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**Deposit Guarantee Schemes: report on minimum guarantee levels - Swedish responses**

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In accordance with Article 7(5) of the Deposit Guarantee Schemes Directive (94/19/EC), the Commission has been reviewing the €20.000 minimum guarantee threshold with a view to assessing whether any changes might be necessary<sup>1</sup>. In connection with this, the Commission has solicited views from interested parties, with a deadline for response on 15 February 2006.

With regard to the Commission's study, the Swedish authorities would like to submit the following comments.

The objective for establishing common provisions for the deposit guarantee at the EU-level should in our view be to achieve an appropriate level of harmonisation, where the interest of consumer protection, financial stability and the level playing field are all considered jointly. Sweden has repeatedly argued that these goals can only be reached simultaneously if a further harmonisation of the financing principles is achieved. Such harmonisation should take the form of an insurance-based approach, where pricing is based on self-financing over a longer period in expectations terms. Premiums should be collected ex-ante and in relation to the risk that the individual bank imposes on the guarantee scheme.

A review of the minimum guarantee level should be part of the broad overview of the Directive. The reason for this is that there is a strong link between the objectives of the guarantee and the guarantee level. As the Commission adequately concludes in the report, these objectives have to be clarified in order to have a fruitful discussion on the level. Before that is done, it is hardly meaningful to make any adjustments to the minimum guarantee level. For further elaboration on the Swedish views in this issue, please see the Swedish responses to question 6 and 7 of the Commission's consultative working paper on deposit guarantee schemes (DGS 001/2005)<sup>2</sup>.

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<sup>1</sup> Report on minimum guarantee level of Deposit Guarantee Schemes Directive 94/19/EC.  
[http://europa.eu.int/comm/internal\\_market/bank/guarantee/index\\_en.htm](http://europa.eu.int/comm/internal_market/bank/guarantee/index_en.htm)

<sup>2</sup> Ministry of Finance, Sveriges riksbank, the Swedish Financial Supervisory Authority and the Swedish Deposit Guarantee Board. Answers to the Commission's consultative working paper on deposit guarantee schemes 2005-10-14.

Furthermore, in our view, it would be valuable if the EU can further harmonise which deposits are covered under the schemes. Such a harmonisation would reduce the need for topping up and also facilitate cross border crisis management. The need for a harmonisation in this area becomes of greater relevance if the financing arrangements remain unharmonised.

It is not to be expected that a provision at the EU-level on the scope and level of the guarantee will result in full convergence in the coverage of assets in different Members States. We would advise against implementing a system at the EU-level that contributes to a larger differentiation of guarantee levels between member states, which for example seems to be the case in the GDP scenario in the Commissions report.

As a basis for a discussion on the objectives of the deposit guarantee directive, further analysis may be needed as suggested by the Commission. A key priority would be to conduct analysis which could be used as a basis for a discussion on financing and pricing of the guarantees.

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The Swedish Deposit Guarantee Board