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Slovenia: Unlimited Deposit Guarantee[1]

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Abstract

On October 7, 2008, as the European Union (EU) coordinated its members' response to the Global Financial Crisis (GFC), its Economic and Financial Council (ECOFIN) recommended that member states raise their deposit-insurance coverage to at least EUR 50,000 (USD 67,000). Germany and Austria went further and adopted an unlimited guarantee of deposits. In response, Slovenia announced its Unlimited Deposit Guarantee on October 8, 2008. Slovenia's national assembly adopted the program on November 11, 2008, effective November 20. The Bank of Slovenia (BoS) administered the program, as it had Slovenia's existing deposit-insurance scheme. When an insured bank failed, fees were imposed on surviving banks to cover the first EUR 22,000 per depositor, with the government covering amounts over EUR 22,000 with taxpayer funds. Following an EU directive in 2009, Slovenia increased the amount for which banks were responsible to EUR 50,000 per depositor. The Unlimited Deposit Guarantee expired on December 31, 2010, after which a limit of EUR 100,000 per depositor came into effect. Scholars estimated that the BoS covered USD 24.4 billion in deposits in 2010, although the BoS made no payouts under the Unlimited Deposit Guarantee.

Keywords: Bank of Slovenia, European Union, Global Financial Crisis, Slovenia, Unlimited Deposit Guarantee

[1] This case study is part of the Yale Program on Financial Stability (YPFS) selection of New Bagehot Project modules considering account guarantee programs. Cases are available from the *Journal of Financial Crises* at https://elischolar.library.yale.edu/journal-of-financial-crises/.

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Overview

The European Union (EU)'s Economic and Financial Council (ECOFIN) met on October 7, 2008, to coordinate the EU's response to the Global Financial Crisis (GFC) (EC 2008). In its public statement, ECOFIN urged EU member states to increase the level of coverage of their respective deposit-guarantee schemes to at least EUR 50,000 (USD 67,000) (EC 2008).[3] A day later, Austria announced that it would introduce an unlimited guarantee on deposits (AFP Staff 2008). Austria's unlimited guarantee was a response to Germany's adoption of an unlimited deposit guarantee on October 5, 2008 (Gow and Chrisafis 2008).

Key Terms

Purpose: To bolster depositor confidence and compete with countries that had adopted higher guarantee amounts

Launch Dates	Announcement: October 8, 2008 Authorization: November 11, 2008 Operation: November 20, 2008
End Dates	December 31, 2010
Eligible Institutions	Banks domiciled in Slovenia
Eligible Account(s)	Various deposit accounts
Fees	No upfront fees
Size of Guarantee	Unlimited
Coverage	USD 24.4 billion in 2010
Outcomes	No failures
Notable Features	The BoS required banks to hold at least 2.5% of their insured deposits in certain debt securities An acquiring bank would make depositor payouts, with the BoS furnishing the bank with funds collected through ex-post fees

Also on October 8, Slovenia's minister of finance and the governor of the Bank of Slovenia (BoS) announced that the government was also adopting an unlimited guarantee for all deposits (Bajuk and Kranjec 2008). The guarantee covered natural persons and small enterprises (Bajuk and Kranjec 2008). In explanation, officials cited competitive pressures from other countries that had adopted unlimited guarantees. They said, as well, that the guarantee was meant to protect depositors, although the Slovenian financial system was stable (Bajuk and Kranjec 2008). To implement this change, Slovenian policymakers planned to amend the Banking Act (Bajuk and Kranjec 2008). In a press conference on October 14, the prime minister of Slovenia further discussed the Unlimited Deposit Guarantee, highlighting that the government was working with the BoS to amend the Banking Act and that, under the proposed legislation, the guarantee would remain in place until at least December 31, 2009 (Republic of Slovenia 2008b).

On November 11, Slovenia's national assembly approved an amendment to the Banking Act that provided a legal basis for the Unlimited Deposit Guarantee (Republic of Slovenia 2008a).

[3] On October 7, 2008, EUR 1 = USD 1.36, per Yahoo Finance.

The government published the amendment in the country's *Official Gazette* on November 19; it went into effect the following day (Republic of Slovenia 2008a).

The Unlimited Deposit Guarantee built upon Slovenia's standing deposit-insurance system, which the BoS administered (Republic of Slovenia 2006c; BoS 2009a). This system was compulsory for banks registered in Slovenia and was ex-post funded, meaning that the BoS collected no up-front fees (Demirgüç-Kunt, Kane, and Laeven 2014; Republic of Slovenia 2006c). The standing deposit-insurance system covered up to EUR 22,000 per depositor for their net deposits (Republic of Slovenia 2006c). *Net deposits* refer to the sum of the total balance of all an individual's deposits minus any outstanding liabilities to that same institution (BoS 2010a). In the event of a bank failure, the BoS would assume the obligation to pay out depositors and then levy fees on banks to recover the payments (BoS 2009a; Republic of Slovenia 2006c).

Under the Unlimited Deposit Guarantee, the Slovenian government became responsible for any amounts above EUR 22,000 (BoS 2009a; Republic of Slovenia 2008a). The government also committed to covering the first EUR 22,000 per depositor if banks were unable to provide the funds required by a payout event (BoS 2009a; Republic of Slovenia 2008a).

The November 2008 amendment established a December 31, 2010, sunset date for the Unlimited Deposit Guarantee (Republic of Slovenia 2008a). The government had to report to the national assembly at least once every three months, with the report focusing on the financial situation and measures it had adopted (Republic of Slovenia 2008a). Insured banks had to report quarterly the balances of guaranteed deposits, which were submitted according to new instructions and forms (BoS 2009a).

In March 2009, the EU passed a directive requiring all member states to increase their deposit-insurance coverage first to at least EUR 50,000 and then to at least EUR 100,000 by December 31, 2010 (EP/EC 2009). On November 20, 2009, Slovenia increased the share of the deposit guarantee that other banks were responsible for covering to EUR 50,000 per depositor, effective December 5, 2009 (Republic of Slovenia 2009). With the increase in place, banks were responsible for covering the first EUR 50,000 of payouts per depositor, with the government responsible for amounts above EUR 50,000 (Republic of Slovenia 2009; BoS 2010b).

The Unlimited Deposit Guarantee expired on December 31, 2010 (BoS 2010a). On September 28, 2010, the national assembly approved an increase of the deposit-insurance cap to EUR 100,000, effective upon the expiration of the Unlimited Deposit Guarantee (Republic of Slovenia 2010). In 2010, scholars estimated that the BoS covered USD 24.4 billion in insured deposits (Demirgüç-Kunt, Kane, and Laeven 2014). Under the Unlimited Deposit Guarantee, the BoS made no depositor payouts, as no banks failed while it was in operation (IMF ED and IMF MCMD 2012).

In 2016, Slovenian officials altered the deposit-insurance system to include ex-ante funding (Republic of Slovenia 2016). The BoS administered the altered system and targeted a fund ratio of 0.8% (Republic of Slovenia 2016). Officials also altered the system to eliminate the netting of deposits (Republic of Slovenia 2016).

Summary Evaluation

In 2012, the International Monetary Fund (IMF) recommended major changes to the Slovenian deposit-insurance system, highlighting the need to convert the system to ex-ante funding and to strengthen the BoS's ability to deal with failing banks (IMF ED and IMF MCMD 2012). The IMF recommended that ex-ante contributions be invested either in liquid instruments or with the BoS (IMF ED and IMF MCMD 2012). The IMF also held that if ex-ante fees were insufficient, then the BoS should be allowed to fund the deposit-insurance system (IMF ED and IMF MCMD 2012).

The European Central Bank (ECB), in examining the program in November 2008, expressed some concerns (ECB 2008). It noted that there was no provision allowing additional state borrowing to ensure that the BoS had sufficient funds to make payouts (ECB 2008). It speculated that, without this additional funding backstop, it was possible that the BoS would need to use its own funds in the event of a bank failure (ECB 2008). Such financing, the ECB said, would violate EU law on monetary financing (ECB 2008).

Though not referring to Slovenia directly, several international organizations expressed disapprobation of the idea of insuring "net" deposits, as was the case in Slovenia (Republic of Slovenia 2006c). *Net deposits* refer to the sum of the total balance of an individual's deposits minus any outstanding liabilities to that same institution (BoS 2010a). The Financial Stability Board (FSB) said that shifting from net deposits to gross deposits could improve the timeliness of payouts and make it easier for depositors to understand the compensation to which they were entitled, thereby enhancing depositor confidence (FSB 2012). The International Association of Deposit Insurers (IADI) echoed the FSB's sentiment, writing that a focus on net deposits obscured the total amount of coverage per depositor and could slow payouts (IADI 2013). Slovenia abandoned the netting of deposits in 2016 (Republic of Slovenia 2016).

The BoS found that the Unlimited Deposit Guarantee was one factor that led to an influx of deposits in late 2008. It noted that depositors were concerned about uncertain market conditions and turned to deposits in response to declines in the value of other assets (BoS 2009b). The BoS said that deposits were declining prior to October 2008 but then grew by EUR 682 million between October 2008 and February 2009 (BoS 2009b). The Unlimited Deposit Guarantee, the BoS concluded, "influenced savers" by making deposits the "most attractive and safest form of saving" (BoS 2009b; BoS 2010b). The BoS predicted that the expiration of the Unlimited Deposit Guarantee would lead to "the migration of some savings between banks," especially out of small banks and savings banks, although it is unclear whether this in fact occurred (BoS 2010c).

Context: Slovenia 2008–2010	
GDP (SAAR, nominal GDP in LCU converted to USD)	$55.7 billion in 2008 $50.4 billion in 2009 $48.1 billion in 2010
GDP per capita (SAAR, nominal GDP in LCU converted to USD)	$27,482 in 2008 $24,694 in 2009 $23,510 in 2010
Sovereign credit rating (five-year senior debt)	Data for 2008–2010: Moody's: Aa2 S&P: AA Fitch: AA
Size of banking system	$46.1 billion in 2008 $47.2 billion in 2009 $46.1 billion in 2010
Size of banking system as a percentage of GDP	82.7% in 2008 93.8% in 2009 95.9% in 2010
Size of banking system as a percentage of financial system	Data not available for 2008–2010
Five-bank concentration of banking system	71.0% in 2008 72.0% in 2009 71.3% in 2010
Foreign involvement in banking system	26% in 2008 25% in 2009 24% in 2010
Government ownership of banking system	Data not available for 2008–2010
Existence of deposit insurance	Yes in 2008–2010
Sources: Bloomberg; World Bank Global Financial Development Database; World Bank Deposit Insurance Dataset.	

Key Design Decisions

1. **Purpose: Slovenia adopted its Unlimited Deposit Guarantee to protect depositors during a time of financial distress and to compete with jurisdictions that had increased their depositor coverage.**

On October 5, 2008, Germany announced an unlimited deposit guarantee (Gow and Chrisafis 2008). On October 7, 2008, the European Union (EU)'s Economic and Financial Council (ECOFIN) met to coordinate its response to the Global Financial Crisis (GFC) (EC 2008). One of ECOFIN's recommendations was that EU member states bolster their deposit-insurance systems by guaranteeing at least EUR 50,000 per depositor (EC 2008). A day after the ECOFIN meeting, Austria announced a full guarantee on deposits (AFP Staff 2008). That same day, Slovenia announced that it would enact a similar Unlimited Deposit Guarantee with the goals of protecting depositors and matching guarantees that competing jurisdictions had adopted (Bajuk and Kranjec 2008). On October 14, 2008, Slovenia's prime minister said in a press conference that the government was not creating the Unlimited Deposit Guarantee because of any major difficulties at Slovenian financial institutions, but rather to restore confidence in the financial system following a stock market sell-off (Republic of Slovenia 2008b).

2. **Part of a Package: Slovenia adopted a bank-debt guarantee alongside the Unlimited Deposit Guarantee and later enacted other measures to combat the GFC.**

On November 11, 2008, the same day on which it approved the Unlimited Deposit Guarantee, the national assembly amended the Public Finance Act to allow the government to guarantee up to EUR 12 billion in bank debt (Republic of Slovenia 2008a).

In addition to the bank-debt guarantee, Slovenia officials adopted other policies to combat the GFC in December 2008, including a recapitalization program, a state loan program, and an asset-protection scheme (Petrovic and Tutsch 2009).

3. **Legal Authority: The Slovenian national assembly amended the Banking Act to establish the Unlimited Deposit Guarantee.**

The Slovenian national assembly amended the Banking Act in 2006, updating the deposit-insurance system to bring it into compliance with EU law (Republic of Slovenia 2006c). Articles 310 to 329 of the Banking Act established the structure and regulations of the Slovenian deposit-insurance system (Republic of Slovenia 2006c). Pursuant to Article 310, Slovenia guaranteed EUR 22,000 per depositor (Republic of Slovenia 2006c).

During the GFC, on October 8, 2008, Slovenia's finance minister and the governor of the Bank of Slovenia (BoS) announced that Slovenia would implement an unlimited guarantee of deposits (Bajuk and Kranjec 2008). To do so, they would amend the Banking Act (Bajuk and Kranjec 2008). Six days later, the prime minister confirmed the government's plan to propose amendments to the Banking Act in coordination with the BoS (Republic of Slovenia

2008b). He stated that the proposed guarantee would be in effect until at least December 31, 2009 (Republic of Slovenia 2008b).

On November 11, 2008, the Slovenian national assembly approved an amendment to the Banking Act instituting the Unlimited Deposit Guarantee until December 31, 2010 (Republic of Slovenia 2008a). The amendment came into effect on November 20, 2008, a day after its publication in the *Official Gazette* (Republic of Slovenia 2008a).

In March 2009, the EU adopted Directive 2009/14/EC, which required all member states to increase their deposit-insurance coverage first up to at least EUR 50,000, and then to at least EUR 100,000 by December 31, 2010 (EP/EC 2009). On November 20, 2009, the Slovenian national assembly amended the Banking Act to comply with the EU directive, increasing its standing deposit-insurance coverage to EUR 50,000 (Republic of Slovenia 2009). The law came into effect on December 5, 2009 (Republic of Slovenia 2009). Given that the Unlimited Deposit Guarantee was still in effect, banks were collectively responsible for financing payouts up to EUR 50,000 per depositor upon the failure of an insured bank, with the government covering any amount beyond the initial EUR 50,000 (Republic of Slovenia 2009; BoS 2010b).

On September 28, 2010, the national assembly approved a further expansion of the standing deposit-insurance cap, increasing the guaranteed amount to EUR 100,000 (Republic of Slovenia 2010). The change, meant to comply with Directive 2009/14/EC, came into effect on December 31, 2010, when the Unlimited Guarantee expired (Republic of Slovenia 2010).

4. Administration: The BoS implemented the Unlimited Deposit Guarantee.

The BoS was responsible for administering the Slovenian deposit-insurance system (Republic of Slovenia 2006c). It administered the Unlimited Deposit Guarantee as an extension of its prior statutory powers (Republic of Slovenia 2008a). The BoS was established in 1991, pursuant to the Bank of Slovenia Act (Republic of Slovenia 1991). The BoS was Slovenia's central bank and was responsible for banking supervision (Republic of Slovenia 2006b). The BoS could collect relevant information and data from individuals or legal persons to perform its duties (Republic of Slovenia 2006b).

The governor of the BoS ran the day-to-day operations of the BoS (Republic of Slovenia 2006b). The governor's internal acts set out the BoS's organizational and operational structure (Republic of Slovenia 2006b).

5. Governance: The government was required to report to the national assembly about the Unlimited Deposit Guarantee. A five-member governing council oversaw the BoS.

Precrisis, the BoS reported to the national assembly on a half-yearly basis at minimum, including providing it with its annual financial statements (Republic of Slovenia 2006b). The BoS was also required to report to the EU (Republic of Slovenia 2006b). Following the November 2008 amendment to the Banking Act, the government had to report to the national assembly at least once every three months, with the report focusing on the financial situation and measures it had adopted, including the Unlimited Deposit Guarantee (Republic of Slovenia 2008a).

A five-member governing council oversaw the BoS and was composed of the governor of the BoS along with four vice-governors (Republic of Slovenia 2006b). All governing-council members were nominated by the president and approved by the national assembly for renewable six-year terms (Republic of Slovenia 2006b). A representative from the national assembly and the minister of finance could participate in governing-council meetings. The BoS's governing council was responsible for setting its policies (Republic of Slovenia 2006b). It also selected an external auditor for the BoS (Republic of Slovenia 2006b). Its decisions were published in the *Official Gazette of the Republic of Slovenia* (Republic of Slovenia 2006b).

The Bank of Slovenia Act required the BoS to share information with the minister of finance, who was responsible for determining the scope and conditions of the BoS's conduct as an agent of the Republic of Slovenia (Republic of Slovenia 2006b).

The BoS was subject to yearly internal audits (Republic of Slovenia 2006b).

6. Communication: Policymakers said that the Unlimited Deposit Guarantee was meant to protect depositors and match guarantees adopted in competing jurisdictions.

Slovenia's finance minister and the governor of the BoS announced the Unlimited Deposit Guarantee on October 8, 2008 (Bajuk and Kranjec 2008). They said that the Unlimited Deposit Guarantee was meant to match similar programs adopted in Europe and to protect depositors (Bajuk and Kranjec 2008). They said that the Unlimited Deposit Guarantee would be legislated through amendments to the Banking Act and that the Slovenian financial system was stable and secure, noting that banks in Slovenia had been spared the "significant consequences" associated with the GFC (Bajuk and Kranjec 2008).

On October 14, 2008, Slovenia's prime minister discussed the Unlimited Deposit Guarantee in a press conference (Republic of Slovenia 2008b). As in the statement made six days prior, the prime minister said that the government would amend the Banking Act and reiterated that the Slovenian financial system was safe, despite deteriorating confidence (Republic of Slovenia 2008b). He further stated that the Unlimited Deposit Guarantee would remain in force until at least December 31, 2009, and that the new measures had been coordinated with the BoS.

7. Size of Guarantees: Slovenia provided an unlimited guarantee of deposits.

According to the 2006 Banking Act, Slovenia insured depositors up to EUR 22,000 (Republic of Slovenia 2006c). In the event a bank failed, other banks were collectively responsible for paying depositors up to the insured amount. With an amendment in November 2008, the Slovenian government enacted the Unlimited Deposit Guarantee, which provided full coverage for the net deposits of depositors (Republic of Slovenia 2008a). According to the amendment, banks remained collectively responsible for covering payouts up to EUR 22,000, with the government responsible for amounts over EUR 22,000 (BoS 2009a; Republic of Slovenia 2008a). If banks were unable to supply the funds required to pay the first EUR 22,000 per depositor, the government would provide coverage (BoS 2009a; Republic of Slovenia 2008a).

Per a 2009 amendment to the Banking Act, banks became responsible for covering the first EUR 50,000 per depositor, with the government covering amounts over EUR 50,000 (Republic of Slovenia 2009; BoS 2010b). The BoS noted that this change increased the obligations of insured institutions but did not affect depositors (BoS 2010b).

In 2010, scholars reported that the Unlimited Deposit Guarantee covered USD 24.4 billion in deposits, USD 12.7 billion of which would have been covered without the Unlimited Deposit Guarantee (Demirgüç-Kunt, Kane, and Laeven 2014). The government thus covered USD 11.7 billion in deposits, while banks were responsible for USD 12.7 billion (Demirgüç-Kunt, Kane, and Laeven 2014).

8. **Source(s) and Size of Funding: Slovenian deposit insurance was ex-post funded up to the given cap. The government provided payment for amounts over the guaranteed cap during the Unlimited Deposit Guarantee.**

Slovenia's standing deposit-insurance system was ex-post funded, meaning that no fees were collected up-front (Demirgüç-Kunt, Kane, and Laeven 2014). In the event of a bank failure, the BoS assumed the obligation to pay out depositors and then levy fees on banks to contribute the funds required for payouts of up to EUR 22,000 per depositor (BoS 2009a; Republic of Slovenia 2006c).

The amount for which banks were responsible increased to EUR 50,000 following an amendment in 2009 (Republic of Slovenia 2009; BoS 2010b). To ensure that banks could make such payments, all banks were required to maintain investments equal to at least 2.5% of their insured deposits in debt securities that were eligible for collateralization of Eurosystem receivables (Demirgüç-Kunt, Kane, and Laeven 2014; Republic of Slovenia 2006c).

The Slovenian government covered amounts in excess of the insurance cap (BoS 2009a; Republic of Slovenia 2008a). If banks could not supply the funds required by a payout event, the government would provide additional coverage (BoS 2009a; Republic of Slovenia 2008a).

In 2016, Slovenian officials altered the deposit-insurance system to include ex-ante funding (Republic of Slovenia 2016). The BoS administered the altered system and targeted a fund ratio of 0.8% (Republic of Slovenia 2016).

9. **Eligible Institutions: Participation in the Unlimited Deposit Guarantee was compulsory for all banks registered with the BoS.**

All banks registered with the BoS were required to guarantee their deposits under the Unlimited Deposit Guarantee (Republic of Slovenia 2006c; BoS 2009a). This meant that foreign branches of Slovenian banks were required to receive coverage (Republic of Slovenia 2006c). The BoS was also responsible for determining whether a foreign bank operating in Slovenia would be included in its guarantee scheme (Republic of Slovenia 2006c).

10. Eligible Accounts: The Unlimited Deposit Guarantee covered a variety of deposit accounts.

The Unlimited Deposit Guarantee covered all deposits listed in Article 310 of the Banking Act (Republic of Slovenia 2008a). These accounts could be held by individuals or small companies.[4] The size of each depositor's exposure was defined as the net balance of all claims against a bank (Republic of Slovenia 2006c). This meant that any outstanding liabilities were deducted from the total balance of deposits, up to the given deposit-insurance limit (Republic of Slovenia 2006c; BoS 2010a). Deposit accounts considered when calculating this net balance included transaction accounts, savings deposits, cash deposits, deposit certificates, and cash notes (Republic of Slovenia 2006c). Slovenia abandoned the policy of netting in 2016 when it adopted changes to its deposit-insurance system (Republic of Slovenia 2016).

Article 310 also limited which deposit-holders received coverage (Republic of Slovenia 2006c). The program did not insure deposits of banks and financial corporations, those tied to money laundering, those of states or central banks, those made by the BoS's administrators, and those of medium-size or large companies, among others (Republic of Slovenia 2006c).

Under the Unlimited Deposit Guarantee, in 2010, Slovenia insured USD 24.4 billion in deposits, USD 12.7 billion of which would have been covered without the Unlimited Deposit Guarantee (Demirgüç-Kunt, Kane, and Laeven 2014).

11. Fees: There were no up-front fees associated with the Unlimited Deposit Guarantee. The BoS could levy fees in the event of a bank's failure. To facilitate such payouts, banks were required to retain certain assets.

Slovenia's deposit-insurance system was funded ex-post, in that there were no up-front fees collected from insured institutions (Demirgüç-Kunt, Kane, and Laeven 2014). In a payout event, the BoS would assume the obligation to depositors and levy fees on banks for repayment (BoS 2009a; Republic of Slovenia 2006c). Fees would be proportional to a bank's insured deposits (Republic of Slovenia 2006c).

Prior to December 5, 2009, fees were charged to fund the first EUR 22,000 per depositor, with the government covering outlays above EUR 22,000 (BoS 2009a; Republic of Slovenia 2008a). Following December 5, 2009, banks were responsible for the first EUR 50,000 per depositor, with the government covering any amounts in excess (Republic of Slovenia 2009;

[4] To qualify as "small," a company needed to meet two of the following criteria:

- Average number of employees did not exceed 50;
- Net sales revenue did not exceed EUR 7.3 million;
- Value of assets did not exceed EUR 3.65 million (Republic of Slovenia 2006a).

BoS 2010b). If banks were unable to meet this fee levy, the government could cover the payouts (BoS 2009a; Republic of Slovenia 2008a).

To facilitate the payout of depositors, the BoS required all insured institutions to hold assets equal to at least 2.5% of their insured deposits in debt securities eligible for collateralization of Eurosystem receivables (Demirgüç-Kunt, Kane, and Laeven 2014; Republic of Slovenia 2006c). In the event of a payout, these assets could be realized to meet fee levies (Demirgüç-Kunt, Kane, and Laeven 2014).

12. Process for Exercising Guarantee: In the event of a failure, the BoS would appoint an acquiring bank to make depositor payouts. The BoS would provide the funds for these payouts before levying fees on other banks.

The Unlimited Deposit Guarantee would be activated when bankruptcy proceedings were initiated against an eligible institution (Republic of Slovenia 2006c). Once the guarantee was exercised, the BoS would appoint a bank as the acquiring bank, which would make depositor payouts (Republic of Slovenia 2006c). The BoS would furnish the acquiring bank with the funds to make depositor payouts and collect fees from other banks (Republic of Slovenia 2006c). Any returns from the bankruptcy estate would be paid to banks according to their paid-in shares (ECB 2008). Depositor payouts could take up to three months from the opening of bankruptcy proceedings against a failed bank (Republic of Slovenia 2006c).

In response to the European Commission's Directive 2009/14/EC, Slovenian authorities reduced the payout time from three months to 20 days, with the possibility of extension in exceptional circumstances (Republic of Slovenia 2010).

During the GFC, the Unlimited Deposit Guarantee was not exercised, as no banks failed (IMF ED and IMF MCMD 2012).

13. Other Restrictions on Eligible Institutions or Accounts: Banks were required to hold certain assets to meet potential payout obligations. There were also heightened reporting requirements.

The BoS required banks to hold assets equal to at least 2.5% of their insured deposits—up to the depositor threshold—in debt securities eligible for collateralization of Eurosystem receivables (Demirgüç-Kunt, Kane, and Laeven 2014; Republic of Slovenia 2006c). These assets would be called upon in the event of a bank failure (Demirgüç-Kunt, Kane, and Laeven 2014).

As a condition of the Unlimited Deposit Guarantee, insured banks were required to report quarterly the balance of guaranteed deposits, which they submitted according to new instructions and forms (BoS 2009a).

14. Duration: The Unlimited Deposit Guarantee ended as scheduled on December 31, 2010.

On October 14, 2008, Slovenia's prime minister said that the Unlimited Deposit Guarantee would last until at least December 31, 2009 (Republic of Slovenia 2008b). When the Unlimited Deposit Guarantee was transposed into law, the national assembly set a sunset date of December 31, 2010 (Republic of Slovenia 2008a). The Unlimited Deposit Guarantee ended on December 31, 2010 (BoS 2010a). Following the Unlimited Deposit Guarantee's expiration, Slovenian depositors received coverage up to EUR 100,000, funded entirely by ex-post levies on other banks (Republic of Slovenia 2010).

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