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EuroFinUse supports the call of the Eurogroup to protect small individual depositors in the Cyprus bailout

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EuroFinUse praises the Eurogroup statement from late Monday **in favor of fully guaranteeing deposits below EUR 100,000**. Moreover, **we believe bank depositors should not pay for the excesses of the banking industry and or governments**. Therefore, **depositors should be protected from bearing the bulk of the Cypriot rescue package**.

EuroFinUse was shocked by the previously discussed conditions for a bailout package for Cyprus, introducing a so-called “tax” on bank deposits ranging from 6.75% to 9.9% depending on the deposited amount. In our view, this proposal is against the spirit of the European Deposit Guarantee Scheme Directive (DGS), a de facto legal circumvention which would create a very dangerous precedent, damaging Cypriot savers’ and investors’ rights and undermining the confidence of all EU savers and investors. All market players have assumed that deposits up to EUR 100,000 are an almost risk-free investment but the proposed conditions for the Cyprus bailout destroy the existing consensus. The protection of depositors’ money (with some conditions as expressed in the DGS Directive) is a non-conditional, ever-lasting principle and a precondition for the proper functioning of the EU Single Market.

Numerous proposals have been circulated in order to alleviate the burden of the proposed measures onto individual savers and investors. However, **EuroFinUse believes there is no option but to exclude savers and investors from the burden of the bailout, especially those with up to EUR 100,000 in deposits, as guaranteed by the European Directive**.

