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Austria: Unlimited Deposit Guarantee

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Abstract

After Germany and Ireland implemented unlimited deposit guarantees, Austrian officials passed a law on October 26, 2008, that removed deposit-insurance limits for individual depositors, fearing that Austrians would move their money to countries with higher deposit coverage. The government established the program using the country's existing, mandatory deposit-insurance system (DIS), which was private, ex post funded, and segmented into sectoral schemes that covered different kinds of financial institutions. During payouts, the schemes covered the first EUR 50,000 (USD 67,000) of guaranteed funds to a given depositor, and the government the government covered the rest. The government required all financial institutions that were members of a sectoral scheme to participate in the unlimited guarantee. It covered checking, savings, and time-deposit accounts held by Austrian citizens. During 2009, the unlimited deposit guarantee covered EUR 275.7 billion in deposits. It expired on December 21, 2009, when a new, EUR 100,000 deposit-guarantee level went into effect. No payouts occurred while the unlimited guarantee was in operation. During the unlimited-guarantee period, deposits grew in all but the smallest guaranteed accounts. The International Monetary Fund (IMF) later criticized Austria's deposit-guarantee system because it was private, fragmented, and ex-post-funded. After consolidation, there are now three deposit-guarantee schemes, all of which have begun to accumulate ex-ante deposit-insurance funds with member contributions.

Keywords: Austria, deposit insurance, ex post deposit insurance, Global Financial Crisis unlimited deposit insurance

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Overview

Though the subprime-mortgage crisis in the US did not directly impact Austrian banks, disruptions in financial markets affected the country's banking sector (OeNB 2009). Banks wrote down securities and sustained losses on proprietary trading, fee-based income from international financial markets declined, and risk costs rose. Despite the decline in their profitability in 2008, Austrian banks remained liquid because, in part, of the sector's deposit base, which is broad by international standards.

In early October 2008, the Austrian government announced an unlimited deposit guarantee in response to the similar policies Germany and Ireland had recently announced (Republic of Austria 2008b). The country's banks had not experienced depositor runs, but officials worried that Austrians would transfer deposits out of the country in response to full guarantees elsewhere (Reuters Staff 2008). Austrian politicians also wanted to strengthen confidence in the country's financial system and protect individual savers in a more comprehensive manner (Republic of Austria 2008b). The unlimited deposit guarantee was part of a broader financial stability package that included interbank loan guarantees, capital injections, and a short-selling ban (Republic of Austria 2008c; OeNB 2009).

Key Terms

Purpose: To keep deposits in Austria after other European countries established unlimited guarantees and to build confidence in the wake of the Global Financial Crisis	
Launch Dates	Announcement: Oct. 8, 2008 Authorization: Oct. 26, 2008 Operational: Oct. 1, 2008
End Date	December 31, 2009
Eligible Institutions	All financial institutions that were part of existing deposit guarantee schemes
Eligible Accounts	Checking and savings accounts
Fees	None
Size of Guarantee	Unlimited
Coverage	EUR 275.7 billion in demand deposits, time deposits, and savings account funds in 2009[3]
Outcomes	No payouts
Notable Features	Joint private-public funding arrangement in which private schemes covered the first EUR 50,000 of guaranteed funds to a given depositor and the government paid for any guaranteed funds in excess

Legislators amended the Banking Act, which had originally established the country's existing deposit insurance system (DIS), to implement the unlimited guarantee (Banking Act, Section 93 2008). This system comprised five private deposit guarantee schemes (DGSs) representing different sectors of the Austrian banking system—one scheme each for public-

[3] The funds of "legal persons" or organizations and businesses, rather than individual depositors, were not covered in full by the unlimited deposit guarantee. It is unclear how much of the demand deposits, time deposits, and savings accounts these legal persons held.

stock commercial banks, savings banks, and mortgage banks and two schemes for credit cooperatives (IMF 2014).

The law increased the financial responsibility of the five DGSs during a payout event to EUR 50,000 (USD 67,000) per depositor.[4] The government would cover depositor funds that exceeded EUR 50,000 across the depositor's accounts (Banking Act, Section 93a 2008). Prior to the unlimited-guarantee policy, Austria required the DGSs to fund, in full, the previous deposit-coverage level of EUR 20,000 (Banking Act, Section 93 2007; Banking Act, Section 93a 2007; Banking Act, Section 93a 2008) (see Figure 1).

Figure 1: Deposit Guarantee Coverage and Payment Contributions

	Pre-Unlimited Guarantee	**Unlimited Guarantee**	**Post-Unlimited Guarantee**
Total Guaranteed	*EUR 20,000*	*All Eligible Deposits*	*EUR 100,000*
Deposit Guarantee Scheme Contribution	EUR 20,000	First EUR 50,000	First EUR 50,000
Government Contribution	None	Everything above EUR 50,000	EUR 50,000

Sources: Banking Act, Section 93 2007; Banking Act, Section 93a 2007; Banking Act, Section 93a 2008; Banking Act, Section 103h 2008.

All officially licensed Austrian financial institutions were required to join an Austrian DGS, so all participated in the unlimited guarantee (Banking Act, Section 93 2008). The unlimited deposit guarantee covered a broad range of accounts, but it was extended only to individual depositors. The deposit coverage for so-called legal persons, i.e., organizations or businesses, was lower, though by how much is unclear.

Austria's DGSs required their member institutions to contribute funds only if a payout occurred (Banking Act, Section 93a 2008). If one scheme was unable to pay all the required funds to depositors of a failed bank (up to EUR 50,000 per depositor), the other four schemes had to contribute funds.

If the five DGS schemes were unable to cover the funds needed to pay out guaranteed deposits (up to the EUR 50,000 per depositor amount), the original sectoral DGS would take out loans or issue bonds to meet the remaining obligations (Banking Act, Section 93a 2008). The Austrian government could guarantee that debt with parliamentary authorization.

[4] Per Yahoo Finance, USD 1 USD = EUR 0.75 on October 20, 2008.

During 2009, Austrian banks held EUR 275.7 billion in demand deposits, time deposits, and savings-account funds, an increase from EUR 272 billion the previous year (Austrian Institute of Economic Research Staff 2010). The amount of those deposits held by legal persons, which were subject to lower deposit coverage levels, is unknown.

The unlimited deposit guarantee expired, as originally legislated, on December 31, 2009 (Republic of Austria 2008c). Starting January 1, 2010, a deposit-insurance cap of EUR 100,000 went into effect (EP/EC 2009; Republic of Austria 2008c). This new policy was in line with an EU Directive requiring member states to maintain deposit insurance to this level. The DGSs were still responsible for covering the first EUR 50,000 per depositor, and the government would cover the rest.

No payout event occurred during the unlimited guarantee period (IMF 2014).

The Austrian parliament passed legislation in 2015 to simplify the country's deposit guarantee system. As of 2022, Austria has three deposit guarantee schemes, whose members contribute to standing, ex ante deposit insurance funds (OeNB 2022a; Republic of Austria 2015). Each is targeting a fund balance of 0.8% of covered deposits by July 2024 (IMF MCMD 2020). Policymakers, in essence, combined into one the schemes covering public-stock commercial banks, mortgage banks, and the Volksbanken credit cooperatives. The savings-bank and Raiffeisen-credit-cooperative schemes remain separate. The deposit coverage remains at EUR 100,000 (Banking Act, Section 103h 2008).

Summary Evaluation

Some research suggests that the program led to an increase in deposits. Deposits acted as a "stable source of funding for the Austrian banking system during the crisis" (Andreasch, Fessler, and Schürz 2012; Austrian Institute of Economic Research Staff 2010). Specifically, during the unlimited-guarantee period, deposit balances increased in all cash brackets except those with deposits below EUR 20,000 (Andreasch, Fessler, and Schürz 2012). By contrast, deposits surged in accounts with balances exceeding EUR 3 million.

Some analysts argued that Austrian legislators must have acted under the assumption that maintaining financial stability required more than protecting most small savers because there were so few accounts worth more than EUR 50,000 (Andreasch, Fessler, and Schürz 2012). Policymakers likely believed that guaranteeing the deposits of a small but wealthy range of investors discouraged capital flight, according to this argument.

In 2014, the International Monetary Fund (IMF) criticized the general structure of Austria's deposit guarantee system as it existed before and during the unlimited-policy period because it was private, fragmented, and ex post funded (IMF 2014). The IMF's report argued that a public scheme with an explicit policy mandate would have more formally specified powers and acted in a more transparent manner. It warned that ex post, privately funded schemes might struggle to meet their full obligations in times of distress requiring significant borrowing from the market. The private system might eventually need "extensive" public support anyway. The IMF also criticized Austria's financial regulator and individual DGSs for the lack of publicly available information about their policies and governance.

In 2020, the IMF observed improvement, noting that the deposit guarantee arrangements were sound and had suitable funding mechanisms (IMF MCMD 2020). It highlighted that ex ante funding and the ability to levy extraordinary contributions were now providing the Austrian deposit-guarantee funds with adequate financing. Austrian deposit insurers held these funds in cash accounts at the central bank that were readily available in a payout event. The deposit insurers also had the ability to borrow from third parties, which the IMF viewed positively. The IMF reported that, given the ex ante funding, the Austrian deposit insurers had 40% of their target fund balance and could make payouts in seven days. Despite this praise, the IMF urged Austrian authorities to formalize cooperation agreements between its deposit insurers and other financial safety-net actors to ensure better crisis management.

Context: Austria 2007–2008	
GDP (SAAR, nominal GDP in LCU converted to USD)	\$389.21 billion in 2007 \$432.26 billion in 2008
GDP per capita (SAAR, nominal GDP in LCU converted to USD)	\$46,856 in 2007 \$51,709 in 2008
Sovereign credit rating (five-year senior debt)	Data for 2007: Moody's: Aaa S&P: AAA Fitch: AAA Data for 2008: Moody's: Aaa S&P: AAA Fitch: AAA
Size of banking system	\$406.06 billion in 2007 \$461.48 billion in 2008
Size of banking system as a percentage of GDP	104.33% in 2007 106.76% in 2008
Size of banking system as a percentage of financial system	100% in 2007 100% in 2008
Five-bank concentration of banking system	68.41% in 2007 76.69% in 2008
Foreign involvement in banking system	26% in 2007 28% in 2008
Government ownership of banking system	Data not available for 2007 5% in 2008
Existence of deposit insurance	Yes in 2019 Yes in 2020
Sources: Bloomberg; World Bank Global Financial Development Database; World Bank Deposit Insurance Dataset.	

Key Design Decisions

1. **Purpose: The Austrian government passed an unlimited deposit guarantee to discourage Austrians from moving their deposits to neighboring countries that had recently implemented similar guarantees.**

Policymakers provided unlimited deposit insurance shortly after Germany and Ireland announced similar policies (Republic of Austria 2008b). They worried that Austrians would transfer deposits out of the country in response to full guarantees elsewhere (Reuters Staff 2008). Austrian politicians also wanted to strengthen confidence in the country's financial system and protect individual savers in a more comprehensive manner (Republic of Austria 2008b).

2. **Part of a Package: Policymakers' financial stability package also included interbank loan guarantees, capital injections, and a short-selling ban.**

Austria's financial-system-specific package included legal guarantees of interbank loans, capital injections, and a short-selling ban (Republic of Austria 2008c; OeNB 2009). The government responded to the economic downturn more broadly in 2008 by passing tax reform and stimulus packages that, among other things, increased infrastructure spending and facilitated small- and medium-size-business funding (OeNB 2009).

3. **Legal Authority: Parliament amended the Banking Act to implement the unlimited deposit guarantee.**

Legislators passed the Banking Act in 1993 to set up the country's bank regulatory architecture, including its deposit guarantee system (Republic of Austria 2008c). In October 2008, the Austrian parliament amended the Banking Act to require the five DGSs to cover larger amounts for eligible depositors (up to EUR 50,000) and to make the federal government responsible for eligible deposits exceeding the DGSs' new guarantees (Banking Act, Section 93a 2008; Banking Act, Section 103h 2008). Previously, the DGSs guaranteed up to EUR 20,000 and were responsible for the full amount without upfront government assistance (Banking Act, Section 93 2007; Banking Act, Section 93a 2007) (see Figure 1). The unlimited-deposit-guarantee amendment revised sections 60, 93, 93a, and 103 of the Banking Act to implement the new policy (Republic of Austria 2008c).

Though legislators passed the guarantee on October 26, 2008, they backdated the coverage to October 1, 2008 (Republic of Austria 2008c).

The amendment establishing the unlimited guarantee included a December 31, 2009, expiration date, when a new deposit insurance coverage level, EUR 100,000, was to come into effect (Banking Act, Section 103h 2008).

Policymakers determined the new guarantee amount in accordance with a recommendation issued by the European Council's Economic and Financial Committee (ECOFIN) on October

7, 2008, that member states guarantee deposits up to at least EUR 50,000 (EC 2008). In March 2009, the EU adopted a directive requiring member states to increase their minimum guarantee to EUR 50,000 immediately and to EUR 100,000 by December 31, 2010 (EP/EC 2009; Republic of Austria 2008c).

4. Administration: Austria's five private, ex post funded deposit insurers administered the unlimited deposit guarantee.

In 2008 and 2009, officials used Austria's complex preexisting deposit guarantee system to implement the unlimited deposit guarantee (Banking Act, Section 93 2008; IMF 2014). The system comprised five private DGSs that represented different sectors of the Austrian banking system (see Figure 2).[5]

Figure 2: Active Austrian Deposit-Insurance Organizations in 2008 and 2009

Deposit Insurance Organization	Insured Institutions
Austrian Bankers Association	Public-stock commercials banks
Sparkassen	Savings banks
Raiffeisen	Credit cooperatives
Volksbanken	Credit cooperatives
Hypo	Mortgage banks, historically owned by regional governments

Source: IMF 2014; IADI 2015.

The private schemes, which operated as legal-liability companies, were independent from the Austrian government and controlled by the sectors' trade associations (Banking Act, Section 93 2008; IMF 2014). The schemes could, with member-institution approval, help restructure other troubled member institutions (Banking Act, Section 93a 2008). They were ex-post-funded schemes, had no reserve funds, collected no premiums or fees, and had no assets to invest (IMF 2014). Because of this, they had minimal staff. Following changes made to the system in 2015, Austrian deposit insurers began to receive ex ante funds, which are held with the central bank, and work alongside other financial-stability entities (IMF MCMD 2020).

[5] The two types of credit cooperatives, while both developed in Germany, have different historical backgrounds. Raiffeisenbanken were originally founded in rural areas by farmers and fieldworkers. Volksbanken were established in towns and urban centers by small business owners and tradespeople (Coppola 2015; Biasin 2009).

5. **Governance: The Financial Market Authority ensured that financial institutions and deposit-guarantee schemes complied with the Banking Act.**

The Financial Market Authority (FMA) is Austria's central financial regulator (OeNB 2022b). Parliament tasked the FMA with macroprudential, banking, insurance company, securities, and pension-fund supervision. The FMA was responsible for ensuring that financial institutions and related entities, including the DGSs, complied with the Banking Act (Banking Act, Section 69 2008). The Austrian National Bank (OeNB) monitored financial stability and played a fact-finding role in banking supervision, conducting on-site inspections, drafting reports, and compiling data that it was required by law to share with the FMA (OeNB 2022b; Banking Act, Section 79 2008).

The Banking Act required DGSs to share information with one another to create an early-warning system (Banking Act, Section 93a 2008). The individual DGSs had to collect information to create this early-warning system from their member financial institutions, though the nature of that information is unclear. The DGSs also had to cooperate with the schemes of other European Union member countries whenever a foreign branch of an institution took deposits in another country and the two countries' deposit-guarantee levels differed (Banking Act, Section 93a 2008; EP/EC 1994; EP/EC 1997).

The Banking Act required DGSs to submit annual financial statements to the FMA and OeNB less than six months after the end of a given financial year (Banking Act, Section 93a 2008). The Act did not require that these reports be made public, and they are unavailable online.

Other DGS internal control and auditing systems are unclear from the available documentation. IMF analysts criticized both the FMA and the individual DGSs for the lack of publicly available information about them (IMF 2014).

In 2020, the IMF reported that the FMA and the DGSs worked together on matters of mutual interest and that cooperation between them was good (IMF MCMD 2020). The IMF, however, recommended that they formalize a memorandum of understanding between them to increase information sharing.

6. **Communication: Policymakers said they provided the unlimited deposit guarantee to prevent depositors from moving their deposits to other European countries and to maintain confidence in the Austrian financial system.**

Former German chancellor Angela Merkel announced on October 5, 2008, that her government would guarantee all private bank deposits in the country, a move that sparked criticism by other European leaders (Benoit and Parker 2008).[6] Hours later, Wilhelm Molterer, Austria's finance minister at the time, said that the Austrian government would "follow" Germany and increase the country's deposit insurance to more than the prevailing EUR 20,000 (Reuters Staff 2008). Molterer did not initially specify up to which amount retail

[6] Merkel announced the guarantee while attending a meeting of Italian, British, French, and German heads of government but did not discuss the move with them (Benoit and Parker 2008). Some officials argued that the unlimited guarantee might distort competition in European markets.

savers would be guaranteed (Reuters Staff 2008). Austrian policymakers were concerned that depositors might move their money into banks in Ireland, where officials had already heightened deposit guarantees (Republic of Austria 2008b; 2008c).

On October 7, 2008, Molterer said that the Austrian government should raise its deposit guarantee to EUR 100,000 and consider raising it further if necessary (APAEC Staff 2008). The country's Social Democratic Party leaders pushed for an unlimited guarantee, arguing that the EUR 100,000 limit Molterer had suggested was insufficient. The next day, Austria's former chancellor Alfred Gusenbauer announced an unlimited bank-deposit guarantee (AFP Staff 2008). Parliament passed a law formally authorizing the guarantee on October 26, 2008 (Republic of Austria 2008c).

Austrian politicians said the banking system was safe and that the increased deposit protection was being implemented to keep deposits in-country and maintain confidence in the domestic financial system (Reuters Staff 2008; AFP Staff 2008; Republic of Austria 2008b). During a parliamentary session, member Peter Michael Ikrath said that the policy was "a kind of protective vaccination" that was of "great importance psychologically" (Republic of Austria 2008a).

7. Size of Guarantees: The guarantee covered an unlimited amount of funds in eligible accounts.

The unlimited coverage extended only to individual depositors (Banking Act, Section 93 2008). The deposit coverage for so-called legal persons, i.e., organizations or businesses, differed. Beginning July 1, 2009, deposits made by legal persons were insured up to EUR 50,000 (OeNB 2010). Beginning on January 1, 2011, legal persons received coverage up to EUR 100,000.

At the end of 2009, the unlimited guarantee covered EUR 275.7 billion in demand deposits, time deposits, and savings-account funds, an increase from EUR 272 billion at the end of 2008 (Austrian Institute of Economic Research Staff 2010) (see Figure 3). Less than 2% of accounts had deposits of more than EUR 50,000 (Andreasch, Fessler, and Schürz 2012).

Figure 3: Demand Deposits, Time Deposits, and Savings-Account Funds, 2008–2009

Liabilities (EUR, Billions)	2008	2009
Demand Deposits	73.3	84.4
Time Deposits	43.3	32.3
Savings	155.4	159.0
TOTAL	272	275.7

Source: Austrian Institute of Economic Research Staff 2010.

It is unclear from the available documentation if the 2008 deposits surge came *after* the October unlimited-deposit-guarantee policy change, was the result of steady growth throughout the year, or was brought about by some other change.

8. **Sources and Sizes of Funding: If a payout event occurred, the schemes covered the first EUR 50,000 of guaranteed funds to a given depositor, and the government paid for any guaranteed funds in excess.**

The DGSs were responsible for covering funds up to EUR 50,000 per depositor, and the government covered the rest (Banking Act, Section 93a 2008). The Austrian government had previously required the schemes to cover, in full, insured deposits up to EUR 20,000 (Banking Act, Section 93 2007; Banking Act, Section 93a 2007) (see Figure 1).

If a payout event occurred, the failed bank's DGS required immediate, proportional contributions from its member institutions to cover the guaranteed deposits (Banking Act, Section 93a 2008). The DGS calculated the contribution due from a given institution based on its share of the overall pool of guaranteed deposits. Individual contributions were capped according to the institution's risk-weighted assets (Banking Act, Section 93a 2008; IMF 2014). The DGS had the right to pursue recourse claims equal to the payout (Banking Act, Section 93a 2008).

If the DGS's members were unable to cover the funds needed to pay out guaranteed deposits (up to the EUR 50,000 per depositor amount), the four other sectoral DGSs had to make up the deficit, drawing contributions from their members based on the calculation used in the initial sectoral DGS (Banking Act, Section 93a 2008). These four other schemes were entitled to compensation from the initial sectoral DGS that needed the funds (Banking Act, Section 93a 2008). This recourse right was capped at EUR 20,000 plus the "proven costs."

If the five DGS schemes were unable to cover the funds needed to pay out the guaranteed deposits (up to the EUR 50,000 per depositor amount), the original sectoral DGS had to take out loans or issue bonds to meet its remaining obligations (Banking Act, Section 93a 2008). The minister of finance could guarantee this debt with statutory authorization. If the scheme were unable to meet its creditor obligations and the Austrian government made payments to those creditors pursuant to the guarantee, the government could pursue recourse claims against the original DGS.

The ministry of finance would cover the gap for any eligible depositors with accounts totaling more than EUR 50,000 (Banking Act, Section 93a 2008). The government's bank-support scheme set aside EUR 10 billion to fund depositor compensations exceeding EUR 50,000 (OeNB 2010).

No payout events occurred during the unlimited-guarantee period (IMF 2014).

9. Eligible Institutions: All Austrian financial institutions that were members of a DGS participated in the unlimited guarantee.

Because parliament changed the Banking Act to require unlimited coverage of eligible deposits, all licensed banks participating in an Austrian DGS by default participated in the program (Banking Act, Section 93a 2008). This included institutions that took deposits in Austria but were domiciled in another EU member state (Banking Act, Section 93 2008; EP/EC 1994; EP/EC 1997).

10. Eligible Accounts: The unlimited deposit guarantee included a broad range of accounts but was extended only to individuals.

The unlimited deposit guarantee covered a broad range of accounts previously protected by the DGSs, including both business and consumer deposits (Banking Act, Section 93 2008; Banking Act, Section 1 2008). The unlimited coverage was extended only to individual depositors (Banking Act, Section 93 2008). The deposit coverage for so-called legal persons, which are organizations or businesses, was lesser, though by how much is unclear. Legislators argued that this carve-out avoided imposing an "excessive" burden on the deposit-guarantee system (Republic of Austria 2008b).

11. Fees: Legislators did not impose new fees for the unlimited deposit guarantee.

The Austrian deposit guarantee system was structured as an ex post payment system—individual financial institutions funded any depositor payouts when they occurred but did not pay fees on a regular basis (IMF 2014; Banking Act, Section 93a 2008). Austrian legislators raised the risk-weighted asset-based cap on an individual institution's contribution during a payout (Banking Act, Section 93a 2008; Republic of Austria 2008c).

The Austrian parliament passed legislation in 2015 to simplify the country's deposit guarantee system. As of 2022, Austria has three deposit guarantee schemes, whose members contribute to standing, ex ante deposit insurance funds (OeNB 2022a; Republic of Austria 2015). They are each targeting a fund balance of 0.8% of covered deposits by July 2024 (IMF MCMD 2020).

12. Process for Exercising Guarantee: If a deposit-payout event occurred, the five schemes had to pay depositors within three months of the depositor's request.

Four events could trigger a DGS payout. They were:

(a) self-declared member-institution bankruptcy,

(b) regulator-deemed bankruptcy,

(c) a temporary FMA order for remedial measures because it feared an institution might fail to fulfill its creditor obligations, or

(d) the DGS authorities of another EU country alerting the relevant Austrian DGS that its Austrian branches were unable to pay depositors (Banking Act, Section 93 2008).

After the triggering event, a given DGS was required to pay depositors within three months of their initial requests (Banking Act, Section 93 2008). The Banking Act required the government to supply the DGSs with any guaranteed funds more than EUR 50,000 in a timely manner so the schemes could pay depositors within the three-month period. The Banking Act also required that the DGSs prioritize "cases of social hardship" and accounts with up to EUR 2,000 in funds.

If events (b), (c), or (d) triggered the payout event, the struggling bank provided its DGS with necessary account information, documents and personnel, and access to its IT systems (Banking Act, Section 93 2008). This requirement extended to the liquidator if a member institution chose to undergo bankruptcy proceedings.

13. Other Restrictions on Eligible Institutions/Accounts: Policymakers did not create additional restrictions for participating institutions.

Available documents show no evidence of additional restrictions on participating institutions.

14. Duration: The unlimited deposit guarantee covered eligible accounts at eligible institutions from October 1, 2008, to December 31, 2009, ending as originally scheduled.

Parliament passed a law formally authorizing the guarantee on October 26, 2008, and dated it retroactively to October 1 (Republic of Austria 2008c). The law expired, as originally legislated, on December 31, 2009. Starting January 1, 2010, a higher deposit-insurance level of EUR 100,000, up from the pre-unlimited coverage level of EUR 20,000, went into effect (EP/EC 2009; Republic of Austria 2008c). This new policy was in line with an EU Directive requiring member states to maintain coverage to this level.

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