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# Reform of the voluntary Deposit Protection Fund now approved

The Delegates' Assembly of the Association of German Banks has today approved the proposal by the Board of Directors to reform the voluntary Deposit Protection Fund. The objective of the reform is to strengthen the protection the fund affords to retail customers. "The members of the association are in agreement that we had to respond to the new regulatory environment and the changing investment behaviour of certain types of investor," explains Hans-Walter Peters, President of the Association of German Banks and Spokesman for the Managing Partners of private bank Berenberg. "The measures now adopted will enhance the financial strength of the Deposit Protection Fund for those customers who really need protection."

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Nothing will change for retail customers and foundations when the reform takes effect on 1 October 2017. “They will continue to enjoy full protection without any restrictions,” stresses Peters. Generally speaking, at least one million euros of deposits per customer per bank will remain protected. At many banks, the protection ceiling is even significantly higher.

To strengthen the Deposit Protection Fund, the following three measures will be phased in from October 2017:

- From 1 October 2017, “bank-like” clients (certain investment firms and financial institutions), the federal government and regional and local governments will no longer be covered by the voluntary Deposit Protection Fund. As professional investors, they normally have the knowledge needed to be able to assess risks.

Protection will remain in place for businesses, insurance companies and semi-governmental agencies, such as pension schemes for certain professions, though it will be adjusted as follows.

- From 1 October 2017, promissory notes and registered bonds will no longer be covered by the voluntary Deposit Protection Fund. Grandfathering arrangements will protect notes and bonds purchased before 1 October 2017.

- From 1 January 2020, deposits with a term of over 18 months will be excluded from the scope of protection unless they belong to private individuals or foundations. Once again, deposits made before this date will be covered by grandfathering arrangements.

Private individuals and foundations are explicitly exempted from these two measures. Registered savings bonds and deposits with a term exceeding 18 months will therefore continue to be protected for retail customers and foundations.

Further information can be found at [en.bankenverband.de](https://en.bankenverband.de).