



European
Commission

A STRONGER BANKING UNION

#BankingUnion

CREATING A SINGLE DEPOSIT GUARANTEE SCHEME IN EUROPE

- The European Deposit Insurance Scheme (EDIS) will complete and strengthen the Banking Union
- It will buttress bank depositor protection
- EDIS will reinforce financial stability in the euro area
- EDIS will further reduce the link between banks and their sovereigns
- EDIS is underpinned by measures to further reduce risk in the financial sector

WHY DO WE NEED A EUROPEAN DEPOSIT INSURANCE SCHEME?



“Completing the Banking Union is essential for a resilient and prosperous Economic and Monetary Union. The Commission’s proposal for a European Deposit Insurance Scheme builds on national deposit insurance schemes and would be accessible only on the condition that commonly agreed rules have been fully implemented.”

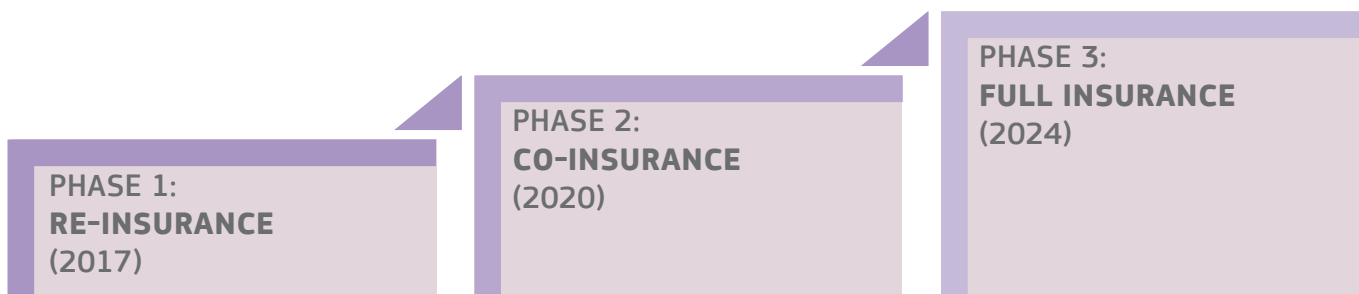
Valdis Dombrovskis, Vice-President
for the Euro and Social Dialogue



“The crisis revealed the weaknesses in the overall architecture of the single currency. Since then, we have put in place a single supervisor and a single resolution authority. Now we need to take steps towards a single deposit guarantee scheme. As we do so, step by step, we need to make sure that risk reduction goes hand in hand with risk sharing.”

Commissioner Jonathan Hill,
Responsible for Financial Stability, Financial
Services and Capital Markets Union

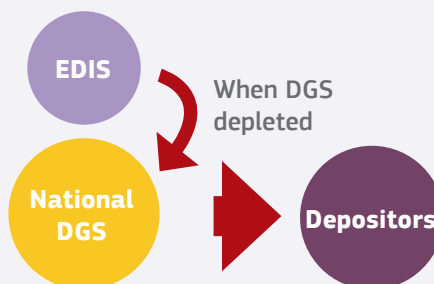
THREE STAGES OF EDIS



PAY-OUTS IN CASE OF CRISIS:

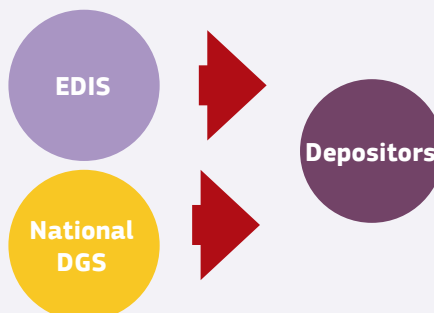
PHASE 1: RE-INSURANCE

- National Deposit Guarantee Schemes (DGS) could access EDIS funds only after exhausting its own resources.
- EDIS funds will provide extra funds only up to a certain level.



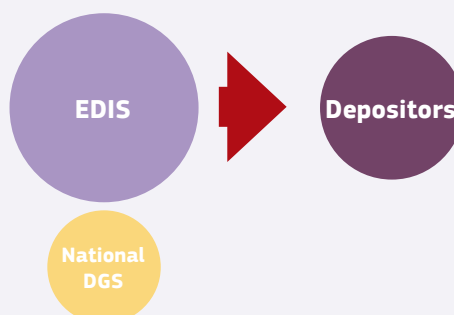
PHASE 2: CO-INSURANCE

- EDIS contributes from first euro of loss.
- The share contributed by EDIS would start at a low level and progressively increase.



PHASE 3: FULL INSURANCE

- By gradually increasing the share of risk that EDIS assumes to 100%, EDIS will fully insure national DGS as of 2024.



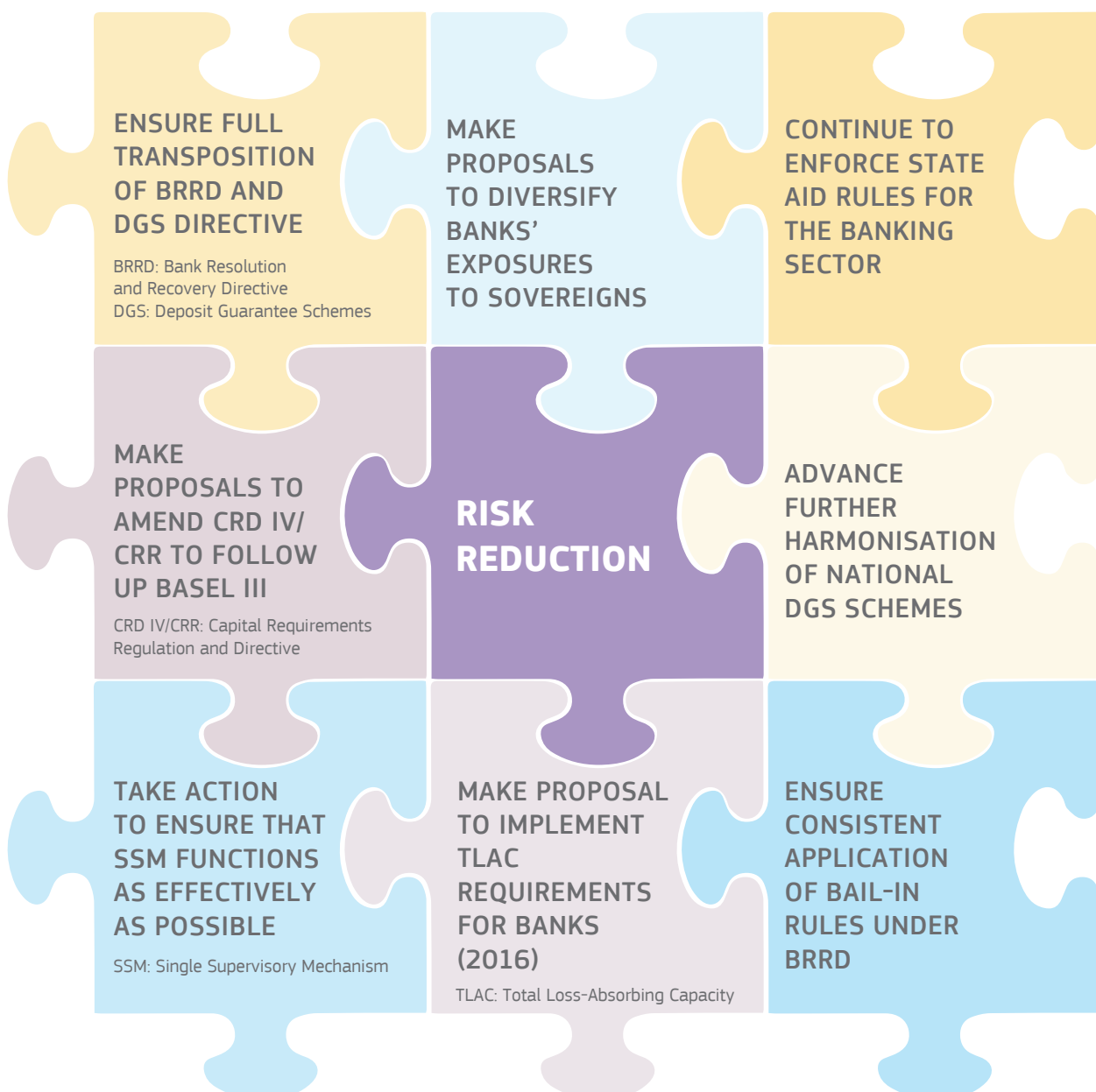
EDIS SAFEGUARDS

Moral hazard: EDIS will only insure those who have fully complied with EU rules; those who haven't will not have access. In case of a wrongful contribution by EDIS, the national scheme will be requested to pay back.

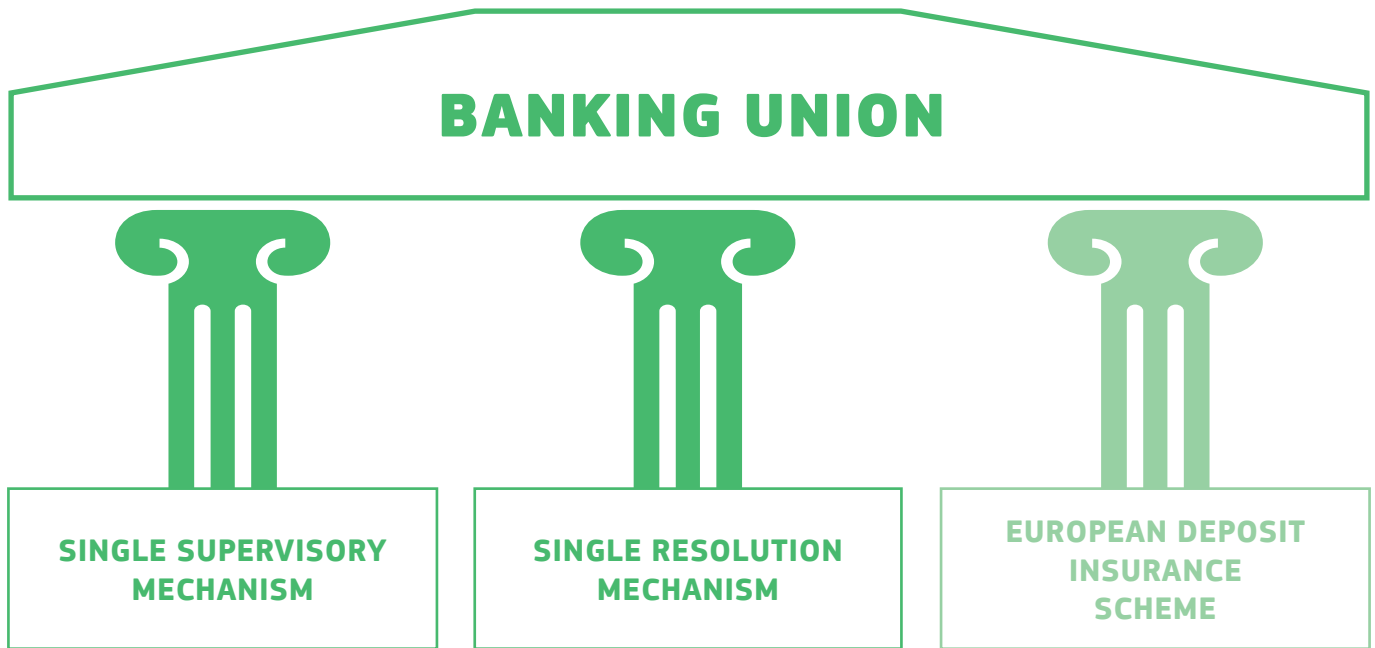
Pay-outs are capped: in case of a shortfall, EDIS would initially provide assistance only up to a certain percentage.

Risk-weighted contributions: riskier banks already pay more than safer banks; this process will be strengthened over time, with safer banks paying proportionately less than their riskier peers.

FURTHER REDUCTION OF FINANCIAL RISK



THREE PILLARS OF BANKING UNION



THE EVOLUTION OF EDIS

