

PRESS RELEASE**BAIL-IN OF RETAIL INVESTORS AND DEPOSITORS SHOULD BE MEASURE OF LAST RESORT**

BETTER FINANCE supports Commissioner Vestager in her decision to allow targeted compensation by the Italian government for individual investors and savers who were defrauded through the sale of risky financial investments. Such compensation should be limited to the victims and should not automatically cover all investors.

Brussels, 11 May 2019 - In a recent [interview](#), Competition Commissioner Magrethe Vestager said it was “*absolutely justified*” for Italy to compensate investors who lost money in recent bank failures. “*These are people who are being exploited, they’re being mis-sold, and here of course you have a situation where compensation is absolutely legitimate*” Vestager said, referring to the bail-in of investors in Italy who had put savings aside for a rainy day in what they thought were regular savings accounts, but had in fact been mis-sold risky financial products by banks who subsequently failed.

Vestager has been criticised for her handling of the issue, as some in Brussels view compensation of shareholders of failed banks as a violation of European “bail-in” rules.

Whereas BETTER FINANCE agrees with the principle of ensuring that EU taxpayers don't end up footing the bill for bank failures, too many bail-ins across Europe have unjustly targeted non insider individual savers and investors, instead of the main responsible party (i.e. the top management). In many cases they were sold toxic products by banks who falsely guaranteed the safety of their savings. Over the years, retail clients and individual investors across the EU have lost their savings as a consequence of bail-ins to rescue failing banks such as Natixis, Bankia, Fortis, Dexia, Monte dei Paschi, Banco Popular and the leading Slovenian banks.

BETTER FINANCE asks the European Authorities again to urgently review the implementation of “bail-in” rules to ensure that the real insiders are all bailed-in first, ahead of non-insider creditors. Banking resolutions that don't respect the rights of individual investors and depositors carry significant social costs.

Guillaume Prache, Managing Director of BETTER FINANCE, regrets that “*since the onset of the financial crisis, individual savers and investors have borne the brunt of these costs. Not only are they paying for bailouts in their capacity as taxpayers, they are also suffering losses due to financial repression and negative returns on bank savings. At the very least, assurance should be given that the bail-in of retail investors and depositors is a measure of last resort.*”

After all, those responsible, the top managers of the failing banks, have never been required to relinquish their compensation and bonuses...

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