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## **FUTURE OF THE EUROPEAN DEPOSIT SCHEME**

### **Abstract:**

After nearly a decade of discussion, the European Deposit Insurance Scheme, European Union's third pillar is still missing from the European banking union's architecture. This article studies the controversies around the establishment of a common deposit insurance architecture and why the most recent attempts to address them have failed.

In particular, the study will explore the potential exposure brought about by a single facility to guarantee the payout of deposits up to a certain amount in case of a bank's default. It will also analyse the perceived additional risks to the credibility of the common deposit insurance scheme stemming from sovereign debt exposures and their preferential treatment under national laws.

Study's expected contribution is to provide an impartial view on viability of establishing a common European deposit insurance scheme. It is also set to explore potential consensus solutions that would lead to the completion of the banking union.

### **Keywords:**

EDIS, Banking union, Financial stability

**JEL Classification:** G28, G21, G18