

# Public consultation on the review of the crisis management and deposit insurance framework

Fields marked with \* are mandatory.

## Introduction and general context

This consultation is also available in 23 European Union official languages.

Please use the language selector at the top of this page to choose your language for this consultation.

Please note that the questionnaire provides for additional information through [hyperlinks \(light blue text\)](#) and [pop-up info boxes \(green text\)](#).

## Background of this public consultation

In response to the global financial crisis, the EU took decisive action to create a safer financial sector for the EU single market. These initiatives triggered comprehensive changes to European financial legislation and to the financial supervisory architecture. The single rulebook for all financial actors in the EU was enhanced, comprising stronger prudential requirements for banks, improved protection for depositors and rules to manage failing banks. Moreover, the first two pillars of the [banking union](#) – the [single supervisory mechanism \(SSM\)](#) as well as the [single resolution mechanism \(SRM\)](#) – were created. The [third pillar of the banking union, a common deposit insurance](#), is still missing. The discussions of the co-legislators on the [Commission's proposal to establish a European Deposit Insurance Scheme \(EDIS\)](#), adopted on 24 November 2015, are still pending.

In this context, the EU **bank crisis management and deposit insurance framework** lays out the rules for handling bank failures while protecting depositors. It consists of three EU legislative texts acting together with relevant national legislation: the [Bank Recovery and Resolution Directive \(BRRD – Directive 2014/59/EU\)](#), the [Single Resolution Mechanism Regulation \(SRMR – Regulation \(EU\) 806/2014\)](#), and the [Deposit Guarantee Schemes Directive \(DGSD – Directive 2014/49/EU\)](#). Provisions complementing the crisis management framework are also present in the [Capital Requirements Regulation \(CRR – Regulation \(EU\) 575/2013\)](#) and the [Capital Requirements Directive \(CRD – Directive 2013/36/EU\)](#). The [winding up Directive \(Directive 2001/24/EC\)](#) is also relevant to the framework. For the purpose of this consultation, reference will be made also to [insolvency proceedings applicable under national laws](#). For clarity, the consultation only concerns insolvency proceedings **applying to banks**. Other insolvency proceedings, notably those applying to other types of companies, are not the subject of this consultation.

[Experience with the application of the current crisis management and deposit insurance framework until now](#) seems to indicate that adjustments may be warranted. In particular:

- One of the cornerstones of the current framework is the objective of shielding public money from the effects of bank failures. Nevertheless, this has only been partially achieved. This has to do with the fact that the current framework creates incentives for national authorities to deal with failing or likely to fail (FOLF) banks through solutions that do not necessarily ensure an optimal outcome in terms of consistency and minimisation in the use of public funds. These incentives are partly generated by the misalignment between the conditions for accessing the resolution fund and certain (less stringent) conditions for accessing other forms of financial support under existing EU State aid rules, as well as the availability of tools in certain national insolvency proceedings (NIP), which are in practice similar to those available in resolution. Moreover, a reported difficulty for some small and medium-sized banks to issue certain financial instruments, that are relevant for the purpose of meeting their minimum requirement for own funds and eligible liabilities (MREL), may contribute to this misalignment of incentives.
- The procedures available in insolvency also differ widely across Member States, ranging from pure judicial procedures to administrative ones, which may entail tools and powers akin to those provided in BRRD/SRMR. These differences become relevant when solutions to manage failing banks are sought in insolvency, as they cannot ensure an overall consistent approach across Member States.
- The predictability of the current framework is impacted by various elements, such as divergence in the application of the [Public Interest Assessment \(PIA\)](#) by the Single Resolution Board (SRB) compared to National Resolution Authorities (NRA) outside the banking union. In addition, the existing differences among national insolvency frameworks (which have a bearing on the outcome of the PIA) and the fact that some of these national insolvency procedures are similar to those available in resolution, as well as the differences in the hierarchy of liabilities in insolvency across Member States, complicate the handling of banking crises in a cross-border context.
- Additional complexity comes from the fact that similar sources of funding may qualify as State aid or not and that this largely depends on the circumstances of the case. As a result, it may not be straightforward to predict *ex ante* if certain financial support is going to trigger a FOLF determination or not.
- The rules and decision-making processes for supervision and resolution, as well as the funding from the resolution fund, have been centralised in the banking union for a number of years, while deposit guarantee schemes are still national and depositors enjoy different levels and types of guarantees depending on their location. Similarly, differences in the functioning of national [deposit guarantee schemes \(DGSs\)](#) and their ability to handle adverse situations, as well as some practical difficulties (e.g., when a bank transfers its activities to another Member State and/or changes the affiliation to a DGS) are observed.
- Discrepancies in depositor protection across Member States in terms of scope of protection, such as [specific categories of depositors](#), and payout processes result in inconsistencies in access to financial safety nets for EU depositors (Study financed under the European Parliament pilot project 'creating a true banking union' on the options and national discretions under the [Deposit Guarantee Scheme Directive](#) and their treatment in the context of a European deposit insurance scheme and [EBA opinion of 8 August 2019](#), [EBA opinion of 30 October 2019](#), [EBA opinion of 23 January 2020](#) and [EBA opinion of 28 December 2020](#) issued under Article 19(6) DGSD in the context of DGSD review).

The possible revision of the resolution framework as well as a possible further harmonisation of insolvency law are also foreseen in the respective review clauses of the three legislative texts. (It is relevant in this respect to notice the European Commission's [report \(2019\) on the application and review of Directive 2014/59/EU \(BRRD\) and Regulation 806/2014 \(SRMR\)](#)). By reviewing the framework, the Commission aims to increase its efficiency, proportionality and overall coherence to manage bank crises in the EU, as well as to enhance the level of depositor protection, including through the creation of a common depositor protection mechanism in the banking union. Crisis management and deposit insurance, including a common funding scheme for the banking union, are strongly interlinked and inter-dependent, and present the potential for synergies if developed jointly. Additionally, in the context of the crisis management and deposit insurance framework review, the State aid framework for banks will also be reviewed with a

view to ensuring consistency between the two frameworks, adequate burden-sharing of shareholders and creditors to protect taxpayers and preservation of financial stability.

## Structure of this consultation and responding to this consultation

In line with the [better regulation principles](#), the Commission is launching this public consultation to gather evidence in the form of relevant stakeholders' views and experience with the current crisis management and deposit insurance framework, as well as on its possible evolution in the forthcoming reviews. Please note that this consultation covers the reviews of the BRRD, SRMR and DGSD.

This public consultation covers 10 questions on the key directions of the review of the bank crisis management and deposit insurance framework and is available in 23 official EU languages. Given its general nature it may be more suitable for the general public.

A [targeted consultation is running in parallel](#) from 26 January to 20 April 2021. It comprises 39 questions, including the general questions and those addressing concrete technical features, and may be more suitable for market participants, authorities and academics. Questions that appear in both questionnaires are marked. Please note that replies to either questionnaire will be equally considered.

Views are welcome from all stakeholders.

You are invited to provide feedback on the questions raised in this online questionnaire. We invite you to add any documents and/or data that you would deem useful to accompany your replies at the end of this questionnaire, and **only through the questionnaire**.

Please explain your responses and, as far as possible, illustrate them with concrete examples and substantiate them numerically with supporting data and empirical evidence. Where appropriate, provide specific operational suggestions to questions raised. This will allow further analytical elaboration.

You are requested to [read the privacy statement attached to this consultation](#) for information on how your personal data and contribution will be dealt with.

The consultation will be open for 12 weeks.

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**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-cmdi-consultation@ec.europa.eu](mailto:fisma-cmdi-consultation@ec.europa.eu).

More information on

- [this consultation](#)
- [the consultation document](#)
- [the consultation strategy](#)
- [the acronyms used in this consultation](#)
- [the targeted consultation running in parallel](#)
- [banking union](#)

- [the protection of personal data regime for this consultation](#)

## About you

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\* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

\* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation

- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

\* First name

STEFAN

\* Surname

VOICU

\* Email (this won't be published)

voicu@betterfinance.eu

\* Organisation name

*255 character(s) maximum*

BETTER FINANCE - European Federation of Investors and Financial Services Users

\* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

*255 character(s) maximum*

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

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\* Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan
- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Libya
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Saint Martin
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain

- Belize
- Benin
- Bermuda
- Bhutan
  
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
  
- Burkina Faso
- Burundi
  
- Cambodia
  
- Cameroon
  
- Canada
- Cape Verde
- Cayman Islands
  
- Central African Republic
- Ghana
- Gibraltar
- Greece
- Greenland
  
- Grenada
- Guadeloupe
  
- Guam
  
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
  
- Guyana
  
- Haiti
- Heard Island and McDonald Islands
  
- Honduras
- Hong Kong
  
- Hungary
  
- Iceland
  
- India
- Indonesia
- Iran
  
- Iraq
- Montserrat
- Morocco
- Mozambique
- Myanmar /Burma
- Namibia
- Nauru
  
- Nepal
  
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
  
- Niger
  
- Nigeria
- Niue
  
- Norfolk Island
- Northern Mariana Islands
- North Korea
  
- North Macedonia
- Norway
- Oman
- Pakistan
  
- Palau
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
  
- Syria
  
- Taiwan
- Tajikistan
- Tanzania
- Thailand
  
- The Gambia
  
- Timor-Leste
- Togo
  
- Tokelau
- Tonga
  
- Trinidad and Tobago
- Tunisia
  
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu

- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Democratic Republic of the Congo
- Denmark
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

\* Field of activity or sector (if applicable):

- Credit institution
- Payment and electronic money institution



- Financial infrastructure provider
- Investment firm
- Deposit guarantee scheme
- Non-financial company (incl. SME)
- Bank association
- Consumer association
- Supra-national authority
- Competent / resolution authorities
- Finance ministry
- Other national public authority.
- International organisation
- Retail investor
- Professional investor
- Consumer / user of financial services / (Private) depositor
- Independent research provider
- Other
- Not applicable

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

### \* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

#### **Anonymous**

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

## Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

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## What is the CMDI framework?

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The crisis management and deposit insurance (CMDI) framework was introduced as a legislative response to the global financial crisis, to provide tools to address bank failures while preserving financial stability, protecting depositors and avoiding the risk of excessive use of public financial resources.

The CMDI was in particular designed with the aim of handling the failure of credit institutions of any size, as well as to protect depositors from any failure.

The CMDI framework also provides for a set of instruments that can be used before a bank is considered failing or likely to fail (FOLF). These allow a timely intervention to address a financial deterioration (early intervention measures) or to prevent a bank's failure (preventive measures by the DGS).

When a bank is considered FOLF and there is a [public interest in resolving it](#), the resolution authorities will intervene in the bank by using the [specific powers granted by the BRRD](#) in absence of a private solution. In the banking union, the resolution of systemic banks is carried out by the Single Resolution Board (SRB). In the absence of a public interest for resolution, the bank failure should be handled through orderly winding-up proceedings available at national level.

The CMDI framework provides for a wide array of tools and powers in the hands of resolution authorities as well as rules on the funding of resolution actions. These include powers to sell the bank or parts of it, to transfer critical functions to a bridge institution and to transfer non-performing assets to an asset management vehicle. Moreover, it includes the power to bail-in creditors by reducing their claims or converting them into equity, to provide the bank with loss absorption or recapitalisation resources. When it comes to funding, the overarching principle is that the bank should first cover losses with private resources (through the reduction of shareholders' equity and the bail-in of creditors' claims) and that external public financial support can be provided only after certain requirements are met. Also, the primary sources of external financing of resolution actions (should the bank's private resources be insufficient) are provided by a resolution fund and the DGS, funded by the banking industry, rather than taxpayers' money. In the context of the banking union, these rules were further integrated by providing for the SRB as the single resolution authority and building a Single Resolution Fund (SRF) composed of contributions from credit institutions and certain investment firms in the participating Member States of the banking union.

Deposits (if not excluded under Article 5 DGSD) are protected up to EUR 100 000. This applies regardless of whether the bank is put into resolution or insolvency. In insolvency, the primary function of a DGS is to pay out depositors (Article 11(1) DGSD) within 7 days of a determination of unavailability of their deposits. In line with the DGSD, DGSs may also have functions other than the pay-out of depositors. As pay-out may not always be suitable in a crisis scenario due to the risk of [disrupting overall depositor confidence](#), some Member States allow the [DGS funds to be used to prevent the failure of a bank \(DGS preventive measures\) or finance a transfer of assets and liabilities to a buyer](#)

[in insolvency to preserve the access to covered depositors \(DGS alternative measures\)](#). The DGSD provides a limit as regards the costs of such preventive and alternative measures. Moreover, DGSs can contribute financially to a bank's resolution, under certain circumstances.

The functioning of the DGSs and the use of their funds cannot be seen in isolation from the broader debate on the [European deposit insurance scheme \(EDIS\)](#). A possible broader use of DGSs funds could represent a sort of a renationalisation of the crisis management and expose national taxpayers unless encompassed by a robust safety net (EDIS). A first phase of liquidity support could be seen as a transitional step towards a fully-fledged EDIS, in view of a steady-state banking union architecture as the final objective for completing the post-crisis regulatory landscape. In the consultation document the references to national DGSs, as concerns the banking union Member States, should be understood to also encompass EDIS, bearing in mind the design applicable in the point in time on the path towards the steady-state.

Finally, the CMDI framework also includes measures that could be used in exceptional circumstances of serious disturbance to the economy. In these circumstances, it allows external financial support for precautionary purposes (precautionary measures) to be granted.

The main policy objectives of the CMDI framework are to:

- limit potential risks for financial stability caused by the failure of a bank
- minimise recourse to public financing / taxpayers' money
- protect depositors
- facilitate the handling of cross-border crises and
- break the bank/sovereign loop and foster the level playing field among banks from different Member States, particularly in the banking union

## General objectives and review focus

Please note that **questions 1 to 6** of this general public consultation **correspond to questions 1 to 6** of the [targeted consultation](#).

**Question 1. In your view, has the current CMDI framework achieved the following objectives?**

**On a scale from 1 to 10 (1 being “achievement is very low” and 10 being “achievement is very high”), please rate each of the following objectives:**

	1	2	3	4	5	6	7	8	9	10	Don know No opini
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<p>The framework achieved the objective of limiting the risk for financial stability stemming from bank failures</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<p>The framework achieved the objective of minimising recourse to public financing and taxpayers' money</p>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>The framework achieved the objective of protecting depositors</p>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>The framework achieved the objective of breaking the bank /sovereign loop</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

<p>The framework achieved the objective of fostering the level playing field among banks from different Member States</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<p>The framework ensured legal certainty and predictability</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>The framework achieved the objective of adequately addressing cross-border bank failures</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

<p>The scope of application of the framework beyond banks (which includes some investment firms but not, for example, payment service providers and e-money providers) is appropriate</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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**Question 1.1 Please explain your answers to question 1:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- 1) The framework per se represent a considerable progress to the pre-2010 and 2008 situations (when depositors were not protected at all) but it has not been tested - fortunately - so far. As such, assessments must rely on academic and statistical evaluations.
- 2) The framework provided an important first step in taking preventive action and limiting recourse to public funding, but it is not fully harmonised as there are still instruments at national level that can be used in case of a failing or likely to fail bank. In absence of a fully functional, self-standing deposit insurance framework - eliminating other avenues to be used at national level - the recourse to taxpayers' money cannot be truly minimised.
- 3) The level of protection for depositors is still low and, due to divergences in its implementation, the necessary capital buffers have not been constituted everywhere the same. According to EBA data, only 13 out of 36 deposit guarantees at national level comply with their respective thresholds (available amount as a % of the covered deposits). Moreover, there is still a significant part of deposits (from individuals and businesses) that are not afforded protection. Out of the DGSs that have not reached their thresholds, many of them are far away from reaching it (e.g. currently 0.2% out of 0.8%).
- 4) No opinion/don't know
- 5) No opinion/don't know
- 6) As explained for the first question, the framework does represent important progress, which implies increased legal certainty and predictability. However, the numerous instruments parts of the CMDI at EU level, combined with those available at national level, and the complex web of supervisory and intervention powers and authorities, shows there still is work to be done.
- 7) No opinion / don't know

**Question 1.2 Which additional objectives should the reform of the CMDI framework ensure?**

**Do you consider that the BRRD resolution toolbox already caters for all types of banks, depending on their resolution strategy?**

**In particular, are changes necessary to ensure that the measures available in the framework (including tools to manage the bank’s crisis and external sources of funding) are used in a more proportionate manner, depending on the specificities of different banks, including the banks’ different business models?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 2. Do you consider that the measures and procedures available in the current legislative framework have fulfilled the **intended policy objectives** and contributed effectively to the management of banks’ crises?**

**On a scale from 1 to 10 (1 being “have not fulfilled the intended policy objectives/have not contributed effectively to the management of banks’ crises” and 10 being “have entirely fulfilled the intended policy objectives /have contributed effectively to the management of banks’ crises”), please rate each of the following measures:**

	1	2	3	4	5	6	7	8	9	10	Di kn op
Early intervention measures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

Precautionary measures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
DGS preventive measures	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
National insolvency proceedings, including DGS alternative measures where available	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 2.1** If possible, please explain your replies to question 2, and in particular elaborate on which elements of the framework could in your view be improved:

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 3.** Should the use of the tools and powers in the BRRD be exclusively made available in resolution or should similar tools and powers be also available for those banks for which it is considered that there is no public interest in resolution?

In this respect, would you see merit in extending the use of resolution, to apply it to a larger population of banks than it currently has been applied to? Or, conversely, would you see merit in introducing harmonised tools outside of resolution (i.e. integrated in national insolvency proceedings or in addition to those) and using them when the public interest test is not met? If such a tool is introduced, should it be handled centrally at the European (banking union) level or by national authorities?



**Please explain and provide arguments for your view:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 4. Do you see merit in revising the conditions to access different sources of funding in resolution and in insolvency (i.e. resolution funds and DGS)?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 4.1 Would an alignment of those conditions be justified?**

- Yes
- No
- Don't know / no opinion / not relevant

**If you think an alignment of those conditions would be justified, how should this be achieved and what would the impact of such a revision be on the incentives to use one procedure or the other?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As explained for the first question, the availability and heterogeneity of "avenues" at national level for banks and States, coupled with the divergences in DGSs, requires harmonisation at EU level in order to strengthen the framework. The alignment of these conditions could be done with the European Deposit Insurance Scheme (EDIS).

**Question 4.2 Please explain and provide arguments for your views expresses in questions 4 and 4.1:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 5. Bearing in mind the underlying principle of protection of taxpayers, should the future framework maintain the measures currently available when the conditions for resolution and insolvency are not met (i.e. precautionary measures, early intervention measures and DGS preventive measures)?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 5.1 Should these measures be amended?**

- Yes
- No
- Don't know / no opinion / not relevant

**If you think these measures should be amended, please explain why and how?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 5.2 Please elaborate on your answers to questions 5 and 5.1:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 6. Do you agree or disagree with the following statements regarding a potential reform of the use of DGS funds in the future framework?**

	Agree	Disagree	Don't know / no opinion / not relevant
The DGSs should only be allowed to pay out depositors, when deposits are unavailable, or contribute to resolution (i.e. <b>DGS preventive or alternative measures should be eliminated</b> ).	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The possibility for DGSs to use their funds to prevent the failure of a bank, within pre-established safeguards (i.e. DGS preventive measures), should be preserved.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The possibility for a DGS to finance measures other than a payout, such as a sale of the bank or part of it to a buyer, in the context of insolvency proceedings (i.e. DGS alternative measures), if it is not more costly than payout, should be preserved.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The conditions for preventive and alternative measures (particularly the <b>least cost methodology</b> ) should be harmonised across Member States.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 6.1 If none of the statements listed in Question 6 does reflect your views or you have additional considerations, please provide further details:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please note that **questions 7 to 9** of this general public consultation **correspond to questions 31 to 33** of the [targeted consultation](#).

**Question 7. Do you consider that there are any major issues relating to the depositor protection that would require clarification of the current rules and /or policy response?**

Yes

- No
- Don't know / no opinion / not relevant

**Question 7.1 Please elaborate on your answer to question 7:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The recent case of Greensill Bank demonstrated that it is important to link risk and liability in deposit insurance. Greensill Bank used the deposit guarantee in their marketing strategy to attract clients and win their trust while offering investors very high interest rates. Thousands of customers lent money to Greensill Bank without taking into consideration its risk profile.

**Question 8. Which of the following statements regarding the scope of depositor protection in the future framework would you support?**

	Agree	Disagree	Don't know / no opinion / not relevant
The standard protection of EUR 100 000 per depositor, per bank across the EU is sufficient.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The identified differences in the level of protection between Member States should be reduced, while taking into account national specificities.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deposits of public and local authorities should also be protected by the DGS.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Client funds of e-money institutions, payment institutions and investment firms deposited in credit institutions should be protected by a DGS in all Member States to preserve clients' confidence and contribute to the developments in innovative financial services.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 8.1 Please elaborate on any of the statements in question 8, including any supporting documentation (where available), or add other suggestions concerning the depositor protection in the future framework:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 9. Which of the following statements regarding the regular information about the protection of deposits do you consider appropriate?**

	Agree	Disagree	Don't know / no opinion / not relevant
It is useful for depositors to receive information about the conditions of the protection of their deposits every year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
It would be even more useful to regularly inform depositors when part of or all of their deposits are not covered.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current rules on depositor information are sufficient for depositors to make informed decisions about their deposits.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
It is costly to mail such information, when electronic means of communication are available.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Digital communication could improve the information available to depositors and help them understand the risks related to their deposits.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 9.1 Please elaborate on any of the statements in question 9, including any supporting documentation (where available), or add other suggestions concerning concerning the depositor information in the future framework:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please note that **question 10** of this general public consultation **partly corresponds to question 36** of the [targeted consultation](#).

**Question 10. Which of the following statements regarding **EDIS** do you support?**

	Agree	Disagree	Don't know / no opinion / not relevant
It is preferable to maintain the national protection of deposits, even if this means that national budgets, and taxpayers, are exposed to financial risks in case of bank failure and may create <b>obstacles to cross-border activity</b> .	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
From the depositors' perspective, a common scheme, in addition to the national DGSs, is essential for the protection of deposits and financial stability in the euro area.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 10.1 Please elaborate on any of the statements in question 10, including any supporting documentation (where available), or add suggestions on how to achieve the objective of financial stability in the European Union and the integrity of the Single Market:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There are fundamental drawbacks to maintaining DGS as a purely national issue in a supranational market / economy and banking union.

The most important rationale for a DGS is to prevent so-called "bank runs" - market / public overreactions to perceived weaknesses in either individual banks or to the financial sector at large, which would effectively make the initially perceived weakness into a self-fulfilling prophecy and push both vulnerable and strong financial institutions into insolvency and perhaps the entire economy into depression, as has happened several times and in many countries through history.

In a banking union, where opening cross-border bank accounts and moving money from one Member State to another is increasingly fast and easy for consumers, differences in the terms of different DGSs may well cause a "flight to safety" in a crisis scenario, where deposits move from the banks of a Member State with weaker deposit guarantees to ones with stronger ones, potentially exacerbating whatever crisis cause the original "flight to safety" and in effect creating a bank run.

Indeed, as we saw during the Global Financial Crisis, Member States might find themselves in a "race" or vicious circle where they feel the need to compete for deposits in the middle of a crisis and unilaterally raise the level of their deposit guarantees to stop these cross-border transfers, with the effect of sub-optimal policy choices and increased instability.

Even if the conditions of DGSs were identical across Member States and not unilaterally alterable, there would still be risks. Namely, the "safety" of a DGS depends also on the perceived ability of the entity backing it to actually cover any losses to the extent promised under the DGS.

However, as the Global Financial Crisis again showed, a financial and a sovereign debt crisis may go hand in hand and exacerbate each other. If a Member State were perceived not to be able to less likely to honour the commitments of its national DGS, then the panic-preventing function of the DGS would be severely compromised and the potential for massive outflow of deposits would be much increased. On the other hand, if a country with stressed public finances were perceived to be at risk of significant liabilities coming from its DGS, this perception could further worsen the public finances due to higher interest rates and risk premiums.

These dual effects could prove both mutually reinforcing and disastrous in the case of a financial and debt crisis. Furthermore, it is our belief that such risks have only grown in the years since the Global Financial Crisis, due to both technical innovation as well as further market integration. Thus we find that a single Union-wide DGS, underwritten by all Member States together (the EDIS), is an indispensable foundation stone of a Banking and Capital Markets Union.

## Additional information

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Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

### Useful links

More on this consultation ([https://ec.europa.eu/info/publications/finance-consultations-2021-crisis-management-deposit-insurance-review\\_en](https://ec.europa.eu/info/publications/finance-consultations-2021-crisis-management-deposit-insurance-review_en))

Consultation document ([https://ec.europa.eu/info/files/2021-crisis-management-deposit-insurance-review-consultation-document\\_en](https://ec.europa.eu/info/files/2021-crisis-management-deposit-insurance-review-consultation-document_en))

[Consultation strategy \(https://ec.europa.eu/info/files/2021-crisis-management-deposit-insurance-review-consultation-strategy\\_en\)](https://ec.europa.eu/info/files/2021-crisis-management-deposit-insurance-review-consultation-strategy_en)

[List of acronyms used in this consultation \(https://ec.europa.eu/info/files/2021-crisis-management-deposit-insurance-review-acronyms\\_en\)](https://ec.europa.eu/info/files/2021-crisis-management-deposit-insurance-review-acronyms_en)

[Targeted consultation running in parallel \(https://ec.europa.eu/info/publications/finance-consultations-2021-crisis-management-deposit-insurance-review-targeted\\_en\)](https://ec.europa.eu/info/publications/finance-consultations-2021-crisis-management-deposit-insurance-review-targeted_en)

[More on banking union \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/banking-union\\_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/banking-union_en)

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## **Contact**

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