Notice of the Final Oral Examination
for the Degree of Master of Arts

of

NICHOLAS HOTSKO

BA (University of Saskatchewan, 2016)

“The Effect of Deposit Insurance on the Canadian Banking System”

Department of Economics

Wednesday, May 16, 2018
10:00 A.M.
Business and Economics Building
Room 363

Supervisory Committee:
Dr. Paul Schure, Department of Economics, University of Victoria (Supervisor)
Dr. Pascal Courty, Department of Economics, UVic (Member)

External Examiner:
Dr. Stuart Snaith, Peter B. Gustavson School of Business, UVic

Chair of Oral Examination:
Dr. Michael Nowlin, Department of English, UVic

Dr. Stephen Evans, Acting Dean, Faculty of Graduate Studies
Abstract

This paper empirically estimates the impact of the deposit insurance coverage changes on deposit levels and growth. The analysis is based on a Canadian dataset from a variety of sources. It covers quarterly data on deposits by province and by type of banking institution over the period of 1997-2011. During this period there were eight deposit insurance coverage changes. I employ a triple difference in difference estimation strategy to take advantage of changes in coverage levels between and within provinces. I find that a year after a provincial regulator increases the deposit insurance coverage level to unlimited, credit unions in that province experience higher deposit levels than chartered banks in that province, and credit unions in provinces with lower deposit insurance coverage limits. I also find that during the 2008 financial crisis, credit unions in provinces with unlimited coverage had higher deposit levels.