

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS  
COMMITTEE ON FINANCIAL MARKETS**

**FINANCIAL CRISIS: FURTHER ISSUES REGARDING DEPOSIT INSURANCE AND RELATED  
FINANCIAL SAFETY NET ASPECTS**

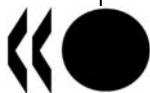
**Addendum**

**13-14 November 2008**

*Delegates are kindly invited to verify and update, where relevant, the information presented in this addendum.  
Delegates are also encouraged to provide any additional related information.*

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**Table A.1. Coverage limits in jurisdictions of CMF members in mid-September 2008**

Country Name	Explicit deposit insurance coverage limits	Co-insurance arrangements	Limits to full coverage (in USD at exchange rates as of mid-September 2008, rounded)
Australia	No explicit deposit insurance system	Not relevant	Not relevant
Austria	EUR 20,000	10 % co-insurance for non-individuals (companies etc.)	28,000
Belgium	EUR 20,000	10 % co-insurance	28,000
Canada	CAD 100,000	None	94,000
Czech Republic	EUR 25,000	10 % co-insurance	36,000
Denmark	DKK 300,000	None	57,000
Finland	EUR 25,000	None	36,000
France	EUR 70,000	None	100,000
Germany	Obligatory minimum of EUR 20,000 is generally largely exceeded. Private: not to exceed 30% of bank's equity capital. Public: no coverage limit;	None	> 28,000
Greece	EUR 20,000	None	28,000
Hong Kong, China	HKD 100,000	None	13,000
Hungary	HUF 6 million	90% for the amount in excess of HUF 1 million, up to maximum of HUF 6 million	36,000
Iceland	EUR 20,887 (equivalent to ISK 1.7 million as of 01/05/99)	None	> 28,000
Ireland	EUR 20,000	10% co-insurance	28,000
Italy	EUR 103,291.38	None	147,000
Japan	JPY 10 million	None	93,000
Korea	KRW 50 million	None	45,000
Luxembourg	EUR 20 000	10 % co-insurance	28,000
Mexico	UDIs 400,000 (~MXP 1,637,035)	None	155,000
Netherlands	EUR 40,000	10% co-insurance for amount in excess of EUR 20,000, i.e. from EUR 20,000 to 40,000	57,000
New Zealand	No explicit deposit insurance system	Not relevant	Not relevant
Norway	NOK 2 million	None	350,000
Poland	EUR 22,500	10% for the amount in excess of EUR 1,000, up to maximum of EUR 22,500	32,000

Portugal	EUR 25,000	None	36,000
Russia	RUB 400,000	10 % for the amount in excess of RUB 100,000	16,000
Singapore	SGD 20,000	None	14,000
Slovak Republic	EUR 20,000	10 % co-insurance	28,000
Spain	EUR 20,000	None	28,000
Sweden	SEK 250,000	None	37,000
Switzerland	CHF 30,000	None	27,000
Turkey	YTL 50,000	None	40,000
United Kingdom	GBP 35,000	None	63,000
United States	USD 100,000	None	100,000

Source: OECD Secretariat estimates, based on previous CMF discussions in April 2008 and public information available from websites of authorities in CMF member jurisdictions.

**Table A.2. Preliminary estimates of coverage limits in jurisdictions of CMF members at end-October 2008**  
(including temporary arrangements)

Country Name	New explicit or implicit deposit insurance coverage <sup>1</sup>	Previously	Co-insurance arrangements
Australia	Unlimited?	Not relevant	No
Austria	Unlimited?	EUR 20,000	No?
Belgium	EUR 100,000	EUR 20,000	No
Canada	CAD 100,000	CAD 100,000	No
Czech Republic	EUR 50,000	EUR 25,000	10 % co-insurance?
Denmark	Unlimited?	DKK 300,000	No
Finland	EUR 50,000	EUR 25,000	No
France	EUR 70,000		No
Germany	Unlimited?	Different for each bank, but typically largely exceeding EUR 20,000	No
Greece	100,000	EUR 20,000	No
Hong Kong, China	Unlimited?	HKD 100,000	No
Hungary	HUF 13 million	HUF 6 million	To be abolished?
Iceland	EUR 20,887 (or unlimited?)	EUR 20,887	No
Ireland	Unlimited?	EUR 20,000	Abolished
Italy	EUR 103,291.38	EUR 103,291.38	No
Japan	JPY 10 million	JPY 10 million	No
Korea	KRW 50 million	KRW 50 million	No
Luxembourg	EUR 100,000	EUR 20,000	Abolished
Mexico	UDIs 400,000	UDIs 400,000	No
Netherlands	EUR 100,000	EUR 40,000	Abolished?
New Zealand	NZD 1 million	Not relevant	No
Norway	NOK 2 million	NOK 2 million	No
Poland	EUR 50,000	EUR 22,500	Abolished?
Portugal	EUR 100,000	EUR 25,000	No
Russia	RUB 700,000	RUB 400,000	Abolished
Singapore	SGD 20,000	SGD 20,000	No
Slovak Republic	Unlimited?	EUR 20,000	10 % co-insurance
Spain	EUR 100,000	EUR 20,000	No
Sweden	SEK 500,000	SEK 250,000	No
Switzerland	CHF 30,000	CHF 30,000	No
Turkey	YTL 50,000	YTL 50,000	No
United Kingdom	GBP 50,000	GBP 35,000	No
United States	USD 250,000	USD 100,000	No

Source: OECD Secretariat estimates, based on previous discussions and public information available from websites of CMF members.

<sup>1</sup> For qualifying notes see Table A.3.

**Table A.3: Selected comments related to recent explicit or implicit changes in retail deposit insurance coverage levels and/or related guarantees**

<b>Country</b>	<b>New limit</b>	<b>Comments</b>
Australia	Unlimited?	On 12 October 2008, Australian Prime Minister Kevin Rudd explained that under the country's plan, all deposits in the country's banks, building societies and credit unions, would be guaranteed by the Australian government for the next three years. The government would also guarantee term wholesale funding to local banks until global financial markets stabilized. The guarantee of deposits is to be a temporary measure. It is planned that it will expire after three years time and be replaced by a deposit insurance scheme capped at about \$20,000 and estimated to cover about 85 per cent of depositors. There is no ex ante funding. If the liquidation of a failed bank resulted in a shortfall of available assets to cover the amount owed to depositors then a levy would be imposed upon the banking industry to cover the gap. The levy would not exceed 0.5 per cent of the liabilities of deposit-taking institutions. On 22 October, the country's treasurer said that the government was considering refinements to its scheme, including a fee for deposits above AUD 1 million (about USD 676,000).
Austria	Unlimited?	The Austrian National Council put forward a 100-billion-euro bank rescue package on 20 October 2008, which included providing unlimited deposit insurance to savers, undertaking legal guarantees on loans between banks, providing subsidies to banks facing liquidity problems and forbidding short sale of stocks. Under the new plan, by the end of 2009, savers can withdraw all of their deposit. However, from 2010, insurance on deposit would have a limit of 100,000 euros, which would be higher for medium and small-sized enterprises.
Belgium	EUR 100,000	There was an increase in the maximum amount of compensation available from the Protection Fund and extension of the range of eligible participants. Also, the Belgian Government also set up a temporary state guarantee plan to facilitate the refinancing of banks on interbank markets and with institutional counterparties. Participation in the plan is on a voluntary basis and is subject to an application by the bank. Only sufficiently capitalised banks are eligible to participate. When considering an institution's application, the Government will take into account the importance of the institution in the Belgian financial system and to the Belgian economy in general. The guarantee can be granted for the entirety of a credit institution's new financing raised from other credit institutions or institutional investors in order to renew existing financing, and provided their maturity does not exceed October 31st, 2011. The instruments should be contracted or renewed between October 9, 2008 and October 31st, 2009. The guarantee is subject to a fee.
Canada	CAD 100,000	The existing deposit insurance ceiling was not changed. On a related issue, on 23 October 2008, the Canadian Finance Minister Flaherty announced the creation of the Canadian Lenders Assurance Facility, which will provide insurance on the wholesale term borrowing of federally regulated deposit-taking institutions. This temporary program will be offered to lenders on commercial terms so as to ensure that no

		fiscal costs will arise as a result of the program. It will expire six months after its start date, which is anticipated to be the beginning of November.
Czech Republic	EUR 50,000?	On 7 October, Czech Finance Minister Miroslav Kalousek expressed his reservations against the offers by other governments of blanket deposit protection. He also announced that the Czech government plans a doubling of the Czech deposit insurance limit set to a maximum of 50,000 euros.
Denmark	Unlimited?	In early October 2008, the Danish government guarantees deposits and also some forms of unsecured debt, requesting contribution from banks in exchange, which could total up to 2 per cent of GDP. Under the new plan banks will contribute Dkr 10 bn (with a possible extension to Dkr 20 bn) – to the new rescue fund and pay a non-refundable Dkr 7.5bn both this year and next year in return for the guarantee.
Finland	EUR 50,000	From 8 October 2008 onwards, the Fund will cover deposits up to 50,000 euros in each bank the depositor has funds in. The Deposit Guarantee Fund covers private persons, corporations, foundations as well as public sector entities such as municipalities and parishes.
France	EUR 70,000	End-of-September 2008 President Sarkozy makes the “solemn promise” that French savers would not lose a single euro. Initially, this statement was interpreted as implying that all savers’ deposits would be fully underwritten by the state. Subsequent comments suggested that the deposit insurance coverage remained unchanged, while the government has vowed to take stakes in, or even nationalize, failing banks.
Germany	Unlimited?	On October 5, 2008, the German government has issued a guarantee on every private deposit account. Finance spokesman Torsten Albig said to reporters “the state guarantees private deposits in Germany”.
Greece	EUR 100,000 (or unlimited?)	Greece’s finance minister announces on October 2, 2008 that deposits for all banks that operate in the country will be guaranteed. A few days later, he made the following statement "The legal minimum of 20,000 euros that exists today in Greece, will be increased to 100,000 euros and will be enacted soon." He also added that the guarantee would be in force for the next three years. The minister also reiterated the political pledge made before to guarantee all deposits in Greek banks including term deposits, regardless of the amount, a move which would not require legislation. "I want to emphasise that our political commitment to protect the total amount of deposits, beyond the legal minimum, still stands," Alogoskoufis said on October, 6, 2008. Also, Prime Minister Costas Karamanlis recently issued a 'political promise' to guarantee all deposits in the country in the unlikely event of a financial institution collapsing.
Kong Kong, China	Unlimited?	On 14 October 2008, the Hong Kong SAR Government announced the use of the Exchange Fund to guarantee the repayment of all customer deposits held with all authorized institutions in Hong Kong (including licensed banks, restricted-licence banks and deposit-taking Companies), following the existing principles of the Deposit Protection Scheme (DPS). This guarantee took immediately effect and will remain in force until the end of 2010. For Licensed Banks that are members of the DPS, the guarantee will cover the amount of deposits in excess of that protected under the DPS (i.e. HKD100,000). The Hong Kong

		Deposit Protection Board is conducting a review of the coverage of the DPS. The Board has already issued a survey to collect coverage statistics from member banks for analysis. The public consultation in relation to the recommendation on raising the protection limit in a consultancy report on the Hong Kong Monetary Authority's work on banking stability is still under way. The Board intends to formulate concrete recommendations on the protection limit in the first quarter of 2009.
Hungary	HUF 13 million	Hungary's parliament voted on October 13, 2008 to raise bank deposit insurance levels as part of the government's decision to guarantee all client deposits at banks. The parliament voted to lift deposit levels guaranteed by the National Deposit Insurance Fund to 13 million forints (\$71,200) -- more than EUR 51,000 at the current exchange rate -- from 6 million forints. Earlier, the government said it will guarantee all other deposits above the 13 million forint level. The proposal for the Ft 13 million limit was initiated after EU finance ministers endorsed a minimum EUR 50,000 of deposit insurance in member states at a summit in Brussels on Tuesday. The guarantee will apply only to bank deposits, not other forms of savings.
Iceland	EUR 20,887 (or unlimited?)	The information available regarding current coverage limit in Iceland is EUR 20,887, according to the official website <a href="http://www.tryggingarsjodur.is/Payments/">http://www.tryggingarsjodur.is/Payments/</a> . There is a view however that a blanket guarantee may de facto have been introduced. For example, a recent IMF publication suggests that a blanket guarantee has been extended covering all deposits in domestic commercial and savings banks and their branches in Iceland, that is all retail and corporate deposits covered by the Deposit Division of the Depositors' and Investors' Guarantee Fund. See "The Use of Blanket Guarantees in Banking Crises", by L. Laeven and F. Valencia, IMF Working Paper WP/08/250, October 2008. A specific request for clarification has been made by the OECD Secretariat to the Delegation of Iceland.
Ireland	Unlimited?	On 30 September 2008, the Irish government guaranteed all deposits held in the six biggest banks. The scheme guarantees was estimated to cover € 400 bn (USD 575 bn) of liabilities, including retail, commercial and interbank deposits. The scheme took effect immediately and is scheduled to expire in September 2010. Previously, the coverage limit had been raised in mid-September to 100,000 Euros. Ireland extended its blanket guarantee on bank deposits on 10 October 2009 to five foreign-owned banks with substantial operations in Ireland, implying an estimated total coverage equivalent to about € 600 bn.
Italy	EUR 103,291.38	The Italian government rescue plan announced on 8 October 2008 includes an unlimited blanket guarantee to the deposit insurance fund (see DECRETO-LEGGE 9 ottobre 2008 , n. 155, <a href="http://www.bancaditalia.it/homepage/files/DL_155_091008.pdf">http://www.bancaditalia.it/homepage/files/DL_155_091008.pdf</a> ). The deposit insurance coverage ceiling remains unchanged.
Japan	JPY 10 million	No change being made.
Korea	KRW 50 million	No change being made.
Luxembourg	EUR 100,000	On 17 October, the deposit insurance ceiling was raised to 100,000 from 20,000.

Mexico	UDIs 400,000	No change being made.
Netherlands	EUR 100,000	Deposit insurance coverage limit raised to EUR 100,000.
New Zealand	NZD 1 million / Not relevant	The Minister of Finance announced on 12 October 2008 that the Government has introduced an opt-in deposit guarantee scheme. The scheme covers deposits for New Zealand-registered banks and eligible non-bank deposit-takers (including banking societies, credit unions and finance companies). The government invited eligible institutions to enter a guarantee of their deposits, where eligible institutions are New Zealand registered banks and non-bank deposit-taking financial institutions. Deposits from both residents and non-residents will be covered, regardless of the currency in which they are denominated. Deposits and other liabilities owed to financial institutions, whether in New Zealand or offshore, are explicitly excluded from this guarantee. The guarantee will be offered for a term of two years. The government will charge a fee for any guarantee offered on amounts in excess of NZD 5 billion. For covered liabilities in excess of this amount a fee of 10 basis points per annum will be charged for the guarantee (on the basis of the total covered liabilities, in excess of NZD 5 billion). For example, a bank with \$20 billion in retail deposits would pay \$15 million in fees per annum. Non-banks such as finance companies could also apply to become part of the scheme. On 22 October 2008, New Zealand's Treasury and Reserve Bank published final details of the terms of the Crown Retail Deposit Guarantee Scheme (as the new system of deposit insurance will be called): Insured deposits will be capped at NZD 1 million (about USD 596,500) though depositors may hold insured amounts at different institutions. All financial institutions with liabilities of up to NZ\$5 billion will pay a fee for the insurance, though this fee will apply only to growth in liabilities since 12 October 2008, and even then institutions will be able to grow liabilities by 10 per cent as year and still avoid the fee. The fee will be tied to an institution's credit rating and be 10 basis points per year for those rated AA or better; 20 bps A rated entities; 50 bps B rated entities and 100 bps BB rated entities. Institutions BBB or less, or that are unrated, will pay a fee of 300 bps, though still only on liabilities in excess of the level two weeks ago. Financial institutions with liabilities of in excess of NZ\$5 billion will pay these fees on the excess and not on growth in liabilities.
Norway	NOK 2 million	No change being made.
Poland	EUR 50,000	Amount raised to EUR 50,000 from EUR 22,500 in October 2008.
Portugal	EUR 100,000	Retail deposit insurance protection ceiling raised to EUR 100,000.
Russia	RBL 700,000	Russian President Dmitry Medvedev has signed a bill on insurance of bank deposits, increasing the amount guaranteed to 700,000 rubles from 400,000 rubles. Amendments to the Federal Law "On Insurance of Household Deposits in Banks of the Russian Federation" took effect on 14 October 2008. The amendments also abolished previously existing coinsurance arrangements and establish full coverage up to 700 thousand rubles.
Singapore	Unlimited?	The Singapore Government has decided to guarantee all Singapore Dollar and foreign currency deposits of individual and non-bank customers in banks, finance companies and merchant banks licensed by the Monetary Authority of Singapore (MAS). The guarantee will take



		immediate effect and will remain in place until 31 December 2010. All depositors, big and small, corporates and individuals, including those under the current Deposit Insurance Scheme administered by the Singapore Deposit Insurance Corporation will now enjoy protection from the Government on the full amount of their deposits for the duration of the guarantee. The Government guarantee will also be extended to deposits placed with credit co-operatives registered with the Registry of Co-operative Societies. The Ministry of Finance and MAS have assessed that a guarantee of up to SGD150 billion will be well in excess of possible liabilities arising from the failure of any financial institutions. The guarantee will be backed by SGD150 billion of the reserves of the Singapore Government. The President has given his concurrence for the Government to provide such a guarantee.
Slovak Republic	Unlimited?	The Slovak government announced on 8 October 2008 that it would expand insurance to the full amount of bank deposits, reacting to recommendations from the Ecofin. On 24 October, Slovak lawmakers approved a government proposal to expand insurance to the full amount of bank deposits.
Spain	EUR 100,000	Prime Minister Jose Luis Rodriguez Zapatero announced on 7 October 2008 that Spain will raise its guarantee for deposits in its banks to 100,000 euros.
Sweden	SKR 500,000	Deposit insurance ceiling raised from SKR 250,000 to SKR 500,000.
Switzerland	CHF 30,000	No change being made.
Turkey	YTL 50,000	No change being made. ( <a href="http://www.tmsf.org.tr/index.cfm?&amp;lang=en_EN##">http://www.tmsf.org.tr/index.cfm?&amp;lang=en_EN##</a> ).
United Kingdom	GBP 50,000	On Friday 3 October FSA announced that it had changed the FSCS rules (with effect from Tuesday 7 October) to increase the deposit protection limit from £35,000 to £50,000 per person per authorised bank.
United States	USD 250,000	On October 03, the House of Representatives voted for the Emergency Economic Stabilization Act of 2008, which included the raising of the ceiling on the FDIC deposit insurance temporarily from \$100,000 to \$250,000 per depositor through December 31, 2009. Effective October 14, the FDIC has temporarily guaranteed the senior debt of all FDIC-insured institutions and their holding companies, as well as deposits in non-interest bearing deposit transaction accounts. The guarantee also protects promissory notes, commercial paper, inter-bank funding, and any unsecured portion of secured debt issued on or before 30 June 2009 against failure of issuer (guarantee valid through 30 June 2012). Recent legislation also gives the FDIC unlimited temporary authority to borrow from the Treasury if needed to cover the new insurance limit. If the FDIC needed to borrow from the Treasury to cover the new \$250,000 insurance ceiling, the agency would impose an additional fee on U.S. banks and thrifts to cover it.
Memo item: European Union	EUR 100,000	On 7 October, EU finance ministers agreed that all member states would, for an initial period of at least one year, provide deposit guarantee protection for individuals for an amount of at least 50,000 euros, acknowledging that many member states determine to raise their minimum to 100,000 euros. The EU failed to agree on a minimum bank guarantee of euro100,000 because some small countries found it hard to cover such an amount. Against the background of the

		<p>experience in the fall of 2007 in the United Kingdom, the European Commission had already been contemplating doubling minimum coverage levels from its current EUR 20,000 to EUR 40,000.</p> <p>On 15 October the Commission made a proposal to revise EU rules on deposit guarantee schemes that puts into action the commitments made by EU Finance Ministers on 7 October in Luxembourg.</p> <p>The EU's "Financial Stability Roadmap" has the objective of improving the coordination of financial crisis management among Member States. At the May 2008 ECOFIN Council meeting, a further element of the roadmap was added: the Commission was requested to consider the possible enhancement of Deposit Guarantee schemes within the EU. The objective was to ensure their effectiveness in stemming a loss of confidence; and the possible link to early intervention and reorganisation of a financial group, as well as issues related to the sharing of financial burden. In view of this, the Commission has made a proposal to revise the existing Deposit guarantee directive 94/19/EC, presented on 15 October. The proposal include (1) increasing deposit guarantee protections for individuals to at least 100 000 euros, (2) a radical shortening of the payout delays (3) abolishing "co-insurance". In addition, the Commission will urgently pursue its work on early intervention mechanisms to develop the cross-border management toolkit, with the intention of publishing a White Paper in the first half of 2009.</p>
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