for repayment after a limit in time (tbd)

Subrogation of the DGS within the rights of depositors after repayable amount has been made available. In a bail-in, the DGS gets a claim against the failing bank equal to what it paid, with a rank equal to covered deposits in insolvency proceedings

### **Payout delay**



From 1 January 2024 at the latest, compensation available within 7 working days, without any request from depositors, computed from the date the supervisor determines that the deposits are not available anymore (10 days from 1 January 2021, 15 from 1 January 2019, 20 days before that)

As long as the DGS is not able to pay within 7 days, it should give depositors access to an appropriate amount of their covered deposits to cover the cost of living, within 5 working days of the depositor's request, on the basis of data provided by the failing bank, as a down payment of the payout

The repayment period may be longer or the payment deferred in case:

- the depositor is not absolutely entitled or it is uncertain he/ she is legally entitled
- the deposit is subject to legal dispute
- restrictive measures from governments or international bodies (international sanctions)
- dormant account (no transaction within the last 24 months)
- temporary high balances
- deposits in branches abroad, paid by the host DGS
- money laundering and terrorism financing offenses, pending the judgment of the court

### **Currency for repayment**

Member States could choose among: euro, currency of the account, currency of the Member State, the one where the account holder is resident, the one where the account is located

If exchange rate, the one at the unavailability date

### **Language between the DGSs and the depositors**

The official language of the Union used by the failing bank when writing to the depositor or the official language of the Member State in which the deposit is located

In a 'freedom to provide services' case (operations in another Member State without branches there), the language chosen by the depositor when the account was opened

### **Repayment in EU branches**

Always through a host DGS, in accordance with the home DGS's instructions

The host DGS provides information to depositors on behalf of the home DGS. It is entitled to receive correspondence from them

The home DGS bears all responsibilities. It shall pre-finance the payout and compensate the host DGS for administrative costs

EU DGSs shall have written agreements in place for that purpose, as well as for borrowings, and communicate them to EBA

## **RESOURCES**



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DES DÉPÔTS ET  
DE RÉOLUTION  
*French deposit insurance  
and resolution fund*

## **Financing**

Contributions at least annual, levied on a risk based system. IPS may levy lower contributions

Target level at 0.8% of covered deposits before 2025 (+ 4 additional years if the DGS had to disburse more than 0.8% of covered deposits); down to 0.5% on Commission's approval if the banking sector is highly concentrated and the likelihood of using the DGS's resources for paying out looks limited

Contributions to resolution/ systemic failures schemes (but not contributions to BRRD financing arrangements) could be accounted for in the target level through a claim of the DGS, if the DGS cannot raise extraordinary contributions from its members

Six years replenishment period when the available financial means fall below 2/3 of the target level

Extraordinary contributions (to finance a payout) up to 0.5% of covered deposits a year, in principle

Alternative funding arrangements should be in place for short term funding

30% max of payment commitments in total available financial means

## **Assets - Use of funds**

Investment of the assets in a low-risk and sufficiently diversified manner

Possible cross borrowing between DGSs up to 0.5% of covered deposits for the borrowing DGS, after extraordinary contributions have been raised by the borrowing DGS. Credit period up to 5 years

"Alternative measures" possible if the conditions for resolution are not met, on a least cost basis, under controlling conditions on the failing bank (including securing access to deposits), with no doubt that the members will be able to pay extraordinary contributions if needed. The member banks should finance the alternative measures additionally if the available financial means are too low

Besides the alternative measures, possible to use the DGS's resources if cheaper than compensation, to finance the transfer of assets, liabilities and deposit books, in the context of national insolvency proceedings, so as to preserve depositors' access to covered deposits

## **MISCELLANEOUS**

### **Information/ Cooperation**

At any time and upon the DGS's request, the DGS receives from their members all information necessary to prepare a payout. Credit institutions are required to mark eligible deposits. For the payout itself, the bank shall transmit the necessary information on deposits and depositors as soon as requested by the DGS

DGSs ensure the confidentiality and protection of data in accordance with the relevant directive

DGSs should be informed of a possible failure by the supervisor as soon as possible

Cooperation agreements in place between EU DGSs to ensure an adequate coordination for repayment by host DGSs and possible borrowings between two DGSs



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## Tests

DGSs have to test their systems at least every three years

## EBA guidelines for

- payment commitments
- methods for risk-based contributions
- review of the guidelines for risk based methods at least every 5 years
- peer reviews of DGSs tests at least every 5 years



## Annex I - Depositor information template

<b>Basic information about the protection of deposit</b>	
Deposits in (insert name of credit institution) are protected by:	[insert the name of the relevant DGS] <sup>1</sup>
Limit of protection:	EUR 100 000 per depositor per credit institution <sup>2</sup> [replace by adequate amount if currency not EUR] [where applicable:] The following trademarks are part of your credit institution [insert all trademarks which operate under the same licence]
If you have more deposits at the same credit institution:	All your deposits at the same credit institution are "aggregated" and the total is subject to the limit of € 100 000 [replace by adequate amount if currency not EUR] <sup>2</sup>
If you have a joint account with other person(s):	The limit of EUR 100 000 [replace by adequate amount if currency not EUR] applies to each depositor separately <sup>3</sup>
Reimbursement period in case of credit institution's failure:	7 working days <sup>4</sup> [replace by another deadline if applicable]
Currency of reimbursement:	Euro [replace by another currency where applicable]
Contact:	[insert the contact data of the relevant DGS (address, telephone, e-mail etc)]
More information:	[insert the website of the relevant DGS]
Acknowledgement of the depositor:	
<b>Additional information (all or some of the below)</b>	
<p><b><sup>1</sup> Scheme responsible for the protection of your deposit</b></p> <p>[<i>Only where applicable:</i>] Your deposit is covered by a contractual scheme officially recognised as a DGS. If insolvency of your credit institution should occur, your deposits would be repaid up to EUR 100 000 [replace by adequate amount if currency not EUR].</p> <p>[<i>Only where applicable:</i>] Your credit institution is part of an Institutional Protection Scheme officially recognised as a DGS. This means that all institutions that are members of this scheme mutually support each other in order to avoid insolvency. If insolvency should occur, your deposits would be repaid up to EUR 100 000 [replace by adequate amount if currency not EUR].</p> <p>[<i>Only where applicable:</i>] Your deposit is covered by a statutory DGS and a contractual DGS. If insolvency of your credit institution should occur, your deposits would in any case be repaid up to EUR 100 000 [replace by adequate amount if currency not EUR].</p> <p>[<i>Only where applicable:</i>] Your deposit is covered by a statutory DGS. In addition, your credit institution is part of an Institutional Protection Scheme in which all members mutually support each other in order to avoid insolvency. If insolvency should occur, your deposits would be repaid up to EUR 100 000 [replace by adequate amount if currency not EUR] by the DGS.</p>	



## <sup>2</sup> General limit of protection

If a deposit is unavailable because a credit institution is unable to meet its financial obligations, depositors are repaid by a DGS. This repayment covers at maximum EUR 100 000 [replace by adequate amount if currency not EUR] per credit institution. This means that all deposits at the same credit institution are added up in order to determine the coverage level. If, for instance a depositor holds a savings account with EUR 90 000 and a current account with EUR 20 000, he or she will only be repaid EUR 100 000.

*[Only where applicable:]* This method will also be applied if a credit institution operates under different trademarks. The [insert name of the account-holding credit institution] also trades under [insert all other trademarks of the same credit institution]. This means that all deposits with one or more of these trademarks are in total covered up to EUR 100 000.

## <sup>3</sup> Limit of protection for joint accounts

In case of joint accounts, the limit of EUR 100 000 applies to each depositor.

*[Only where applicable:]* However, deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of EUR 100 000 [replace by adequate amount if currency not EUR].

In some cases [insert cases defined in national law] deposits are protected above EUR 100 000 [replace by adequate amount if currency not EUR]. More information can be obtained under [insert the website of the relevant DGS].

## <sup>4</sup> Reimbursement [to be adapted]

The responsible DGS is [insert name and address, telephone, e-mail and web site]. It will repay your deposits (up to EUR 100 000 [replace by adequate amount if currency not EUR]) within [insert repayment period as is required by national law] at the latest, from [31 December 2023] within [7 working days].

[Add info on emergency/interim payout if repayable amount(s) are not available within 7 working days.]

If you have not been repaid within these deadlines, you should take contact with the DGS since the time to claim reimbursement may be barred after a certain time limit. Further information can be obtained under [insert web site of the responsible DGS].

## Other important information

In general, all retail depositors and businesses are covered by DGS. Exceptions for certain deposits are stated on the web site of the responsible DGS. Your credit institution will also inform you on request whether certain products are covered or not. If deposits are covered, the credit institution shall also confirm this on the statement of account.