It takes time to build a structure. EFDI took the time needed since we decided to beef up our Association with a permanent Secretariat General, proper premises and a reinforced financial base.

There it is. With the hiring of Sylvia Szabo as an Office Manager in EFDI Secretariat, we have achieved our project in keeping with our usual mindset: lightness and efficiency. Welcome to you, Sylvia!

Sylvia was given little time for a learning period. Even though this is a new world for her, and thanks to Andras Fekete-Györ, EFDI Secretary General, she has been on board since her very first day, on 15 May. Sylvia is now the one handling all tasks behind secretariat@efdi.eu – quite numerous and various as only know those who handled this from Rome, Berlin and Paris before her arrival (incidentally, special and well deserved thanks to all of them!). She has also immediately started to closely coordinate with our Bosnian colleagues on the organisation of our next event in Sarajevo on 25-27 September. And this is only the beginning.

With the helpful support of our hosts, the agenda remained quite busy for our committees and working groups (WG). The Risk-Based Contributions WG focused on a draft guidance in Berlin in March, nearly while the second phase of the Banking Union WG was launched in Vienna; the Investor Compensation Schemes WG worked on contingency planning and MOUs in Dublin in April; two Stress Test WG meetings in London strived to better define our answers to the European Banking Authority (EBA) peer-review; two meetings of the Public Relations and Communication Committee in Vienna and Skopje specifically tackled payout communication issues; multiple interactions were held within the Cross-Border WG and its H2C subgroups. On top of that, Investor Compensation Schemes and Banking Union WG leaders, as well as the Chair and the Secretary General have taken contacts in Brussels.

The EU Committee and D2I meetings held in Berlin in March and in Madrid mid-June led to fruitful exchanges of views on joint accounts, temporary high balances compensation, instant payments and in-flight transactions. We have adopted a new guidance on single customer views, our fifth guidance now, while making significant progress on two important documents – preventive/alternative measures and risk-based contributions. We also had numerous meetings and calls with the European Banking Authority to prepare their review of the Deposit Guarantee Schemes Directive (DGSD).

With the demanding constraints related to the DGSD review by the EBA and soon by the European Commission, not sure that the summer will offer any break in EFDI agenda...

But now that we have a tandem in the Secretariat, and as a summer gift, let me offer you this song “Tandem” – it rocks as a boat, it’s hot like the sun. Forget the French lyrics, turn up the volume and sing along with Vanessa: bit.ly/30uyn60

Wishing you all a great summer,

Thierry Dissaux
Chairman of EFDI

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NEW “FRIENDS” OF EFDI IN BRUSSELS

EFDI had made one important step further in realising its strategic goals, when visited some key EU institutions on 6 March 2019 in Brussels. Our delegation comprised of the Chairman, Thierry Dissaux, the two co-chairpersons of the Banking Union Working Group, Sven Stevenson and Jan Böttcher and the undersigned.

Our first visit led to the Directorate-General for Financial Stability, Financial Services and Capital Markets Union, as we call them in short: FISMA and was received by Marie Donnay, Head of Unit (Resolution and Crisis Management), Emiliano Tornese, Deputy to Ms. Donnay, and other collaborators being engaged with DGS issues, Andreas Schneider, Hana Frankova, Elena Peresso and Peter Pontuch.

We briefly introduced the recent achievements made by EFDI members, first and foremost the new EFDI report agreed upon by EU DGSs in November 2018, published in December 2018, which provides an elaborated technical contribution to the current policy debate on potential designs for a European Deposit Insurance Scheme (EDIS). Furthermore, EFDI also intensified its work on issues related to the DGS Directive (DGSD), in order to support DGSs in the application of the DGSD. As a result, our Non-Binding Guidance papers on the application of key features of the DGSD requirements have been mentioned and also shared.

Sven Stevenson and Jan Böttcher highlighted the Report’s technical considerations for the proper design of EDIS, along with a comprehensive analysis of all the known design elements, related to EDIS with numerous specific and practical recommendations. Our hosts showed great interest to this report as well as to the Non-Binding Guidance papers and we also had a lively and useful discussion over some of our recommendations.

It was made clear upfront, that the EDIS project as well as all the new elements and proposals for amendments will be considered by the new EU Commission in autumn 2019 at the earliest. The staff members of FISMA present at the meeting, raised 12 clarifying questions in relation to the recommendations, which were also sent by mail shortly after the meeting. Finally, it was underlined that the Commission appreciates the contributions to the enhancement of the financial regulatory framework in the Union and keeps counting with the consolidated practitioner experience of DGSs to be shared by EFDI. It was agreed upon, that EFDI and FISMA will maintain a close cooperation on the EDIS project going forward.

Our next stop in busy Brussels was the Single Resolution Board Headquarters. Here, our delegation was received at Head of Unit level by Samy Harraz, Jordan Thursby and Manuel König, Bank Resolution Expert. During the exchange of thoughts, we focused on the EFDI Report on the Technical Considerations of EDIS. Our hosts asked for some time to thoroughly study our report to be able to give EFDI a feedback.

The Economic and Finance Committee of the European Council (ECOFIN) established a Technical Group in order to deepen the EDIS project by elaboration of recommendations and so move on the third pillar of the Banking Union. This initiative is called High-Level Working Group on EDIS (HLWG). There is not much known by the public about the goals and activities of HLWG.
Nevertheless, we succeeded to find a back door to this group and met Kristin Vandenbergen, Head of Sector – Financial Markets Secretariat of the Economic and Financial Committee and the Economic Policy Committee. Ms Vandenbergen and Ms Outi Slotboom, Head of Unit are providing the secretariat functions to the High-level Working Group. We were briefed on the mandate and composition of this technical group.

It was also mentioned that the contemplated physical meetings of the HLWG are rather limited, however promised that EFDI’s Report will be forwarded to the Co-chairs of the HLWG. Finally, the Secretary General paid a courtesy visit to the European Banking Federation, where EFDI is formally registered, and was received by Gonzalo Gasos, Head of Banking Supervision.

After the promising dialogue with the Commission, we went on with our offensive in Brussels with investor compensation related issues in May. On 3 May 2019, EFDI representatives Karen Gibbons and Andras Fekete-Győr paid another visit to FISMA and received by Hana Frankova and her colleagues. On this occasion, the purpose of our delegation was to make our important stakeholder familiar with the Investor Compensation Scheme Working Group’s recent initiatives. The ICS WG members’ practitioner experience was also offered to the Commission in the event of the ICS Directive’s review.

We also called upon Better Finance (The European Federation of Investors and Financial Services Users) and were received by Edoardo Carlucci. The common focus area was the interlinkage of investor protection and consumer protection, where EFDI and Better Finance could potentially work together going forward.

Andras Fekete-Győr
EFDI Secretary General

EFDI INSIDE: BODIES AND GROUPS

An above average group of 48 participants have registered at the meeting which commenced with the opening & welcome speech by Mariano Herrera, General Director of FGD Spain, our Chairman Thierry Dissaux and Andras Fekete-Győr, Secretary General of EFDI.

After the Welcome speech, Carlos Colao and Borja Peletero from the Spanish DGS have taken the floor to jointly present their findings on the topic of “Alternative measures adopted by the Spanish DGS before the DGSD”. Carlos gave us a general overview about the technical measures FGD had been engaged in their resolution history, while his colleague provided insight of the specific cases where this tool was applied.

A “Presentation and adoption of Risk-based Systems for Deposit Guarantee Schemes – State of Play and Expert Paper” was presented by Ralf Benna (Germany-BvR). He gave a summary of the milestones of developing the paper. The presentation of the paper was followed by further discussion by Committee Members. It has been agreed that the paper will be proposed for approval in September. Until then, the authors invite further comments in July. The Secretariat will resend the paper for comments with a deadline of 1st week of July 2019.

The third presentation of the day was conducted jointly by Jan Böttcher (Germany-EdB), Sonia Iglesias and Javier Gómez (Spain-FGD) on the topic of the Joint Account survey and discussions of Handling Joint Accounts and THBs – State of Play and Non-binding Guidance Paper. The presentation was based on the survey recently conducted by EFDI on the topic. It has been agreed that the final results of the Survey will be issued on the EFDI website by the Secretariat once received from FGD Spain. The final draft of the Non-Binding Guidance paper will be circulated before the next EU Committee meeting in September. It was also raised that a dedicated workshop addressing the challenges of THB reimbursement would be welcome in November 2019.

In the second part of the meeting, Committee Members went on hearing the presentation of Petre Tulin (Romania – FGD) on the topic of the Presentation and adoption of revised H2C Rulebook. After an overview of the current regulatory environment based on the EFDI Multilateral Cooperation Agreement and Rulebook, the proposed amendments to the H2C Rulebook were presented by Petre.

Following further discussions, the EU Committee has agreed to adopt the proposed changes to the H2C Rulebook.
Marcello Bredice (Italy-FGD) and Roberto Di Salvo (Italy-Federcasse) jointly presented on the second Draft of the Alternative Measures Non-Binding Guidance Paper followed next on the Agenda.

The controversial issues around the following were discussed and analysed:

- Role of the DGS within Insolvency Procedures under Art 11.6 of the DGSD
- Viability of banks under Art. 11.3 of the DGSD
- Least cost applicability (related to the previous issue)
- Impact of State Aid regulation on different types of DGSs
- Possible tips for a DGSD review.

Members decided that further work is needed on the current draft and it was agreed that another meeting will be held among the DGSs that have a special interest in the issue. The Spanish DGS offered to host the meeting in Madrid during July.

The final topic for the day was Andras Fekete-Gyor’s presentation of the EFDI Non-Binding Guidance paper on Single Customer View Files.

After a short discussion the Committee has agreed to adopt and approve the EFDI Non-Binding Guidance paper on Single Customer View Files as per the last revised format of the paper. The Secretariat will shortly issue the final version of the NBGP on the EFDI Website. The Secretary General thanked all members for their contributions and for the successful finalization of EFDI’s latest NBGP.

Thierry Dissaux and Andras Fekete-Gyor closed the meeting by thanking the speakers and members for their contributions and active participation.

DGSD Implementation Initiative (D2I) workshop.

Wednesday, 12th June 2019

Secretary General, Andras Fekete-Gyor welcomed all participants and introduced the topics for the day and gave the floor to the first presenter. Sven Stevenson (Netherland-DNB) spoke on the topic of Convenience and Challenges with Instant Payment Systems, how the actual landscape looks in that regard in Europe.

Lively discussions followed by members detailing their own local experiences and challenges, issues faced by different countries.

Following the presentation, the workshop on In-flight transaction commenced by Karen Gibbons (FSCS-UK) presenting the UK Definition and Rulebook “Depositor Protection” related to in-flight transactions.

Stefan Tacke’s (Austrian DGS) presentation followed on the Austrian perspective of Dealing with in-flight transactions.

An animated presentation by Thierry Dissaux (FGDR-France) highlighted FGDR’s approach to in-flight transactions and the vision and constraints of the various stakeholders of the bank closing process (i.e. client viewpoint, client counterpart viewpoint, failed bank viewpoint & DGS viewpoint).

The final presentation of the day was conducted by Marisa Marcilla and Sergio Serna (FGD-Spain) who jointly presented the Results of the EFDI Survey on in-flight transactions and the Spanish experience.

Andras Fekete-Gyor provided his final remarks and conclusions and thanked all participants and the host for the very productive one and a half day in Madrid.

The final remarks for the conference and the closing of the meeting on behalf of the hosts was conducted by Jose Luis Ballesteros, CFO of FGD Spain who has thanked all participants for their contribution and participation.

Andras Fekete-Gyor
EFDI Secretary General
By the time that you read this, many of you will have submitted to the EBA, your report on stress testing of the DGS over the last 2 years or so. The EBA programme set 4 priority areas for testing – SCV, cross border cooperation, funding and operational. The working group members have been sharing their planning and delivery of tests, and supplemented by actual payout experiences, on these areas – and collaborating on cross border data exchanges. The most recent meeting hosted by FSCS in London, on 17 May, was the chance for members both to update on the latest test reports but also importantly to share the proposed approaches to the reporting and grading of tests. This assisted members with the reports due by 3 July.

We were grateful for the presentations from Antoaneta Geala, Hans Kooy, Konstantinos Symeonidis, and Martin Hlavnicka (fresh to London from ongoing exercise in the Czech Republic!). Each gave a further insight into the priority areas, and the chance to compare the application of the EBA rating scale. Recognising that we are coming to the end of this cycle, the group started to explore how to advance this work. The next step will be a peer review process and we expect EBA to invite volunteers to support this work. EFDI members will have a valuable role to play on this review. Secondly we discussed areas for further guidance on the scope and delivery of testing – such as remediation steps and lessons learnt – as well as the opportunities for further complex scenario testing. And Romanian colleagues proposed further work on cross border financial aspects – although this will be taken forward first in the H2C workstream. Notwithstanding submission of reports to EBA this month, testing remains a core DGS activity. There will be a flow up discussion at the next meeting in Sarajevo in September.

The group will look for EFDI to continue to facilitate sharing of know-how and experiences, both as to the peer review but also ongoing testing programmes. Planning, testing, improving, planning, testing, improving... the cycle never stops!

Alex Kuczynski,
EFDI Stress-Test Working Group Leader

A trip to Dublin is always welcome and this trip came with the chance to visit the new premises of the Central Bank of Ireland. The Investor Compensation Company in Ireland were our hosts for the day and what a great job they did.

The day began with opening remarks from Alan de Lacy for the ICCL. Mr Andras Fekete-Gyor, Secretary General of EFDI, provided an update on the work of EFDI in general and the meeting arranged with the European Commission in Brussels to introduce them to the work of the ICS WG.

The ICS WG discussed the results of the last ICS WG survey and it was agreed that members need to review the current survey and consider how we should proceed with the survey going forward. It is likely that this will be a subject for discussion in Sarajevo.

Hans Kooy from De Nederlandsche Bank discussed the work they wish to undertake on reviewing the ICS coverage and funding models. It is likely that Hans, assisted by Alan de Lacy from ICCL, will undertake a survey to EFDI members asking for information as to their current ICS coverage level and funding models. This survey is planned for Q2/Q3 2019.

Karen Gibbons presented on the plans for a paper on ICS Business Resilience and Contingency planning. Whilst much of the work shares similarities with the stress-testing work undertaken for DGS members there are important differences. The draft paper should be ready for initial discussions in Sarajevo.
Alan de Lacy proposed plans for an ICS Multilateral MoU and it was agreed a draft will be prepared for discussion in Sarajevo. There were also case study presentations from Shane Connolly at ICCl on the requirements of GDPR and from Casey McGrath at FSCS on the failure of Beaufort Securities. Finally, our Czech colleague, Ivan Pelikan gave a short presentation on binary options, CFD’s and cryptocurrencies highlighting new products which are increasingly marketed to retail investors bringing potential risks for investors and ICSs.

Our colleagues at ICCL were kind enough to host a dinner and drinks after the meeting and I know that several delegates were taking the opportunity to test the Guinness whilst they were in Dublin.

It was a thought provoking and productive day and the ICS WG will meet again in Sarajevo in September 2019.

Meeting with the European Commission and Better Finance

On Friday 3rd May, Andras Fekete-Gyor, EFDI Secretary General and Karen Gibbons, Leader of the EFDI ICS WG met with Hana Frankova and colleagues from the European Commission. The aim of the meeting was to understand what work, if any, the Commission were planning to undertake on the Investor Compensation Directive (ICSD) and to introduce the Commission to the work of the ICS WG.

The meeting was helpful and reassured EFDI that there were no immediate plans for another review of the ICSD, however with new Commissioners being appointed after the European elections the position could change. The ICS WG has advised the Commission they are happy to provide data or information on all issues relating to investor compensation and act as link between the schemes responsible for implementing the ICSD and the policy makers.

On the same day Andras and Karen met with Better Finance (The European Federation of Investors and Financial Services Users) whose role is to act as an independent financial expertise centre to the direct benefit of European financial services users. Currently Better Finance are focusing on pensions and advice relating to pensions, but they were happy to meet with EFDI and understand better the role of ICSs in delivering consumer protection.

This was a great opportunity to promote the expertise of the members of the EFDI ICS WG and raise our profile in Brussels.

Karen Gibbons
EFDI ICS Working Group Leader
Since last October, the PR/Communications Committee had three meetings where small but enthusiastic community of the European DGS PR professionals shared their recent successes and challenges as well as discussed hot topic issues. The below article focuses on major headlines of these meetings. In our events (on October 5 in 2018 in Yerevan, on April 4 this year in Vienna, on 20 of June in Skopje) 63 professionals participated showing increased appetite for enabling functions of DGS such as communication.

Payout cases

Ukraine

Between 2012 and 2017 in total 93 banks were closed in Ukraine. Liudmyla Shapran, Public and Media Relations Specialist of the Deposit Guarantee Fund of Ukraine presented the current challenges. DGF’s compensation assets (that guarantees approximately EUR 6100 per depositor) were depleted twice during this period as a result of two major emergency loans that were provided first by the central bank and the second time by the Ministry of Finance. Among the many closed credit institutions undoubtedly Delta Bank was the biggest case. DGF compensated appr. 600,000 of its depositors with EUR 692 million. By the suggestions of the World Bank in 2013 the mandate of power of the DGF was extended from pay-box plus to loss minimizer.

Montenegro

At the beginning of 2019 DGS of Montenegro underwent a baptism on fire, immediately getting two compensation cases to solve. The Central Bank of Montenegro revoked the operating licenses of Invest Banka Montenegro on 4 January and later of Atlas Banka on 5 April triggering deposit insurance compensations. For customers and members of the local market it was the first time ever that they experienced FZD compensation procedures (in the two cases together 92,000 depositors were eligible for compensation in volume of over 112 million EUR). The detailed presentation on both cases, held by Snezana Ivanovics, Senior Adviser of the FZD, introduced major communication lessons learnt such as how to handle calls and emails from depositors and how to handle compensation with multiple payout agent bank’s officers.

Hungary

On March 14th, 2019 the financial supervisory authority revoked the operating license of one of the smallest commercial banks in Hungary after an extended 30-day deposit withdrawal moratorium. While NDIF has gained significant experiences during recent payout cases (in 2015 it had its biggest case ever where 73,000 depositors needed to be compensated), the smallest payout case (number of reimbursed depositors are only 756) also provided useful lessons from a communication point of view. Among those was the preparation for providing out-of-competency answers for those 12,000 investors of the bank (while ICS compensation had not been triggered). The finalization of the case was completed within the mandatory 15 working days regime currently applicable in Hungary.

Current challenges

Brexit as a communication challenge

Sometimes not only financial supervisory or depositors’ mass reaction triggers DGS communication activity but also politics. During the Brexit process of the UK, FSCS set up two communication teams to handle
all foreseeable and unforeseeable tasks in order to restore public trust in the banks and other financial sectors. One team managed inter-institutional relations (with the Bank of England, Financial Conduct Authority and the Prudential Regulations Authority), while the other was responsible for producing consumer messages in all relevant aspects of the Brexit deal. Not surprisingly it turned out that the simplest way of giving easy-to-understand messages was related to deposit insurance while other areas of FSCS protection (e.g. insurance guarantee, investor compensation) were much more complicated to apply to every possible outcome of the Brexit process. For FSCS staff one of the major challenges was to harmonize all these messages in time towards the very diverse groups of financial consumers and stakeholders in line with possible outcomes of the deal.

Future tools in communications

The possibilities of using chatbots in general and through experiences of certain cases by the Dutch Central Bank (DNB) and FSCS was a major topic for the PR/Communications Committee in recent events. DNB developed a ‘Guldenbot’ for questions that are still received when exchanging the former Dutch currency into Euros and were in a proof of concept of a chatbot within DGS in order to serve depositors. In the presentation, speaker Daniel Scheefers, Innovation Lab, DNB addressed both the rich form of data collection as well as the possible complications of the use of chatbots. FSCS recently also introduced its chat platform. The presentation by Suzette Brown, PR Manager of FSCS, provided an overview of FSCS’ experience of using its web chat (that is possibly the first chatbot developed and used by an EFDI member).

Communication tasks of payout platforms

More and more EFDI members choose to pay out depositors through digital platform. Some of them use this payout method not only for deposit insurance purposes but also for investor compensation cases. The presentation by Sylvie Deroziéres, Communications and Training Manager, FGDR, France as well as Robert Muelenbroek, Senior Communication Advisor, DNB answered the questions as to what these platforms mean for communicators, together with how they assist in the handling of a mass of client’s requests as well as how to ensure secured access to compensation volumes and to depositor data. In the discussion part of the presentations Kristine Ramnaes, Norwegian DGS and Stefan Tacke from the Austrian DGS also took major roles sharing their solution and experiences related to building a similar payout platform.

Public awareness in EFDI members

So far 25 EFDI members answered the EFDI survey questions that focused on public awareness measurements and were distributed at the beginning of 2019. The fast report showed a brief evaluation of the answers and also showed comparison of the public awareness measurement projects of different EFDI members. It turned out that many EFDI members planned to conduct Public Awareness surveys at the same time in 2019. The comparison of the results will provide a great opportunity to discuss further what can be done on this topic. An information paper on this theme is planned to be published in the autumn.

Istvan Toth
EFDI Public Relations and Communications Committee Chair
20th Anniversary of the Deposit Insurance Agency of Bosnia and Herzegovina and the EFDI General Assembly Meeting and the International Conference in Sarajevo, September 25-27, 2019

Deposit insurance is an integral part of the Financial Stability and Safety Network and has been established in a number of countries around the world in various institutional arrangements. The first forms of existence of deposit insurance date back to the past, although they all relate to the banking financial crisis in the 1930s that originated in the United States. After the Great Financial Crisis, then President Franklin D. Roosevelt, when establishing the Federal Deposit Insurance Corporation (FDIC), told reporters on March 12, 1933: “Ultimately, there is an element in adjusting our financial system more important than money, more important than gold, which is the trust of people.”

The primary purpose of deposit insurance is to protect small depositors by providing the deposit insurance services in banks participating in the insurance program, which ensures public confidence and trust, thus contributing to the stability of the financial system of each country.

The Deposit Insurance Program was first established in Bosnia and Herzegovina in 1999, first at Entity levels, after which, in the later period, the state-level deposit insurance program merged from the Entity level agencies. This year, the deposit insurance program in Bosnia and Herzegovina turns 20 years since its establishment.

Deposit Insurance Agency of Bosnia and Herzegovina has organized and hosted the 7th EFDI Balkan region meeting in Vlašić from 31st January until 3rd February 2019.

Meeting gathered representatives from the Balkan countries deposit guarantee schemes (DGS) that are members of the European Forum of Deposit Insurers (EFDI).

This meeting is a continuation of cooperation and expertise exchange within the joint platform agreed in the multilateral Memorandum of Understanding signed by the EFDI Balkan countries DGSs on 11th March, 2015. In this meeting, the participants shared recent developments in their respective DGSs. The meeting also included various panel discussions. Among others, the discussions were focused on recent structural changes in Bosnia and Herzegovina and Croatia, recent developments relating to a payout case in Montenegro, the role of IT systems in a payout process, simulation exercises as important tests for testing operational readiness of deposit insurance schemes, etc.
This kind of event is the confirmation, promotion and recognition not only of the institution, but of all domestic professionals involved in the work of the DIA BiH, directly and indirectly.

This meeting follows a well-established tradition according to which deposit insurance authorities of the Balkan region (Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia), who share many similarities in their respective banking and financial systems, gather with the aim to discuss and share experiences and knowledge among each other.

The European Forum of Deposit Insurers (EFDI) is a European deposit insurance organization, in which the DIA BiH is a member that contributes to the stability of financial systems through European and international cooperation in the field of deposit insurance, compliance with EU Directives, exchange of experiences and information etc. EFDI regularly organizes workshops and conferences for its members on technical and regulatory issues related to deposit insurance, crisis management and investor compensation. EFDI also engages in consultations regarding European regulatory instruments with European Union institutions, in particular regarding the Deposit Guarantee Scheme Directive, which include important stakeholder such as EU Commission, European Parliament etc. This is particularly important for Bosnia and Herzegovina and other Non-EU Balkan countries given the relations with EU and its EU member candidate status.

Since Bosnia and Herzegovina is on its way to EU membership and alignment with the requirements and regulations of the EU Directives, DIA BiH considers that an international event in cooperation with the European Forum of Deposit Insurance (EFDI) is most appropriate for celebration of its 20th Anniversary. The Conference and EFDI plenary meetings will be held at the Hotel Bristol in Sarajevo from September 25 to September 27, 2019. You can find all event details on the website https://efdieventsarajevo.ba

Maintaining this kind of event is the confirmation, promotion and recognition not only of the institution, but of all domestic professionals involved in the work of the DIA BiH, directly and indirectly, and following the highest promotion of the state of Bosnia and Herzegovina in making a significant positive step in harmonizing with EU directives and international best practices.

Sanja Stanković-Trubajić
Bosnia and Herzegovina Deposit Insurance Agency
EFDI INSIDE: BODIES AND GROUPS

NEWS FROM THE EFDI SECRETARIAT

EFDI Office Manager Recruitment Finalized

EFDI’s new permanent Office Manager based in Budapest has joined the Secretariat on 15th May 2019. Sylvia Szabo together with the Secretary General visited the offices of FGDR in Paris to officially commence taking over the responsibilities of the Secretariat’s day to day administrative duties. The Secretariat’s semi-permanent structure provided by Tania Badea, Magalie Boucheton and Sylvie Derozieres in Paris will continue to work closely with the Secretariat’s new permanent structure in Budapest until September 2019 to ensure a smooth process of handover.

Andras Fekete-Gyor, Secretary General has once again expressed his appreciation on behalf of EFDI to the French Team who have dedicated considerable amount of time and effort in the past to the management of Secretariat’s administrative affairs.

EFDI 2019 Annual General Meeting and International Conference, Sarajevo

Further to our earlier email correspondence to all members, the Secretariat is pleased to confirm that the registration for the 2019 EFDI Annual General Meeting and International Conference taking place in Sarajevo, Bosnia & Herzegovina between 25th-27th September 2019 has now been opened.

All EFDI Members and Non-Members are invited to visit the event’s dedicated website www.efdieventsarajevo.ba to complete their registration process. The website will also provide details on the full agenda for the 3-day event together with information on Speakers and useful guidance for visitors to Sarajevo. For any further information relating to the event or the registration please contact the Secretariat on secretariat@efdi.eu.

New EFDI Website and Database Management System Updates

The strategic review of the EFDI Website and Database management options was completed in 2018. Implementation of the subsequent decision by EFDI’s Board for the revamp of the website and database management systems is in full force. The Secretariat’s new permanent structure will continue to investigate technical solutions available in the market and is in the process of preparing a detailed proposal to be presented to the Board in Sarajevo for evaluation and approval. The objective of the proposal is to enhance functionality, user experience and efficiencies for the website and data base management systems for Members, the Secretariat and Visitors alike.

Members Database Review

The Secretariat will shortly commence a review of EFDI’s Membership database records to ensure that accurate details of institutions and member representatives are kept. Members are kindly requested to respond to queries submitted to them by the Secretariat to ensure that communication and data management by the Secretariat remains proficient.

Thank you and on behalf of the Secretariat we would like to wish you all a great summer!
EFDI H2C COMMUNICATION SUBGROUP ACTIVITIES

When a cross border payout occurs, the communication to be delivered to depositors and media requires a combination of consistency between Home and Host DGs. Therefore, the H2C Communication Subgroup has met several times to address the communication issues raised.

Indeed, when a cross border payout occurs, the communication to be delivered to depositors and media requires a combination of consistency between Home and Host DGs, plus coordination (same Day same Hour messages everywhere) and also adaptation (language and local context, method of payment,). Above all, anticipation and preparedness are crucial for being ready at the right time in the proper form to communicate and assist depositors all along the Payout event.

So, the main topics addressed were the collection of missing information from all European DGs about their communication methods and tools, the optimisation of templates and instructions in the rulebook (press release and official announcement and, Phone service and external call center mergers). The Chapter 2 Preparedness and stress tests was discussed too to be enriched with communication issues.

Next steps will be to share with the Operations, Finance and Legal subgroups.

After all, even if the Subgroup had the opportunity to work intensely, it could join all other participants of the EFDI Public Relations and Communication (PRC) Committee, all gathered for a meeting the day after. A charming dinner in the Bohemian District of Skopje offered broader discussions and a great moment of friendship.

Sylvie DEROZIERES
Head of Communication, FGDR France
REPORT FROM THE H2C OPERATIONS SUBGROUP ACTIVITIES

Quick-wins in Chapter 4 of the H2C-Rulebook and some insight in the Dutch H2C-process

December last year, the EFDI H2C Operations Subgroup had a very constructive meeting in the beautiful city of Amsterdam to discuss some desirable changes to the Rulebook. The focus was on low impact but essential changes to Chapter 4 of the H2C Rulebook and with special attention on the information in the Payment Instruction File (PIF).

The changes we agreed upon in Amsterdam did not have an impact on the structure of the PIF, because we decided to use the already available Miscellaneous fields. We from the Dutch Subgroup volunteered to make the changes to the H2C Rulebook and were of course delighted to see these changes approved by the EU Committee! So what has changed?

– In the new version of the Rulebook there is now the possibility for adding contact information which might aid a Host DGS in contacting the customer at the branch in his Country (by email or (mobile)telephone number).

– For some DGSs it is really helpful to be able to distinguish between Natural persons and Non-natural persons. So, the new version of the Payment Instruction File can now accommodate this information.

All changes are reflected in the new version of the Rulebook and the accompanying XML-package. This version will also be used as a starting point for the more thorough review that is currently being performed by all subgroups.

As some of you may already know, we as the Dutch DGS finished a major operation last year where we and the Dutch banks implemented a new SCV-format with the aim of being able to pay out in 7 working days.

Just this year we started with the automation of the H2C-requirements, in which this new SCV-format is very helpful because for every account it contains information of the Branch where this account is held.

We are in close contact with many other DGSs to make agreements on how to cooperate in a H2C-DGS-situation and are adjusting our pay-out system to support this. Being almost (but not yet) connected to Eddies we cannot wait to test our H2C-process outside the walls of DNB! Together we can and want to make sure depositors can trust in us to compensate them as quickly as possible regardless of the member state they hold their account!

Ingrid Jagt and Gerrit-Jan Teussink
DNB, Members of H2C Operations Subgroup

Together we can and want to make sure depositors [...] can trust in us to compensate them as quickly as possible regardless of the member state they hold their account!
REPORT FROM THE H2C FINANCE SUBGROUP ACTIVITIES

The H2C Finance subgroup is well on track

However, there are still a few pending issues that the subgroup needs to investigate further:

– How to improve Home DGS confidence that the money transferred to the Host bank is in a safe place; The co-leaders will make proposals to other subgroup members which will be discussed in the next EFDI meeting in Sarajevo.

– How to improve the level of completion of the cost grid as this information is key to assess costs of a cross-border payout (currently only 5 DGS have filled in the cost grid); In order to resume the cost grid data collection process, the first step is to identify the potential hindrance factors and address them. The second is to propose potential improvements to the template and the third is to re-launch the process and follow it to completion.

– How to deal with the risk of double VAT taxation; Antoaneta Geala and Arnaud Schangel have already prepared a survey related to the VAT issue which will be distributed shortly.

The transfer of contributions issue, according to CBWG consensus, will be addressed after EBA updates the relevant DGSD provisions.

Antoaneta Geala, FGDB Romania
Arnaud Schangel, FGDR France

CROSS-BORDER WORKING GROUP ORGANISATION CHART
REPORT ON THE EBA PASSPORTING DISCUSSIONS

Reflections on the EBA Task Force Work Stream Discussions: Passporting

The EBA Task Force Work Streams are soon to conclude after months of fruitful discussions. Many issues have been raised, and the concept of passporting is one of them. At the NBGF we address this issue with concern, and through this editorial we take the opportunity to explain why.

The foundation of the EU single market

The passporting system is the foundation of the EU single market for financial services. They are based on the single EU rulebook for financial services and enables banks authorised in any EU or EEA state to do business in any other EU or EEA state with minimal need for further authorisation. In other words: once a bank is established and authorised in one EU or EEA country, it can apply for the right to provide defined services across the EU with only a small number of additional requirements.

Web-based banking results in increased use of passporting

When addressing banks’ operations abroad, some might expect the presence of a physical branch or a separate legal entity within the Group. The passport may, however, be used when establishing web-based banking.

At the Norwegian Banks’ Guarantee Fund (NBGF), we have seen a trend of increased use of passporting within the consumer bank segment. Currently, ten banks are using “outbound” passports to attract mainly depositors in the EEA. Some also offer unsecured loans. These banks’ offices are located in Norway and their presence in the countries where they operate on an “outbound” passport is on the web. Mostly, the only difference is the domain suffix, for instance bank.se when operating in Sweden as opposed to bank.no when operating in Norway and the customer log in method. Given the rise of web-based banking and fintech solutions expected throughout Europe, together with the development of eIDAS it is reasonable to expect that passporting services will increase.

Passporting and the DGSD

In case of failure of a branch of an EU or EEA bank established in a different EU or EEA country, depositors will benefit from the assistance of their local DGS (host DGS), which will provide them with the pay out on behalf of the DGS in the country where the bank is established (home DGS). The current interpretation is, however, that the rules in the DGSD on cooperation between DGSs is relevant only for branches registered as legal units.

Thus, banks operating on “outbound” passports are the responsibility of the DGS in the country where the bank has its authorisation (home). No cooperation between the DGSs is required and some DGSs interpret that the DGSD does not allow cooperation outside the requirements in the Directive. Lack of cooperation between DGSs would mean that the DGS and the other host safety net players will have no say when facing a pay out of banks operating on “inbound” passports. Consequently, challenges arise and financial stability may be threatened. For instance, the risk of contagion and other concerns of the safety net may be less controllable. Furthermore, depositors’ expectations on local DGS assistance in their own language is not met and pay outs may take longer than the expected 7 days.

To mitigate such risk, the NBGF is currently assessing solutions for web-based pay outs in the countries where Norwegian banks use their “outbound” passports. NBGF has also in connection with the EBA revision of the DGSD, suggested a change in the directive so that passporting in all matters are treated equal to branches registered as legal units. This means for instance allowing the home DGS to enter into an agreement with the host DGS same as with branches and allowing for a postponed pay out period longer than 7 days. Banks’ operations abroad would then be treated in the same manner regardless of their authorisation and legal structure, and the DGSs would be credible and accountable in the eyes of depositors.

Sonja Lill & Nina Johannessen
The Norwegian Banks’ Guarantee Fund
The compensation scheme in Poland


The compensation scheme is operated, administered and managed by Krajowy Depozyt Papierów Wartościowych S.A. (KDPW), the Central Securities Depository of Poland.

The compensation scheme and KDPW are both supervised by the Polish Financial Supervision Authority, the local market supervisor.

KDPW actively co-operates with the local market supervisor and with participants of the financial market in order to strengthen the confidence of investors in the capital market and to optimise the model of the scheme itself, which protects the interests of retail investors in the event of the insolvency or bankruptcy of a broker.

The compensation scheme collects assets for payment of compensation to retail investors whose assets are lost. The scheme covers cash and financial instruments held by investors up to a certain limit. Investment losses are not covered by the compensation scheme.

Participation in Poland’s compensation scheme is mandatory for licensed providers of brokerage services covered by the scheme. Participants of the scheme include brokerage houses, banks with brokerage licences, custodian banks, and mutual fund managers. The scheme currently has 90 participants.

Assets covered by the compensation scheme are capped at EUR 22,000; 100% is paid in compensation up to EUR 3,000 and 90% compensation is paid over EUR 3,000; the total compensation per investor is limited to EUR 20,100.

Assets of the compensation scheme include contributions of scheme participants as well as returns on investment of assets of the scheme by KDPW. The contributions of scheme participants depend on the value of investor cash and financial instruments invested with the participant and are set as a percentage of that value. If compensation is paid in excess of the value of assets in the scheme, KDPW may call the participants to make additional contributions up to an amount defined in the regulations.

At present, the assets of the compensation scheme are valued at approximately EUR 51.5 million.

The main functions of KDPW as the operator of the compensation scheme include:

- to determine the percentage rate of annual contributions of the compensation scheme participants;
- to accept annual contributions;
- to invest the assets of the scheme;
- to review and monitor compensation paid to investors, and to pay out compensation;
- to report to participants and the Polish Financial Supervision Authority.

There have been three instances of compensation scheme participant default since the inception of the compensation scheme in Poland. Compensation was paid out to investors in two of those instances. The payment of compensation is pending in the third case.
The KDPW Group provides a comprehensive range of end-to-end specialised post-trade services for the financial sector including the registration and safekeeping of financial instruments, the clearing and settlement of transactions across multiple markets, the processing of corporate actions to holders of securities, data collection and maintenance and trade repository services.

KDPW is responsible for maintenance of the central securities depository (CSD) and the settlement of transactions from the regulated and OTC markets. It offers a broad range of services to issuers of securities.

KDPW is in the process of obtaining authorisation as a CSD under Regulation (EU) No 909/2014 (CSDR).

Furthermore, KDPW provides the following reporting services:

- trade repository under Regulation (EU) No 648/2012 (EMIR),
- Approved Reporting Mechanism (ARM) for transactions subject to the reporting obligation under Regulation (EU) No 600/2014 (MiFIR), and
- issuance of codes: LEI, ISIN, CFI and FISN.

KDPW is planning to launch an SFT (securities financing transactions) reporting service as a part of its trade repository under Regulation (EU) 2015/2365 (SFTR).

KDPW_CCP is a central counterparty (CCP) clearing house responsible for the clearing of transactions and the operation of a clearing liquidity system. KDPW_CCP is authorised to provide clearing services (in PLN and EUR) as a CCP under Regulation (EU) No 648/2012 (EMIR).

This November, KDPW will celebrate its 25th anniversary as a capital market infrastructure institution.

EFDI membership

KDPW, the operator of Poland’s compensation scheme, became as Associate Member of EFDI in 2018.

Participation in the EFDI ICS Working Group allows KDPW and other members to exchange expertise and know-how relating to compensation schemes and to jointly develop solutions in the ever-changing environment of the financial service industry.
THE TERCAS BANK CASE

In 2014, after satisfying itself that the measures adopted for the benefit of Banca Tercas were economically more beneficial than reimbursement of that bank’s depositors, the FITD decided to cover Tercas’s negative equity and to grant it certain guarantees.

For the recovery and recapitalization of Banca Tercas by Banca Popolare di Bari (BPB), FITD’s intervention was twofold:

– Payment of 265 million EUR to cover the capital deficit;
– Providing a guarantee against specific fiscal and credit risks.

On 23 December 2015, the European Commission pronounced on the incompatibility with Article 108, par.3 of the Treaty on the Functioning of the European Union of FITD’s intervention in favor of Banca Tercas decided in 2014, and ordered that it be recovered. It declared that the support given to Banca Tercas in 2014 by FITD, being the mandatory deposit insurer, constituted incompatible State Aid and ordered its retraction.

Given the decision of the Commission to shield Banca Tercas from any negative repercussions, the banking system decided to set up a Voluntary Intervention Scheme. Such an intervention would necessitate a substantial equality between the amount returned to FITD and the amount in the Voluntary Scheme.

By 19 March 2019 judgment, the European General Court annulled the Commission’s decision, as the Commission had concluded, incorrectly, that the measures granted to Banca Tercas entailed the use of State resources and were imputable to the State.

FITD successfully argued that it is a consortium established under private law that acts on behalf of and in the interest of its members and has no organic features tying it to public authorities. FITD’s voluntary interventions in favor of distressed banks aim to pursue the private interests of its member banks, avoiding the more onerous economic consequences of a repayment of deposits in the event of a bank’s liquidation and further negative effects for the entire banking sector.

The Court also found that the Bank of Italy had limited itself to exercising its prudential supervisory functions and did not have any power to coerce FITD to intervene.

As to the absence of State resources, the court agreed with FITD that the funds granted to Banca Tercas were provided by FITD’s member banks in their sole interest, on the grounds that the intervention would be less costly than the reimbursement of depositors.

The Banca Tercas Judgment has significant implications for the management of banking crises in Europe, as it recognizes that voluntary interventions to support banks in difficulty, decided and financed by the banking system through a deposit guarantee scheme, may not fall within the scope of State aid rules.

Interbank Deposit Protection Fund (Fondo Interbancario di Tutela dei Depositi – FITD)
As of 1 January 2019, the Austrian deposit guarantee scheme (Einlagensicherung AUSTRIA, “ESA”) assumed the functions of the uniform protection scheme for all banks registered in Austria. The implementation of the DGSD by the national legislator in 2015 brought about this reorganisation of the Austrian deposit protection structure.

From August 2015 to the end of 2018, five sectoral protection schemes secured deposits with their member institutions and started to build up their own deposit guarantee funds. Four of these sectors – namely stock banks, mortgage banks, and the two cooperative sectors Raiffeisen and Volksbanken – have handed over their members and transferred the available financial means of their funds to ESA (even though legally it is not a merger). ESA has about 500 members, of which 470 have covered deposits totalling EUR 175 billion. The Austrian saving banks had their IPS recognised as a DGS by the Austrian Financial Market Authority and the ECB, and therefore consequently did not join ESA.

In order to execute this prescription properly and to ensure that the covered deposits are reported accurately, it is of the utmost importance that the SCV-file of every single member institution as the basis of those prescriptions is correct. Only in this manner under- or over-prescriptions can be avoided.

Moreover, with regards to internal risk management and a potential pay-out-case, it is necessary for ESA to know the correct SCV file of each member institution. The size categories of member institutions vary widely, from less than EUR 500 million to EUR 20 billion covered deposits. Due to this ESA must be able to estimate which operational capacities will be required and whether, for example, a high “happy-flow” is to be expected or a high number of customer meetings will be inevitable.

Therefore, in addition to the regular quarterly off-site reviews of the SCV-files, ESA conducts on-site-reviews of the SCV-file with every single member institution. In order to accomplish this major organizational task professionally in a productive manner for all parties involved, ESA has set up its own audit team consisting of 5 colleagues. They have been visiting the member institutes throughout Austria since April and are also available to answer detailed questions about the SCV. About 70 banks have been audited so far and the overall experiences are highly positive.

ESA’s first half year of operations has been quite challenging but nevertheless a very successful one.

The harmonised calculation method has been approved by the Austrian Financial Market Authority.

Stefan Tacke,
Managing Director
LIECHTENSTEIN TRANSPOSES THE EU DIRECTIVE (DGSD)

The Liechtenstein Parliament recently adopted the Act on Deposit Guarantee and Investor Compensation for banks and investment firms (Deposit Guarantee and Investor Compensation Act; EAG) implementing the Directive 2014/49/EU on Deposit Guarantee Schemes. In addition to the provisions on deposit protection, the EAG also reflects the provisions of Directive 97/9/EC on investor compensation schemes for banks and investment firms.

The main provisions on deposit protection are as follows:

- EAS Liechtenstein as statutory DGS recognised
- Coverage amount of each depositor remains at CHF 100,000
- Payout period will be reduced to 7 days as of 2026 (phase-in approach)
- Introduction of a pre-financed DGS fund, with a target level of 0.5% of covered deposits by 2028
- Additional coverage per depositor in certain life events (THBs) up to max. CHF 750,000 within a 6-month period
- Payments are only made in CHF and only via bank transfer
- Use of the Deposit Protection Fund to finance resolution measures up to a maximum of 50% of the target level
- The option to use alternative measures pursuant to Article 11 para. 3 of the Directive is not adopted
- Mandate of EAS Liechtenstein: pay box plus (according to IADI definition)

The EAG entered into force on 1 June 2019. Liechtenstein’s deposit guarantee scheme is therefore equally regulated as other EU schemes. The incorporation of the DGSD into the EEA Agreement is still pending.

Rafik Yezza, Managing Director
EAS Liechtenstein

EAS Liechtenstein

As a single, combined protection scheme, the Deposit Guarantee and Investor Compensation Foundation PCC (EAS Liechtenstein) provides since 2001 coverage for depositors and investors in the event of default of a bank or investment firm in accordance with legal provisions. The EAS is organised as an autonomous foundation under Liechtenstein law in the form of a protected cell company (PCC). At present, 13 banks are affiliated to the deposit guarantee scheme. In total, the EAS covers more than 100 member firms. You find more information in the annual report which is available for download on the website www.eas-liechtenstein.li
Caroline Rainbird appointed new CEO of Financial Services Compensation Scheme UK

Caroline brings a wealth of global experience from a career spanning 30 years within the financial services sector encompassing senior regulatory, strategic, commercial, operational, investment banking, and client led roles. Between 2009 and 2017 she held senior positions at RBS Plc working as Director of their Corporate Services Division and then as their Managing Director of Regulatory Affairs. From 1995 to 2009 she worked at ABN AMRO, undertaking a number of leadership and transactional roles within Group Shared Services, Finance, Change Management and Structured Finance.

Outgoing CEO Mark Neale’s last day was 3 May 2019 and Caroline’s appointment took effect from 4 May 2019 for a period of three years. She also joined the Board of FSCS.

The appointment has been made by the Financial Conduct Authority and the Prudential Regulation Authority, who had representatives on the recruitment panel, and approved by HM Treasury.

Marshall Bailey, FSCS Chairman, stated: “It is a testament to the standing and reputation of the FSCS that we have been able to attract a world class leader like Caroline. Her array of financial services experience, understanding of the regulatory landscape and passion for the consumer meant she was the obvious candidate. Her industry pedigree will particularly help our work on tackling the causes of compensation and improving fairness for all consumers.”

Brexit

FSCS continues to work with our colleagues in the regulatory family to prepare for the UK withdrawal from the EU. The FSCS website has now been updated to include a page on ‘Brexit and FSCS protection’ (https://www.fscs.org.uk/about-fscs/media-centre/brexit/)

EFDI Stress Test Working Group meeting in London

On Friday 17th May FSCS hosted a meeting of the EFDI Stress Test Working Group which was attended by 27 delegates.

By July 2019 all EU DGs must complete the required stress tests report on their results to the European Banking Authority (EBA). This meeting of the Stress test WG was the last before the July deadline and gave attendees the opportunity to discuss, understand and compare their stress test outcomes and, more specifically, the methodology and the considerations behind the assignment of the ratings for each of the four tests and their related indicators.
NEWS FROM MEMBERS

There were presentations from several attendees and discussions during the event highlighted the fact that there are still some differences in the testing regimes and the interpretations of the rating outlined in the EBA guidelines. It was agreed the meetings of the stress test WG has helped EFDI members put the EBA guidelines into practical operation and the exchange of experience has been helpful.

It was also agreed to discuss the development of non-binding guidelines to deal with topics such as funding (also for cross-border situations), communications, a common interpretation of the ratings, lessons learnt and scale and degree of complexity to reach in a testing scenario. This idea will be discussed after the meeting with the EBA in July.

International Visitors

Delegates from the deposit guarantee schemes of Uganda and Pakistan visited FSCS from the 13th to the 16th May. The delegates were Mr. Wilbrod Owor (Board Member) and Mr. Joseph Luboyera (Board Secretary) from the UDPF (Uganda Deposit Protection Fund) and Mr. Syed Mansoor Ahmad Zaidi (Senior Joint Director) and Mr. Muhammad Naeem (Deputy Director) from the DPCP (Deposit Protection Corporation of Pakistan). Both DGSs are keen to develop their role and operational expertise.

This visit was an excellent opportunity for both FSCS and the visiting organisations. The International Liaison and Research team took the lead in setting up the schedule for the presentations from teams across the organisation, including representatives from Capita, the FSCS outsource partners, and the PRA (in total, about 30 people participated as presenters). This was an opportunity for staff across FSCS to share their time and knowledge and experiences with the delegates. It was so useful for the delegations who went back to their organisations with a better understanding of how FSCS works.

Karen Gibbons
Head of International Liaison and Research, FSCS

SDIF TO HOST THE IADI 18TH ANNUAL GENERAL MEETING AND 60TH EXECUTIVE COUNCIL MEETING IN ISTANBUL, TURKEY

Savings Deposit Insurance Fund of Turkey (SDIF) will host the IADI 18th Annual General Meeting along with the 60th Executive Council Meeting and International Conference in Istanbul, Turkey on October 7-11, 2019. The Meeting Venue will be Conrad Istanbul Bosphorus Hotel. While Technical, Council and Regional Committee Meetings will take place on October 7-9, 2019, the Annual Conference and the Annual General Meeting will follow on October 10-11, 2019.

The Annual Conference on “Realizing Reforms: What has changed in deposit insurance systems since the crisis?” will consist of 5 Sessions and discuss Current Global Financial Landscape; changes in Deposit Insurer’s Role in Early Warning and Intervention Systems, in Bank Resolution Processes and in Cross Border Issues and Fintech developments and their potential impacts on Deposit Insurance and Bank Resolution. SDIF welcomes all EFDI Members and Observers.

A workshop on “Bank Resolution Financing” was held by the World Bank at SDIF premises on June 18, 2019.

As part of the country partnership framework, the Technical Assistance Program of the World Bank for SDIF and Banking Regulation and Supervision Agency (BRSA) of Turkey on Resolution continued into 2019. SDIF and BRSA continued to have regular meetings with the World Bank due to the Program. In that respect, the World Bank held a workshop on establishing and managing a resolution fund in June 2019 at SDIF premises.

Karen Gibbons
Head of International Liaison and Research, FSCS
WHAT IS HAPPENING ELSEWHERE?

EBA TASKFORCE ON DEPOSIT GUARANTEE SCHEMES: LANDING SOON!

As many of you may remember, the European Banking Authority (EBA) has launched its “TFDGS” (Taskforce on Deposit Guarantee Schemes) in September last year, with the purpose of preparing the EBA contribution to the DGSD review due by the European Commission in 2019. All public DGSs and designated authorities of the EEA have been invited to join, as well as private DGSs on request of the concerned designated authorities.

Count on this article to summarise for you the 24 all-day meetings already held end of June since November last year, the numerous conference calls, documents exchanged, replies to questionnaires and contributions sent, and… sorry, you will be highly disappointed. For this, you will have to wait for the publication of the three “Opinions”, 100 pages or so each, next Fall.

It is then clear that all participants paid quite a high price to that unprecedentedly intensive effort, our community and the designated authorities for sure, as well as the European Commission, but, above all, the dedicated EBA team and their colleagues from various departments (Legal, AML…). It was also a major drain on everyone’s resources, as many topics addressed mix legal, financial and operational concerns at the same time, in a way that few others than DGSs could be familiar with.

As a consequence, the outcome should be very new and quite interesting: it will be the first time that, thanks to the EBA, such a state of play of the DGSD implementation has been undertaken and completed on a comprehensive basis and with the involvement of both practitioners and designated authorities. This exercise also helped to close the gap between authorities and DGSs, not on all, but on a number of topics where the operational experience of DGSs was key, and as significant as, for instance, the depositor information template, interim payments, direct compensation of depositors in host countries in some cases or the need to avoid any predefined waterfall in the use of resources in case of a crisis.

It is difficult to say at this stage (June 2019) whether this review will advocate for some additional difficult-to-handle obligations or constraints for EEA DGSs. As a matter of fact, this is not per se the purpose of the TFDGS, which rather emphasises a smart approach, combined with an improvement or at least a no-deterioration of the protection (for instance, direct compensation in host countries, but when some conditions are met). On the other hand, many DGSs express favourable opinions towards enhancing various protections offered to depositors (e.g. coverage of public authorities, coverage of never-identified depositors, limitations brought to the exclusion of dormant accounts, extended delay for temporary high balances’ claims, etc.)

“Some “hot” topics are still under discussion [...] and could potentially raise issues.”
WHAT IS HAPPENING ELSEWHERE?

Nevertheless, some “hot” topics are still under discussion or not totally closed yet, and could potentially raise issues, such as the articulation between payout requirements and anti-money laundering concerns, especially when a credit institution fails after being suspected of fraud; the compensation of beneficiary accounts held by (non-eligible) financial institutions; THBs’ compensation when money is transferred from a bank to another one; or the highly complex topic of contribution transfers in case a credit institution changes from one DGS to another.

For those topics and some others, the EBA plans to hold some additional meetings in July and September, while planning a formal approval by its appropriate authorities and a publication before the beginning of October.

Thierry Dissaux,
EFDI Chair

TFDGS Workstreams (WS)

<table>
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<th>WS1 on Payouts</th>
<th>WS2 on DGS funding and the use of DGS funds</th>
<th>WS3 on Eligibility, Coverage and Cooperation</th>
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<td>This general topic encompasses first the triggering (questions around the unavailability of deposits), then complex cases such as beneficiary accounts, temporary high balances and a possible additional harmonisation, cross-border compensations and the possibility to introduce some flexibility in that field, or also the Anti-Money Laundering (AML) issue (articulation in certain cases between AML concerns and the 7-day payout delay).</td>
<td>This worstream of course covers questions on the target level (factors, methodologies, definition of the available financial means), on extraordinary contributions and alternative funding arrangements (role to cover the liquidity and financing shortfall), as well as on some precise questions (e.g. contributions of third-country branches).</td>
<td>Topics being dealt with by this workstream enter into the other fundamental components and parameters of DGSs’ activities: coverage level, topping up, transfer of contributions (thus, the recent survey circulated among EFDI members), eligibility and exclusions from eligibility, transfer of contributions, home-host cooperation, third-country branch equivalence etc.</td>
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ABOUT EFDI

EFDI AT A GLANCE

European Forum of Deposit Insurers – Association of European Deposit Guarantee Schemes and Investor Compensation Schemes”, abbreviated “EFDI”, created in 2002, is an international non-profit association. The purpose of the Association is to contribute to the stability of financial systems by strengthening the role of Deposit Guarantee Schemes (DGSs) and promoting European cooperation in the field of deposit insurance. The Association shall represent the common interests of the Members, exchange information, experiences and views, provide analysis, assessment and recommendations.

EFDI at a glance

About EFDI

EFDI, created in 2002, is an international non-profit association. The purpose of the Association is to contribute to the stability of financial systems by strengthening the role of Deposit Guarantee Schemes (DGSs) and promoting European cooperation in the field of deposit insurance. The Association shall represent the common interests of the Members, exchange information, experiences and views, provide analysis, assessment and recommendations in its field of expertise, and collaborate with EU, national, supranational and international institutions. EFDI has a close working relationship with major European and International organizations and academia, especially with the European Commission (EC), the European Central Bank (ECB), the European Banking Authority (EBA), the World Bank (WB), the International Monetary Fund (IMF), the European Financial Services Roundtable (EFSR), the European Banking Federation (EBF) and the International Association of Deposit Insurers (IADI), with which it develops strong relations.

70 Members Institutions ▪ 57 Deposit Guarantee Schemes ▪ 13 Investor Compensation Schemes ▪ 48 countries from enlarged Europe.

Website: www.efdi.eu ▪ Tweeter: @EFDI_Forum
Contact: secretariat@efdi.eu

EFDI LIST OF MEMBERS

I. FULL MEMBERS

- Albania, Deposit Insurance Agency of
- Armenia, Deposit Guarantee Fund of
- Austria, Einlagensicherung Ges.m.b.H. (ESA) ; Sparkassen Haftungs AG
- Azerbaijan, Deposit Insurance Fund of
- Belgium, Garantiefonds/Fonds de Garantie
- Bosnia and Herzegovina, Deposit Insurance Agency of (DIA)
- Bulgaria, Deposit Insurance Fund (BIDF)
- Croatia, State Agency for Deposit Insurance and Bank Resolution
- Cyprus, Deposit Protection Scheme
- Czech Republic, Financial Market Guarantee System
- Denmark, Guarantee Fund for Depositors and Investors managed by the Financial Stability Company
- Estonia, Guarantee Fund of
- Finland, Talletususuarahasto - The Finnish Deposit Guarantee Fund
- France, Fonds de Garantie des Dépôts et de Résolution (FGDR)
- Germany, National Association of German Cooperative Banks - BVR; Bundesverband deutscher Banken e.V Einlagensicherungsfonds (BDB); German Private Commercial Banks Compensation Scheme for Depositors and Investors; German Saving Banks Association Deutscher Sparkassen und Giroverband Sicherungseinrichtung (DSGV); Deposit Compensation Scheme of the Association of German Public Sector Banks GmbH (Edö) ; Gibraltar, Gibraltar Financial Services Commission
- Greece, Hellenic Deposit and Investment Guarantee Fund (TEKE)
- Guernsey, Banking Deposit Compensation Scheme (GBDCS)
- Hungary, National Deposit Insurance Fund of (NDIF)
- Iceland, Depositors’ and Investors’ Guarantee Fund (TIF)
- Ireland, Central Bank of Ireland - Irish Deposit Protection Scheme
- Isle of Man, Deposit Guarantee Fund of
- Italy, Interbank Deposit Protection Fund (FIIID); Fondo di Garanzia dei Depositanti (FGD); Bond Holders Guarantee Fund of Cooperative Credit Banks
- Jersey, Chief Ministers Department-Jersey Bank Depositors Compensation Board (JDCS)
- Kosovo, Deposit Insurance Fund (FSDK)
- Latvia, Financial and Capital Market Commission
- Liechtenstein, Deposit Guarantee and Investor Compensation Foundation PCC (EAS)
- Lithuania, Deposit and Investment Insurance
- Luxembourg, Association pour la Garantie des Dépôts Luxembourg (ABBL); Fonds de Garantie des Dépôts Luxembourg (FGDL)
- Macedonia, Deposit Insurance Fund of
- Malta, Depositor and Investor Compensation Schemes
- Montenegro, Deposit Protection Fund of
- Netherlands, De Nederlandsche Bank
- Norway, Banks’ Guarantee Fund
- Poland, Bank Guarantee Fund; Compensation Scheme of (KDPW)
- Portugal, Fundo de Garantia do Crédito Agrícola Muluo (FGCAM); Fundo de Garantia de Depósitos
- Romania, Bank Deposit Guarantee Fund
- Russia, Deposit Insurance Agency of
- San Marino, Central Bank of
- Serbia, Deposit Insurance Agency of
- Slovakia, Deposit Protection Fund of
- Slovenia, Deposit Guarantee Scheme - Bank of Slovenia
- Spain, Deposit Guarantee Fund of Credit Institutions
- Sweden, National Debt Office (SNDO)
- Switzerland, esisuisse
- The Netherlands, The Nederlandsche Bank
- Turkey, Savings Deposit Insurance Fund
- Ukraine, Deposit Guarantee Fund of (DGF)
- United Kingdom, Financial Services Compensation Scheme (FSCS).

II. ASSOCIATES

- Bulgaria, Investor Compensation Fund
- Croatia, Central Depository & Clearing Company Inc.
- Cyprus, Investors Compensation Fund of Clients of Investment Firms
- Czech Republic, Securities Brokers Guarantee Fund
- Finland, Investors’ Compensation Fund
- Germany, Auditing Banking Association
- Hungary, Investor Protection Fund
- Ireland, The Investor Compensation Company DAC (ICCL)
- Italy, Fondo Nazionale di Garanzia
- Norway, Investor Compensation Scheme
- Poland, Central Securities Depository of (KDPW)
- Romania, Investor Compensation Fund
- Turkey, Investors Compensation Centre

Date 10 July 2019