

The Diversification of Funding Sources for Deposit Guarantee Schemes in the European Union in the Context of Financialization

Dr. Tomasz Florczak

Faculty of Economics and Sociology, University of Lodz, Łódź, Poland

Abstract

The financial crisis of 2007-2008 drew researchers' attention to the growing importance of the financial sector in the economy, a phenomenon referred to in the literature as financialization. Subsequent phases of the financial crisis revealed the significant importance of banks for the stability of the financial sector. Therefore, it is crucial to undertake research on institutions that constitute the financial safety net, including deposit guarantee systems, which influence consumer confidence in the banking sector. The aim of the study is to determine the connections between deposit guarantee system models and their sources of financing. The study utilizes cluster analysis, which allows for the identification of similarities in the financing sources of individual deposit guarantee institutions. Simultaneously, variables (sources of financing) that support the financialization of deposit guarantee institutions, with characteristic levels for each cluster, were identified. The results obtained using the k-means method were compared with the allocation of deposit guarantee institutions to their specific operational models. The study tested the research hypothesis that the division of deposit guarantee systems by financing source coincides with the division into their specific operational models.