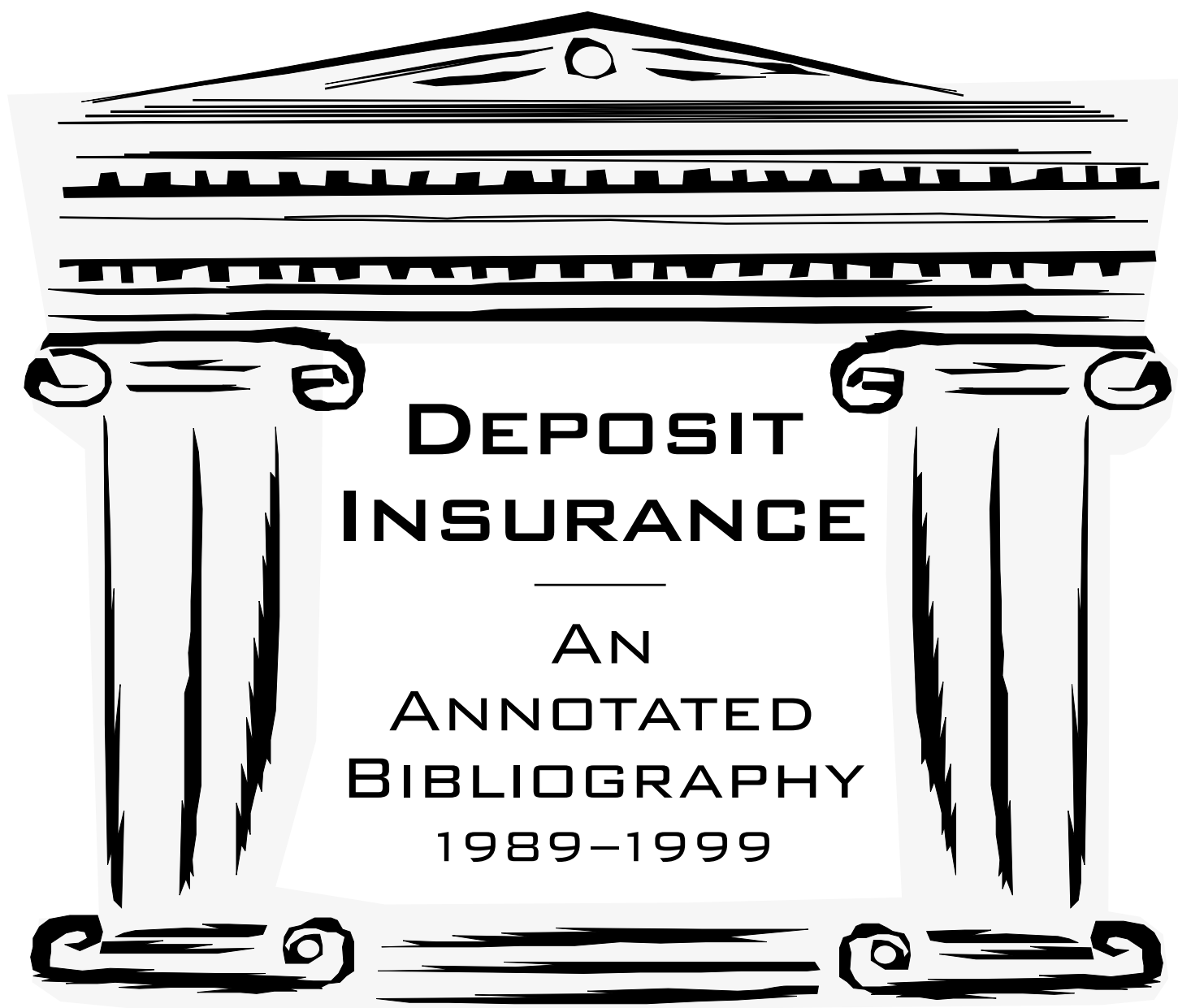




**DEPOSIT
INSURANCE**

—
**AN
ANNOTATED
BIBLIOGRAPHY
1989–1999**



FEDERAL DEPOSIT INSURANCE CORPORATION
DIVISION OF RESEARCH AND STATISTICS
WASHINGTON, DC

First published by the Federal Deposit Insurance Corporation in 2000.

This publication may be obtained electronically via the Internet at:
<http://www.fdic.gov>

Requests for copies of the publication should be made through the FDIC's Public Information Center, 801 17th Street, NW, Washington, DC 20434; telephone (202) 416-6940 or (800) 276-6003; or Email: publicinfo@fdic.gov.

ISBN 0-9661808-6-0

Library of Congress Card Number: 00-105020

Foreword

Financial crises over the past 20 years have called attention to the global importance of maintaining strong and stable financial systems. Government programs and policies, such as deposit insurance, can be an important part of that effort.

Increasingly, countries around the world are looking to establish or strengthen their deposit insurance systems. In doing so, they are confronting issues that U.S. policymakers have faced for many years and, in some cases, still do.

In September 1998, the Federal Deposit Insurance Corporation (FDIC) held an international conference that focused on the policy trade-offs inherent in any deposit insurance system. Fundamental policy questions were considered, such as the purpose and scope of deposit insurance coverage. We discussed operational issues with policy implications as well, such as the cost to the industry of insurance coverage and the disposition of failed-bank assets.

As a result of the conference, we realized there was a pressing need for a reference guide to "best practices" among existing deposit insurance programs. This annotated bibliography is a comprehensive compilation of research on deposit insurance issues. It can be a reference tool for the establishment and operation of a credible deposit insurance system. Anyone interested in these issues—researchers, policymakers, and practitioners—will find it helpful.

I want to thank the staff of the FDIC Division of Research and Statistics and the FDIC Library for the tremendous effort they put into making this bibliography a noteworthy research tool for years to come.



DONNA TANOUE
Chairman

Acknowledgments

This bibliography was compiled by Kenneth D. Jones and Angela Lengyel of the Division of Research and Statistics. Supervisory direction was provided by Detta Voesar.

The compilers are indebted to Alicia Amiel, Reference Librarian, whose contributions to the search process were instrumental, and to Jane Lewin, for her editorial work.

Gratitude also is due Ellen K. Schenkelberg and Nicole A. Kim, who assisted with library searches, translations, and writing abstracts. Iris Savoy provided secretarial assistance. Helpful comments on drafts of the manuscript were provided by Lee Davison, James Marino, John O'Keefe, and Steven Seelig. Geri Bonebrake created the cover design and arranged the page layout.

Preface

Much has been written on the topic of deposit insurance. This bibliography has been compiled to assist researchers, policymakers, practitioners, and others in more efficiently searching through the voluminous amount of printed information available on the subject of deposit insurance. By making this literature more accessible, we hope to stimulate additional research on issues of ongoing concern in the field of deposit insurance.

Scope

The bibliography is as inclusive as possible. It contains over 700 books, journal articles, working papers, doctoral dissertations, conference proceedings, congressional hearings (witnesses are named), and government and international agency reports—nearly everything that was published between 1989 and 1999 on the topic of deposit insurance. To be included in this bibliography, a substantial portion of each work had to focus on deposit insurance. For the most part, the bibliography does not include newspaper and trade publication articles, master's theses, or individual speeches or testimonies. Selected older materials deemed particularly relevant to the issues at hand are also included. An attempt has been made to list only the most recent version of a paper and to exclude earlier versions that may have also been presented or published; however, the earlier versions are sometimes identified at the entry for the most recent version.

Researchers and other users of the bibliography should note the date of an entry's publication. The United States, after suffering through the savings & loan and banking crises of the 1980s and early 1990s, reformed its deposit insurance system—one of the world's oldest and most successful—in the early 1990s. Much of the work written before 1991 deals with problems of the pre-reform U.S. system. Most of the material is still highly relevant, however, because it discusses many of the weaknesses inherent in deposit insurance systems and provides a thorough analysis of the policy trade-offs associated with the numerous reforms recommended. Pre-reform material also allows the user to follow the reform process from identification of the problem through policy analysis, recommendation, formulation, enactment, and post-reform evaluation. In response to this natural break in the literature, we have separated entries dealing specifically with reform issues into two chapters that correspond to the pre-reform and post-reform periods.

Titles included in the bibliography were obtained using a variety of on-line databases, library collections, bibliographies, indices, and individual Web sites. On-line databases used for this compilation included the following: Econlit, ProQuest, Dialog, First Search, Carl Uncover, Dissertation Abstracts Online, Fed-in-Print, Lexis-Nexis, Westlaw, and the Library of Congress' Online Catalog. Hard-copy indices used included the *Readers' Guide to Periodical Literature*, the *Banking Literature Index*, *World Banking Abstracts*, and the *Business Periodicals Index*. Despite our best efforts, we are certain to have missed some important titles. Users of the bibliography are encouraged to bring these oversights to our attention. In addition, for some entries we were not able to include

abstracts because we were unable to obtain physical or electronic copies of the items. Efforts to obtain these materials will continue.

Arrangement of Entries/Origin of Abstracts

The titles in this bibliography are arranged by subject area. The subject areas themselves reflect topics that appeared to receive particular attention in the deposit insurance literature, and each title was placed within the subject area to which it was deemed to make the greatest contribution. The entries within each subject area are arranged alphabetically by author's (or editor's) last name or by title if no author or editor was given. For multiple entries by the same author, the titles written by the author alone are listed first. Works edited by the same author appear next, with co-authored publications listed last.

Most abstracts are paraphrases of the original authors' own descriptions of their works; minor modifications have been made, mostly to correct for voice and tense. The intent of the abstracts is to provide users with sufficient information to determine the entry's relevance. No subjective opinions about the quality or worth of the entry have been made or will be offered. In addition to our own abstracts, Econlit and the Academic Press have graciously allowed us to reprint a significant number of abstracts from their copyright-protected collections; reprints are indicated by the copyright notice given at the end of each such abstract.

Obtaining Copies of Work Cited

Sources cited in this bibliography can be obtained through academic, government, or institutional libraries using standard interlibrary loan procedures. Contact the librarians at these institutions for further assistance.

On-Line Access

This bibliography is available via the Internet on the FDIC's homepage located at <http://www.fdic.gov>. Both a printer-friendly Portable Document Format (PDF) file, and a searchable HTML version, are available at this address. Search and printing instructions are provided at the site.

Updates

We expect the on-line version of this deposit insurance bibliography to be updated annually beginning in the year 2001. The hard-copy version will be updated and distributed less frequently.

KENNETH D. JONES
Financial Economist

ANGELA LENGYEL
Research Assistant

Contents

<i>Foreword</i>	iii
<i>Acknowledgments</i>	iv
<i>Preface</i>	v
<i>Acronyms</i>	viii
1. General Deposit Insurance Theory and Policy	1
2. Designing and Establishing Deposit Insurance Systems	15
3. Pricing and Valuation of Deposit Insurance	24
4. Regulation and Supervision of Insured Depository Institutions	41
5. Role of Deposit Insurance in Bank Failures	57
6. Economics of Deposit Insurance	81
7. Deposit Insurance and Moral Hazard, Risk, and Incentives	111
8. Safety Nets, Deposit Insurance, and Subsidies	127
9. Country- or Region-Specific	135
10. Deposit Insurance Reform in the United States: Pre-FDICIA	162
11. Deposit Insurance Reform in the United States: Post-FDICIA	186
12. Legal Aspects of Deposit Insurance	204
13. Too Big to Fail	209
14. FDIC-Administered Insurance Funds	217
Author Index	223

Acronyms

BIF	Bank Insurance Fund
BIS	Bank for International Settlements
CEC	Commission of the European Community
EC	European Community
ECU	European Currency Unit
EU	European Union
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FIRREA	Financial Institutions Reform, Recovery, and Enforcement Act of 1989
FSLIC	Federal Savings and Loan Insurance Corporation
GAO	General Accounting Office
IMF	International Monetary Fund
NAFTA	North American Free Trade Agreement
RFC	Reconstruction Finance Corporation
RTC	Resolution Trust Corporation
OMB	Office of Management and Budget
S&Ls	Savings and Loan Associations
SAIF	Savings Association Insurance Fund
TBTF	Too Big to Fail