

Press Release

German Banking Industry Committee: European deposit guarantee scheme neither necessary nor effective

Berlin, 16 September 2015 – The German Banking Industry Committee (GBIC) believes that any form of Europeanised deposit guarantee scheme will not be effective. We are strongly opposed to a transfer union. The GBIC fully supports the German government's repeated criticism of any further steps toward linking, let alone communitarising, deposit guarantee schemes within the European Union. Savers must always have the confidence that their deposits are secure. If the deposit guarantee scheme was communitarised – which would be associated with a large number of access rights – the confidence of depositors in the reliability of current deposit guarantee schemes would unwisely be put at risk. This would seriously undermine the stability of the financial market in Germany.

The German Banking Industry Committee is not prepared to use the funds which German banks have accrued over the years for the purpose of protecting their customers' money to guarantee deposits in other countries; neither is the GBIC prepared to assume liability for other countries' deposit guarantee schemes by way of reinsurance, especially since some major EU countries have not yet accrued any funds.

Deposit guarantee schemes must not remain a work in progress for the European financial architecture. First and foremost, the EU Deposit Guarantee Directive should be implemented in all the Member States. This should have top priority now. The amended EU Directive has not yet been implemented by some of the deposit guarantee schemes in Europe. The amendment provides for ex-ante funding of deposit guarantee schemes, which is a novelty for many countries. The necessary funds will have to be accrued by 2024. The first stress tests of the schemes will be carried out in 2017. The GBIC supports the idea that the current directives should be fully implemented and allowed to take effect. We do not see any need for another European guarantee scheme.

In summer, the Presidents of the European Commission, the ECB, the European Parliament, the Council, and the Eurogroup presented plans for the long-term development of the Economic and Monetary Union. Among other things, they called for communitarising the deposit guarantee schemes in Europe.

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European Commission President Jean-Claude Juncker and Donald Tusk, the President of the European Council, have recently commented on this idea again and have proposed further steps.