Deposit Insurance without Commitment: Wall St. vs. Main St.

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This paper studies the provision of deposit insurance without commitment. We ask whether a government has an ex post incentive to provide deposit insurance in the face of a bank-run. We find that deposit insurance will not be provided if it requires a (socially) undesirable redistribution of consumption or its financing through taxes is too costly. Else, the insurance gains to deposit insurance will be realized even without a government commitment to its provision.

Fuente: https://www.banrep.gov.co/en/news/events/deposit-insurance-without-commitment-21-september-2010