

Depositors bring down Dutch bank

Page last updated at 14:44 GMT, Saturday, 24 October 2009 15:44 UK

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Customers of the Dutch bank DSB have forced it into bankruptcy by withdrawing £550m of their savings in just 12 days.

They were encouraged by campaigner Pieter Lakeman who runs the Mortgage Grievances Foundation.

He appeared on Dutch television on Thursday 1 October and told customers it was "in their personal and collective interest to take their money out".

Professor Jacob de Haan of Groningen University said Mr Lakeman was protesting about the way the bank lent money.

He told Radio 4's Money Box programme: "The bank was under attack and being criticised for being aggressive. Many people borrowed much more than they could afford and as a consequence some were in severe financial troubles."

He added that Pieter Lakeman believed it to be in the interest of those borrowers if the bank went bust.

Failed rescue

Within hours of the broadcast the bank's website collapsed, the bank blamed hackers and money was draining out. By the weekend the bank was discussing a possible rescue by a consortium of five other Dutch banks.

" Before this bank run occurred, although the bank was not in the best of all possible positions, it was not near bankruptcy. "

Professor Jacob de Haan, Groningen University

Those talks failed and after leaks in the press customers began withdrawing their money en masse. Reports in the Dutch press said that €600 million euro (£550 million), about a quarter of the bank's assets had been taken out.

On Monday afternoon the court placed the bank into receivership. Professor de Haan says that those mass customer withdrawals ruined the bank.

"Before this bank run occurred, although the bank was not in the best of all possible positions, it was not near bankruptcy. A few weeks before this bank run, the central bank issued a statement saying DSB had sufficient capital and sufficient liquidity."

Further attempts were made to save the bank and the court gave owner Dirk Scheringa until noon on Friday 16 October to find a solution. Despite an extension of that deadline, further talks with the bank consortium failed and at midnight they concluded there was no hope.

But Dirk Scheringa told the court he had a credible enquiry from a Texas bidder and the deadline was extended until Monday morning. That deal came to nothing and on Monday 19th the court declared DSB bank bankrupt.

Compensation

That did no favours to the majority of savers who had not taken their money out. The Dutch deposit guarantee scheme pays up to €100,000. The cost - estimated at €3.25 billion - falls on other Dutch banks.

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Professor Jacob de Haan, Groningen University

An initial payment of €3,000 per depositor has been agreed. But it could take a while for the balance to be paid. And there is no guarantee for those with more than €100,000, as Professor de Haan explained.

"Up to €100k euros is guaranteed so they will get their money back, at least after some time. People with more than £100k on deposit might

get more after the administration process."

Despite Pieter Lakeman's appeal to depositors bringing down the bank, Professor de Haan says it could not happen again.

"No, I don't think so. This is a very special case and not representative of any other Dutch bank."

Dirk Scheringa claimed his bank had been destroyed and called for a parliamentary enquiry.

ABN Amro Bank has seized 130 paintings from the Scheringa Museum of Realist Art claiming it had lent Mr Scheringa \$48 million.

The Alkmaar football club AZ which is owned by Dirk Scheringa will have to find a new sponsor after the bankruptcy of DSB. Dutch News reports the Midreth construction company has asked the court to sequester its ground, the DSB Stadium, over unpaid bills on other Scheringa projects.

And the American US Speedskating team is trying to replace \$300,000 sponsorship currently provided by DSB, before it competes in the Vancouver winter Olympics in February 2010.

Pieter Lakeman refused to give the BBC an interview.

<http://newsvote.bbc.co.uk/mpapps/pagetools/print/news.bbc.co.uk/2/hi/business/8323991.stm?ad=1>