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PRESS RELEASE EACB

European Co-operative Banks concerned about Commission Proposal on Deposit Guarantee Schemes

Brussels, 12 July 2010 – While favoring quick adoption of the Commission's proposal for a new directive on deposit guarantee schemes the European Association of Co-operative Banks (EACB) believes that significant improvements will have to be made during the coming months.

"We appreciate the Commission's efforts to enhance consumer confidence and for convergence of deposit insurance in the EU", Hervé Guider, General Manager of the EACB pointed out today. "In our opinion depositors are best protected if the new directive will strengthen the soundness of the banking industry and therefore the financial stability. However, the EACB questions whether the present proposal will enhance the soundness of the European banking industry. Moreover, the financial burdens for banks seem rather disproportionate due to the extremely high funding requirements.

"We are also surprised that the new proposal does not fully recognize existing schemes which protect the credit institution itself and ensure their liquidity and solvency. These schemes have proven to be resilient throughout decades and during the recent crisis."

The Association sees the need for improvement in the Commission's proposal with regard to the following: (i) the ex ante--funding requirements, (ii) the differentiation in the contributions to the funds based on risk profile of a bank, (iii) the period during which the protection scheme should be build up and (iv) the pay-out period after a failure of a bank.

At the same time the possibility of "early intervention measures" for DGS as an alternative to pay-outs must not be restricted in the proposal since those measures are often less costly and more effective especially from a customer perspective.

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About the EACB:

The European Association of Co-operative Banks (EACB) has been the voice of co-operative banks at a since 1970. It represents, promotes and defends the common interests of its 27 member institutions and of cooperative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. With 4,200 locally operating banks and 65,000 outlets, co-operative banks playing a major role in the financial and economic system. In their long tradition, they serve more than 160 million customers, mainly consumers, SMEs and communities. Europe's cooperative banks represent 50 million members and 750,000 employees and have an average market share of about 20%. Their resilience during the crisis make co-operative banks a key driving force in the economic recovery. www.eurocoopbanks.coop

The voice of 4.200 local and retail banks, 50 million members, 160 million customers

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