

The Developments of Financial Deregulation and Safety-net in the U.S. and Germany

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Abstract

This paper compares developments of financial deregulation and the safety-net between the U.S. and Germany and then considers the development and the extent of financial deregulations in Japan.

We consider three points of view and their results as follows.

Firstly, we examine regulation. Both the U.S. and Germany have deregulated financial institutions.

On the other hand, soundness regulations have been tightened to prevent any insolvent bank realizing a financial panic. On this point, Japan has caught up with the U.S. and Germany.

Secondly, we examine resolution scheme and its application. Both in the U.S. and Germany the authorities have not promised to protect all deposits. But they have managed practically to protect almost all deposits by means of applying their resolution schemes.

Thirdly, we examine deposit insurance limit and extent. In the U.S. deposit shares are relatively low among financial assets and most deposits are insured deposits. The insurance limit is enough to insure all deposits. On the other hand, the insurance limit in Germany is high and its extent is wide, because its deposit shares are relatively high and most deposits are middle-term ones.

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