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Deposit Guaranteeing in the EU: Taking Stock

The Situation in France, Germany and Italy

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This cepInput offers an overview of the most relevant differences between the French, German and Italian deposit guarantee schemes under the Deposit Guarantee Scheme Directive (DGSD). These differences may complicate the establishment of a common deposit guarantee scheme in the Eurozone.

Key Propositions:

- French deposit protection is characterised by a significant amount of deposits guaranteed directly by the State. Private deposit protection is centralised in one scheme. Its financial target level is subject to debate. In its financing, payment commitments are of an above average importance.
- German deposit protection is characterised by decentral guarantee schemes, a high relevance of voluntary schemes and institutional protection and very high levels of protection. The financial resources of the schemes under the DGSD are above average. As opposed to France and Italy, the German statutory protection scheme of private banks may not engage in alternative measures, which prevent the failure of a credit institution and hence the need to compensate depositors.
- Italian deposit protection is characterised by the building up of financial resources, which are currently below average. In the past years, the use of the voluntary schemes' funds for alternative measures has been very relevant. Depositor compensation is subject to longer deadlines than in France and Germany.

Content

Boxes

Tables

1 Introduction

For years now, the establishment of a common deposit guarantee scheme for the Eurozone ("European Deposit Insurance System", EDIS) has been intensively debated, without any significant progress.[1] A number of Member States such as Germany and the Netherlands have long refused to enter political negotiations on EDIS before risks in the banking sector have been significantly reduced. These Member States refer to the June 2016 ECOFIN-Roadmap on the completion of the banking union. The roadmap says that "further steps will have to be taken in terms of reducing and sharing risks in the financial sector, in the appropriate sequence, in order to address a number of remaining challenges".[2] Nevertheless, the EU-Commission has recently announced a new proposal on EDIS for the end of 2021[3] and has initiated a public consultation on the review of the crisis management and deposit insurance framework.[4]

The asymmetric distribution of risks in the European banking systems is generally seen as an obstacle to the establishment of a common Eurozone deposit guarantee scheme. This cep**Input** deals with the remaining differences amongst statutory and recognised national deposit guarantee schemes in the Eurozone's three largest economies: Germany, France and Italy. These differences are of course only a subset of the existing divergences in the risk profile of national banking systems.

Even in the absence of a common deposit guarantee scheme, the provision of deposit guarantees in the EU has been harmonised to a certain degree. The European Deposit Guarantee Scheme Directive ("DGSD")[5] entered into force in May 2014, with most of its provisions in effect since July 2015.[6]

Although the DGSD provides for a significant degree of harmonisation, it also allows for national discretion and for transition phases in a number of important areas. This reflects national traditions and the different starting positions of national systems. What follows gives an overview of these differences.

2 Structure of National Deposit Guarantee Schemes

According to the DGSD, all EU Member States must officially dispose of at least one recognised deposit guarantee scheme. Such scheme can be

(1) a statutory scheme (SS),

(2) a contractual scheme (CS) recognised as deposit guarantee scheme or

(3) an institutional protection scheme (IPS)[7] recognised as deposit guarantee scheme.

Statutory and contractual schemes aim at ensuring a swift compensation of depositors in case of

1 In 2015, the EU-Commission proposed a Regulation establishing a common deposit guarantee scheme [COM(2015) 586 of November 24 2015]. The legislative process has come to a standstill [see cep**Input** 21|2015, cep**PolicyBrief** Nr. 02/2016, cep**PolicyBrief** Nr. 05/2016, cep**Adhoc** of 14 November 2016 and cep**Input** 04|2017]. The latest proposals from the German government did not cause the discussion to take up momentum again [see cepAdhoc of 12 November 2019].

2 Online on the website of the European Council.

3 Working Programme 2021 of the EU-Commission

4 See Commission Consultation of January 26 2021.

5 Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes.

6 Directive 2014/49/EU, Article 20(1).

7 An institutional protection scheme is a contractual or statutory liability arrangement which protects those institutions which are part of the arrangement and in particular ensures their liquidity and solvency to avoid bankruptcy (Art. 113(7) Regulation (EU) No. 575/2013).

unavailable deposits. Whereas membership in statutory schemes is mandatory, contractual schemes are voluntary. By contrast, institutional protection schemes aim at avoiding any compensation by protecting institutions which are members of the scheme's arrangement. They regularly entail provisions to safeguard liquidity and solvency of the member institutions.

Table 1: Statutory and Recognised Deposit Guarantee Schemes within the Scope of the DGSD

	Private banks	Cooperatives	Public banks	Savings banks
France	Fonds de garantie des dépôts et de résolution (FGDR) (SS)		Not relevant	Not relevant
Germany	Entschädigungs-einrichtung deutscher Banken GmbH (EdB) (SS)	BVR Institutssicherung GmbH (IPS)	Entschädigungs-einrichtung des Bundesverbandes Öffentlicher Banken (EdÖ) (SS)[8]	Haftungsverbund der Sparkassen-Finanzgruppe (DSGV) (IPS)
Italy	Fondo Interbancario di Tutela dei Depositi (FITD) (SS)	Fondo di Garanzia dei Depositanti del Credito Cooperativo (FGD) (SS)	Not relevant	Not relevant

In addition to such officially recognised deposit guarantee schemes, contractual and institutional protection schemes that have not been officially recognised may exist as "voluntary schemes". They are not covered by the DGSD and may offer additional protection, beyond that offered by official deposit guarantee schemes. In the remainder of this paper, voluntary schemes are not being dealt with.

Table 2: Additional Voluntary Deposit Guarantee Schemes outside the Scope of the DGSD

	Private banks	Cooperatives	Public banks	Savings banks
France	–		Not relevant	Not relevant
Germany	Einlagensicherungs-fonds des Bundesverbandes Deutscher Banken	Sicherungseinrichtung des Bundesverbandes der Volksbanken und Raiffeisenbanken	Einlagensicherungs-fonds des Bundes-verbandes öffentlicher Banken[9]	Haftungsverbund der Sparkassen-Finanzgruppe (DSGV)
Italy	Schema volontario di intervento of the FITD	–	Not relevant	Not relevant

[8] In Germany, on 5 November 2020, the federal Parliament adopted a law transforming the EU-Directives 2019/878 and 2019/879 into national law. The "law for risk-reduction and proportionality in the banking sector" allows the Federal Finance Ministry to withdraw the recognition of a deposit guarantee scheme. On 11 February 2021, [the Federal Finance Ministry proposed]() to withdraw the recognition as of 1 October 2021. This withdrawal (here: of the EdÖ) would leave Germany with only one statutory deposit guarantee scheme. Banks that are currently a member of the EdÖ would then become a member in the one remaining statutory scheme (EdB) or in one of the recognised institutional protection schemes. The reason for the envisaged withdrawal of the EdÖ's recognition are changes to the Capital Requirement Directive by Directive 2019/878/EU that led to a number of German public banks no longer qualifying as credit institution. As a consequence, membership of these banks in EdÖ has ceased so that the number of members has decreased from 17 to only 5 banks, which is found to be too small to adequately insure compensation risks.

[9] The implications of the withdrawal of the EdÖ's recognition as a statutory deposit guarantee scheme on the voluntary deposit guarantee scheme (Einlagensicherungsfonds des Bundesverbandes öffentlicher Banken) remain to be seen.

Box 1: German Particularities

For three reasons, Germany holds a unique position when it comes to providing deposit guarantee schemes.

Firstly, the structure of deposit guarantee schemes in Germany mirrors the three-tiered German banking sector, which consists of private commercial banks, public-sector banks (relevant here: Sparkassen) and cooperative banks (relevant here: Volks- and Raiffeisenbanken). Each of these pillars manages its own deposit guarantee scheme. Unlike France, Germany does not have a central deposit guarantee scheme covering all banks.

Secondly, in Germany, institutional protection schemes (IPSs) are widespread. The deposit guarantee schemes of German cooperative banks and savings banks are IPSs that are recognised by public authorities. Although these schemes must also hold funds of 0.8 % of covered deposits, their aim is not to compensate depositors but to support ailing banks so that compensation can be avoided.

Thirdly, in Germany, many banks offer additional protection to depositors, on top of the € 100,000 prescribed by the European Directive. Private banks participating in this scheme offer a protection of 15% of liable equity of the respective bank (at least € 750,000) to each depositor. The institutional protection schemes offer unlimited protection as they aim for the continuity of business of all their bank members. This additional protection is not legally enforceable. In all pillars, comprehensive private auditing measures aim to achieve early detection and reduction of risks.

3 Financing of National Deposit Guarantee Schemes

3.1 Financial Targets and Means

The DGSD introduced a higher level of harmonisation regarding the financing of national deposit guarantee schemes. It sets out a target level for funds' financial means of 0.8 % of all covered deposits[10]. Upon request of a Member State and with the approval of the Commission, countries with a highly concentrated banking sector are allowed a lower target level of no less than 0.5 % of covered deposits. The reasoning behind this is that, in those countries, banks are more likely to be put into resolution in order to avoid financial destabilisation.[11] This requires less funds in the deposit guarantee schemes. France – with a highly concentrated banking sector – has requested a financial target of 0.5 % for the FGDR. Although the Commission has not yet approved this request, the French deposit guarantee scheme appears to be assuming that this is the applicable financial target.[12] For this reason, table 3 contains both options. The Italian FGD-Funds would also like to qualify for the 0.5% target level and has requested Italian authorities to pass a request to the EU-Commission. As of July 2020, Italian authorities were investigating this request. As some schemes had little or no financial means available at the time of the adoption of the DGSD, e.g. because they collected funds only ex-post, i.e. only once there was an actual need to compensate depositors, the DGSD allows for a transition phase until July 2024 for the target level to be reached.

[10] "Covered deposits" are those deposits that are actually protected by deposit guarantee schemes. Other deposits may be "eligible" but not "covered", e.g. because they exceed the limit of protection of € 100.000 €.

[11] Directive 2014/49/EU, Recital 28 and Art. 10(6).

[12] FGDR, Annual Report 2018, p. 13.

Table 3: Financial Resources of Deposit Guarantee Schemes

		Financial target level *	Financial means *	% of target achieved	Financial means *	% of target achieved
		until 07/2024	as of 12/2019		as of 12/2015	
France	FGDR	0.8 % 0.5 %	0.37 % 0.37 %	46.2 % 74.0 %	0.30 % 0.30 %	37.5 % 60.0 %
Germany	EdB	0.8 %	0.52 %	65.0 %	0.24 %	30.0 %
	EdÖ	0.8 %	0.37 %	46.3 %	0.39 %	48.8 %
	BVR	0.8 %	0.47 %	58.8 %	0.22 %	27.5 %
	DSGV	0.8 %	0.45 %	56.3 %	0.35 %	43.8 %
Italy	FITD	0.8 %	0.23 %	28.8 %	0.04 %	5.0 %
	FGD	0.8 %[13]	0.35 %	43.8 %	0.00 %	0.0 %

* % of covered deposits. Source: European Banking Authority

Box 2: Italian Particularities

In the past, Italian deposit guarantee schemes practised ex-post financing – meaning that the schemes required banks to contribute financially only upon the ad-hoc necessity to compensate depositors. The new European Directive requires ex-ante financing also in Italy. Although the financial target level of 0.8 % of covered deposits applies to Italy as well, given their history, the financial resources of Italian schemes are still generally low. Nevertheless, the resources are building up and the 0.8 % target is supposed to be reached in 2024.

For the FITD, in recent years, alternative measures such as guarantees or capital increases (see 6.1) have played a much more significant role than deposit compensation. In 2019, the EU General Court annulled an EU Commission's decision, which had classified FITD support for the Banca Tercas as illegal State aid because the Commission saw it as circumventing bail-in rules under European law. The Court classified the FITD's use of funds as a voluntary use of the FITD's funds for alternative measure which was not covered by the FITD's public mandate arising from DGSD. As a consequence, the use of the funds by FITD cannot be seen as public money and state aid rules do not apply.

In 2018 and 2019, the FITD – and to a lesser extent also the co-existing voluntary DGS-system – spent more than € 1.3 billion in alternative measures, especially regarding the Banca Carige and the Banca Popolare di Bari.

3.2 Payment Commitments

The available financial means of deposit guarantee schemes include cash, but also liquid assets and payment commitments from credit institutions towards the guarantee scheme. Payment commitments are legally binding agreements by a bank to pay the money when requested by the DGS, and they are backed by highly liquid collateral which the DGS can use if the bank does not meet its commitment to pay when requested. The total share of payment commitments must not exceed 30 % of the total amount of available financial.[14]

[13] Possibly 0.5% in the future if the EU Commission agrees on a possible request by Italian authorities for a lower financial target aim.
[14] Directive 2014/49/EU, Article 2 (1) 13 and Art. 10(3).

Table 4: Payment Commitments to DGS as % of Financial Means

France[15]	FGDR	38 %
Germany[16]	EdB	ca. 10%
	EdÖ	< 30 %
	BVR	0 %
	DSGV	< 10 %
Italy	FITD	Although the Italian law transposing the DGSD explicitly allows for payment commitments as an element of DGS's financial means, in practice, the Italian DGS have chosen not to make use of this possibility. Hence, payment commitments do not play a role in Italy.
	FGD	

The share of payment commitments in the French DGS exceeds the maximum level allowed by the DGSD. French law allows for this in the transition period for reaching the funding target, i.e. until July 2024, if this does not jeopardise reaching the funding target.[17] The DGSD does not expressly allow for such an exception. The French DGS aims at reducing the level of payment commitment to 30% in 2020.[18]

3.3 Alternative Funding Arrangements

First and foremost, each deposit guarantee scheme may demand extraordinary contributions by those credit institutions the deposits of which it covers.[19] In addition, Member States must ensure that deposit guarantee schemes have alternative funding arrangements in place[20] that enable them to compensate depositors within the number of days as prescribed by the DGSD.[21] Alternative funding arrangements are not defined in the directive, but go beyond the ability of the deposit guarantee schemes to demand extraordinary contributions by credit institutions. These alternative funding arrangements can for example encompass:

- financing from the state, e.g. in the form of a credit line,
- borrowing on capital markets by way of loans of bonds,
- credit lines granted by credit institutions to the DGS,
- lending arrangements between different DGSs.[22]

None of the investigated countries has publicly reported a financing from the state. This, of course, does not exclude the possibility of establishing such alternative funding if needed in times of crisis.

15 Own calculations, setting the amount of guarantee deposits in relation to total financial means. FGDR, Annual Report 2019, p. 39
16 German DGSs do not make this information publicly available. Some data for Germany has been kindly provided by the respective DGS at cep's request.
17 Arrêté du 27 octobre 2015 relatif aux ressources financières du Fonds de garantie des dépôts et de résolution, Article 10.
18 Information provided by FGDR to cep.
19 As a rule, such extraordinary contributions are limited to 0.5 % of covered deposits per year; Directive 2014/49/EU, Article 10 (8).
20 Directive 2014/49/EU, Article 10 (9).
21 See chapter 5.
22 Directive 2014/49/EU, Article 12 (1).

Table 5: Alternative Funding for Deposit Guarantee Schemes

France	The FGDR may borrow from credit institutions or finance companies or may issue debt securities.[23] On that basis, the FGDR set up a € 1.4 billion credit line in January 2018 with seven member banks. The credit line should ensure that the FGDR can meet the 7-day repayment period requirement even in times of severe stress. Also, the FGDR may borrow up to 0.5 % of its covered deposits from DGSs in other Member States if certain conditions are met.[24] Maturity is limited to five years.
Germany	German law expects statutory DGSs to take out a loan if extraordinary contributions are insufficient to compensate depositors.[25] Recognised institutional protection schemes must have the possibility to take out loans but there is no legal obligation to so.[26] DGS statutes regularly allow for borrowing by way of loans, whether on the capital market or from members of the deposit guarantee scheme.[27] German law has no rules regarding lending arrangements with other national or foreign DGSs.
Italy	Italian law remains silent on the access of DGSs to alternative funding. However, in 2019, the FITD set up a credit line of up to EUR 2.7 billion with a pool of major member banks. This credit line is to provide liquidity to the FITD in exceptional circumstances and to partly replace extraordinary contributions from banks in such times. Similarly, the FGD is to conclude a credit line with banks that are to rapidly provide liquidity at predefined conditions.

The European Banking Authority has made clear in an Opinion to the Commission that "funds or low-risk assets stemming from or being financed by borrowed resources do not constitute available financial means (and so do not count towards the minimum target level)."[28] French law codifies this.[29]

4 Coverage: Eligible Deposits and Temporary High Balances

The DGSD covers deposits of individuals and corporations. It does not cover the deposits of

- financial actors like banks, insurance companies, investment firms, etc) or
- small public authorities with an annual budget of less than € 500,000.[30]

However, Member States may deviate from this and offer protection for pension schemes of small and medium enterprises and for the deposits of local authorities.[31] France, Italy and Germany have opted not to deviate from this rule. They do not offer this additional protection in the statutory schemes.[32] DGSs offer protection of up to € 100,000 for each depositor. Member States must offer higher protection for a period of three to twelve months ("temporary high balance") for deposits relating to

[23] Arrêté du 27 octobre 2015 relatif aux ressources financières du Fonds de garantie des dépôts et de résolution, Art. 17.1 (added in March 2019).
[24] For some of the conditions, see chapter 6.2
[25] Einlagensicherungsgesetz of 28 May 2015, § 30 (1).
[26] Einlagensicherungsgesetz of 28 May 2015, § 47(1) 5.
[27] For example, see the Statutes of the Sicherungseinrichtung des Bundesverbandes der Volksbanken und Raiffeisenbanken (BVR) which allow for a transfer of means between the voluntary institutional protection scheme and the recognised scheme.
[28] EBA Opinion on deposit guarantee scheme funding and use of deposit guarantee scheme funds, EBA/OP/2020/02, p.4, para 8(a).
[29] Arrêté du 27 octobre 2015 relatif aux ressources financières du Fonds de garantie des dépôts et de résolution, Art. 17.2 II (added in March 2019).
[30] Directive 2014/49/EU, Article 5(1).
[31] Directive 2014/49/EU, Article 5(2).
[32] Options and national discretions under the Deposit Guarantee Scheme Directive and their treatment in the context of a European Deposit Insurance Scheme, Study for the EU-Commission, November 2019, pp. 20 and 26.

- the private sale of real estate,
- deposits that serve social purposes laid down in national law and linked to particular life events such as marriage, divorce, retirement, dismissal, redundancy, invalidity or death and
- deposits that serve purposes laid down in national law and based on the payment of insurance benefits or compensation for criminal injuries or wrongful conviction.[33]

Also, Member States can protect pension products, provided that this protection not only covers deposits but also offers comprehensive coverage for all products and situations relevant in this regard.

Box 3: French Particularities

In France, deposits worth € 1,213 billion are covered by the FGDR deposit guarantee scheme as of December 2019.[34] At the same time, deposits worth € 433.4 billion or 26% of all covered deposits are directly guar-anteed by the State. This goes for the following savings products, whose interest rate is set by law and which profit from tax exemptions:

- The Livret A is a savings product allowing deposits of up to € 22,950 for individuals, and € 76,500 for housing associations and property management companies, ownership associations, non-profit public institutions that are not science-, education- or assistance-oriented, as well as non-profit endowment funds.[35] As of 1 February 2020, its interest rate was lowered to 0.5% from 0.75%. Livret A deposits amounted to € 282.1 billion at the end of 2019.[36]
- The Livret de développement durable et solidaire (LDDS) is subject to a ceiling of € 12,000 for individuals.[37] As of 1 February 2020, its rate was reduced to 0.5% from 0.75%. LDDS deposits amounted to € 111,9 billion at the end of 2019.[38]
- The Livret d'Épargne Populaire (LEP) ceiling is fixed at € 7,700 for individuals. They can deposit money in the LEP only if their income does not exceed set levels.[39] As of February 2020, its interest rate was reduced to 1% from 1.25%. LEP deposits amounted to € 39,4 billion at the end of 2019.[40]
- The interest-rate of the Livret A is set by the French Minister for Economy and Finance based on a proposal of the Banque de France[41] and depends on inflation and interest rate developments.[42] The rates of the LDDS and the LEP are derived from the rate of the Livret A.

Banks can transfer these deposits to the "Fonds d'épargne"[43] or keep them on their books. The bank has to finance the guaranteed interest. At the end of 2019, 57% of all Livret A, LDDS and LEP deposits were in the Fonds d'épargne.[44] The State will reimburse these deposits if they become unavailable.[45] The remaining 43% of Livret A, LDDS and LEP deposits remain on the bank's books. If the bank fails and deposits become unavailable, the State will reimburse depositors, but the FGDR may be requested to reimburse the State ex-post.[46]

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33 Directive 2014/49/EU, Article 6(2).
34 EBA, Deposit Guarantee Schemes Data.
35 Article R221-2, code monétaire et financier.
36 Banque de France, « Rapport annuel de l'Observatoire de l'épargne réglementée », October 2020, p. 4 ; https://publications.banque-france.fr/sites/default/files/media/2020/10/27/rapport-er_2019.pdf.
37 Ministère de l'Économie et des Finances, « Livret de développement durable et solidaire (LDDS) : comment ça marche ? », 16.01.2020, https://www.economie.gouv.fr/particuliers/livret-developpement-durable-et-solidaire-ldds
38 Banque de France, « Rapport annuel de l'Observatoire de l'épargne réglementée », October 2020, p. 4 ; https://publications.banque-france.fr/sites/default/files/media/2020/10/27/rapport-er_2019.pdf.
39 As an example, a one-person household may deposit funds in the LEP only when his yearly income does not exceed € 19.777. Ministère de l'Économie et des Finances, Livret d'épargne populaire (LEP) : comment ça marche ?, 16.02.2020.
40 Banque de France, Rapport annuel de l'Observatoire de l'épargne réglementée, October 2020, p. 4.
41 Ministère de l'Économie et des Finances, Communiqué de Presse, 16.01.2020.
42 Ministère de l'Économie et des Finances, Comment est fixé le taux du livret A ?.
43 The Fonds d'épargne is a financial fund managed by a larger private-public fund, the "Caisse des Dépôts et Consignation"
44 Caisse des Dépôts et Consignation, « Rapport annuel Fonds d'épargne 2019 », 2020, p. 5, https://www.caissedesdepots.fr/sites/default/files/2020-05/rapport-annuel-fond-epargne_2019.pdf
45 LOI n° 2008-1443 du 30 décembre 2008 de finances rectificative pour 2008, Art. 120.
46 Ibid.

Table 6: Temporary High Balances

		France	Germany	Italy
Private real estate sales		+	+	+
Social purposes	Retirement	+	+	+
	Inheritance / death	+	+	+
	Donation	+	–	–
	Termination of employment	+	+	+
	Marriage	–	+	–
	Divorce	–	+	+
	Birth	–	+	–
	Illness	–	+	–
	Disability	–	+	+
Insurance pay-outs		+	+	+
Compensation for physical damages		+	+	+

Table 7: Level and Duration of Additional Coverage

	France	Germany	Italy
Additional protection per deposit	€ 500,000[47]	€ 500,000	No limit
Scope	Each deposit	All deposits	All deposits
Maximum total protection for all deposits	No limit	€ 500,000	No limit
Duration of additional coverage after the amount has been credited	3 months	6 months	9 months

5 Repayment Deadlines

The DGSD demands a repayment of unavailable deposits by DGSs within seven working days as from 1 January 2024.[48] It provides for a transitional period with decreasing repayment periods up to that date, which Italy has implemented in national law. Germany and France expect a payment within seven working days already today. The table below provides an overview of the prevailing deadlines.

Table 8: Repayment Deadlines

France	Germany	Italy
7 working days	7 working days	Jan 2019 – Dec 2020: 15 working days
		Jan 2021 – Dec 2023: 10 working days
		As from 2024: 7 working days

[47] In France, there is no limit for deposits following compensation for physical damage.
[48] Directive 2014/49/EU, Article 8(1).

6 Use of Funds

6.1 Alternative Measures

DGSs do not have to be money boxes, which remain idle until need for deposit compensation arises. Firstly, the DGSD gives Member States the option to allow DGSs to use their funds for measures preventing failure of a credit institution. This may be done if the cost of such measures is less than the cost of compensating depositors. Table 9 below provides an overview of national practice.

Secondly, the EU-Directive on Bank Restructuring and Resolution (BRRD) requires deposit guarantee schemes to contribute financially to the resolution of credit institutions, if such resolution safeguards the continued availability of deposits.[49]

Table 9: Alternative Measures

France	The FGDR may use funds to finance alternative measures. Any such measure must take place on the proposal by the French banking supervisory authority (Autorité de contrôle prudentiel et de resolution) and requires the agreement of the FGDR.[50]
Germany	Only the recognised institutional protection schemes – i.e. those for cooperatives and savings banks, BVR and DSGV – may use funds to finance alternative measures. Any such measure must be aimed “at avoiding a threat to the continued existence of one of its member banks”.[51]
Italy	Italian law allows for deposit guarantee schemes to use their funds to finance alternative measures.[52] The statutes of both the FITD and the FDG provide for a number of alternative measures including loans, guarantees, equity and the acquisition of assets, liabilities or business units.[53] Alternative measures need the consent of the Bank of Italy.

6.2 Loans to Other DGSs

The DGSD contains an option whereby Member States can allow lending between national deposit guarantee schemes, under certain conditions. For example, the lending scheme cannot take out loans of more than 0.5 % of its covered deposits and must repay the loan within five years.[54]

Table 10: Lending between Deposit Guarantee Schemes

France	French law allows for the FGDR to lend money to deposit guarantee schemes in other Member States. The conditions match those of the DGSD.[55]
Germany	German law does not allow deposit guarantee schemes to grant loans to schemes in other Member States. The risks associated therewith are not deemed appropriate.[56]
Italy	Italian law allows both FITD and FDG to grant loans to schemes in other Member States. The conditions match those of the DGSD.[57]

49 Directive 2014/59/EU, Art. 109
50 L312-5, changed by ORDONNANCE n° 2015-1024 du 20 août 2015 - art. 1
51 Einlagensicherungsgesetz of 28 May 2015, § 20(2) and § 49
52 Testo Unico Bancario, Decreto legislativo n. 385, Art. 96-bis, par 1-bis, lit. d. As to the autonomous character of decisions by the deposit guarantee scheme to fund alternative measures, see: Judgment of the General Court of the European Union of 19 March 2019 in joined cases T-98/16, Italy v Commission, T-96/16, Banca Popolare di Bari SCpA v Commission, and T-198/16 Fondo interbancario di tutela dei depositi v Commission.
53 FITD Statute, Art. 35.2 and Art. 150 ter Testo Unico Bancario.
54 Directive 2014/49/EU, Art. 12
55 Arrêté du 27 octobre 2015 relatif aux ressources financières du Fonds de garantie des dépôts et de résolution, Art. 16
56 Proposal by the German Federal Government for a law transposing Directive 2014/49/EU, Drucksache 18/3786, 20 January 2015, p. 62
57 FITD Statute, Art. 38, FDG Statute, Art. 39.

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