



**DET KONGELIGE
FINANSDEPARTEMENT**

*Royal Ministry of Finance
The Minister of Finance*

Mr. Charlie McCreevy
Commissioner
European Commission
B-1049 Brussels
Belgium

Date
4.09.2009

Dear Commissioner McCreevy,

I refer to the Summary of the results of the public consultation 27 August 2009 on the review of Directive 94/19/EC on Deposit Guarantee Schemes.

The public consultation addressed a number of questions regarding the ongoing revision of directive 94/19/EC on Deposit Guarantee Schemes. In light of the consultation it seems necessary for the Commission to propose some amendments to the directive. I would like to comment one question that is especially important for Norway.

I note that 80 per cent of the countries were of the opinion that the level of coverage should be set to create a level playing field, and that a majority was in favour of setting the level at € 100 000. I would like to point out that most of these countries today, after 30 June 2009, have a level of coverage of € 50 000. I support the creation of a level playing field. However, as stated in the Norwegian position paper of 25 November 2008 sent to Mr. Jörgen Holmquist 27 November 2008, and in the Norwegian reply to the public consultation, dated 26 June 2009, it is my opinion that a full harmonisation of the coverage level is not necessary for achieving that goal.

The Commission is, according to article 1, paragraph 3 of Directive 2009/14/EC, mandated to propose changes to the provision setting the level of coverage at € 100 000 by 31 December 2010, if the Commission concludes that such increase (from € 50 000 to € 100 000) and harmonisation are inappropriate and not financially viable for all member states in order to ensure consumer protection and financial stability in the Community, and to avoid cross border distortions between member states. I would invite the Commission to make use of its mandate. It seems that most member states

finds the increase of coverage level to € 100 000 financially viable, but it is my firm view that such harmonisation is inappropriate. The protection of financial stability and the prevention of cross border distortions between member states can be reached by other and less restrictive means.

In my opinion, a guarantee scheme which reflects the general level of deposits in the relevant member state, together with the possibility of topping-up membership (for foreign branches operating in the relevant member state) and export ban for coverage above the coverage level of the relevant member state (for branches from the relevant member state operating in another member state), will sufficiently prevent the distortion of competition and the risk for flight of capital from one member state to another, and at the same time give leeway for each member state to decide the level of coverage which will be adequate to secure the deposits in the relevant state. This will also ensure sufficient consumer protection in the relevant member state. At least, such a rule should be introduced for schemes which offered higher levels of coverage before 1 January 2008. The present Norwegian guarantee scheme was adopted by the Parliament in 1996.

A full harmonisation of the level of coverage to € 100 000 will cause a dramatic reduction in the Norwegian guarantee level. I trust that you will consider the matter, and enclose the paper sent to Mr. Holmquist last autumn where the Norwegian position is more elaborated, including a proposal for a provision which allows for an exemption for member states which offered higher levels of coverage before 1 January 2008.

Yours sincerely,


Kristin Halvorsen

Enclosure

Copy of the letter (including enclosure): Mr. Jörgen Holmquist