Ireland will pump 5.5 billion euros ($7.7 billion) into its three largest banks and take control of the Anglo Irish Bank Corporation to protect the nation’s financial services industry from collapse.

The government will inject 1.5 billion euros into Anglo Irish Bank in return for preferred shares with 75 percent of its voting rights, the government said on Sunday. The other two banks, Allied Irish Banks and Bank of Ireland, will each receive 2 billion euros.

Ireland, which was the first country in Europe to guarantee all bank deposits, is being forced to use public money after initially urging the banks to seek private investors to assist in the country’s bank bailout.

“The recapitalization announced today will provide the banks with the stability required to continue to lend to meet the needs of the Irish economy,” Prime Minister Brian Cowen said in a statement on Sunday.

The shares issued by Anglo Irish will pay the government a fixed 10 percent annual dividend. The Bank of Ireland and Allied Irish shares will pay an 8 percent dividend and the government will have 25 percent of the voting rights on issues like change of control.

The government is also prepared to underwrite the issue of further shares, and both Allied Irish and Bank of Ireland have “indicated an interest” in the underwriting of up to 1 billion euros each, according to the statement.

The dividend is lower than the dividend of about 12 percent that the British government has charged banks that tapped it for new capital. Brian Lenihan, Ireland’s finance minister, said the government reviewed other bank investments and “didn’t want to charge too high a price to restrict lending.”

Irish financial shares have fallen on average 92 percent this year, led by Anglo Irish, which has plunged 97 percent.

The government’s move to recapitalize the banks comes days after Anglo Irish’s chief executive, David Drumm, and its chairman, Sean FitzPatrick, resigned amid a scandal over 87 million euros, or $125 million, in loans that Mr. FitzPatrick received from the bank. Anglo Irish said this month that it would provide an additional 500 million euros to cover rising loan losses.
Donal O'Connor, who replaced Mr. Fitzpatrick as chairman, said in a separate statement that Anglo welcomed the investment, which ensured the lender “will continue to be a sound and viable institution.”

The recapitalization follows the global financial crisis that has compounded Ireland’s slump. Construction is contracting at a record pace, home prices have fallen 10 percent in the last year and the economy may shrink as much as 4 percent next year, according to the government.

Ireland’s financial regulator said on Oct. 14 that the six lenders covered by the government guarantee had about 39 billion euros in speculative property loans.

The finance ministry has said that although it has a “substantial pool” of additional capital available, it “encourages” the banks to seek private money.

Bank of Ireland, which opened in Dublin in 1783, said Nov. 21 that it had been approached by “a number of parties” looking to invest in the company.

Allied Irish said last month that it had “several options” to increase capital levels, including selling its stake in its American and European units.

Separately, a group of unidentified fund managers approached the finance ministry last month about investing in the banks alongside the government and hired Deutsche Bank to advise them. Irish Life & Permanent, the country’s biggest mortgage lender, is in talks to merge with the EBS Building Society.

Capital ratios for the six lenders covered by the guarantee are greater than those required by regulators, the government said last month, citing a report prepared for it by PricewaterhouseCoopers.