



FOR IMMEDIATE RELEASE: 6 November 2002

FSCS Chief Executive is first Chairman of new European body for deposit protection

Suzanne McCarthy, Chief Executive of the UK's Financial Services Compensation Scheme (FSCS), has been elected as the first Chairman of the newly established European Forum of Deposit Insurers (EFDI).

The EFDI, a voluntary body set up to promote the exchange of ideas and experiences on deposit protection in Europe, was established at a meeting held in Vienna last month. The Forum aims to contribute to the stability of financial systems by promoting European co-operation in the field of deposit insurance.

"The setting up of this Forum enables us to discuss and exchange experiences of deposit insurance issues affecting all European countries," says its first Chairman, Suzanne McCarthy, Chief Executive of FSCS.

Membership of the EFDI is open to all deposit insurance, depositor protection, deposit guarantee schemes or schemes of a similar nature located in any European country.

The first meeting, held in Vienna on 11 October, attracted over 40 representatives from Austria, Belgium, Bosnia, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Lithuania, Luxembourg, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom and Yugoslavia.

Guest observers included representatives from the EU Commission, the International Monetary Fund, the World Bank, the European Central Bank and the European Banking Federation.

Press Enquiries:

Heather Tilston: 020 7892 7370 Heather.Tilston@fscs.org.uk
Suzette Browne: 020 7892 7372 Suzette.Browne@fscs.org.uk

Helpline: 020 7892 7300

Website: www.fscs.org.uk

Notes for Editors

The EU Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 sets out the guidelines governing all European Union deposit insurers.

The Directive states that all member countries must provide deposit insurance cover up to the level of € 20,000, although countries can provide more cover if they wish to do so. For example, FSCS provides deposit protection up to £31,700 (approx € 50,000) per person, (100% of the first £2000 and 90% of the next £33,000).

The role of FSCS

FSCS provides a safety net for consumers if an authorised finance firm is unable, or likely to be unable, to pay claims against it. This is usually when a firm has gone out of business. The Scheme, which is funded by the industry, covers deposits, insurance and investments.

Compensation limits:

- Claims against deposit-taking firms: £31,700
(100% of £2,000 and 90% of the next £33,000).
- Claims against investment firms £48,000
(100% of £30,000 and 90% of the next £20,000).
- Claims against insurance firms:
 - Long-term insurance (e.g. pensions, life assurance):
100% of the first £2,000 then 90% of the value (in a liquidation) of the remainder
 - General insurance:
 - Compulsory insurance (e.g. third party motor insurance): 100% of the claim
 - Non-compulsory insurance (e.g. home):
100% of the first £2,000 plus 90% of the remainder of the claim.

FSCS took over responsibility for compensation in the UK on 1 December 2001, when the Financial Services & Markets Act 2000 came into force. It replaced previous Schemes including:

- Building Societies Investor Protection Scheme;
- Deposit Protection Scheme;
- Friendly Societies Protection Scheme;
- Investors Compensation Scheme;
- Policyholders Protection Scheme.