

IMPROVING DEPOSIT PROTECTION FOR CITIZENS IN THE EUROPEAN UNION

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What is deposit protection?

Deposit protection applies to deposits across the European Union. It is the safety guarantee to citizens that they will get back their money in case their bank fails. The protection guarantees bank deposits up to €100,000 (or equivalent amount in the local currency) are safe, and will be repaid to the depositor. Besides protecting depositors, it contributes to financial stability by significantly lowering the risk of runs on banks.

What has the EBA done in this field recently?

To support the EU lawmakers, the European Banking Authority (EBA) looked at how the existing [deposit protection rules](#) are applied across the EU, and how these rules have fulfilled their aims in real-life cases since their introduction in 2014. While the principle of deposit protection is very clear, the rules include a lot of technical details that ensure the system works as intended. The EBA analysed many aspects of deposit protection in the EU, such as coverage level and

how protection is funded. The outcome of this work was published in three EBA Opinions, with explanations of challenges identified and concrete proposals on how to further improve the deposit protection rules, addressed to the European Commission. The EBA put forward over 80 concrete ways to improve the protection of citizens' money. The most important of these actions are described under five broad headings below:

What are the benefits for the EU citizens?

The EBA's Opinions conclude that the harmonised coverage level of €100 000 remains adequate. However, the EBA proposes important improvements to the system, including fixing issues observed in real-life cases such as:



Clearer and better information for individual depositors, in normal times, and in a crisis situation.



Clearer rules to be applied during complex bank failures, such as those where there are money-laundering concerns, to ensure that innocent depositors get their money back quickly.



A more flexible approach to repaying depositors who have their deposits in other EU Member States to ensure they are repaid as efficiently as possible.



Improved transparency in relation to the funds held by deposit guarantee schemes to protect deposits.



Clearer and more harmonised approaches to current rules in relation to specific cases, such as protection for amounts higher than €100 000 resulting from life events such as the sale of a house, or treatment of funds held on behalf of a depositor by someone else, for example a notary, or a payment institution.

What does the EBA plan to do in the future?

In its Opinions, the EBA proposes areas where further changes to the current legislative framework would address existing challenges and recommends that the European Commission considers them when proposing a revised deposit protection regulatory framework in the EU.

The Opinions also highlight a number of important topics where further analysis is needed and proposes that the EBA is well placed to do this work – including on crucial issues to do with anti-money laundering,

clarity on deposit guarantee schemes funding and treatment of depositors who live in one EU Member State but have their deposits elsewhere in the EU. The EBA will continue its work to improve the deposit protection framework in the EU for the benefit of citizens.

Useful links:

[Recovery, resolution and DGS \(section on Opinions, Reports and other Publications\)](#)

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