The Deposit Guarantee Scheme: An Analysis of System Change in the Netherlands

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Abstract

The failure of the Amsterdam Trade Bank in 2022 was the first time the Dutch deposit guarantee scheme (DGS) was activated in over ten years. In these years, the system had been redesigned by new national and European legislation. Although the academic literature extensively discusses DGS design choices from an economic perspective, only a few studies analyse how countries make their choices and which (public) institutions are responsible for making them. This thesis contributes to closing the gap by applying the conceptual framework of policy learning to the Dutch DGS policy reform. The main research question that this research raises is: What role has policy learning played in the policy reform of the Dutch deposit guarantee scheme (if any)? The conceptual framework of policy learning focuses on five questions, in light of which eight research expectations have been formulated. The research has a single case study design and uses the method of process tracing. The results show that seven of the eight drafted expectations were confirmed, meaning that policy learning played a significant role in the system change of the Dutch DGS.

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Chapter 1: Introduction

On April 22, 2022, the Amsterdam Trade Bank (ATB) filed for bankruptcy. ATB was a daughter company of the Russian Alfa Bank based in the Netherlands. After the Russian Invasion of Ukraine earlier that year, a barrage of sanction packages was unleashed by the United States (US), the United Kingdom (UK), and the European Union (EU). Alfa Bank, in combination with other Russian institutions and citizens, were added to these packages, meaning that the Netherlands, as a member state of the EU, was no longer allowed to do business with Alfa Bank or its daughter companies. As a result, ATB could no longer carry out its core tasks, giving them no choice but to file for bankruptcy. (Kamerstuk, 2022)

Since 1978 depositors in the Netherlands have been protected by the deposit guarantee scheme (DGS) in case a bank fails. This system protects depositors up to a certain amount when a bank cannot pay its debts when due. The idea is that such a scheme prevents bank runs and maintains financial stability. De Nederlandsche Bank (DNB) is responsible for operating the DGS, and the amount insured is set at 100.000 euros per person. The last time the DGS was activated in the Netherlands was after the bankruptcy of the DSB-Bank in 2009. At the time, there was plenty of criticism of the functioning of the DGS, and the payout process did not run smoothly. A lot has changed in the meantime, however. New national and European legislation led to a policy reform drastically altering the DGS. It will be interesting to see how this policy reform came to be and whether the policymakers implemented lessons learned from past experiences like the DSB Bank failure by the time ATB failed.

The DGS and its design choices have sparked intense academic debate. The main discussion in this debate is the interaction between financial stability on the one hand and moral hazard on the other. This discussion focuses on whether a DGS is desirable and how it should be designed to function most effectively. The literature review demonstrates that the DGS is primarily researched from an economic perspective. Only a few studies analyse how some countries make their choices and which (public) institutions are responsible for making them. However, this has resulted in a one-sided perspective on the DGS, creating a gap in the debate.

The thesis contributes to closing the gap in the literature on the DGS by analysing the policy reform of the Dutch DGS from a Public Administration perspective. It was written during a thesis internship at DNB, which means that relevant policy actors from this organisation were able to help with mapping the policy reform. The research has been conducted by applying the theoretical framework of policy learning. Policy learning is a policy change theory that assumes that policymakers learn from past experiences, mistakes,

feedback from (societal) stakeholders, and interaction with other actors. This learning results in updated understandings and beliefs regarding public policy, which the policymakers use to develop better working policies. The conceptual framework of policy learning focuses on five questions, which are standard practice. By asking these questions, this thesis builds on the work of Bennett and Howlett (1992), Howlett and Cashore (2009), Dunlop and Radaelli (2013), and Moyson, Scholten, and Weible (2017).

The policy reform of the Dutch DGS is an interesting case study for this analysis because it is a demarcated case that sheds light on policy learning in reform processes. The main research question that this research raises is: What role has policy learning played in the policy reform of the Dutch deposit guarantee scheme (if any)? This question raises five sub-questions that are central in the policy learning literature: 1) *who* did the learning, 2) *what* did they learn, 3) *how* did they learn, 4) *what effect* did the learning have 5) and did the policy learning occur on a meso- or macro-level? To answer the main question and its sub-questions, the analysis will focus on policy learning at different levels within key organisations related to the DGS, including the DNB, The Dutch Banking Association, the European Commission, the European Central Bank, and the Financial Services Compensation Scheme, as well as their interactions. The policy reform is then analysed in a chronological manner to trace the process from start to finish.

The academic relevance of this is threefold. First, it shows how economic policy in the Netherlands is made and how different organisations are involved in the process by learning. Second, it applies the theoretical framework of policy learning, which is necessary to reach the theory's academic potential. Bennett and Howlett (1992) argue that the field needs studies that build on each other by applying the same framework. The chapter on the theoretical framework will build upon this. Finally, as stated earlier, it brings a Public Administration view to an academic field dominated by economic studies. This is important because it also shows the political and administrative arguments for DGS policy reform that are neglected by the economic analyses.

Next to the academic relevance, this thesis also has societal relevance. Research into policy reform, in general, is important to society as it informs the public on how and why certain decisions are made. The DGS is relevant to society as it enhances financial stability and protects consumers from losing deposits. By researching this, the thesis contributes to a better understanding of the social and economic implications of the DGS.

The thesis is structured as follows. Chapter 2 reviews the existing literature on the DGS and its design choices. Chapter 3 sets out the theoretical framework of the thesis based

on policy learning. Chapter 4 shows the research design with the method of process tracing. Chapter 5 provides a historical overview of the Dutch DGS and describes how it functioned during the case of the DSB Bank failure. Chapter 6 gives an chronological analysis of the policy reform. Chapter 7 evaluates the research expectations in light of the analysis. Finally, chapter 8 answers the research question of the thesis, discusses its limitations and gives recommendations for further research.

Chapter 2: Literature Review

The DGS has been and continues to be the subject of extensive academic debate. This chapter provides a brief overview of the literature and discussion concerning the DGS and its design choices.

Pros of a deposit guarantee scheme

Whether the DGS benefits the economy and how countries should design it has been central to the academic debate. The literature points out several economic benefits of a DGS. The most prominent is reducing the possibility of bank runs (Diamond & Dybvig, 1983; Kane, 1989). This is important because bank runs are dangerous to a stable banking system, which is necessary for a country's economy as banks remain the main form of financing. Financial stability may be significantly impacted when multiple banks fail and economic growth and development halt. This has both short-term and long-term effects. In the short term, it can lead to a higher unemployment rate and fewer investments, while in the long term, it can lead to high government spending on social costs and a paralysed payment system in the long term (Anginer & Demirguc-Kunt, 2018). By preventing bank runs, stability can be maintained. (Smith, 2002). Several academic articles argue in favour of the hypothesis that a DGS reduces the possibility of bank runs. These articles show that a DGS reduces the outflow of deposits in case of negative regulatory news (Martin et al., 2017), that a DGS can reduce the costs of banking crises (Angkinand, 2009), that depositors were less likely to remove their money from weaker banks after the instalment of a DGS (DeLong & Saunders, 2011), and that the introduction of a DGS led to increased deposits (Chernykh & Cole, 2011). Besides reducing the possibility of bank runs, the DGS also has other (indirect) economic benefits. It can increase the incentive to supervise banks effectively (Gropp & Vesala, 2004), it increases competition, which in turn increases stability by having more actors active on the market (Anginer, Demirguc-Kunt, Zhu, 2014), and it lays out a mechanism to deal with failing banks (Lucas & McDonald, 2006; Brown & Dinc, 2005; Payne, 2015). The last is significant because it prevents social unrest when a government liquidates insolvent banks. This is even more true when the banks fund the DGS instead of the taxpayers (Payne, 2015).

Cons of a deposit guarantee scheme

The DGS thus brings stability to the banking system in several ways, but this comes at a price. The incentives of depositors and bankers are distorted due to the guarantee, which

leads to the problem of moral hazard. Moral hazard manifests itself in two ways. Firstly, Depositors will not have to monitor their banks because their deposits are protected. This lack of supervision leads to bankers taking a lot more risk. In addition, people will deposit their money in the bank with the highest interest rate, which is protected either way (Cooper & Ross, 2002). Secondly, bankers have less incentive to invest in riskless assets because the DGS guarantees their losses, but their profit goes into their pockets. Without a DGS, the bankers' losses would not be guaranteed, meaning they would have to pay for the losses. Therefore they would take less risk. (Ioannidou & Penas, 2010; Calomiris & Chen, 2016; Gropp, Gruendl and Guettler, 2014). In order to avoid moral hazards, governments should properly design their DGS. The literature highlights several characteristics for a DGS to be effective, such as the funding (Morrisson & White, 2011; Calomiris, 1990), the amount of the deposit insured (Demirgüç-Kunt & Levine, 2000; Chiaramonte et al., 2019), the effectiveness of regulation and supervision of the insurer (Grossmann, 1992), and the nature of the deposit guarantor (Payne, 2015). Regarding funding, Calomiris (1990) argues that DGSs self-regulated by banks are more successful than state-enforced systems. He concludes this by analysing DGSs in the US in the 1920s. Morrisson and White (2011), on the other hand, believe that taxation instead of banks or depositors should fund the DGS. On the amount of the deposit insured, Demirgüç-Kunt and Levine (2000) state that a more generous DGS increases the change of moral hazard. Chiaramonte et al. (2020) argue that the generosity of the DGS has little to no effect. When discussing the effectiveness of regulation and supervision of the insurer, Grossmann (1992) argues that institutions with DGSs that are regulated and supervised strictly are less likely to take risks than their counterparts. Finally, Payne (2015) states that the deposit guarantor can be a private or public entity if they have an exemplary financial record.

Contribution to the debate

This thesis will add to the debate on the DGS by focusing on its design in the Netherlands. It shows which characteristics of the appropriate design displayed above are chosen in the Dutch DGS system change case. Furthermore, it is interesting to see which characteristics were valued by the actors involved and whether these were mentioned in the literature. This way, the debate will be deepened. Finally, most of these books and articles are written from an economic perspective. By applying the theoretical framework of policy learning, as discussed in the next chapter, this thesis broadens the debate by bringing the discipline of

Public Administration into the debate. This is important because it also shows the political and administrative arguments for policy reform that economic studies neglect.

Chapter 3: Theoretical Framework

This thesis analyses the policy change of the Dutch DGS after the DSB Bank failure. It does so by applying the theoretical framework of policy learning to the case. This theory argues that changes in public policy are based on past experiences, mistakes, feedback from (societal) stakeholders, and interaction with other actors. This 'learning' results in "the updating of beliefs" (Dunlop & Radaelli: 2013, p. 599) of policymakers, which they use to develop better working policies.

Theory of policy learning

Until the 1960s/1970s, the scholarly belief was that policies change due to social pressure and that the government has a passive role in this process. The first who argued against this view was Deutsch, who saw learning as an essential aspect of analyzing policy. He argued that governments were constantly refining policy using feedback from stakeholders. He called this the 'learning capacity of a government (Deutsch, 1964). Walker and Heclo added to Deutsch's work. Walker (1974) stated that government officials and policy actors could give feedback to influence policymakers' intellectual beliefs and measurements of success. Heclo (1974) argued that policymakers are often uncertain and find solutions to policy problems by puzzling. To this day, policy learning continues to be on the scholarly agenda. Several special issues have been published, for example, on the EU as a learning institution (Zito & Schout, 2009) and the relationship between policy learning and policy change (Moyson et al., 2017). As Dunlop and Radaelli (2013) point out, however, the academic potential has yet to be reached, and further studies building upon the framework are necessary to achieve it.

Some articles argue that the role of policy learning in policy change is limited. Dunlop and Radaelli (2018) state that they are still struggling with establishing a causal relationship between the two. Another example is Scholten (2017), who conducts a case study analysis of the paradigmatic policy change of Dutch migrant integration policies. He argues that the paradigmatic policy change was triggered by political development rather than the reports of parliamentary investigations and research institutes. It will be interesting to see whether the causal relations can be established in the Dutch DGS policy reform case and whether the learning helped shape it.

Level of analysis

The policy learning literature uses three different levels of analysis. These levels are the micro, meso and macro (Moyson et al., 2017). The first of these focuses on the learning of individuals. These individuals learn with each other through puzzling, as was argued by Heclo. The Meso-level analysis studies the learning of public organizations. It focuses on observing and rectifying mistakes and implementing its targets and norms while simultaneously changing them (Argyris & Schon, 1996). The first is called single-loop learning, which involves "processes in which errors are tracked down and corrected within the existing set of rules and norms" (Romme & Dillen, 1997, pp 69). The second is double-loop learning, which involves "changes in the fundamental rules and norms underlying action and behaviour" (Romme & Dillen, 1997, pp 69). The macro-level deals with learning across organizations and in a system. It focuses on how policy change in one organization influences other organizations. Three policy concepts relevant to the macro-level are diffusion, convergence, and transfer (Dobbin *et al.*, 2007; Knill, 2005; Gilardi, 2010). What these three have in common is that they all deal "with the process by which knowledge about policies, administrative arrangements, institutions and ideas in one political system (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another policy system" (Dolowitz & Marsh, 2000, p. 5). Interestingly, both the influence of the EU and other countries on policy change have been researched by Radealli (2002). In his article, he analyses policy transfer from EU institutions to its member states on monetary policy, corporate tax policy and media ownership policy. He concludes that European institutions often successfully transfer policy to their member states by suggesting best practices and models. Moreover, their success increases when there are national cases to imitate. These results indicate that the influence of the EU institutions and other countries' DGSs could potentially be significant in the case of the DGS system change in the Netherlands.

The three levels of analysis have two traits in common. Firstly, the approaches have embraced the so-called "behavioural turn" (Zito & Schout, 2009, p. 1104), meaning that individuals are rational but do not have complete information and are influenced by their environment. second, they focus on the relationship between those active in government and the stakeholders in society (Parsons, 1995).

Policy learning questions

The literature on policy learning resolves around four aspects: The subject of learning, the object of learning, the manner of learning and the result of learning (Bennett & Howlett, 1992; Howlett & Cashore, 2009; Dunlop & Radaelli, 2013; Moyson et al., 2017). This leads to four questions: 1) *who* did the learning, 2) *what* did they learn, 3) *how* did they learn, and 4) *what effect* did the learning have (Moyson et al., 2017). (The question on what level of analysis the policy learning occurred is seen as the fifth question). The first aspect deals with actors; Individuals on the micro-level, organisations on the meso-level, and political systems on the macro-level. The second aspect focuses on the objects of learning. Bennett and Howlett (1992, p. 285) identify three types: "organisational features of state bureaucracies," "instruments and programs adopted by governments to implement policies," and "fundamental beliefs and values which underlie public policy." The third question deals with how actors use specific knowledge. The literature shows actors' primary forms of knowledge: instrumental and symbolic. The instrumental form focuses on using knowledge to develop policy reform, while the symbolic form focuses on using knowledge to legitimise policy reform (Moyson et al., 2017). Finally, learning results focus on types of policy change that occur. Howlett and Cashore (2009) describe two types of change: incremental and paradigmatic. Incremental change was introduced in the work of Lindblom (1959), stating that policy change occurs by deviating from the status quo with small steps. Hall (1989) disagrees and argues that paradigm shifts are responsible for policy change. When these shifts occur, radical changes happen. Both types can occur in a fast or slow manner. Fast incremental change is characterised by multiple small steps taken quickly, and slow incremental change is multiple small steps taken slowly. Paradigmatic is the opposite of incremental. Fast paradigmatic change can be seen as one significant step, and slow paradigmatic change is one significant step that takes a longer time (Howlett & Cashore, 2009).

Research expectations

The following research expectations about the Dutch DGS system change have been formulated in light of the policy learning questions. The questions *of who* did the learning and did the policy learning occur on a meso- or macro-level are merged in the fourth set. Policy learning occurs if one expectation or more of each set is accurate.

What

E1a: Policy learning in the case of the Dutch DGS has focused on organizational features of the bureaucracy of the Dutch State or European Union.

E1b: Policy learning in the case of the Dutch DGS has focused on instruments and programs adopted by the Dutch government or European Union.

E1c: Policy learning in the case of the Dutch DGS has focused on fundamental beliefs and values around deposit insurance.

How

E2a: Policy learning in the case of the Dutch DGS has focused on using knowledge to come up with policy reform.

E2b: Policy learning in the case of the Dutch DGS has focused on using knowledge to legitimize policy reform.

Effect

E3a: Policy change that occurred after the learning in the case of the Dutch DGS has been incremental.

E3b: Policy change that occurred after the learning in the case of the Dutch DGS has been paradigmatic.

Level of analysis

E4a: Policy learning in the case of the Dutch DGS has occurred on the meso-level.

E4b: Policy learning in the case of the Dutch DGS has occurred on the macro-level

Chapter 4: Research Design

The following chapter describes the research design used in this thesis to analyse the DGS system change in the Netherlands. First, it operationalises the relevant concepts from the theoretical framework. Secondly, it elaborates on the case study design. Thirdly, it discusses the method of analysis, namely process tracing. Fourthly, it discusses the method of data collection. Finally, it briefly reflects on the validity and reliability of the research.

Operationalization

The four sets of research expectations discussed in the theoretical framework contain numerous concepts that need to be operationalised. This will be done using literature that has defined or operationalised them similarly. In the case of policy reform, organisational features of the bureaucracy are aspects of the policy that are relatively small and can be changed without implementing new instruments (Etheridge, 1981). Instruments and programs are (new) agencies needed to implement and comply with more rigorous policy changes (Sabatier, 1988). The fundamental beliefs and values are the ideas of what a policy should achieve. The fundamental beliefs and values change when the aim of the policy changes (Hall, 1988). Then there are the concepts of incremental and paradigmatic change. Incremental change means deviating from the status quo with small steps. In the case of policy reform, this occurs when the new policy builds upon the old one without making many rigorous changes. Paradigmatic change happens when the policy reform deviates hugely from the status quo and introduces something new (Howlett & Cashore). Finally, there are the meso- and macro-level. As discussed in the previous chapter, policy learning occurs on the meso-level in (public) organisations and on the macro-level across organisations in another (political) system. In the case of policy reform, organisations are (government) agencies and stakeholders from society, like sector organisations, while other systems can be different countries, for example (Moyson et al., 2011).

Case study design

This thesis follows a single-case analysis study design. Compared to large-N and small-N designs, single-case designs only examine many sources about this single case instead of looking across different units. The case in this thesis is the policy reform of the Dutch DGS

after the DSB Bank failure, and the research seeks to investigate what role policy learning played in this case by applying its theoretical framework. A single-case study lends itself to this research because it allows us to fully explain the case by evaluating expectations and linking them to theories. It does so without comparing it to other cases. This is opposed to a cross-case approach, which would, for example, compare the policy reform in the Netherlands to that in other countries (Toskov, 2016).

Where cross-case research thus observes a few variables across several cases, a single-case analysis analyses many variables of a single case. It is impossible to analyse all variables, however, so deciding what to observe and what evidence to gather is necessary. The evidence is examined in light of opposing expectations in a single-case study. These expectations are the objects that are observed. Not all evidence is helpful for this, and it is therefore important to classify it. A scheme often used in the literature to classify evidence is based on certitude and uniqueness. Certitude deals with the likelihood that the evidence will exist if the expectation is accurate, and uniqueness deals with the probability that the evidence will exist if the expectation is invalid (Ibid). These two dimensions create four tests that can be seen as guidelines to help analyse the data and examine the strength of causal evidence (Collier, 2010). The following paragraph briefly elaborates on these tests, which are visualised in Table 1.

The straw in the wind test supports a particular expectation when passed, but given that it does not prove nor disprove other expectations, it is low in uniqueness and certitude. The hoop test eliminates an expectation if it is failed but does not prove it if passed, meaning it is high in certitude but low in uniqueness. The smoking gun test proves an expectation when passed, making it high in uniqueness. However, as it does not disprove other expectations, the test is low in certitude. Finally, the doubly decisive test confirms an expectation when passed and eliminates the others. This means it is high in uniqueness and certitude (Bennett, 2010).

Table 1: Within-case analysis scheme for classifying evidence

		Certitude	
		High	*Low*
Uniqueness	High	*Doubly decisive*	*Smoking gun*
	Low	*Hoop*	*Straw-in-the-wind*

(Toskov, 2016, p. 296)

Method of analysis

The method of analysis for this single-case study is process tracing. Bennett and Checkel define this method as "the use of evidence from within a case to make inferences about causal explanations of that case" (2015, p. 4). It focuses on a series of events linked by a causal mechanism. Therefore, it is necessary to identify these mechanisms explicitly. One of the uses for this method (which is used in this thesis) is reconstructing the chronology of an important policy and gaining as much information as possible about it. The information can be used as evidence for or against certain expectations that explain the choice for that specific policy (Ibid). The tests discussed in the preceding paragraphs are used to examine the strength of the causal relationship to establish whether the expectations are true or false (Simister & Scholz, 2017).

This method is used in practice as follows. This thesis analyses the policy learning questions discussed in the previous chapter. To recapitulate, 1) *who* did the learning, 2) *what* did they learn, 3) *how* did they learn, and 4) *what effect* did the learning have? The first question is answered directly at the start of the chapter by identifying the relevant policy actors with the help of the policy actors of DNB. Afterwards, the process is traced by analyzing the relevant documents and legislation on the Dutch DGS system change in chronological order (based on their publication dates). The three remaining questions are answered for each document. The four tests to classify evidence are used to confirm or reject the research expectations. Additionally, this thesis considers on what level of analysis the policy learning occurred, i.e., whether the policy learning occurred on a meso or macro level. It does not consider the micro-level because the documents and legislation on the DGS system only reference organizations or political systems. Therefore, any claims about policy learning on an individual level (i.e., on a micro-level) would be speculative. Thus, this thesis considers a fifth question throughout the analysis: 5) did the policy learning occur on a meso- or macro-level?

Method of data collection

The method of data collection is predominantly document research. Most of these documents, like legislation and working groups' reports, are published by public institutions in the Netherlands and on the EU level. These documents help reconstruct the chronology of the policy reform on the DGS and have been selected in consultation with the DGS policy

experts at DNB. In addition, this thesis calls upon newspaper articles and the existing body of literature to give context to specific events, fill up gaps and serve as evidence for particular expectations. The four tests to classify evidence are used to confirm or reject the research expectations. It was considered to conduct interviews with relevant policy actors. This way, the individual level of policy learning could also have been covered. Again in consultation with the DGS policy experts at DNB, it was decided that the micro-level was less relevant in this case than the meso-and macro-level.

Reliability and validity

The research design must have sufficient reliability and validity. Both are essential to ensure that the findings are trustworthy and robust. Reliability deals with the stability of the results. A study is reliable when the results are consistent after repeated with a similar design. Single-case study designs can have problems with reliability. Firstly there is a bigger chance of researcher bias, as a researcher may selectively identify and interpret the sources based on preconceived notions. This can make the results less reliable. Secondly, the researcher can only make limited observations, meaning the findings might only be somewhat reliable. These problems can be mitigated by giving a detailed account of the data collection method and the use of multiple sources. This has been discussed in the paragraph above.

Validity deals with whether the research measures what it wants to measure and whether the findings can be generalized to other cases. The biggest validity problem of a single case study design is generalizability. The unique context of a case can often not be extended to other contexts. Therefore, a researcher must be careful when making general claims based on a single-case study. However, the research can still provide valuable results for further analysis.

Chapter 5: Historical Context

Before beginning the analytical section of this thesis, it is important for the reader to have a firm grasp of the Dutch DGS and its activation during the failure of DSB Bank. Therefore, this chapter provides a historical overview of the Dutch DGS and the DSB Bank case.

History of the deposit guarantee scheme in the Netherlands

After the bank Teixeira de Mattos failed in 1966, the Dutch government decided that depositors should not fall victim to this but that Banks should bear this burden. The DGS in the Netherlands was eventually finalised in 1978. It was called *de Collective Garantieregeling*, and in 1992 it was recorded in the *Wet toezicht kredietwezen to transpose the 1994 Directive of the European Union on the DGS.* At the time, the DGS insured deposits of up to twenty thousand guilders, and the banks financed it in an ex post manner. This means that they raised the necessary funds to guarantee the deposits of a failing bank after the failure of the bank. The opposite of this is ex ante financing, in which banks pay a certain amount up front in case a bank fails. All banks with a permit from DNB fell under the scope of *de Collective Garantieregeling*. The DGS is activated when DNB, the Dutch banking supervisor, sees that a bank is too weak to continue. Three criteria measure the weakness of a bank: whether it meets the capital requirements, is failing or likely to fail, or has an unsustainable revenue model. When the bank does not impact the public interest, it is allowed to go bankrupt, and the DGS is activated. If this is not the case, the bank goes into resolution (Rabobank, 2019).

In the following decades, the DGS was only activated for minor failures of the Amsterdam American Bank and the Tilburgse Hypotheekbank in 1981 and 1982, respectively. This changed in 2005 when Van der Hoop Bankiers failed, and DNB and the Ministry of Finance decided to increase the insured amount to forty thousand euros retroactively, the last twenty thousand of which had a co-insurance of 10%. As of January 1, 2017 the *Wet toezicht kredietwezen* was repealed and the *Wet op het financieel toezicht (Wft)* came into force. Besides the change made after the failure of Bank van der Hoop, everything remained the same. The first thirty years of the DGS were, with three exceptions, not eventful. This changed during the financial crisis of 2007-2008 (the financial crisis), however. Banks throughout the EU were nationalised, bailed out, or failed. This put enormous political pressure on governments to increase the insured amount. In October 2008,

Icesave, the trade name of the Icelandic Landsbanki in the Netherlands, collapsed. A day later, the Ministers of the EU came together and decided that all member states would increase the deposit insurance to at least 50 thousand euros and up to 100 thousand if they wanted to. The Dutch Minister of Finance, Wouter Bos, announced that the Netherlands would retroactively increase the insured amount to 100 thousand euros. The Dutch state entirely covered the costs of this (NRC, 2008).

DSB Bank failure

The Dutch DGS was thus in a tricky situation in 2009 when the problems began for the DSB Bank. The policymakers had to make retroactive changes to the amount insured twice in three years, meaning that policymakers had to change the system. The parties involved were already considering how a system change would look (Rapport van een tripartiete werkgroep, 2009). A new bank failure was right around the corner, however. Dirk Scheringa, the founder of the DSB Bank, began as a financial advisor in the 1970s. Over the years, his company grew rapidly, and in 2005 it had a revenue of 216 million euros. In the same year, it received a banking license from DNB, and the company became a consumer bank. At the beginning of 2009, people began criticizing DSB Bank in the Media. The reason for this was that the DSB Bank illegally tied products together. In addition, they sold mortgages that were too high. Initially, the interest rates would be low, but after a year, they skyrocketed, leading to many people selling their houses and staying behind with much debt (NRC, 2009a). The victims formed a foundation named *Hypotheekleed*, with Pieter Lakeman as chairman, and filed many damages claims. The commotion in the media reached its peak on October 1, when on live television, Pieter Lakeman called for everyone to take away their money from the DSB bank. This was necessary, according to him, because bankruptcy of the DSB Bank was the only way for people to get back their money. Subsequently, to this interview, a bank run happened. In the first three days after this incident, depositors withdrew more than 317 million euros. One of the reasons for this enormous amount was that people could get their money back via online banking, which went fast. Because of the insolvency problems that followed, the emergency regulation came into effect, meaning that the court installed curators at the request of DNB. After a failed rescue attempt, the curators eventually filed for bankruptcy on October 19 (NRC, 2009b).

The failure of the DSB Bank affected many people. Over 280 thousand people had a deposit at the bank, totalling 3.6 billion euros (Schimmelpenninck & Knuppe, 2021). In

comparison, Icesave had 108 thousand depositors totalling 1.6 billion euros (FD, 2019), and Van der Hoop Bankiers had only 1100 depositors (FD, 2005). Before Christmas, the DGS compensated 165 thousand people with a total of 2.5 billion euros (FD, 2009). This means that almost 70 per cent of the guaranteed deposits were paid back in three months. In March 2010, this was around 99 per cent (FD, 2010a). As the Dutch DGS was funded in an ex post manner, DNB had to recover the costs from the other Dutch banks. The total cost was around 600 million euros, and the banks had to pay in ratio to their market share. Significant banks like Rabobank and ING thus had to pay 40 per cent and 33 per cent, respectively (FD, 2010b).

Chapter 6: Analysis

This chapter first answers the policy learning question 1) *who* did the learning? Afterwards, it traces the process of the DGS policy reform by analyzing the relevant documents and legislation in chronological order (based on their publication dates). It does so from the perspective of the policy actors identified in the first part and answers the four remaining policy learning questions for each document respectively. To recapitulate, these questions were 2) *what* did they learn, 3) *how* did they learn, 4) *what effect* did the learning have, and 5) did the policy learning occur on a *meso- or macro-level*?

Who did the learning?

In consultation with the DGS expert at DNB, this thesis considers multiple relevant policy actors. The first of these is DNB itself. As the operator of the Dutch DGS, DNB is partly responsible for its design. In addition, Dutch legislation on the subject is mainly prepared by DNB, and the Dutch Ministry of Finance will interfere only later in the process. This makes them a prominent actor in the system change of the Dutch DGS. The Dutch Banking Association (De Nederlandse Vereniging van Banken, NVB) is the second actor discussed. As sector association for the Dutch banks, they are involved in policy-making on subjects concerning them. In this case, they were, for example, part of a tripartite working group with DNB and the Ministry of Finance. The third actor is the European Commission. By preparing directives that are binding and applicable in all member states, they have had a significant impact on the policy of the member states (Treaty on the European Union, 2012). As the DGS system change touched the internal market area, the Commission has shared competence on this subject (Treaty on the Functioning of the European Union, 2016). The fourth actor discussed is the European Central Bank (ECB). This institution has many responsibilities, but the one analysed in this thesis is the advisory function on draft legislation of member states. When a member state drafts new legislation in the area of competence of the ECB, they have to consult them (Ibid). In return, the ECB can submit an opinion on these consultations (Ibid). The Fifth actor discussed is the Financial Services Compensation Scheme (FSCS). This institution is responsible for the UK DGS. Unlike in the Netherlands, the UK DGS is not operated by the Central Bank but by a separate institution. The FSCS is a relevant macro-level actor because it was, at the time, one of the DGS operating institutions in the EU.

Process tracing: Directive 2009/14/EC amending Directive 94/19/EC: March 2009

European Commission

The DGS was first recorded in European law when the Council and the Parliament published the directive on DGS in 1994. This subject came on the agenda when the Bank of Credit and Commerce International went bankrupt in 1991, following which the Commission drafted the directive. They learned, however, that the directive of 1994 needed to be revised in the years following its publication. This was mainly due to the low level of harmonization and its target to ensure that all member states had a DGS instead of guiding them on how to design their DGSs. The text itself also had some weak points. Firstly, the amount of money guaranteed was twenty thousand euros per person, which needed to be higher. Secondly, the option of co-insurance gave EU member states the possibility to cover only ninety per cent of deposits. Thirdly, the payout delay of the DGS was three months, which is too long, according to the Commission. Fourthly, there was nothing said about the funding of the DGS. Some member states chose an ex post way of funding, while others chose an ex ante (or a combination of the two). There were other problems regarding funding. Many DGSs needed more funding to deal with periods of financial instability, and banks were not always responsible for the funding, which meant that taxpayers had to pay for it. Fifthly, the 1994 directive did not offer the tools to deal with cross-border issues, which is essential in the EU context. The directive only stated that cross-border issues should be resolved by the DGS of the country where the head office is, which turned out to be problematic (Payne, 2015).

Except for the long payout delay, the Commission already raised most of the weaknesses of the 1994 directive in a document published in 2006, like the overall lack of harmonization, co-insurance, the difference in funding throughout the EU, and cross-border issues (European Commission, 2006). However, there needed to be more incentive to change the directive, and the Commission decided to keep the member states in charge of designing their DGS (Payne, 2015). The financial crisis changed this, however. Around Europe, the DGS failed to prevent bank runs and maintain depositors' confidence. Northern Rock and Landsbanki are two examples of banks that were hit by bank runs in 2007 and 2008, respectively. The failure of the Landsbanki showed how important it was to change the cross-border issues in the 1994 directive. The Landsbanki was an Icelandic bank with much activity in other EU member states. When the bank collapsed, many of these deposits were frozen. The DGS of Iceland, which had to take care of the deposits of other EU member states, could

not pay the foreign depositors. Countries like the Netherlands and the UK had to compensate their citizens with deposits at the Landsbanki. Iceland thus only saved their citizens, which is problematic (Payne, 2015).

For these reasons, the Commission amended the 1994 directive in 2009. It amended three aspects of the original directive. Firstly, it increased the minimal amount that had to be insured by the DGS from twenty thousand to one hundred thousand euros. Secondly, co-insurance was no longer allowed. Thirdly, the payout delay went to twenty working days (Directive 2009/14/EC). As stated earlier in this thesis, the Dutch DGS already increased the amount of the deposit guaranteed to 100.000 euros per person in October 2008. At the same time, co-insurance was removed. However, these changes were made after a meeting of the Ministers of Finance of the EU, meaning it was decided upon in an EU context. The reduced payout delay was the only of the three implemented by the Dutch after the amendment to the 1994 directive was issued, as stated in a letter from the Minister of Finance to the Parliament (Kamerstuk 32013 nr. 1, 2009). Therefore, the evidence passes the smoking gun test. The letter states that de change was made in light of the amended directive. This proves the argument that the Commission's learning was effective but does not disprove the other possibilities.

Report tripartite working group: August 2009

De Nederlandsche Bank

As chapter 5 pointed out, the Dutch DGS had to be overhauled during the DSB Bank failure. In 2008 a tripartite working group was formed, consisting of DNB, the Dutch Ministry of Finance, and the Dutch Banking Association. The final report of the working group identified several problems. Firstly, the introduction of the European Passport led to easily expanding to other countries in the European Economic Area. The Dutch banks internationalised because of it, but the foreign depositors still fall under the Dutch DGS when they expand in these countries through branches. Conversely, foreign banks that expand to the Netherlands can participate in the open and ex post financed Dutch DGS without initial costs. Secondly, the rise of online banking means that deposits can be requested quicker, making banks' funding more volatile. In addition, banks can expend easier, meaning that the potential claims on the DGS become more volatile. Thirdly, public awareness of the DGS needed to grow, which is one of the most critical prerequisites of a well-functioning DGS.

Finally, due to the upscaling of the Dutch banking system in the nineties, several big institutions, like ING, Rabobank, and ABN AMRO Bank, have formed. When the size of institutions increases compared to the total, it becomes increasingly expensive for other banks to cover the costs of the DGS (Rapport van een tripartiete werkgroep, 2009).

The ex-post financing of the DGS was also with its problems. Although the design is easy, has low maintenance costs, and allows banks to manage their funds, it places no responsibility on the failing bank. As a result, other banks have to pick up the bill and have no incentive to take less risk because the system is initially free. In addition, in times of economic turmoil, several banks may fail simultaneously. The additional assessment for the banks is then challenging to pay because they come roughly simultaneously. Besides, it is likely that these banks are also in trouble in times of crisis, which means that they cannot pay additional assessments (Ibid). It is difficult to assess whether DNB learned about these problems or the other actors in the tripartite working group. However, most of these problems are likely to be detected by DNB as they operate the DGS. The issue with the internationalisation of banks is mainly problematic for DNB as it makes it harder to manage the DGS. The Dutch banks can benefit from branching out to other countries, so they likely did not bring up this problem. The upscaling of Dutch banks is also something that DNB might have seen as a problem. The big banks mainly run the NVB, so it is unlikely they added this problem to the report. The difficulties that online banking and the lack of public awareness pose to the DGS are for all actors important. Serving as co-writer of the report of the tripartite working group and the draft legislation serves as a straw in the wind test, as it supports the idea that DNB was the institution that learned the lessons but does not prove it or disprove other options.

DNB only had to activate the DGS for minor cases in thirty years since its inception, meaning it did not see the DGS function in action. However, the banking sector changed a lot in these thirty years, and this came to light after the quick succession of failures of Bank van der Hoop, Icesave and DSB Bank. Especially the latter two showed that the system needed to change. Icesave showed DNB how foreign banks could easily expand to the Dutch market and use the DGS without costing them anything. When it eventually failed, the other banks had to pay for the risk Icesave took (Rapport van een tripartiete werkgroep, 2009). The tripartite report mentions this directly, so the evidence passes the smoking gun test. It proves that the Icesave case brought it to the agenda but does not eliminate the other options.

The DSB case showed how online banking changed the game by allowing people to remove their money from a bank quickly. This was one of the reasons for their bankruptcies, as mentioned earlier. However, the tripartite workgroup, published before the DSB Bank went bankrupt, also raised the issue. The policymakers thus already knew that the changes in the banking sector were problematic to the DGS before seeing it in action. The same can be said for the upscaling of the Dutch banking sector and the problems this had on the smaller Dutch banks. This is likely something that became known over the years rather than something learned after a DGS activation. The report of the tripartite working group itself mentions that these problems are general and not linked to a particular real-life case study (Ibid). This argument passes the hoop test, eliminating the possibility that DNB learned this because of the DSB Bank case.

The lessons learned were drawn from more than just Dutch cases or the general changes in the banking sector. The failure of Northern Rock in the UK has shown that public awareness of the DGS is essential. In this case, a bank run could not be prevented because many people were unaware of the DGS (Ibid). This evidence passes the smoking gun test, while the report of the tripartite working group mentions it directly as the reason for it to come on the agenda. It thus proves the argument but does not disprove other options.

The Dutch Banking Association

The NVB was also involved in the policymaking process. As part of the tripartite working group, they worked with DNB and the Dutch Ministry of Finance to reconsider the DGS. The NVB represents the entire banking sector, but as often with sector associations, the big banks control the agenda. 2008 was a difficult time for the banking sector, however. ABN AMRO and Fortis were nationalized (NRC, 2008b), and the government bailed out ING (NRC, 2008c). As a result, Rabobank was the only big bank relatively unharmed by the Financial crisis. This makes it plausible that mainly the Rabobank could influence the negotiations on the DGS, as they did not have to be saved by the government and were paying much money to fund the DGS. This argument is supported by the fact that the only opinion papers of people from the banking sector on the DGS system change were written by the Chief Economist of Rabobank, Wim Boonstra. However, this evidence only passes the straw in the wind test, as it supports this argument but does not prove or disprove another.

The biggest problem the NVB, and predominantly Rabobank, had with the old DGS system was that banks that offered high-interest rates by taking many risks were using the DGS without having to pay for the costs when they would fail. Boonstra, therefore, proposes several changes to the DGS in a 2010 opinion paper. As this paper was published during the tripartite working group, Rabobank likely expressed these points in meetings with DNB and the Ministry of Finance. This evidence passes the straw in the wind test, as it supports the idea but does not prove it or disprove another. Boonstra his arguments were the following: Firstly, not every bank should be admitted to the DGS automatically. Instead, DNB should only accept a bank with an acceptable risk profile. In addition, a bank should be active in the Netherlands on both sides of the balance sheet to prevent foreign banks from abusing the Dutch DGS for their risky business. Secondly, the revenue model of banks admitted to the DGS should be supervised to prevent banks from having alternative and more dangerous models. Thirdly, the ex ante funded DGS should be filled with risk-differentiated premiums. Fourthly, DNB should supervise more actively and be able to change the risk profile of a bank constantly. Fifthly, banks that would not have access to the capital market without government aid should fall in the highest risk category. Sixthly, besides supervision and a rating grade of, for example, moody, the risk premium should also be based on the amount a bank has to pay when getting money on the capital market. Finally, banks that would not v have access to the capital market without government aid should fall in the highest risk category. Logically, this last point comes from a Rabobank employee, as they were the only big bank in the Netherlands that did not receive government aid (Boonstra, 2010).

Most of Rabobank's learning happened during the Financial crisis. This crisis showed how high-risk banks such as Icesave took the Dutch market by offering high-interest rates. One of the reasons that Icesave became active in the Dutch and UK market was that it had to pay high-interest rates on money from the capital market. It was thus cheaper to get citizens to put their savings at their bank while they could pay lower interest rates on them, and the DGS covered it. Even though this was known, DNB did not exclude Icesave from the DGS and did not intervene when the situation became problematic (Boonstra, 2010). Boonstra refers in his opinion paper to an article by Kool and Gerritsen (2010), who argued that the Icesave failure and its impact on Dutch citizens could have been prevented. By naming Icesave as the reason this problem came to light in Boonstra's opinion paper, the evidence passes the smoking gun test. It confirms the argument that Icesave was how the NVB learned but does not disprove all others.

The learning on the second proposed change was due to the DSB Bank case. DSB Bank had a high-risk and even illegal revenue model. When it failed, the banks had to pay around 600 million, which could have been prevented when DNB would not allow DSB to be admitted to the DGS with such a revenue model (Boonstra, 2010). This evidence passes the smoking gun test, while Boonstra mentions DSB Bank directly as an example of this problem. This thus confirms the argument that the DSB Bank was an example for the NVB, but other arguments can still be valid, such as the argument that Boonstra was already aware of the problem.

UK Single Customer View: December 2010

Financial Services Compensation Scheme

As the operator of the UK DGS, the FSCS is responsible for policymaking on the subject. Around the time most EU member states tried to reduce the payout delay from 3 months to twenty working days, the FSCS envisioned reducing it to seven working days. The information and data supplied by the banks were insufficient at the time for the FSCS to realise a quick payout. The solution to this problem was the Single Customer View (SCV), which is "a comprehensive identification of the complete position of each depositor" (European Commission, 2010, p. 119). Therefore, from December 31 2010, they had to cleanse their data and implement an SCV to ensure that the FSCS had enough information to reduce the payout delay to seven days (FSCS, 2022).

During the financial crisis, the FSCS had to activate the DGS several times, for example, with the already discussed failures of Northern Rock and Icesave. With these failures, they repeatedly saw how difficult it was to have a quick payout process with the data they had, even though a short payout delay is essential to prevent a bank run. The FSCS, therefore, commissioned Ernst & Young in 2008 to consult them on how to increase the data quality to make the payout process quicker. Ernst & Young came up with several options, including a SCV (Ernst & Young, 2008). The FSCS found the Single Customer View the most promising, which came into effect at the end of 2010 (FSCS, 2022).

Proposal for a directive: July 2010

European Commission

The amendments to the 1994 directive in 2009 were issued during the crisis to tackle the most apparent problems. However, further legislation was necessary to deal with all the issues discussed in the Commission Report 2006. Nothing was yet done about harmonising the funding regulations, and the period delay of twenty working days was still considered too long. In 2010 a draft proposal was published to which member states could respond (European Commission, 2010a). The proposal issued the following changes: Firstly, to further foster financial stability, the DGS coverage was extended to all non-financial companies, regardless of size (European Commission, 2010). Secondly, it set out to harmonise the way of funding to an ex-ante financed fund that consists of 1,5 per cent of the total amount of eligible deposits, which should be filled by July 2024. If the fund needs to be bigger, banks must pay up to 0,5 per cent of eligible deposits to the fund ex-post. These provisions placed the responsibility of funding the DGS completely on the Banks. (Ibid). Thirdly, even though the payout delay had already been reduced to fifteen working days, the new proposal went even further. As a result, the institution in charge of the DGS now has only a payout delay of seven working days. To carry out this reduced payout delay, the banks should provide the relevant data to the operator of the DGS. The Commission points out that a Single Customer View, as implemented by the FSCS, is the best way to achieve this (Ibid). Therefore, the evidence that the FSCS's learning affected the Commission passes the doubly decisive test. The staff working document states that they were solely influenced by the FSCS regarding the SCV, meaning it disproves all other arguments. Finally, the proposal also addressed cross-border issues. If a bank operates through a daughter company, the DGS of the country where the subsidiary is located is responsible for the payout process. When dealing with a branch, it is more complicated. The proposal stated that when a European bank fails and the DGS comes into effect, the depositors holding deposits at a branch in a host country will be paid back by the DGS of this country. The home country DGS then compensates the host country DGS. It is important that the host country DGS only pays back depositors when the home country has made enough funds available in advance. In addition, the host country DGS only acts per the instruction of the home country DGS and functions as an information point for the depositors in their country. If a bank operates in another country without a subsidiary or branch, which is called passporting, the DGS of the country where the headquarter is located operates the DGS payout (Ibid).

Dutch DGS draft legislation 2011

De Nederlandsche Bank

With the Dutch Ministry of Finance, DNB drafted a legislative proposal in 2011, which was partly based on the report of the tripartite working group. The proposal sets up an ex ante funded DGS, financed by a risk-differentiated premium. They propose establishing a deposit guarantee fund (DGF) that builds up to 1% of the total guaranteed deposits in ten years. In this draft, all banks covered by the DGS must pay a basic contribution and a risk storage of 0%, 25%, 50%, or 100% of the basic contribution, depending on their risk profile. At the beginning of the second quarter, there is a testing moment on which DNB decides the bank's risk profile for the following year. Banks fill an individual fund with the basic contribution, and the risk storage is used for the general fund. The DGF can thus grow larger than 1% of all guaranteed deposits due to the risk storage. Interest on the fund is allocated to both the individual and the general fund. When a bank's deposit base grows, it should compensate for this by increasing its contributions, but not if the interest makes up for this already. When the DGF is activated, it will be used in a stepped manner. Firstly, the individual fund of the failed bank will be used; secondly, the general fund; thirdly, the other banks' individual funds. When the DGF falls under 0,5 per cent of the covered deposits, the banks have to pay an additional contribution. When the fund is inadequate to repay depositors of a failed bank, the remaining amount will be funded ex post, as was the case during the DSB case (Ibid). A foundation will be established for the management and conservation of the DGF. This fund is meant to compensate DNB for the cost made when using the DGS. The board of this fund consists of five members, two presented by DNB, two presented by the Dutch Ministry of Finance, and one independent banker from the private sector chosen by the former four. The board will determine a safe investment policy with low risk and high liquidity (Ibid). The solution of an ex-ante funded DGS solves most of the problems portrayed in the tripartite working group report. It remedies the problems with the ex post funded DGS were remedies. It addresses the problem of upscaling and the impact this has, while every bank pays relatively the same amount up front. When a big bank fails, the DGF uses their fund first, only afterwards the mutual and other individual funds. This way, the small banks do not suffer as much. In addition, it makes sure that foreign banks cannot profit from the Dutch DGS without paying initially.

The tripartite working group report discussed the problems mentioned above that were solved by the draft legislation. Some of the learning was attributed to DNB, although making this claim with certainty is difficult. DNB was a co-writer of the working group report and the draft legislation, so it likely used its learning to affect the legislation. This argument passes the straw in the wind test, as it supports the argument that DNB's learning was effective but did not prove it or disprove other options.

Dutch Banking Association

As mentioned above, the draft legislation on the Dutch DGS proposed an ex ante funded DGS with risk-differentiated premiums. In addition, DNB could now change a bank's risk Profile of a bank frequently. At the beginning of the second quarter, there is a testing moment in which DNB decides the bank's risk profile for the next year (De Nederlandsche Bank & Ministerie van Financiën, 2011). This was directly adopted from the report of the tripartite meeting group, of which the Dutch Banking Association was a member (Rapport van een tripartiete werkgroep, 2009). Although DNB and the Ministry of Finance also had something to gain by introducing risk-differentiated premiums, the big banks were likely the most potent advocates, with Rabobank leading the pack. They had to pick up the bill when these risky banks failed, and with a risk-based ex post funded DGS, their losses would be less. Risk-differentiated premiums also make for a less risky banking sector, as explained above, but DNB and the Ministry of Finance have less to lose on the subject. Therefore, it is likely that the banking sector, specifically Rabobank, effectively influences the DGS system change on this subject. However, the evidence for this is slim and only passes the straw in the wind test. Being a co-writer of the tripartite report supports the idea that the NVB learning influenced the legislation but does not prove it.

On the other subjects, the banking sector had less success. Every bank would be included in the DGS even though it would have a very high-risk profile, and the text did not mention the revenue model of a bank in either the draft legislation of 2011 or the final legislation of 2015. On the whole, banking supervision has increased heavily since the financial crisis, meaning that high-risk banks are under much more supervision than before the crisis. This also meant that the big banks were supervised more extensively, which might have been something other than what they lobbied for. The last two proposals of Boonstra were ignored entirely. The tripartite working group report mentioned the problem of big

banks attracting people's savings instead of getting money on the capital market because of the high interest rates. However, in both the draft legislation of 2011 and the final legislation of 2015, the problem was not addressed. Finally, nothing was mentioned in these texts about banks that receive government aid. The evidence for this passes the hoop test as it eliminates the possibility that the NVB's learning on this subject affected the draft legislation.

European Commission

The draft legislation almost entirely takes over the 2010 proposal of the Commission. The only difference is that the DGF builds up to 1% of all guaranteed deposits instead of 1.5%. DNB and the Ministry of Finance also advocated for lower coverage in their response to the Commission proposal (Kamerstuk 22112, nr. 1055, 2010). Besides this, however, the learning of the Commission likely had a significant impact on the Dutch draft legislation. The draft legislation also directly states this (De Nederlandsche Bank & Ministerie van Financiën, 2011). The evidence for this passes the smoking gun test. The fact that the draft legislation matches the proposal and that DNB and the Ministry of Finance state that they worked closely with the Commission proves that the Commission's learning affected the draft legislation but does not disprove other options.

It is difficult to assess which actor's learning affected the Dutch draft legislation most. The evidence only confirms the effect of the Commission but does not exclude any of the three possibilities. It is likely that every actor wanted an ex ante funded DGS based on risk-differentiated premiums and that the proposal of the Commission was taken over for harmonization purposes. Only the coverage level was disputed by DNB, which the Dutch Banking Association likely influenced, as the banks were the ones that had to pay. There is no evidence to support this claim, however.

Opinion of the European Central Bank on reform of the DGS: 2011 October

European Central Bank

The draft regulation on the reform of the DGS was put up for public consultation on August 1, 2011. As the law relates to DNB, the ECB was allowed to submit an opinion, which they did. The ECB states that they support the establishment of an ex ante funded DGS, as the Commission will harmonize this in the upcoming DGS directive. That being said, the ECB finds the draft legislation to conflict with the monetary financing prohibition under Article

123 of the Treaty. This provision "prohibits central banks from providing overdraft facilities or any other type of credit facility to the public sector, including any financing of the public sector's obligations vis-à-vis third parties" (European Central Bank, 2011a). The ECB already consulted DNB in another opinion that advance payments in operating the DGS conflicted with this provision (European Central Bank, 2011b).

The ECB elaborates on how the Dutch draft legislation conflicts with the provision, specifically. Article 22 states that the DGF will "reimburse" DNB for their made costs when operating the DGS. (European Central Bank 2011a, p) This view is supported by articles 23n and 23o, which say that the DGF reimburses DNB for the operation cost of the DGS and that DNB can charge the DGF for the other expense incurred, like lawyer fees. In addition, the ECB fears DNB needs to be reimbursed through ex post contributions from the banks when the fund is not big enough. There is no backup option specified when these contributions turn out to be insufficient. In both these situations, there is a case of advance financing by DNB, which conflicts with the monetary financing prohibition. To solve these issues, the ECB proposes several amendments. Firstly, the law should specify that only banks and other funding sources can finance the DGF. DNB should not be able to do this. Secondly, the DGF should transfer sufficient funds to DNB before DNB starts the payout process. Thirdly, the DGF should make the necessary amount available to DNB to cover the expenses of the tasks. Finally, it should be specified how the Dutch DGS will be funded when more than ex post contributions are needed for it to operate (European Central Bank, 2011a).

The problem with the Dutch DGS was mentioned for the first time in the ECB annual report of 2010, which was the first annual report after the DSB case. In this report, the ECB states that "advance payments were made by De Nederlandsche Bank in the context of the operation of the Dutch DGS" and that "legislation to make the Dutch deposit insurance scheme compliant with the monetary financing prohibition is necessary" (European Central Bank, 2010, p. 120). ECB thus likely refers to the DSB case as it was only addressed after 2009. When the ECB would refer to other cases, like van der Hoop Bankiers and Icesave, it would have been mentioned in earlier annual reports. The evidence for this passes the straw in the wind test. By being mentioned directly after the DSB Bank case, it supports the argument that the ECB learned because of the DSB Bank case, but it does not prove it or disprove other options.

Directive 2014/14/EU on deposit guarantee schemes: April 2014

DNB

After years of negotiation, the new DGS directive was published in 2014. All the points discussed in the 2010 proposal were almost entirely taken over, which shows that the Commission's learning affected the directive the most. There were some minor changes, however. The Commission had initially proposed a 1,5% coverage, but the Council brought it down to 0,8% (Payne, 2015). The Netherlands was amongst the member states that argued in favour of lower coverage, as seen in their response to the 2010 proposal (Kamerstuk 22112, nr. 1055, 2010). The directive also elaborated further on reducing the payout delay. In their reaction to the proposal, the Netherlands had stated that the enforceability of this reduction would be difficult, as they already found the reduction from three months to twenty working days complicated and expensive to deal with. They further stated that banks should drastically improve their systems and data supply for DNB to pay back the depositors in seven working days (Kamerstuk 22112 nr. 1055, 2010). To streamline his process, article 4/8 of the DGS directive stated, "Member States shall ensure that a DGS, at any time upon the DGS's request, receives from their members all information necessary to prepare for a repayment of depositors". The directive acknowledges, however, that many member states cannot reduce the payout delay right away, as the necessary systems still need to be in place. Therefore they have until January 1 2024, to reduce the payout delay to seven working days (Directive 2014/49/EU).

In combination with the other member states, DNB and the Ministry of Finance were thus able to influence the DGS directive negotiations effectively. Their response to the 2010 proposal stated they mostly agreed with the Commission's direction, except for the two points mentioned above (Kamerstuk 22112, nr. 1055, 2010). In addition, when publishing the draft legislation in 2011, they proposed a 1% coverage whilst knowing that the Commission wanted 1.5%. The evidence for this passes the straw in the wind test, as it supports the idea that DNB's learning affected the DGS directive but does not prove it or disprove other options.

Dutch government decision on DGS: September 2015

European Commission

The implementation of the Dutch draft legislation was postponed twice, first due to the nationalization of SNS Reaal and second to not put further strain on banks' budgets in times of economic trouble by confronting them with payments to the Foundation (Staatsblad van het Koninkrijk der Nederlanden, 2015). After that, the 2014 directive was already in effect, meaning the draft legislation needed to be reviewed. Several significant alterations had to be made. The DGS now covered all non-financial companies, the payout delay was reduced to seven days, and the cross-border issues were recorded in the Dutch legislation as described in the directive (Ibid). The evidence passes the smoking gun test. The fact that the Dutch legislation is entirely in line with the DGS Directive after it has been reviewed in light of this directive shows that the Commission's learning was effective but does not disprove other options.

European Central Bank

The ECB saw the draft legislation not being compatible with the monetary financing prohibition as a significant problem. Therefore, it continued mentioning the Dutch DGS in its annual reports, putting more pressure on them. In 2011 the report stated that "advance payments continued to be made by De Nederlandsche Bank in the context of the operation of the Dutch deposit insurance scheme" and that "it is urgently necessary to finalize the required changes to the Dutch law in line with the ECB opinion in order to ensure the law's compliance with Treaty provisions on prohibition of monetary financing" (European Central Bank, 2011c, p. 102). The final time the ECB mentioned the Dutch DGS was in the annual report of 2012. It was again stated that "advance payments continued to be made by De Nederlandsche Bank in the context of the operation of the Dutch deposit insurance scheme" (European Central Bank, 2012, p. 103). Regarding the draft legislation, the ECB points out that it is still not compliant with the monetary financing prohibition and that changes are necessary, as stated in the ECB opinion (Ibid).

When the Dutch Government published the final DGS legislation that met the requirements of the 2014 DGS directive, it was also amended to be compatible with the monetary financing prohibition. In the explanatory notes to the legislation, the policymakers

even addressed the problems of the old legislation concerning this, and it is stated that under no circumstance DNB will make advance payments to the DGF (Staatsblad, 2015). They thus took over the first amendment of the ECB proposal. Article 29.05 now states that the DGF will make the necessary funds available to the DGS. Only after this can the DGS start with the payout process and pay for the operational costs (ibid). This shows that the second and third amendments of the ECB are taken over. Finally, the legislation specifies how the DGS is funded when ex-post fundings are inadequate or unavailable. Article 29.14 states that the DGF can agree with third parties to finance the fund when this occurs (Ibid). This has to be done by the Minister of Finance. By specifying this, DNB adopted all amendments of the ECB. The ECB opinion likely came as a shock to DNB. Before the opinion, they were unaware that the Dutch legislation conflicted with the monetary financing prohibition, as it was not addressed in the draft legislation. The ECB also continued to mention it in their annual report until 2012. The Netherlands probably promised to take over the amendments in the final legislation somewhere in 2013, as it was not mentioned in that year's annual report. As DNB and the Ministry of Finance did not address the problem in the draft legislation, and the amendments were all taken over in the final legislation, the learning of the ECB was thus highly effective. The evidence passes the smoking gun test. The final legislation on the Dutch DGS states that the ECB opinion led to the changes. This proves the argument that the ECBs learning was effective but does not disprove other options

Policy rule Single Customer Review: July 2017

De Nederlandsche Bank

To reduce the payout delay to seven working days and meet the criteria of the 2014 DGS directive, DNB came in 2017 with the Single Customer View Policy Rule that laid out the requirements for an SCW (Staatscourant, 2017). The fact that the Netherlands came with a Single Customer view to make the shortened payout delay possible shows that the policy transferred from the UK to the Netherlands. This means that the policy learning of the FSCS was very effective for the DGS system change. The evidence that the FSCS's learning impacted the Dutch DGS passes the straw in the wind test. The implementation of the Single Customer View Policy Rule in 2017 supports that the learning of FSCS was effective, but it does not prove or disprove it.

The Commission

The Commission is likely to have played a role in introducing the Single Customer View Policy Rule in the Netherlands. The seven working days payout delay was one of its spearheads, although the Netherlands thought this could not be done. By promoting the SCV to the Netherlands, it pushed through its agenda. The fact that the Commission staff working document on the original proposal for the DGS directive mentioned the SCV as an effective way to reduce the payout delay, as mentioned earlier, supports this. The evidence passes the straw in the wind test, as it supports the idea that the Commission used the FSCS's learning to promote its learning, but it does not prove it or disprove other options.

Chapter 7: Results

This chapter evaluates the research question and the formulated research expectations in light of the analysis of the actors in Chapter VII. First, it revisits the expectations and the questions used to comprise them. Subsequently, it tests these sets of expectations on the actors individually.

Revisiting research expectations

The expectations formulated in Chapter IV were based on the policy learning questions and level of analysis from Moyson et al. (2011). The first set of expectations deals with the question: *What did they learn?* The three learning objects identified in the expectations were: E1a) the organizational features of the Dutch State or European Union bureaucracy, E1b) the instruments and programs adopted by the Dutch government or European Union, and E1c) the fundamental beliefs and values around deposit insurance. The second set of expectations focuses on the question: *How* did they learn*?* It deals with how actors use specific knowledge, for which there are two options: E2a) instrumental or E2b) symbolic. The third set of expectations deals with the question: *What effect* did the learning have? The expectation distinguishes between E3a) incremental change and E3b) paradigmatic change. The final set of expectations focuses on the level of analysis. The relevant two for this thesis are the E4a) meso- and E4b) macro-level. These expectations are tested on the actors discussed in Chapter VII to see if they can be confirmed.

Testing expctations

What?

> *E1a: Policy learning in the case of the Dutch DGS has focused on organizational features of the bureaucracy of the Dutch State or European Union.*

This expectation is confirmed in the case of the Dutch DGS system change. Learning on organizational features of the bureaucracy of the Dutch State or European Union was present in the DNB, NVB, the Commission, and the ECB. For DNB, it was the lack of public awareness; for the NVB lower interest rates on deposits than on capital market lending; for the Commission, the long payout delay, coinsurance, the guaranteed amount that was too low, and the cross-border issues; and for the ECB the conflict of Dutch DGS legislation with the monetary financing prohibition.

E1b: Policy learning in the case of the Dutch DGS has focused on instruments and programs adopted by the Dutch government or European Union.

This expectation is also confirmed in the Dutch DGS system change case. DNB, the NVB, the Commission, and the FSCS learned about instruments and programs adopted by the Dutch government or European Union. For example, DNB learned about the limitations of an ex post funded DGS; the NVB about needing more supervision for risky banks and the need for an ex ante funded DGS with risk-differentiated premiums; the Commission on the need for a harmonized way of funding; and the FSCS on the flawed data delivery system of banks that did not make a short payout delay possible.

E1c: Policy learning in the case of the Dutch DGS has focused on fundamental beliefs and values around deposit insurance.

The last of this set of expectations is also confirmed. DNB, the NVB, and the Commission learned about fundamental beliefs and values around deposit insurance. Due to the financial crisis, DNB and the NVB learned that risky banks should have to pay for the DGS and only be allowed to participate and fail with it costing them. The Commission learned that everywhere in Europe, the banks should pay for the DGS and not the taxpayer.

How?

E2a: Policy learning in the case of the Dutch DGS has focused on using knowledge to come up with policy reform.

This expectation is confirmed. Without exceptions, all actors learned instrumentally. This primarily happened because of the financial crisis. For DNB and the NVB, it was mainly the failures of banks active inside the Netherlands that showed the Dutch DGS promoted a risky revenue model for banks. The Commission learned from bank failures around the EU that the payout delay was too long. For the ECB, DNB's advance payments to the DGS showed that the Dutch DGS legislation conflicted with the monetary financing prohibition. Finally, for the FSCS, the failures of Northern Rock and Icesave showed that the payout delay needed to be shorter. All these actors used the knowledge from the financial crisis to come up with policy reform.

E2b: Policy learning in the case of the Dutch DGS has focused on using knowledge to legitimize policy reform.

This expectation is also confirmed, albeit to a lesser extent. Both DNB, the NVB, and the Commission learned symbolically. DNB and NVB already knew that there were some problems with the DGS, like the internationalization of Dutch Banks, the upscaling of the Dutch banking sector and the rise of online banking. The Commission learned even more symbolically. It already published a report on DGS directive reform in 2006, which reported on most of the problems: coinsurance, the guaranteed amount per person, the low level of harmonization of funding, and the undefined cross-border issues. Although they likely already knew the necessary policy reform, there was no political incentive. The abovementioned knowledge learned during the financial crisis served as a justification to push through policy reform.

Effect

> *E3a: Policy change that occurred after the learning in the case of the Dutch DGS has been incremental.*

This expectation is confirmed. Without exception, all the actors' learning had an incremental effect on the Dutch DGS system change. DNB's learning affected the Dutch DGS legislation and the DGS directive; the NVB affected the Dutch DGS legislation; the Commission had an impact on both the Dutch DGS legislation and the DGS Directive; the ECB's learning affected the Dutch DGS legislation; and the FSCS impacted both the DGS Directive and the Dutch DGS legislation. However, these actors' policy changes were only minor deviations from the status quo. Many provisions in the Dutch DGS legislation and the DGS Directive stayed the same; the ones that changed only changed relatively little. Because the deviations followed each other rapidly, it is a fast incremental change.

> *E3b: Policy change that occurred after the learning in the case of the Dutch DGS has been paradigmatic.*

This expectation is rejected. None of the actors' learning had a paradigmatic effect. As discussed above, all the learning resulted in a policy change that deviated only little from the status quo. For a paradigmatic change, some rigorous changes have to be made, and although the changes were significant, they were not big enough to speak of paradigmatic change.

Level of analysis

> *E4a: Policy learning in the case of the Dutch DGS has occurred on the meso-level.*

This expectation is confirmed. All actors learned on the meso-level in the case of the Dutch DGS. Meso-level learning is on the organizational level, and according to Romme & Dille (1997), it focuses on rectifying mistakes and implementing norms while simultaneously changing them. The first is single-loop learning, and the second is double-loop learning. As shown in the discussion on the first set of expectations, the two loops are present in the analysis, as the actors learned on organizational features and instruments and updated their beliefs.

E4b: Policy learning in the case of the Dutch DGS has occurred on the macro-level.

This expectation is also confirmed. The Commission, the ECB, and the FSCS operate in another political system than the Dutch actors, which means that their knowledge about DGS design was used to develop policy in the Netherlands, another political system. This suits the definition of policy transfer by Dolowitz & Marsh (2000), which is the process by which knowledge about policies in one political system is used to develop policies in another political system. The fact that policy transfer took place between the Commission and ECB, and the Dutch institutions should not come as a surprise. Radaelli (2002) pointed out that European institutions often successfully transfer policy by suggesting best practices and models. Their success increases when there are national cases to imitate. The last part fits the argument that the Commission played an essential role in the Dutch adoption of the Single Customer View, as they could promote the UK system to the Dutch to reduce the payout delay.

Table 2: results of the expectations

	a	b	c
E1	Confirmed	Confirmed	Confirmed
E2	Confirmed	Confirmed	
E3	Confirmed	Rejected	
E4	Confirmed	Confirmed	

Chapter 8: Conclusion

This thesis contributed to the debate on the DGS by examining the Dutch DGS system change after the failures of the DSB Bank. It focused on the research question of what role policy learning has played in the system change of the Dutch deposit guarantee scheme (if any). From the policy learning literature, five sub questions were derived: 1) *who* did the learning, 2) *what* did they learn, 3) *how* did they learn, 4) *what effect* did the learning have, and 5) did the policy learning occur on a *meso- or macro-level*? Chapter 6 then analyzed the relevant documents and legislation on the Dutch DGS system change in chronological order and answered the five questions for each document from the actors' perspective.

First, DNB observed mistakes in the Dutch DGS system, like the internationalization and upscaling of the banking sector, the rise of online banking, lack of public awareness, and the limitations of an ex-post funded DGS, and report on them to reform the DGS by creating an ex ante funded one. This shows their "learning capacity", as it is called by Deutsch (1963, p. xii). DNB learned about all three identified objects: the lack of public awareness as an organizational feature of the government, the limitations of an ex post funded DGS as an instrument adopted by the government, and the belief that risky banks should have to pay for the DGS before they fail as fundamental belief around deposit insurance. It learned these lessons both instrumentally and symbolically. Most problems came to light during the financial crisis and the failures of Icesave and the DSB Bank. This led to the forming of the tripartite working group to think about DGS change. However, problems like the upscaling of the Dutch banking sector and the rise of online banking were already known before the crisis but never addressed. The knowledge from the financial crisis was thus used to both come up with and justify policy change. The effect of DNB's learning was incremental, as the new legislation only derived from the status quo with small steps. The level of analysis for DNB was the meso level, as it is in the Dutch political system, and the analysis focussed solely on organizational learning.

Second, The NVB is an example of a societal stakeholder that shapes policy change, as discussed in Parson (1995). Being part of the tripartite working group, the association had a strong relationship with DNB and the Ministry of Finance and discussed their learning. The learning occurred mainly on the problem of moral hazard, while less risky banks had to pay when riskier banks failed, without the failed bank having to pay. In addition, the NVB learned that more supervision of risky banks was necessary. The NVB also learned on all three identified objects: basing the risk premium on capital market interest rates as an

organizational feature of the government, the need for an ex ante funded DGS with risk differentiated premiums as an instrument adopted by the government, and the belief that risky banks should have to pay for the DGS before they fail as fundamental belief around deposit insurance. The NVB learned mainly instrumentally during the financial crisis. It used this knowledge in the tripartite working group to shape policy change. The effect of NVB's learning on the Dutch DGS system change was incremental. It influenced the shift to an ex ante funded DGS with risk-differentiated premiums and might have played a role in the increased supervision. However, this was also disadvantageous for them. These policy changes were only minor deviations from the status quo, however. As with DNB, the NVB is part of the Dutch (political) system, meaning that the focus is on organizational learning and, thus, the meso level.

Third, the Commission observed mistakes in the old DGS directive, like the long payout delay, coinsurance, the guaranteed amount, the low level of harmonization of funding, and the undefined cross-border issues, and reformed them by coming up with a new directive. This again shows the "learning capacity" (Deutsch, 1963, p. xii). The Commission again learned on all three identified objects: reducing the payout delay as an organizational feature of the government, harmonizing ex-ante funded DGSs as an instrument adopted by the government, and the belief that banks should pay for the DGSs instead of EU taxpayers as fundamental belief around deposit insurance. The Commission mainly learned symbolically. In 2006 the Commission released a report that published almost all the learnings discussed above, but there was no political momentum, and the EU member states did nothing with it. After the financial crisis and the lessons learned from it, the Commission started reforming the DGS directive. Thus, the Commission used the knowledge of the financial crisis to justify policy change. However, there had been no mention of reducing the payout delay before the financial crisis, meaning that the learning was, to a degree, instrumentally. The effect of the Commission's learning on the Dutch DGS system change was again incremental for the same reasons discussed for DNB and the NVB. The level of analysis for the Commission is mainly on the macro level. Their knowledge about DGS design was used to develop policy in the Netherlands, another political system.

Fourth, the ECB detected that the draft legislation of the Dutch DGS conflicted with the monetary financing provision and urged DNB and the Ministry of Finance to amend it. This once more shows its "learning capacity." (Deutsch, 1963, p. xii) The object of learning, in this case, was an organizational feature of the government. The ECB learned instrumentally. Before the DSB Bank case, the ECB was likely unaware that the Dutch DGS

was incompatible with the monetary financing prohibition. They thus used the knowledge to make amendments to the legislation. The effect of ECBs learning on the Dutch DGS system change was highly incremental. The small amendments that the ECB proposed were, again, just minor deviations from the status quo. The level of analysis for the ECB is mainly on the macro level. As the central bank of the EU, the ECB is a DGS policy actor in another political system. The knowledge about making DGS policy following the monetary financing prohibition was used in developing policy in the Netherlands, another political system.

Finally, the FSCS observed that they had to develop a new way to receive data from banks to reduce the payout delay to seven days. This new way ended up being the Single Customer View. The object of learning was an instrument adopted by the government, as SCW is an instrument to submit a complete position of a bank's depositors. The FSCS learned instrumentally. The financial crisis and the failures of banks in the UK were why the FSCS asked Ernst and Young to write a report on how to reduce the payout delay. Out of this report came the idea of an SCV. Thus, the FSCS used the knowledge learned during the financial crisis to develop policy reform. FSCS's learning effect on the Dutch DGS system change was incremental. DNB implemented a new policy rule in which the SCW was included. Before the SCV, DNB already received data from the banks. This was not as well organized as in an SCV, however. This means that, although a new policy rule was implemented due to the learning of the FSCS, it was only a small deviation from the status quo. The level of analysis for the FSCS is mainly on the macro level. As the operator of the British DGS, it is a policy actor in another political system. After its implementation in the UK, the SCV policy was transferred to the DNB. This means that knowledge about a policy in one political system is used in developing policies in another.

This thesis has sought to research what role policy learning has played in the system change of the Dutch deposit guarantee scheme (if any). For policy learning to play a role, it is necessary to be able to answer the sub-questions 1) *who* did the learning, 2) *what* did they learn, 3) *how* did they learn, 4) *what effect* did the learning have 5) and whether the policy learning occurred on a did the policy meso- or macro-level. As the analysis and results show, these answers can be answered with at least one of the options given by the theoretical framework of policy learning. The only expectation that has been rejected in the results is the expectation that *Policy change that occurred after the learning in the case of the Dutch DGS has been paradigmatic* (E3b). However, the expectation *Policy change that occurred after the learning in the case of the Dutch DGS has been incremental* (E3a) was confirmed, meaning that sub-question four can be answered following one of the expectations. The fact

that all of the other seven expectations were confirmed means that policy learning played a significant role in the system change of the Dutch DGS.

The theoretical framework of policy learning proved appropriate for analyzing the policy reform of the Dutch DGS. The five policy learning questions derived from the conceptual framework helped give a complete view of how the policy reform came about. The study also supports the conceptual framework by building upon it, which was necessary, according to Dunlop and Radaelli (2013), to help reach the framework and its academic potential. Some conclusions from specific policy learning literature were directly applicable to the case. For example, the research of Radealli (2002) concluded that European institutions often successfully transfer policy to their member states by suggesting best practices and models and that their success increases when there are national cases to imitate. This is what most likely happened in the case of the SCV. Some critiques of the theory of policy learning were that the causal relationship between learning and change is hard to establish and that political developments have more influence on paradigmatic learning than learning. Establishing causal relations is always tricky, especially when using a single-case study design with the method of process tracing. However, the tests used to classify evidence based on certitude and uniqueness were helpful. Much evidence passed at least the smoking gun test, meaning the link proved the expectation. This means that, to a certain extent, the causal relation could be established and that the conclusion to the thesis is valid and reliable. The critique dealing with paradigmatic learning cannot be supported or opposed, while paradigmatic learning was absent in the Dutch DGS policy reform case. Other studies on this kind of policy change must discuss this critique.

The research has several practical implications. Firstly, policymakers can draw on this research when developing new policies. Although the generalizability of a single-case study is low, it might give some insights into how policy learning can be used successfully. Secondly, it highlights the significance of involving societal stakeholders in policy reform. The NVB provided a different perspective and valuable input, which makes the policy more responsive to societal needs. Thirdly, it shows that evaluating policies can be helpful, as the revision of the 1994 directive by the Commission in 2006 already raised most of the problems addressed in the policy reform. So even if there is no political incentive for evaluating policies, it can still bring flaws to light.

However, there is reason to believe that this research has its limitations. First, it is likely that the thesis does not analyze all actors that played an (important) role in the Dutch DGS system change. The analysis discussed the policy actors that were considered relevant within the

research scope, but it is difficult to assess whether a specific actor was missed. A clear example of an actor that this thesis does not mention when discussing the relevant actors is the Dutch Ministry of Finance. This is because almost all of the documents published by the Dutch government were co-written with DNB. This makes it challenging to analyze both actors separately. The thesis chose to analyze DNB because it was the operator and more actively involved in the policy process. The Ministry of Finance mainly involves itself later in the process. It is very influential, however, and not having it as an individual actor is a limitation of the thesis. To make up for this, the analysis often mentions the Ministry of Finance when discussing DNBs policy learning. Second, the evidence in the thesis sometimes only passes the straw in the wind or hoop test, which means it does not prove a particular argument but only supports or opposes it. This means that the assumptions are not always verified and that the causal link between learning and change is difficult to prove. Third, the documents do not tell everything. As mentioned in the research design, the reports and legislation are only the final form of discussions and do not show all the discussions behind closed doors. The actual positions of certain actors, therefore, remain unknown. An idea for further research would be to interview certain people from the organizations discussed in this paper to find out whether there are lessons learned that this thesis does not mention.

This thesis paves the way for future research into the DGS policy change. As mentioned above, conducting interviews with relevant policy actors within the five organizations is possible. In addition, it would be interesting to see how the DGSs in other EU countries changed after the financial crisis and the new DGS directive. The theoretical framework of policy learning is again helpful for this. Finally, there is the aftermath of the ATB bank failure. Although the new DGS was better able to deal with this compared to the DSB Bank case, the policy actors will likely learn new lessons. The definition of policy learning by Dunlop and Radaelli (2013, p. 599) is the constant “updating of beliefs”. Therefore, it will be interesting to see how the Dutch DGS system will change in the future.

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