

SUBJECT | Call to the ECON Committee of the European Parliament for a negotiating mandate on EDIS

Brussels, 13 September 2024

Dear Chair and Vice-Chairs,
Dear Members of the ECON Committee,

Finance Watch, the non-profit association dedicated to reforming finance in the interest of citizens, would like to reiterate recent calls by European policymakers and supervisors to proceed with the preparations for a common European Deposit Insurance Scheme (EDIS) and calls upon the members of the newly constituted European Parliament, and especially members of the Committee on Economic and Monetary Affairs (ECON) to resume their deliberations on the Commission's proposal, which has languished on the legislative agenda for nearly ten years. To this effect, Finance Watch calls upon members of the Committee on Economic and Monetary Affairs (ECON) to request from the European Parliament a new negotiating mandate on EDIS.

EDIS forms an integral part of the Banking Union, complementing the Single Supervisory and Single Resolution Mechanisms. Legitimate concerns, for instance regarding moral hazard, should be reflected consistently in the design of the Banking Union framework as a whole but must not serve as an excuse to abandon EDIS.

Recent developments, such as the adoption of a new Capital Requirements framework that contains material departures from the agreed international standards (Basel III), the Crisis Management and Deposit Insurance (CMDI) proposal, and new guidance on the calibration of resolution funding (Minimum Requirements for Eligible Liabilities, MREL), all signal a roll-back of the stability-enhancing reforms which were introduced in the wake of the global financial crisis fifteen years ago. Finance Watch would like to remind EU legislators of their promise that European taxpayers should never again shoulder the cost of excessive risk-taking by the financial sector. Prudential reforms adopted since the last crisis must be faithfully implemented and, indeed, completed.



With respect to the implementation of EDIS, Finance Watch notes that the intended convergence between EU member states' national deposit guarantee schemes (DGS), as set out in the current Deposit Guarantee Scheme Directive (DGSD), is not yet satisfactory. Member-state DGS still differ materially in their target levels of coverage as well as in their actual level of funding. These divergences should be recognised by adopting appropriate timelines and mechanisms for the implementation of EDIS.

We would be pleased to discuss this with you further or to address any questions you might have.

Kind regards,



Benoît Lallemand
Secretary General, Finance Watch

