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Press-release

**German private banks
adopt extensive
reform of deposit
protection**

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- Focus on core task: protecting savers has top priority
- New protection ceilings: deposits of retail savers remain protected up to one million euros
- Eight-year transitional phase

Germany's private banks have adopted an extensive reform which will fundamentally reorganise the deposit guarantee system. The aim is to ensure the effectiveness of the Deposit Protection Fund of the German private banks on a permanent basis and to concentrate on its core task: protecting savers and businesses. This means protection limits will be geared to the needs of depositors. For 98 percent of retail savers, nothing will change – their deposits will continue to be fully protected.

“Retail savers will continue to benefit from effective and extensive deposit protection. Ensuring their money is safe remains a top priority for the private banks,” said Christian Sewing, President of the Association of German Banks. “We’re making sure that deposit protection focuses on its core task: to provide protection for those who really need it. By introducing this radical reform, we are making changes based on lessons learned from recent loss events. The Greensill case marks a turning point in this respect.”

The Deposit Protection Fund of the German private banks has offered customers comprehensive protection from loss several times in the last few years. However, a substantial proportion of the funds paid out did not go to retail savers, but to professional depositors.

As a result, the reform comprises the following main elements.

- The group of protected depositors will be adjusted. Retail savers (“natural persons and foundations”), businesses and charitable institutions remain fully protected. The same goes for institutions that are legally obliged to protect their deposits – such as social security funds. By contrast, professional depositors such as insurance companies, investment funds and public-law corporations and agencies will no longer be protected from 2023. Deposits by the federal government, federal states, municipalities, as well as those of banks, financial institutions and investment firms are already excluded from deposit protection coverage.
- From 2023, the upper limit of the amount of the protection ceilings will start to apply. These are based on a depositor’s need for protection. There will be a protection ceiling of five million euros for retail savers and foundations, for example, and a ceiling of 50 million euros for businesses. These limits will be adjusted in 2025 to three million euros for retail customers and foundations and 30 million euros for companies. Once the reform has been fully implemented in 2030, the level of protection will be one million euros for savers and foundations and ten million euros for businesses.
- The level of protection for institutions that are legally obliged to protect their deposits is the same as for

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businesses.

- From 2023, corporate deposits with a term of more than twelve months will no longer be covered by the Deposit Protection Fund.
- Deposit protection will focus rigorously on Germany. This is because there is traditionally a high level of protection for savers here, be it through institutional protection schemes or our Deposit Protection Scheme. Funds deposited outside Germany at foreign branches of member banks will no longer be protected in future.

The reform will only take full effect after a transitional phase of eight years. This will give depositors and members of our association sufficient time to adjust to the changes.