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Iceland: Depositors' and Investors' Guarantee Fund[1]

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Abstract

Leading up to the Global Financial Crisis of 2007–2009, Iceland's three largest banks accumulated assets totaling several times the size of Iceland's GDP and financed their growth through foreign borrowing. As wholesale funding dried up in 2007, they replaced this borrowing by rapidly gathering deposits through foreign branches and subsidiaries located in the European Union, primarily in the United Kingdom and the Netherlands. In the summer and fall of 2008, international credit markets froze and the Icelandic banks were unable to roll over their maturing liabilities. On October 6, Prime Minister Geir Haarde announced a full guarantee of domestic deposits. He excluded foreign depositors, who made up about two-thirds of the three banks' deposits. The Icelandic Parliament passed emergency legislation allowing the Financial Supervisory Authority (FME) to take control of the banks and place them in receivership. The government placed all three banks into resolution within two weeks. The Ministry of Finance created new banks out of the old banks' assets and liabilities, including domestic deposits, and injected government funds to restore their capital, dividing ownership between the Icelandic government and the old banks' creditors. The Icelandic government also received an extensive support package from the IMF and loans from foreign governments. Domestic depositors never lost access to their funds. The UK and Dutch governments paid the banks' retail depositors located in their countries' branches in December 2008 and sought reimbursement from the Icelandic deposit insurance fund and state. The Icelandic state and foreign parties disagreed over the former's legal responsibilities to back up the empty deposit insurance fund and to treat foreign and domestic depositors equally. The negotiations, known as the "Icesave dispute," continued for more than four years. On January 28, 2013, the European Free Trade Association Court ruled that Iceland was not responsible for paying foreign depositors. The UK and Dutch governments received first claims on proceeds from Landsbanki's bankruptcy estate later that year. The bankruptcy estate made its final payment on January 11, 2016. The Icelandic government officially lifted the full guarantee on September 9, 2016. Scholarly evaluations are generally positive because Iceland preserved its payments system and basic financial services at the height of its banking crisis. Scholars also expressed caution about moral hazard and other unintended market effects associated with an unlimited guarantee.

Keywords: Icelandic banking crisis, Depositors' and Investors' Guarantee Fund, Tryggingarsjóður innstæðueigenda og fjárfesta**,** Icesave dispute

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Overview

Beginning in 2004, Iceland's largest banks—Glitnir, Kaupthing, and Landsbanki—rapidly expanded their lending, which they financed largely by issuing bonds in Europe and the United States in foreign currency (SIC 2010a). As liquidity dried up in mid-2007 during the early stages of the Global Financial Crisis, Icelandic banks found it increasingly difficult to refinance those bonds. Instead, they turned to depositors in their foreign branches and subsidiaries, mainly in the United Kingdom and Netherlands. They also increased their credit risk, doubling their lending to foreign parties. Total assets for the three banks were nearly nine times Icelandic GDP by year-end 2007 (SIC 2010c). The banks' foreign deposit accounts outstripped the central bank's foreign exchange reserves and limited its ability to serve as lender of last resort.

Key Terms

Purpose: "To diffuse all doubt that deposits by Icelanders and private pensions savings in all Icelandic banks are secure" (Haarde 2008)

Launch Dates	Announcement: October 6, 2008 Authorization: October 6, 2008 Operation: October 6, 2008
End Date	September 9, 2016
Eligible Institutions	Domestic commercial and savings banks and Icelandic branches
Eligible Account(s)	Domestic, krona-denominated deposits
Fees	None
Size of Guarantee	Unlimited
Coverage	ISK 1.6 trillion (EUR 10.6 billion); ~110% of GDP
Outcomes	No payouts, no fees
Notable Features	Deposits had priority claims in bankruptcy proceedings; guarantees did not cover foreign depositors

By September 2008, the banks' credibility was slipping, and their assets were viewed as vulnerable to declines in price (FME 2009). They collectively held about 70% of the Icelandic deposit base, equal to nearly 80% of GDP (Jónsson and Sigurgeirsson 2016). The banks had no direct exposure to Lehman Brothers' bankruptcy, but the American bank's unexpected failure on September 15, 2008, had indirect effects on Icelandic banks; interbank credit markets froze, and trust between market participants had vanished (FME 2009). On September 25, Glitnir revealed to authorities that it could not pay its liabilities due the next month and attempted to secure an emergency loan from the Central Bank of Iceland (CBI). CBI declined because Glitnir was bound to face the same payment obligations in January 2009 and all its credit lines had closed, so the Financial Supervisory Authority (*Fjármálaeftirliti,* hereinafter FME) nationalized Glitnir on September 29.

Following the takeover, rating agencies again lowered Iceland's sovereign credit ratings and international creditors further withdrew their credit lines to Iceland's other major banks (FME 2009; CBI 2021). During the following week, Landsbanki's online "Icesave" customers in the UK and Netherlands withdrew GBP 500 million (USD 900 million[4])—about 5%[5] of the bank's total deposits (FME 2009; SIC 2010c). Kaupthing's online "Edge" foreign accounts totaled EUR 5.5 billion (USD 7.8 billion[6]) on September 30, 2008, about two-thirds in the UK, but within a few days Kaupthing's Edge customers withdrew nearly 30% of their deposits. Each bank's liquidity issues had worsened after Glitnir's nationalization (FME 2009).

On October 6, 2008, Prime Minister Geir Haarde announced in a public address the government's intent to fully guarantee domestic deposits, which then amounted to EUR 8 billion (Jónsson and Sigurgeirsson 2016). He said, "deposits by Icelanders and private pensions savings in all Icelandic banks are secure and the exchequer will ensure that such deposits are reimbursed to savers in full" (Haarde 2008). Haarde did not mention foreign deposits, which then amounted to EUR 15 billion. UK and Dutch officials interpreted this omission as illegal under the laws of the European Economic Area (EEA) (Haarde 2008; HMT 2008b; EFTA Surveillance Authority v. Iceland 2013). At the time, Iceland's deposit insurance system guaranteed each depositor a minimum of EUR 20,887 (Act No. 98/1999, Article 10; SIC 2010b). The Depositors' and Investors' Guarantee Fund (*Tryggingarsjóður innstæðueigenda og fjárfesta*, hereinafter TIF) responsible for executing the guarantee had just EUR 130 million in funds in October 2008 (Jónsson and Sigurgeirsson 2016). The full guarantee was never codified by legislation, and Haarde's source of legal authority is unclear (MOFE 2016).

Later on October 6, the Icelandic Parliament passed Act No. 125/2008 on the Authority for Treasury Disbursements due to Unusual Financial Market Circumstances. The Act empowered the FME to take control of banks and place them into receivership (Act No. 125/2008; PMO 2008c). The legislation also established depositors as priority claimants—above other creditors—during bankruptcy proceedings. In doing so, the legislation broke with precedent[7] in EU Directive 94/19/EC of the European Parliament and the Council of 30 May 1994 on Deposit-Guarantee Schemes, which treated depositors and creditors equally (Jónsson and Sigurgeirsson 2016; Directive 94/19/EC).

On October 7, the FME placed Glitnir and Landsbanki into receivership, the former at the request of its Board (FME 2009). The next day, UK authorities responded to Landsbanki's sudden nationalization by invoking an anti-terrorism statute that permitted Her Majesty's Treasury (HMT) to freeze Landsbanki's UK assets until UK depositor outcomes were clearer (HMT 2008a; HMT 2008b). HMT effectively cut off the Icelandic state's access to Landsbanki's subsidiaries in the UK (FME 2009). HMT also placed the UK subsidiary of Kaupthing into administration and sold its online business, Kaupthing Edge, to a subsidiary of ING Group "to [protect UK] savers' money and provide certainty for retail deposits," as well as to "ensure financial stability, and safeguard the interests of the taxpayer" (HMT

[4] On September 29, 2008, GBP 1 = USD 1.80, per Yahoo Finance.

[5] Author's own estimate according to FME 2009 (11) and SIC 2011b (42).

[6] On September 30, 2008, EUR 1 = USD 1.41, per Yahoo Finance.

[7] An external reviewer of this case observed that, under European bankruptcy law, without any legislation stating otherwise, depositors and creditors have equal footing. This is different from the approach of the US, which has historically prioritized depositors in bankruptcy proceedings.

2008c). The moves rendered the Icelandic parent company "inoperative," so the FME nationalized Kaupthing and placed it into receivership on October 9 (HMT 2008c; FME 2009).

After all three banks had failed, the Icelandic authorities' main goals were (1) to maintain basic payment systems and financial services, and (2) to prevent the successive bank failures from collapsing the Icelandic economy (FME 2009). The emergency legislation allowed the Ministry of Finance to transfer the old banks' assets and liabilities, including fully guaranteed domestic deposits, to new banks: the process began immediately (FME 2009; BET 2017). As the fair valuation of assets[8] was difficult, the government transferred deposits at face value; the deposit transition was "seamless," and services were maintained for domestic depositors without any interruption (FME 2009; Jónsson and Sigurgeirsson 2016, 83–84, 121). Accordingly, the full guarantee went unused, collected no fees, posed no additional cost to the government, and officially ended on September 9, 2016 (MOFE 2016).

The full guarantee did not apply to foreign deposits, which alone equated to about 125% of Iceland's GDP (PMO 2008b; Jónsson and Sigurgeirsson 2016). Under EU Directive 94/19/EC, the TIF was responsible for insuring deposits held in foreign *branches* of banks headquartered in Iceland; host countries were responsible for insuring foreign *subsidiaries* (SIC 2010b). In his speech outlining the full guarantee, Prime Minister Haarde did not mention Iceland's coverage of foreign branches, which onlookers interpreted as the intentional exclusion of foreign depositors (R&I 2008). Thereafter, European countries addressed cross-border deposit issues with Kaupthing's and Glitnir's subsidiaries and branches in various ways: providing them with emergency liquidity, placing them into public administration and resolution, selling Icelandic assets privately, and funding depositor claims with proceeds from the bankruptcy estates (Jónsson and Sigurgeirsson 2016, 144; GRJ 2018).

Landsbanki's depositor problems persisted because it had amassed liabilities through online deposits in the UK and the Netherlands, which created a significant currency mismatch (Tynes 2017). After UK authorities froze UK accounts associated with Landsbanki, the CBI, and other Icelandic regulators, foreign banks refrained from disbursing funds to Icelandic banks until UK claims were met, which made it difficult for the CBI to preserve basic payment services (Jónsson and Sigurgeirsson 2016). In the first two weeks of October 2008, the domestic demand for cash spiked and almost drained the CBI's supply of currency (CBI 2018). The CBI became responsible for operating Iceland's settlement system for card transactions, so when the rate of transactions increased 10-fold during the crisis, the CBI risked running out of cash with which it could intermediate (CBI 2018; Jónsson and Sigurgeirsson 2016, 84). The CBI later argued that the full guarantee, along with the emergency legislation, stabilized the demand for cash and maintained the functionality of domestic payment processes (CBI 2018).

[8] According to one external reviewer, the new banks issued contingent bonds to account for the uncertain valuation, allowing the bankruptcy claimants to participate in upside of specific bundles of assets.

UK and Dutch authorities compensated their own Icesave depositors up front for the insured amounts and pursued reimbursement from the Icelandic government—either from the TIF or from the state coffers—in a five-year legal battle known as the Icesave dispute (Jónsson and Sigurgeirsson 2016). The plaintiffs argued that the Icelandic state was obligated under EEA law to both replenish its exhausted TIF and treat all depositors equally. On January 28, 2013, the European Free Trade Association (EFTA) Court, which adjudicates legal issues pertaining to free trade and equal competition within the European Economic Area, ruled that the Icelandic government did not have to further support the TIF with public funds or pay foreign depositors. The EFTA Court also ruled that UK and Dutch governments were entitled to proceeds from the Landsbanki bankruptcy estate to cover any shortfalls in depositor payments (Jónsson and Sigurgeirsson 2016, 151; EFTA Court n.d.; EFTA Surveillance Authority v. Iceland 2013). The Landsbanki estate made its final payment on January 11, 2016 (Jónsson and Sigurgeirsson 2016). After the estate achieved full settlement, foreign institutional investors and several Icelandic entities, including pension funds, bore ultimate losses around EUR 10 billion.

Summary Evaluation

The Icelandic authorities have argued that their response to the crisis was successful. The government ultimately made no payouts on the unlimited guarantee, having nationalized, resolved, and restructured the banks (MOFE 2016). Equipped with an IMF package of USD 2.1 billion and nearly USD 3 billion in further loans from foreign governments, the Icelandic government reformed its banking system and helped the economy to recover fully in the decade after the crisis (Jónsson and Sigurgeirsson 2016; Thomsen 2018). When the Icelandic authorities decided to guarantee depositor accounts in Icelandic krona (ISK), foreign governments opted to bail out their retail depositors by an estimated EUR 3.65 billion in total—about 40% of Iceland's GDP in late 2008 (GRJ 2018). The UK authorities criticized Iceland for not supporting depositors with accounts in Landsbanki's (foreign) Icesave branch, a move which HMT deemed "discriminatory and unlawful treatment" (HMT 2008b). Seeking recourse, the UK and the Netherlands isolated Iceland from the international payment system, withheld votes to release the IMF funds until Iceland agreed to guarantee Icesave's liabilities, and pursued retroactive depositor payments from the TIF and the Icelandic state through EFTA Court (Jónsson and Sigurgeirsson 2016). Meanwhile, the bail-in of creditors (mostly foreign) was an essential and controversial part of the program. Creditors, whose claims legally ranked on par with those of depositors before the crisis, ended up losing about EUR 10 billion when the Icelandic authorities changed the rules. While the international courts ultimately ruled that Iceland had not breached EEA law, the opposite ruling would have saddled the Icelandic state with high levels of debt (GRJ 2018).

In the wake of the banking collapse and associated measures, domestic depositors retained access to their funds and executed transactions without interruption (Jónsson and Sigurgeirsson 2016). Bank deposits increased by 19% in the first two months after the banks failed, which the Central Bank of Iceland (CBI) attributes to four mechanisms (CBI 2009a). First, Icelandic investors received about ISK 100 billion (USD 780 million[9]) from the

[9] On October 5, 2008, ISK 1 = USD 0.0078, per Yahoo Finance.

liquidation of investment and money market instruments, so the deposit influx represented "a shift between asset categories rather than a net increase in deposits" (CBI 2009a). Second, there was a flight to safety from corporate bonds to deposits—an event that CBI directly attributes to the passage of emergency legislation in October 2008 and the full deposit guarantee (CBI 2009a; CBI 2009c). Third, capital controls prevented domestic savers from making foreign investments, Iceland's equity markets had collapsed, and corporations had delisted; the general limitation of investment options steered capital toward bank deposits (CBI 2009a). Fourth, pension funds might have invested in deposits over other assets due to temporary uncertainty about the payouts of supplementary pension savings. Banks also benefitted from the full guarantee, which, along with the capital controls, protected their capitalization (CBI 2010). However, banks still struggled to convert deposits into loans due to ongoing uncertainty about the health of their balance sheets (CBI 2009a).

The guarantee is regarded as successful, insofar as it halted further runs on Icelandic banks (OECD 2013). One CBI report argues that the full guarantee was one of several measures that, in sum, contributed to the reduction of uncertainty and stabilization of demand for cash (CBI 2018). The government's support measures, including the guarantee, were crucial in "ensuring the efficacy of payment intermediation" (CBI 2018).

Scholars agree that the Icelandic government's decision to guarantee only domestic deposits in ISK, though controversial, was the only option. According to one external reviewer, the Icelandic authorities' foreign exchange (FX) reserves were depleted, and domestic bank liabilities were denominated almost entirely in FX. The Icelandic state could not have credibly guaranteed FX deposits or liabilities; to do so would have risked accelerating the sudden-stop capital flight that was already underway, and this argument later held up in EFTA Court. In contrast to the Irish government, which guaranteed all bank liabilities, Icelandic authorities could not have afforded the same (BDZ 2011). According to the same external reviewer, most scholars also agree with Iceland's decision to prioritize depositors over other claimants in bankruptcy proceedings. Ásgeir Jónsson argues that Iceland authorities' decisions to elevate the depositors and restructure the banks enabled the country's return to sovereign debt markets in 2011, and he praises Icelandic restructuring over the Irish "bailout" strategy (Jónsson 2011).

The guarantee also evoked concerns from the CBI about potential undesirable financial effects, which included (1) price distortion in equity and bond markets, (2) unpredictable interbank depositor flows related to disparate deposit rates, (3) higher contingent liabilities for the state, (4) relaxed attitudes toward liquidity risk, (5) moral hazard, and (6) increased systemic risk (CBI 2009b). In response, the CBI urged the Icelandic government to restrict the size of the guarantee, impose a ceiling on interest rates for government-guaranteed deposits, or limit deposit insurance to retail—rather than interbank—deposits.

In December 2008, the Icelandic Parliament formed the Special Investigation Commission (SIC) to investigate and analyze the collapse of Iceland's three largest banks. The SIC partially attributed the Icesave dispute to domestic inaction, arguing that financial regulators had failed to create an adequate contingency plan in the several years leading up to the bank failures in October 2008 (SIC 2010a). The banks underwent rapid deposit growth beginning in 2006, which elevated the TIF's contingent liabilities and challenged its ability to guarantee deposits in the event of a large financial insolvency. Had the TIF exercised foresight, the SIC argued, it would have formally requested Landsbanki to transfer Icesave accounts to a foreign subsidiary—with clear implications for the TIF's "relations to foreign regulatory bodies and central banks" (SIC 2010a). Instead, the TIF's potential liabilities remained an open question, and the TIF did not clarify its potential payment obligations within EEA/EU legal contexts before the banks collapsed—even after foreign governments inquired throughout the summer of 2008 about the TIF's coverage of foreign banks and subsidiaries headquartered in Iceland. The SIC argued that a contingency plan, which never materialized, was "sorely needed" in the run-up to the crisis (SIC 2010a).

The International Monetary Fund (IMF) became involved in mid-October 2008, and on November 19, its Executive Board approved a $2.1 billion Stand-By Arrangement, which facilitated the Icelandic economy's strong recovery in the decade after its banking collapse (Thomsen 2008; Thomsen 2018). Poul Thomsen, who led the IMF's Iceland deal, later attributed the success of the package to four features. First, the package did not have up-front conditionalities on structural reform, so Iceland avoided domestic political resistance and kept the program "nimble and fast" (Thomsen 2018). Second, the package allowed automatic fiscal stabilizers to kick in and public debt to rise by deferring fiscal consolidation to the program's second year. Consequently, Iceland avoided critical delays in financing and refrained from raising taxes or reducing spending during the crisis, which could have further dampened private demand. Third, capital controls were conducive to flexible monetary and exchange rate policy when the risks of large FX drains were "overwhelming"; without the controls, Poul argues, the krona would have depreciated, and CBI would have raised rates higher, further constraining Iceland's economic growth and balance sheets (Thomsen 2018). The capital controls also prevented liquidity from flowing out of the new banks and kept domestic depositors from exiting the Icelandic financial system (Jónsson and Sigurgeirsson 2016). Finally, Iceland's insistence on a bail-in structure, including the ringfencing of domestic depositors, limited the public cost and contributed to the state's high fiscal gains coming out of the crisis—estimated at 43% of GDP in 2016 (Thomsen 2018).

Context: Iceland 2007–2009	
GDP (SAAR, nominal GDP in LCU converted to USD)	USD 22 billion in Q4, 2007 USD 19 billion in Q4, 2008 USD 13 billion in Q4, 2009
GDP per capita (SAAR, nominal GDP in LCU converted to USD)	USD 69,496 in Q4, 2007 USD 56,943 in Q4, 2008 USD 41,301 in Q4, 2009
Sovereign credit rating (five-year senior debt)	As of year-end 2007: Moody's: N/A S&P: A+ Fitch: N/A As of year-end 2008: Moody's: Baa1 S&P: BBB- Fitch: BBB- As of year-end 2009: Moody's: Baa3 S&P: BBB- Fitch: BBB-
Size of banking system	USD 54 billion in 2007 USD 37 billion in 2008 USD 25 billion in 2009
Size of banking system as a percentage of GDP	251% in 2007 198% in 2008 191% in 2009
Size of banking system as a percentage of financial system	Data not available
Five-bank concentration of banking system	Data not available
Foreign involvement in banking system	Data not available
Government ownership of banking system	Data not available
Existence of deposit insurance	Up to EUR 20,887 in 2007–2008; unlimited for domestic depositors between October 6, 2008, and September 9, 2016
Sources: Bloomberg; World Bank Global Financial Development Database; World Bank Deposit Insurance Dataset; Act No. 98/1999; Haarde 2008; MOFE 2016.	

Key Design Decisions

1. Purpose: The full guarantee was meant to secure the domestic payment system.

After all three banks had failed, Icelandic authorities' main goals were to "ensure the functionality of domestic payment systems and . . . basic financial services" and to "prevent . . . a domino effect that would result in a general collapse of the Icelandic economy" (FME 2009). Within the larger objectives, the government implemented an emergency guarantee to allow consumers to quickly access their deposits (TIF 2011). The government transferred deposits at face value from the old banks to newly established banks; the deposit transition was "seamless," and services were maintained for domestic depositors without any interruption (FME 2009; Jónsson and Sigurgeirsson 2016, 83–84, 121). The full guarantee went unused, collected no fees, posed no additional cost to the government, and officially ended on September 9, 2016 (MOFE 2016).

2. Part of a Package: The full guarantee was accompanied by capital injections, resolution and restructuring measures, and capital controls.

Icelandic authorities responded to the banking crisis by directly intervening in the banking system (FME 2009). By the first week of October, Iceland's three largest banks were suffering large withdrawals of deposits and credit lines. The Icelandic Parliament passed an emergency legislation package on October 6, 2008, allowing the FME to take control of the banks (Haarde 2008). When Prime Minister Geir Haarde announced this package to the public, he reassured domestic savers and private pensioners that their deposits would be guaranteed "in full," without specifying a limit. The FME seized all three banks, placed them into receivership between October 7 and 9, 2008, divided each into an old and a new bank, and restructured the new banks' balance sheets (FME 2009).

Non-deposit interventions included a USD 2.1 billion IMF loan, extensions of central bank swap facilities, and restrictions on short-selling and foreign exchange transactions (CBI 2008a; CBI 2008b; FME 2008b; CBI 2008c).

The IMF began an emergency mission in Iceland in mid-October 2008, and the Executive Board approved a Stand-By Arrangement (SBA) on November 19 worth USD 2.1 billion (Thomsen 2008; Thomsen 2018). The SBA succeeded due to Iceland's strong "ownership" and willingness to follow through with program requirements (Thomsen 2018). The SBA's narrow conditionalities—restoring monetary stability, rebuilding the banking system, and consolidating the large fiscal deficit—facilitated fast action and concrete domestic support for reform.

The SBA also mandated capital controls on an indefinite timeline to address Iceland's deteriorating exchange rate (Thomsen 2018). At the time, capital controls were a novel and controversial demand because IMF programs usually insisted on liberalizing capital controls early in the recovery timeline, and the use of capital controls in western Europe could have spurred other vulnerable countries in eastern Europe to do the same. However, Iceland's stakeholders viewed the Icelandic case as an outlier and believed that it was unlikely to inspire similar measures elsewhere. The capital controls allowed Icelandic authorities to liberalize current account controls and later to safely lower interest rates. The capital controls also prevented liquidity from flowing out of the reestablished banks and stopped domestic depositors from exiting the Icelandic financial system (Jónsson and Sigurgeirsson 2016). After Iceland completed its SBA, global actors began to accept capital controls as part of the IMF's crisis tool kit (Thomsen 2018).

In addition to the IMF's SBA, Iceland received USD 3 billion in loans from foreign governments, further enabling the Icelandic government to reform its banking system and helping the economy to recover in the decade after the crisis (Jónsson and Sigurgeirsson 2016; Thomsen 2018).

3. Legal Authority: Original legislation established deposit insurance in 1999; emergency legislation passed in 2008 gave priority claims to depositors during bankruptcy, which was challenged and upheld in EFTA court.

In his speech on October 6, 2008, Prime Minister Haarde did not specify a source of legal authority by which the government fully guaranteed domestic deposits (Haarde 2008).

Iceland's original legal authority for deposit insurance stemmed from the Act No. 98/1999 on Deposit Guarantees and Investor-Compensation Scheme (Act No. 98/1999), which Iceland adopted to comply with the EU Directive 94/19/EC on deposit-guarantee schemes; Iceland became a member of the European Economic Area (EEA) Agreement on January 1, 1994 (SIC 2010b). Iceland's Act No. 98/1999 established a deposit guarantee scheme (DGS) related to commercial and savings bank deposits and an investment guarantee scheme related to trading—both were meant to bolster investor protections against insolvency of financial institutions. The minimum value of the deposit guarantee was the ISK equivalent of EUR 20,887 per depositor (Act No. 98/1999, Article 10; SIC 2010b). The legislation assigned Iceland's DGS responsibilities to the Depositors' and Investors' Guarantee Fund (TIF), which is a private organization that requires membership by commercial banks, savings banks, and securities trading firms (SIC 2010b). Act No. 98/1999 also specified the two events that could trigger a depositor payout process: (1) the FME issues an opinion stating that the financial institution is unable to pay its depositor claims, or (2) the financial institution enters into bankruptcy (Act No. 98/1999, Article 9).

On October 6, 2008, the Icelandic Parliament passed Act No. 125/2008 "on the Authority for Treasury Disbursements due to Unusual Financial Market Circumstances etc." (Act No. 125/2008, 6). Policymakers created Act No. 125/2008 to allow Icelandic authorities to respond promptly to financial conditions, with the aim of maintaining the functioning of Iceland's financial markets and banking system (PMO 2008c). With regards to deposit insurance, Chapter IV of the new legislation amended Act No. 98/1999 in the following ways:

- deposits were given priority claims during insolvency proceedings;
- all deposit reimbursements could be transacted in Icelandic krona;

- the TIF paid fixed-rate deposit balances by following the account's terms, so the TIF did not have to pay account owners before the owners could have withdrawn the account balance; and

- the TIF was authorized to net a depositor's liabilities against payouts—in other words, to reduce a customer's deposit payout by the amount of his or her outstanding debt to the financial institution. (PMO 2008c)

Act No. 125/2008 established a bail-in framework: depositors became priority claimants and general creditors—mostly foreign institutional investors—took losses, which lowered the potential costs of the deposit guarantee (Jónsson and Sigurgeirsson 2016). Besides its depository amendments, Act No. 125/2008 allowed the Minister of Finance to create new financial institutions or nationalize[10] existing ones, and the legislation granted the Financial Supervisory Authority (FME) the authority to intervene in financial institutions' regular operations to minimize the risk of damage to financial markets (Act No. 125/2008, chap. I–III; PMO 2008c). When the FME used its emergency powers to take control of Iceland's three largest banks, it published press releases highlighting the full guarantee of domestic deposits and specified that the banks' operations ought to continue without interruption (FME 2008a; FME 2008c; FME 2008d).

Though the TIF did not make payouts during the Icelandic financial crisis, its payout statutes were a source of contention during the Icesave dispute (Jónsson and Sigurgeirsson 2016; MOFE 2016). Iceland's full guarantee faced two legal challenges. First, EU Directive 94/19/EC required that the deposit insurer in a parent company's home company (e.g., Iceland) must cover deposits held in the bank's foreign *branches*—unless the host country (e.g., the UK or Netherlands) offered higher coverage out of its own guarantee fund, which obliged the host country to extend membership to the same foreign branches (SIC 2010b). However, the host country's deposit insurer was responsible for covering any *subsidiaries* incorporated in the host country. In other words, the UK and Dutch deposit insurers would have to cover Icelandic banks' subsidiaries that took deposits within their borders, but not Icelandic banks' branches. But the UK and Dutch authorities compensated their own Icesave (branch) depositors early in the crisis. They then sought reimbursement from the TIF and later the Icelandic state, arguing based on the EU Directive that it was TIF's responsibility to cover Icelandic banks' foreign branches. If the TIF was exhausted, they argued, then the Icelandic government needed to replenish its funding (SIC 2010b). Furthermore, paying domestic depositors and not foreign depositors, the plaintiffs argued, was discriminatory on the basis of nationality and, therefore, in violation of the EU Directive (EFTA Surveillance Authority v. Iceland 2013). They also argued that Iceland's bail-in framework broke a precedent of *pari passu*—equal ranking—between bondholders and depositors by establishing depositors as priority claimants during bankruptcy proceedings (Jónsson and Sigurgeirsson 2016; Directive 94/19/EC).

[10] According to one external reviewer, not all banks were nationalized to the same extent. Generally, the government reduced its ownership in the banks after reestablishing them.

Icelandic officials successfully defended their actions in EFTA Court by arguing that domestic depositors were reimbursed in inconvertible ISK, whereas foreign depositors received hard currency, so there was no grounds for discrimination (Jónsson and Sigurgeirsson 2016). With respect to the precedent of *pari passu* treatment, Iceland cited *force majeure* and claimed that it had no alternative, given the need to preserve the domestic payment system by prioritizing deposits and shifting them to new banks.

4. Administration: Deposit insurance was administered by the TIF. It is unclear which entity would have been responsible for exercising the full guarantee.

The TIF is a private organization with Deposits and Securities Departments, each with separate accounting and financing; the TIF is not state-owned, so the Icelandic government has no legal responsibility for the debts incurred by the TIF (Ásgeirsson 2005; SIC 2010b). The TIF ensures depositors of a minimum guarantee up to EUR 20,887 per account and assumes the original institution's risk of non-repayment to the depositor (TIF 2011; Act No. 98/1999, Article 10; SIC 2010b). TIF membership was compulsory under Act No. 98/1999 for commercial banks, savings banks investment firms, and securities trading companies established in Iceland—including any branches located outside of Iceland in the EEA and EFTA (Ásgeirsson 2005). The TIF made decisions through a six-member Board of Directors, each of whom served two-year terms (Act No. 98/1999, Article 4). According to an agreement between the TIF and the CBI, a CBI representative typically served as the TIF's managing director; in October 2008, the TIF managing directors included an officer from the CBI's Financial Stability Department and an Icelandic lawyer (SIC 2010b).

5. Governance: The FME supervised the TIF. The Icelandic government formed a Special Investigation Commission to report on the causes of the financial crisis.

The FME supervised the TIF's operations and ensured that the TIF operates according to its own mandate (Ásgeirsson 2005; Act No. 98/1999, Article 15). With the passing of emergency legislation on October 6, 2008, the FME gained the power to take control of institutions and place them into resolution (PMO 2008c).

Representatives from the CBI, FME, Ministries of Finance and Business Affairs, and the Prime Minister's Office formed the so-called "consultative group," which bore managerial responsibilities within the TIF and served as a communicative channel between the TIF and the most relevant arms of the Icelandic government (SIC 2010b).

In December 2008, the Icelandic Parliament formed the Special Investigation Commission (SIC) to investigate and analyze the collapse of Iceland's three largest banks. The SIC partially attributed the Icesave dispute to domestic inaction, arguing that financial regulators failed to create an adequate contingency plan several years leading up to the bank failures in October 2008 (SIC 2010a).

6. Communication: The Prime Minister announced the full guarantee in an impromptu speech and accidentally alarmed onlookers. Further press releases pledged the Icelandic government to cover depositors insured under EU and EEA regulation.

In a live speech to the Icelandic public on October 6, 2008, Prime Minister Haarde said that domestic depositors and private pensioners would be able to access their deposits "in full." He said he would submit to Parliament emergency legislation allowing Icelandic government agencies to counteract turbulence in financial markets (Haarde 2008). Haarde's address included the first mention of the full deposit guarantee, which the government later explained as an effort to keep confidence in banks and mitigate the risk of a deposit run (Haarde 2008; MOFE 2016).

Scholars argue that Haarde's October 6 speech, which ended in the dramatic and atypical phrase "Guð blessi Ísland" ("God bless Iceland"), was meant to calm the public, but his unexpected timing and severe message alarmed onlookers—it sharply contradicted his public statements from the previous day, in which he claimed that "no special action [was] needed" (Jónsson and Sigurgeirsson 2016, 38; 62–64). Following the speech, Landsbanki sustained large withdrawals from its online deposit accounts; outflows totaled EUR 1.4 billion between September 30 and October 6, 2008. Media observers expressed confusion about how the guarantee mechanism would work, and UK officials asked the government to clarify Haarde's statement about the full guarantee with regards to the TIF's coverage of foreign branches (Bourke 2008; SIC 2010b). Standard & Poor's (S&P) promptly downgraded Iceland because it anticipated that the full guarantee would cause international markets to shun the Icelandic banking system and lower domestic GDP, though S&P analysts argued that the guarantee would limit Iceland's contingent fiscal risks (ZCS 2008). Other ratings agencies believed that the guarantee, paired with large capital injections, could actually "[impute] repayment risk on private sector liabilities to the government" and increase the government's potential debt burden if it continued to nationalize Icelandic financial institutions (R&I 2008).

After the Prime Minister's October 6 speech, subsequent government press releases communicated Iceland's commitment to covering insured deposits, upholding EU and EEA legislation, and negotiating further with other European counterparties. In describing the parameters of the guarantee, government agencies broadly referred[11] to EU and EEA legislation without specifying the coverage of foreign branches of Icelandic banks (MFA-CC 2008). On November 3, 2008, the Ministry for Foreign Affairs stated that the prioritization of depositor claims was meant to "secure the interests of depositors in the foreign branches,". The statement continued, "Ideally, the bank's assets will be worth enough to cover all outstanding deposits," implying that Iceland was not inclined to pay foreign depositors directly from state coffers (MFA-CC 2008). The Ministry encouraged foreign governments to

[11] On November 17, 2008, the Prime Minister's Office reiterated the government's commitment to "fair, equitable, and non-discriminatory" treatment of creditors and insured depositors within the EEA framework (PMO 2008a). The statement also acknowledged ongoing discussions with EU countries about the terms of refinancing.

safeguard assets and support subsidiaries of Icelandic banks, contrasting the Swedish and Norwegian governments' cooperation with the "difficult" and "damaging" actions taken by the UK government (MFA-CC 2008). On November 17, the Ministry of Foreign Affairs released tentative guidelines of agreement between Iceland, the United Kingdom, and the Netherlands on deposit insurance, committing Iceland to "cover deposits of insured depositors in the Icesave accounts in accordance with EEA law" and to further consult with EU Member States about the Icelandic state's obligations (MFA 2008). The agreement accompanied Iceland's access to the IMF stabilization package, which the IMF Executive Board approved on November 19 (MFA 2008; Thomsen 2008).

The TIF did not mention the full guarantee in any of its public media in 2008. However, the TIF acknowledged the ongoing status of the Icesave dispute starting in 2011, beginning with the Board's decision to pay Icesave depositors with proceeds from Landsbanki's bankruptcy estate (TIF 2011).

7. Size of Guarantees: The government said that the guarantee was unlimited for domestic depositors but did not cover EUR 15 billion in foreign deposits.

Prime Minister Haarde did not specify a limit to the deposit guarantee announced on October 6, 2008 (Haarde 2008). Onlookers, including the CBI, interpreted the guarantee as unlimited for domestic depositors (CBI 2009b; Bourke 2008). The full guarantee, if it were legally binding, would have covered about ISK 1.6 trillion (EUR 10.6 billion) in 2008, which was slightly above Iceland's GDP at the time (Jónsson and Sigurgeirsson 2016).

8. Source(s) and Size of Funding: The TIF had insufficient funds to cover the minimum guarantee and decided not to borrow or use future premiums to cover the cost of payouts. The minimum guarantee was later funded by asset recovery from bankruptcy, but the government did not specify a source of funding for the unlimited guarantee.

Since its establishment in 2000, the TIF was required to maintain a minimum level of assets equal to 1% of the average of guaranteed deposits across all commercial banks and savings banks from the previous year (Act No. 98/1999, Article 6). If the TIF's total assets did not reach the minimum for a given year, all banks were required to individually contribute an amount equal to 0.15% of the average of their individually guaranteed deposits from the prior year. When Landsbanki failed in October 2008, the TIF's krona-denominated assets totaled ISK 16 billion (EUR 130 million[12]), around 0.41% of guaranteed deposits, as the krona rapidly depreciated against foreign currencies (TIF 2011; BMS 2020). As it became clear that the TIF would not be able to pay EUR 20,887 to every depositor of the failed Icelandic banks, the TIF explored several options for funding the minimum guarantee and eventually settled on asset recovery (TIF 2011). The TIF never claimed responsibility for the full guarantee declared by Prime Minister Geir Haarde on October 6, 2008.

[12] On October 7, 2008, ISK 1 = USD 0.008, per Bloomberg.

Throughout 2008, the TIF had contemplated offloading its deposit insurance obligations to foreign deposit insurers. In February 2008, Landsbanki considered transferring deposits from its Icesave branches to UK-based subsidiaries, a shift that would have obligated the UK to extend its deposit insurance program—the Financial Services Compensation Scheme—to Icesave's depositors under EU Directive 94/19/EC (SIC 2010b; BMS 2020). The UK Financial Services Authority (FSA) first required Landsbanki to transfer sufficient assets and liquidity along with deposits to the relevant UK subsidiary (BMS 2020). Though officials from Iceland, the FSA, and Landsbanki discussed a potential transfer during the summer of 2008, the plan never materialized (SIC 2010b). Landsbanki was either unwilling or unable to comply with the UK's preconditions on intragroup liquidity before the bank collapsed (BMS 2020).

The TIF Board considered borrowing to fund the minimum guarantee. Under Act No. 98/1999, the TIF Board could borrow to meet TIF obligations if the fund's resources were insufficient (Act No. 98/1999, Article 10, para. 2). The legislation did not specify a lender, and a prerequisite for such a loan was that the Icelandic government would guarantee its repayment (TIF 2011). By October 2008, however, neither the central bank nor the Ministry of Finance had sufficient resources to credibly lend to the TIF or guarantee repayment on the TIF's behalf—especially given the TIF's large and increasing obligations stemming from foreign-currency deposits (BMS 2020). In the fourth quarter of 2008, the UK government repaid its Icesave depositors GBP 3.5 billion of GBP 4.53 billion in retail deposits, and the Dutch government similarly repaid EUR 1.6 of EUR 1.67 billion (Jónsson and Sigurgeirsson 2016). In December 2008, the Icelandic government tentatively planned to treat a portion[13] of the UK and Dutch depositor repayments as loans from the TIF to the foreign governments—about EUR 1.6 billion owed the Dutch and GBP 2.2 billion owed to the UK, with each loan paying 5.5% annual interest. But this did not happen. The Icelandic Parliament did not approve the initial repayment plan because members were concerned about incurring a potentially large debt burden while recovering from a financial crisis. From 2009 to 2011, the Icesave agreement underwent two more iterations of debate, amendments, and public referendums, but the Icelanders and foreign debtors were unable to agree on any single set of repayment terms. In 2011, the TIF Board ultimately ruled out borrowing to fund the minimum guarantee because they could not anticipate the timing of payments related to Landsbanki's bankruptcy and asset recovery, so it was impossible to forecast interest expenses (TIF 2011). The debtor-creditor disagreement escalated to the EFTA Court, which held its first oral hearing on September 18, 2012 (Jónsson and Sigurgeirsson 2016).

The TIF Board also ruled out funding via ex-post fees. Beginning in 2009, the TIF collected contributions from members to form a new guarantee fund meant to provision for the future failure of institutions, including the successors to the big three banks (TIF 2011). The TIF Board decided that it would not make insurance premiums collected after 2008 available to pay out depositors in banks that had failed in 2008, based on the principle that only funds available at the time of a bank failure should be used to pay back that bank's depositors.

[13] The Icelandic liability was set equal to the Icelandic minimum guarantee of EUR 20,887 to each of Icesave's foreign retail depositors (Jónsson and Sigurgeirsson 2016).

Limited in its options for funding depositor payouts, the TIF Board relied on Landsbanki's wind-up proceedings to pay depositors up to the minimum guarantee (TIF 2011). The TIF Board decided that Landsbanki depositors should be paid first among failed banks because it was the first bank that the FME declared unable to meet depositors' claims. The potential payout to Landsbanki depositors was so large that the TIF ruled it would have no further funds available for depositors of Kaupthing or Glitnir.[14] However, the TIF anticipated that the liquidation of Landsbanki's assets would cover the minimum guarantee of EUR 20,887 owed to each Landsbanki depositor. The Landsbanki estate began payments in 2013 after the EFTA Court ruling, and it completed them on January 11, 2016 (Jónsson and Sigurgeirsson 2016).

The Icelandic government never specified a potential source or size of funding for its full guarantee (Haarde 2008; MOFE 2016). If there had been depositor payouts, the government would have had to rely on fiscal resources to cover them, according to an external reviewer to this case. However, this proved unnecessary after the government nationalized the old banks and transferred domestic deposits to the new banks, because domestic depositors could neither convert their currency nor exit the Icelandic financial system (Jónsson and Sigurgeirsson 2016). Nonetheless, since the GFC, international institutions such as the Bank for International Settlements have called for Iceland to establish a credible backstop arrangement for its deposit guarantee fund (BMS 2020).

9. Eligible Institutions: The full guarantee included domestic branches of Icelandic banks and excluded foreign branches and subsidiaries.

Eligible institutions included "domestic commercial and savings banks and their branches in Iceland" (PMO 2008b). Member companies all belonged to the TIF's Deposit Department (SIC 2010b).

The Icelandic government's different treatment of foreign and domestic deposits was at the center of the Icesave dispute (TN 2013; EFTA Surveillance Authority v. Iceland 2013). In December 2008, the UK government disbursed GBP 3.5 billion of the GBP 4.53 billion owed to Icesave's UK retail depositors and Dutch paid out EUR 1.6 billion of EUR 1.67 billion owed to Dutch retail depositors (Jónsson and Sigurgeirsson 2016). The UK and Dutch governments sought reimbursement from the TIF and the Icelandic state through the EFTA Court, citing Directive 94/19/EC of the European Parliament and the Council of 30 May 1994 on deposit guarantee schemes, and requested that either the Icelandic government or the TIF repay them in amounts equal to the TIF's minimum guarantee for all UK and Dutch Icesave depositors (EFTA Surveillance Authority v. Iceland 2013). EU Directive 94/19/EC stated that a parent country's deposit guarantee system must extend to deposits held by the foreign *branches* of a bank based in the parent country (SIC 2010b). If the host country's guarantee fund offered higher coverage than the parent country, then the host country had to extend

[14] Foreign governments compensated Kaupthing's and Glitnir's foreign depositors by seizing and liquidating the assets held by the banks' subsidiaries, among other measures (Jónsson and Sigurgeirsson 2016; GRJ 2018). Kaupthing's and Glitnir's domestic depositors did not require compensation because Icelanders retained depositor access after the Icelandic government nationalized the old banks and transferred domestic deposits to the new banks (Jónsson and Sigurgeirsson 2016).

membership to the same foreign branches. Irrespective of coverage levels in the host and parent countries, the host country's deposit insurer was responsible for covering any *subsidiaries* incorporated in the host country. The plaintiffs alleged that the Icelandic government failed to ensure that Icesave's foreign branch depositors received minimum payments equivalent to those received by Iceland's domestic depositors, which was discriminatory on the basis of nationality and in violation of the EU Directive (EFTA Surveillance Authority v. Iceland 2013).

Iceland argued that the "obligation [to pay foreign depositors] could not be derived from the principle of non-discrimination" because the EU Directive does not address large bank failure (EFTA Surveillance Authority v. Iceland 2013). It was not clear that currency-convertible foreign deposits were at an economic disadvantage compared to the krona-only Icelandic deposits, and nobody in Iceland had received payments under the full guarantee. Furthermore, the defense noted, the full guarantee applied only to the reestablished banks, whereas the foreign deposits were contained in separate legal entities and entitled to proceeds from asset recovery. The plaintiffs never argued that the foreign deposits also should have been transferred to the new banks, so, in the defense's view, the plaintiffs "[did] not argue that the two groups should have been treated equally," weakening the allegations of discrimination (EFTA Surveillance Authority v. Iceland 2013). While the Icesave dispute was underway, neither the Icelandic government nor the TIF made any payments to foreign depositors because Iceland's obligations to pay was uncertain, and capital controls restricted the Icelandic government's ability to convert ISK to other currencies (TN 2013). On January 28, 2013, the EFTA Court ruled that the Icelandic authorities did not have to compensate the Icesave depositors, but that UK and Dutch governments had priority claim on proceeds from Landsbanki's bankruptcy estate (Jónsson and Sigurgeirsson 2016).

10. Eligible Accounts: All domestic deposits denominated in krona were covered. The Icelandic government granted depositors priority claims in bankruptcy proceedings, which was later challenged but upheld in EFTA Court.

Eligible deposits referred to "all deposits by general customers and companies which are covered by the Deposit Division of the [TIF]" (PMO 2008b). The TIF defined "deposit" as "any credit balance resulting from financial deposits or transfers in normal banking transactions, which a commercial bank or savings bank is under obligation to refund under existing legal or contractual terms" (TIF 2011). The deposit guarantee did not extend to member companies' own deposits, those of their parents or subsidiaries, or deposits associated with money laundering. The TIF also expressed uncertainty about the inclusion of money market and wholesale deposits fell under the definition of "deposits" as described by Act No. 98/1999 on Deposit Guarantees and Investor Compensation Scheme (Act No. 98/1999, Article 3, para. 9; TIF 2011).

Following the passage of emergency legislation, the Icelandic government clarified that it was willing to reimburse fully guaranteed accounts only in krona (PMO 2008c). The general scholarly consensus maintained that it would have been impossible for the Icelandic government to guarantee deposits denominated in foreign currency, which alone accounted for 125% of GDP (BET 2017; Jónsson and Sigurgeirsson 2016).

The emergency legislation also granted depositors priority claims within insolvency proceedings (PMO 2008c). This bail-in of creditors (mostly foreign) was a key part of the program because it enabled the Icelandic government to shift the domestic deposits to the reestablished banks, thereby preserving the Icelandic public's access to deposits and basic financial services (Jónsson and Sigurgeirsson 2016). Creditors, whose claims legally ranked on par with those of depositors before the crisis, ended up losing about EUR 10 billion when the Icelandic authorities changed the rules. Iceland's decision was controversial at the time, and creditors challenged the bail-in maneuver in court (Thomsen 2018). Defending its prioritization of depositors, the Icelandic state cited *force majeure* and claimed that it had no alternative, given the need to preserve the domestic payment system (Jónsson and Sigurgeirsson 2016; EFTA Surveillance Authority v. Iceland 2013). While the international court ultimately ruled that Iceland had not breached EEA law, the opposite ruling would have saddled the Icelandic state with high levels of debt (GRJ 2018). One senior IMF official suggested that Iceland's intervention and recovery has since shifted views about the use of bail-in, which is now considered more acceptable than it was during the Global Financial Crisis (Thomsen 2018).

11. Fees: There were no fees.

There were no fees associated with the unlimited guarantee (MOFE 2016).

12. Process for Exercising Guarantee: The FME transferred the fully guaranteed deposits from old banks to new banks; the Icelandic government did not specify additional processes for exercising guarantees.

After taking control of and resolving the three banks, FME split each bank into an old bank and a new bank; the new banks retained the principal (book) value of domestic deposits, along with most of the Icelandic assets, on their balance sheets (BET 2017; FME 2009). The new banks also received capital injections via equity and subordinated loans, which summed to about 12% of GDP (BET 2017). The old banks held onto the rest of the assets and liabilities. Domestic bank customers maintained complete access to their deposits without disruption (Jónsson and Sigurgeirsson 2016).

The government did not specify how it would have exercised the guarantee in the event of further depositor withdrawals, though it maintained partial ownership of the new banks in proportion to the amount of refinancing (BET 2017).

13. Other Restrictions on Eligible Institutions/Accounts: There were no additional restrictions.

There do not seem to be any additional restrictions on eligible institutions or accounts other than those described.

14. Duration: The full guarantee was announced without a definite timeline and lasted eight years.

The deposit guarantee announced on October 6, 2008, was formally retracted on September 9, 2016 (Haarde 2008; MOFE 2016). According to an EFTA translation of the Minister of Economic Affairs' interview with a news outlet, he claimed in 2010 that the unlimited deposit guarantee would be withdrawn once an "alternative and effective" deposit system was in place (ESA 2010). In 2011, the government created a new TIF division separated from the old guarantee fund; the new division was responsible for covering deposits in the reestablished banks, though the new fund did not specify its source of emergency funding or the timeliness of its repayments (BMS 2020). In 2012, the Icelandic government proposed a bill[15] for a new depositor and investor guarantee scheme based on EU Directive 2009/14/EC (CBI 2012). Though the bill ultimately did not pass parliamentary procedure, it specified, among other provisions, a guarantee worth the ISK equivalent of EUR 100,000, a maximum payout deadline of 20 days, and an increase in the deposit fund to 4% of total deposits (CBI 2012). It is not clear why the bill did not become law. Retrospective IMF documents from 2014 and 2015 noted the Icelandic government's plans to form new deposit guarantee legislation in line with EU directives, and IMF staff advised strengthening TIF's operations and communicating with the public about moving to an explicit limited guarantee (IMF 2014; Dohlman 2015). Upon retracting the full guarantee in 2016, the government acknowledged that "domestic deposit institutions stand on solid ground in terms of capital, funding, liquidity, and operational balance" (MOFE 2016). As of March 2020, the government planned to try again to incorporate the EU's Deposit Guarantee Directive into domestic legislation (BMS 2020).

According to an external reviewer to this case, after the crisis the Icelandic government implemented new liquidity coverage rules that limit the currency risk associated with Iceland's deposit insurance.

[15] Bill of Legislation on Deposit Guarantees and an Investor Compensation Scheme, Item 237 of the 139th Legislative Session (CBI 2012).

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