



International Centre for  
Financial Regulation

## **New Global Banking Regulations and the Cost of Intermediation**

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London Business School, London 14 October 2010

### **Conference Programme**

In partnership with London Business School



## About the ICFR

The ICFR provides a fresh perspective on the challenges of regulating global markets. As a non-partisan organisation, with the support of both industry and government, we act as a catalyst for dialogue, thought leadership and scholarship in this critical area. We also support practical training initiatives to improve understanding among practitioners and regulators.

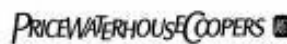
We believe in the promotion of efficient, orderly and fair markets which offer appropriate protection for investors and retail consumers alike. International financial centres of the future will be based on sound principles, with supervisors and regulators who truly understand the businesses they oversee. We intend to play a crucial part in facilitating this process.

The world's financial markets have never been under greater scrutiny. Individual governments are understandably focused on their own domestic priorities, but effective and sustainable regulation needs to be global. Our job is to encourage dialogue that identifies best practice across the traditional financial centres in the Americas, Europe and Asia and embraces emerging and developing economies worldwide.

## Membership

The ICFR is a membership organisation and was launched with the generous support of the organisations detailed here.

The benefits of membership of the ICFR are many and if you would be interested in joining us as a member and actively participating in and influencing this important debate please visit us at [www.icffr.org](http://www.icffr.org) or contact us at [membership@icffr.org](mailto:membership@icffr.org).



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# New Global Banking Regulations and the Cost of Intermediation

London Business School, London, 14 October 2010

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On behalf of the International Centre for Financial Regulation I would like to welcome you to this conference which will explore the New Global Banking Regulations and the Cost of Intermediation. This conference will be a platform for the latest research on the impact of these major regulatory changes, and in particular about how they will affect both the industry, and the cost and availability of credit.

While there is consensus about the need for a new tighter regulatory regime being introduced under the auspices of the G20, there is considerable uncertainty about how the new regulations on capital and liquidity will impact on the banking industry and its customer base. There is, therefore, a demand for considered academic analysis of these timely issues.

In a world of rapidly changing cross-border regulation, it is vitally important not only to predict future developments, but also to find practical solutions for implementation. It is an important part of the ICFR's wider mission to bring clarity and a non-partisan perspective to the regulation of global markets.

This conference is a precursor to a second event being planned for early 2011 which will take the thinking forward from today's session and look at practical applications in the wider global financial community.

This is the first conference run in conjunction with the ICFR Academic Panel and I would like to thank all of them for their input and advice. In particular, I would like to thank the conference steering committee comprising Professor Viral Acharya, Professor Julian Franks, Professor Charles Goodhart, Professor Alistair Milne and Dr Richard Reid for their time and guidance in staging this conference today. Additionally, I would also like to thank the London Business School for their assistance and generosity for hosting the conference.

I hope that you find the conference an eventful, stimulating and valuable experience that not only enriches the debate surrounding international financial regulation but also brings us closer to a conclusion on the best way forward when considering some of the more complex issues.

**Lord Currie of Marylebone**

**Chairman**

14 October 2010

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12:30 – 13:00	<b>Registration</b>
13:00 – 13:10	<b>Opening Remarks</b> Lord Currie of Marylebone, Chairman, <b>The International Centre for Financial Regulation</b>
13:10 – 14:25	<p>Discussant: <b>Thomas Huertas</b>, Director, Banking Sector, <b>Financial Services Authority</b></p> <p><b>The Regulation of Liquidity Risk</b> <b>Enrico Perotti</b>, Professor of International Finance, <b>University of Amsterdam</b></p> <p>This paper discusses liquidity regulation when short-term funding enables credit growth but generates negative systemic risk externalities. It focuses on the relative merit of price versus quantity rules, showing that an optimal policy must generally involve both types of tools. When banks differ in credit opportunities, a Pigovian tax on short-term funding ensures efficient liquidity regulation, while quantity-based net stable funding ratios are distortionary. Mandatory liquidity buffers are either fully ineffective or similar to a tax on short-term funding but with larger deadweight costs, and may be least binding when excess credit incentives are strongest. When banks differ instead mostly in gambling incentives (due to low charter value or overconfidence), excess credit may be better controlled with net funding ratios. Taxes on short-term funding emerge again as efficient when capital ratios keep risk shifting incentives under control.</p> <p><b>Capital Regulation after the Crisis: Business as Usual?</b> <b>Martin Hellwig</b>, Director, <b>Max Planck Institute for Research on Collective Goods</b></p> <p>The paper discusses the reform of capital regulation of banks in the wake of the financial crisis of 2007/2009. Whereas the Basel Committee on Banking Supervision seems to go for marginal changes here and there, the paper calls for a thorough overhaul, moving away from risk calibration and raising capital requirements very substantially. The argument is based on the observation that the current system of risk-calibrated capital requirements, in particular under the model-based approach, played a key role in allowing banks to be undercapitalised prior to the crisis, with strong systemic effects for deleveraging multipliers and for the functioning of interbank markets. The argument is also based on the observation that the current system has no theoretical foundation, its objectives are ill-specified, and its effects have not been thought through, either for the individual bank or for the system as a whole. Objections to substantial increases in capital requirements rest on arguments that run counter to economic logic or are themselves evidence of moral hazard and a need for regulation.</p>

14:25 – 15:40

Discussant: **Matthew Osborne**, Economist, Prudential Policy Division, **Financial Services Authority**

## **Bank Capital and Uncertainty**

**Fabián Valencia**, Economist, Macro-Financial Linkages Unit, **International Monetary Fund**

An important role for bank capital is that of a buffer against unexpected losses. As uncertainty about these losses increases, the theory predicts an increase in the optimal level of bank capital. This paper investigates this implication empirically with U.S. Commercial Banks data and finds statistically significant and robust evidence supporting it. A counterfactual experiment suggests that a decline in uncertainty to the lowest level measured in the sample generates an average reduction in bank capital ratios of slightly over 1 percentage point. However, I also find suggestive evidence that the intensity of this precautionary motive is stronger during recessions. From a policy perspective, these results suggest that the effectiveness of countercyclical capital requirements during bad times will be undermined by banks' desire to hold more capital in response to increased.

## **Executive Compensation and Risk Taking**

**Joel Shapiro**, Lecturer, **Saïd Business School, University of Oxford** with **Patrick Bolton** and **Hamid Mehran**

This paper studies the connection between risk taking and executive compensation in financial institutions. A theoretical model of shareholders, debtholders, depositors and an executive demonstrates that (i) excess risk taking (in the form of risk-shifting) can be addressed by basing compensation on both stock price and the price of debt (proxied by the CDS spread), (ii) shareholders may not be able to commit to design compensation contracts in this way, and (iii) they may not want to due to distortions introduced by either deposit insurance or naive debtholders. The paper then provides an empirical analysis that suggests that debt-like compensation for executives is believed by the market to reduce risk for financial institutions.

15:40 – 16:00

**Break**

16:00 – 16:30

## **Regulating Wall Street: The Dodd-Frank Act And The New Architecture Of Global Finance**

**Viral V. Acharya**, Professor of Finance, **New York University Stern School of Business** with **Thomas Cooley**, **Matthew Richardson** and **Ingo Walter**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 is widely described as the most ambitious and far-reaching overhaul of financial regulation since the 1930s. Together with other regulatory reforms introduced by the Securities and Exchange Commission, the Federal Reserve and other regulators in the United States and Europe, it is going to alter the structure of financial markets in profound ways. In this talk (based on the book "Regulating Wall Street: The Dodd-Frank Act and the New Architecture of Global Finance" by Viral V. Acharya, Thomas Cooley, Matthew Richardson and Ingo Walter, John Wiley & Sons, October 2010), Professor Acharya will provide an overall assessment of the Act in three different ways: from first principles in terms of how economic theory suggests we should regulate the financial sector; in a comparative manner – relating the proposed reforms to those that were undertaken in the 1930s following the Great Depression; and, finally, how the proposed reforms would have fared in preventing and dealing with the crisis of 2007-2009 had they been in place at the time.

16:30 – 17:45

Discussant: **Douglas J. Elliott**, Fellow, Initiative on Business and Public Policy, **The Brookings Institution, Washington D.C**

### **Is the Cure Worse than the Disease?**

**Alistair Milne**, Reader in Banking and Finance, **Cass Business School, City University, London** with **William A. Allen, Kai Kei Chan** and **Steve Thomas**

Basel III will force banks to shift their business model from liability management, in which business decisions are made about asset volumes, with the financing found in short term wholesale markets as necessary, to asset management, in which asset volumes are constrained by the availability of funding. We find, contrary to what many have argued, that once there is a full adjustment, the costs of credit to low risk bank borrowers – the majority of customers - will be only moderately affected; but that there will be a reduction in availability and higher cost at the riskier end of the credit spectrum. Alternative arrangements are therefore needed for financing of risky exposures if a fall in economic growth is to be avoided. In this context securitisation (broadly defined to include all forms of bank sponsored collateralised instrument, including covered bonds) will be of central importance. Re-establishing securitisation markets on a sounder footing appears essential, in order both to prevent a renewed credit contraction and to help prevent riskier borrowers from being cut off from credit. The shifts in bank balance sheets will also require substantial portfolio adjustments amongst long term institutional investors, from short term to long term debt and from debt to equity. The associated adjustment of both market prices and required returns can be accommodated but this could take a long time. Finally the new liquidity rules could create new unintended systemic risks. In particular the proposed definition of assets eligible to be treated as liquid under the proposed liquidity regulations is dangerously over-concentrated on government debt. The definition of acceptable liquid assets should be broadened to give banks more scope to hold liquidity in the form of commercial claims; and central banks should clarify in what circumstances they will provide emergency liquidity assistance.

### **Fallacies, Irrelevant Facts, and Myths in the Discussion of Capital Regulation: Why Bank Equity is Not Expensive**

**Anat Admati**, Professor of Finance and Economics, **Stanford University** with **Peter DeMarzo, Martin Hellwig** and **Paul Pfleiderer**

We examine the pervasive view that “equity is expensive,” which leads to claims that high capital requirements are costly and would affect credit markets adversely. We find that arguments made to support this view are either fallacious, irrelevant, or very weak. For example, the return on equity contains a risk premium that *must* go down if banks have more equity. It is thus incorrect to assume that the required return on equity remains fixed as capital requirements increase. It is also incorrect to translate higher taxes paid by banks to a *social* cost. Policies that subsidise debt and indirectly penalise equity through taxes and implicit guarantees are distortive. Any desirable public subsidies to banks’ activities should be given directly and not in ways that encourage leverage. Finally, suggestions that high leverage serves a necessary disciplining role are based on inadequate theory lacking empirical support. We conclude that bank equity is not socially expensive, and that high leverage is not necessary for banks to perform *all* their socially valuable functions, including lending, taking deposits and issuing money-like securities. To the contrary, better capitalised banks suffer fewer distortions in lending decisions and would perform better. The fact that banks choose high leverage does not imply that this is socially optimal, and, viewed from an *ex ante* perspective, high leverage may not even be privately optimal for banks. Setting equity requirements significantly higher than the levels currently proposed would entail large social benefits and minimal, if any, social costs. Approaches based on equity dominate alternatives, including contingent capital. To achieve better capitalisation quickly and efficiently and prevent disruption to lending, regulators must actively control equity payouts and issuance. If remaining challenges are addressed, capital regulation can be a powerful tool for enhancing the role of banks in the economy.

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17:45 – 19:00

### Concluding Debate

Chair: **Julian Franks**, Professor of Finance, **London Business School**

**Victoria Saporta**, Head of Prudential Policy Division, **Bank of England**

**William A. Allen**, Honorary Senior Visiting Fellow, **Cass Business School, City University London**

**Karel Lannoo**, Chief Executive Officer, **Centre for European Policy Studies**

**Jon Carr**, Administrator, Analysis of Financial Markets Unit, Directorate-General for the Internal Market and Services, **European Commission**

19:00

### Cocktail Reception

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### Participant Profiles



**Viral V. Acharya**, Professor of Finance, **New York University Stern School of Business**

Viral is also Research Associate of the National Bureau of Economic Research in Corporate Finance, Research Affiliate of the Centre for Economic Policy Research in Financial Economics, Research Associate of the European Corporate Governance Institute and an Academic Advisor to the Federal Reserve Banks of Cleveland, New York and Philadelphia. He completed his PhD in Finance from NYU-Stern and Bachelor of Technology in Computer Science and Engineering from Indian Institute of Technology, Mumbai. His research interests are in the regulation of banks and financial institutions, corporate finance, credit risk and valuation of corporate debt, and asset pricing with a focus on the effects of liquidity risk. He has published articles in the *Journal of Finance*, *Journal of Financial Economics*, *Review of Financial Studies*, *Journal of Business*, *Rand Journal of Economics*, *Journal of Financial Intermediation*, *Journal of Money, Credit and Banking*, and *Financial Analysts Journal*. He is editor of the *Journal of Financial Intermediation* and associate editor of several journals, especially on banking and financial intermediation. He was the Academic Director of the Collier Institute of Private Equity at London Business School during 2008-09 and a Senior Houblon-Normal Research Fellow at the Bank of England for Summer 2008. He has co-edited the book *Restoring Financial Stability: How to Repair a Failed System*, NYU-Stern and John Wiley & Sons, March 2009.



**Anat Admati**, George GC Parker Professor of Finance and Economics, **Stanford University, California**.

Anat Admati is a financial economist who has written primarily on issues related to information in financial markets. Her research has explored a broad set of issues such as trading mechanisms and trading patterns, markets for information, contracting in venture capital and in portfolio management contexts, performance measurement, the regulation of disclosure and large shareholder activism. Her current research interests are related to corporate governance and to bank regulation. Ms Admati received her BSc in Mathematics and Statistics from the Hebrew University in Jerusalem in 1979 and her PhD from Yale University in 1983. She has been teaching at Stanford since 1983. Ms Admati is the recipient of a Sloan Research Fellowship, a Batterymarch Fellowship, multiple research grants and is a fellow of the Econometric Society. Ms Admati has served as a board member of the American Finance Association and in a number of editorial positions. She is also involved with the Rock Centre for Corporate Governance of the Stanford Law School.



**William A. Allen**, Honorary Senior Visiting Fellow, **Cass Business School, London**

William is also an economic and financial consultant to commercial institutions and the International Monetary Fund. He was educated at King's College School, Wimbledon, Oxford University and the London School of Economics. He was employed by the Bank of England in a variety of positions related to the formulation and implementation of monetary policy from 1972 to 2004. He is currently doing research on commercial bank regulation and on the liquidity aspects of the recent financial crisis and its implications for the international monetary system.



**Jon Carr**, Analysis of Financial Markets Unit, Directorate-General for the Internal Market and Services, **European Commission**

Jon Carr has worked in the Analysis of Financial Markets Unit at the Directorate-General for the Internal Market and Services, European Commission (EC), since September 2009. Prior to this, he was a Managing Director of the Group Government Affairs in UBS AG (2006-9), worked at the Bank of England which included his secondments to the HM Treasury and the EC (1980-2005) and worked for the VSO, Papua New Guinea (1978-9). Jon was educated at Oxford University and London School of Economics.

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### David Currie, Chairman, International Centre for Financial Regulation



David, who sits on the cross benches in the House of Lords as Lord Currie of Marylebone, is Chairman of the International Centre for Financial Regulation. He is also Chairman of Semperian PPP Investment Partners, and a Board member of the Dubai Financial Services Authority, the Royal Mail, BDO Stoy Hayward and the London Philharmonic Orchestra.

Formerly founding Chairman of Ofcom, the UK communications regulator, Dean of Cass Business School (formerly City University Business School) and Professor of Business Economics; Professor of Economics at London Business School and Deputy Dean; Director of the Centre of Economic Forecasting and Director of the Regulation Initiative at London Business School; and Lecturer, Reader then Professor of Economics at Queen Mary, University of London and economist with Hoare Govett. He was also non-executive Chairman of Independent Audit and a non-executive director of the Abbey National. David has also served on a variety of UK government bodies including the Gas and Electricity Markets Authority (Ofgem, the UK energy regulator) and the Treasury's Panel of Independent Forecasters.

A well-known figure in international economic policy, David Currie's research has been on government regulation of industry and on international macroeconomics and policy. He has extensive teaching, management development and consulting experience at the board level of major international companies. David has also published widely, and his books include "Rules, Reputation and Macroeconomic Policy Coordination", "North-South Linkages and International Macroeconomic Policy", "The Pros and Cons of EMU" and "Will the Euro Work?".

### Douglas J. Elliott, a Fellow at The Brookings Institution, Washington D.C.



Douglas is a member of the Initiative on Business and Public Policy. A financial institutions investment banker for two decades, principally at JP Morgan, he was the founder and principal researcher for the Centre on Federal Financial Institutions, a think tank devoted to the analysis of federal lending and insurance activities. At Brookings, he focuses primarily on financial institutions and markets and their regulation. He has written extensively on bank capital requirements and on international coordination of financial regulation. Douglas' work as a financial institutions investment banker over two decades has given him a wide-ranging and deep understanding of the industry. He has researched financial institutions or worked directly with them as clients in a range of capacities, including as an equities analyst, a credit analyst, a mergers and acquisitions specialist, a relationship officer and a specialist in securitisations. His work encompassed banks, insurers, funds management firms and other financial institutions. In addition to 14 years at JP Morgan, Douglas worked as an investment banker with Sanford Bernstein, Sandler O'Neill, and ABN AMRO. A deep interest in public policy led him to found the Centre on Federal Financial Institutions (COFFI) in 2003. COFFI focused on providing objective analyses of the federal government's 100%-owned financial institutions. He has testified before both houses of Congress and participated in numerous speaking engagements as an expert in this area. The New York Times referred to his analyses as "refreshingly understandable" and "without a hint of dogma or advocacy". Douglas graduated from Harvard College *magna cum laude* with an AB in Sociology in 1981. In 1984, he graduated from Duke University with an MA in Computer Science.

### Julian Franks, Professor of Finance and Academic Director, London Business School - Centre for Corporate Governance



Julian is widely published and his research focuses on bankruptcy and financial distress, corporate ownership and control, cost of capital and regulation. Recently his work on ownership and control (with Colin Mayer and Stefano Rossi) has won two international prizes. Two other papers of his have won best paper awards from *the Journal of Financial Intermediation*. He is Associate Editor of five finance journals, a member of various advisory boards and consults widely. He served as a member of the DTI-Treasury Committee for reviewing the UK's insolvency code and was a member of one of The Company Law Review's Committees on Corporate Governance. He is an advisor to Ofcom and BAA on regulatory matters and he has advised (with Professor Brealey) the Office of Constitutional Affairs on the issue of outside equity for law firms. He is a Non-Executive Director of OXERA and is on the international advisory boards of Stern Stewart. He has been Visiting Professor at the University of California at both Berkeley and Los Angeles.

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**Martin Hellwig**, Director, **Max Planck Institute for Research on Collective Goods**

Martin holds a PhD in Economics from the Massachusetts Institute of Technology. He has held university positions at Stanford, Princeton, Bonn, Basel, Harvard and Mannheim. His research interests involve public economics, financial institutions, and competition policy. He is a Fellow of the Econometric Society, a Past President of the European Economic Association and the Verein für Socialpolitik, an Honorary Foreign Member of the American Economic Association and a Past Chairman of the German Monopolies Commission. He is Chairman of the German Government's

Advisory Committee of Wirtschaftsfonds Deutschland and a Member of the Committee to Design Exit Strategies for the Crisis-Induced Bank Participations.



**Thomas Huertas**, Banking Sector Director, **The Financial Services Authority**.

He was appointed as Director of Wholesale Firms Division in November 2004. He has extensive practical experience in banking and finance from his career with Citigroup, joining in 1975 and holding a number of senior positions. He worked on regulatory issues and corporate strategy in both the United States and Europe as the Chief of Staff for the Vice Chairman. From 2001 to 2003, Thomas was Chief Executive of Orbian, a trade finance and settlement company. More recently, Thomas was Managing Director of Citigroup Global Transaction Services. In addition, he has published and lectured extensively on financial regulation. He holds a PhD in Economics from the

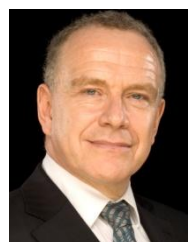
University of Chicago.



**Karel Lannoo**, Chief Executive, **Centre for European Policy Studies**

Karel Lannoo has been chief executive of the Centre for European Policy Studies (CEPS) since 2000 and senior research fellow since 1997. Before joining CEPS, Karel Lannoo was employed in the cultural sector, worked for the Italian conglomerate Ferruzzi and for a professional federation. He was also active as a free-lance journalist for specialised publications.

He has published some books and numerous articles in specialised magazines and journals on European Union, financial regulation and corporate governance matters. He spoke at several European Parliament and European Commission hearings and participated in studies for national and international bodies (EU institutions, Organisation for Economic Co-operation and Development, Asian Development Bank and World Bank). He is a regular speaker at international conferences. Karel Lannoo holds a BA in Philosophy and an MA in History from the University of Leuven, Belgium (1985) and obtained a PhD in European studies (CEE) from the University of Nancy, France (1986). Karel Lannoo is an independent director of Bolsas Y Mercados Espanoles, the company which runs the Madrid stock exchange. He also directs the European Capital Markets Institute and the European Credit Research Institute, both separate legal entities which are managed by CEPS.



**Alistair Milne**, Reader in Banking and Finance, **Cass Business School, City University of London** and a member of the ICFR academic panel.

He has previously worked at the Bank of England, the University of Surrey, London Business School, HM Treasury and for the Government of Malawi. He is the author of a well received analysis of the global financial crisis, "The Fall of the House of Credit", and has published on a wide range of academic and policy topics, including bank capital regulation and management, money transmission, credit risk modelling, systems of payment and settlement and development finance



**Matthew Osborne**, the Prudential Policy Division, **The Financial Services Authority**

Matthew is studying towards a PhD with Alistair Milne at Cass Business School. Prior to working at the FSA, he was a researcher at the National Institute of Economic and Social Research. His research focuses on banks' behavioural responses to and macroeconomic implications of regulatory standards.

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**Enrico Perotti**, Professor of International Finance, **University of Amsterdam**.

He received his PhD in Finance at the Massachusetts Institute of Technology (MIT). He is the Research Director of the Duisenberg School of Finance, is a Centre for Economic Policy Research Fellow and serves on the Council of the European Economic Association. Enrico has held visiting appointments at MIT, the University of Oxford, London Business School and the London School of Economics. His research is corporate finance and banking, theory of the firm and financial development regularly appears in top academic journals, such as the *American Economic Review*, *Journal of Political Economy*, *Journal of Financial Economics*, *RAND Journal*, *Management Science*, and the *Journal of International Economics*. Professor Perotti has acted as advisor to the European Commission (EC), De Nederlandsche Bank, International Monetary Fund (IMF), Bank of England, European Bank of Reconstruction and Development, HM Treasury and World Bank on issues of banking, financial reforms and stability. He has been a visiting scholar at the IMF research department six times since 1992. He was senior policy advisor to the Russian Ministry of Finance and Russian Central Bank in 1996-2000 on behalf of the EC. Since 2008 he has actively advised governments and policy institutions on financial reform and taken a public role in the debate for specific tools of macroprudential regulation.



**Richard Reid**, Chief Economist and Director of Research, **International Centre for Financial Regulation**

In June 2009 Dr Richard Reid took up the role as Director of Research for the ICFR. Since joining the ICFR he has developed the Centre's research agenda and established a panel of leading academics to advise on key issues.

Prior to joining the ICFR Dr Reid was a Managing Director in the Economics Department of Citigroup, based in London. Before Citigroup, Dr Reid spent 2½ years as the Chief International Economist for Donaldson Lufkin & Jenrette in London. Dr Reid had previously been the Chief European Economist for UBS for 14 years. Five of those years were spent in UBS's Frankfurt office. He was also a noted commentator on the Bundesbank and the ECB. For two years Dr Reid also served as a special adviser to the British Parliament's Treasury and Civil Service Committee on International Monetary Affairs.

Dr Reid started his professional career as a junior lecturer at Strathclyde University in Scotland. His work focused on the evolution of financial systems and the changing nature of saving and investment. He then moved to be the Economist for the Scottish Provident insurance company in Edinburgh. He holds a PhD and MSc from Strathclyde University in Glasgow, both in financial economics and an M.A. (Hons) in Economic History from Aberdeen University. He is currently a visiting Professor at the London Metropolitan University and the University of Dundee.



**Victoria Saporta**, Head of the Prudential Policy Division, **Bank of England**

Victoria's team develops policy proposals on national and international prudential policy reform. Over the past fourteen years Victoria has held a number of policy and research positions in the financial stability and monetary analysis areas of the Bank. Victoria holds a PhD in Economics and an MPhil in Finance from the University of Cambridge and a BSc in Mathematical Economics and Econometrics from the London School of Economics. She has published a number of articles in books, professional journals and Bank of England publications.



**Joel Shapiro**, Lecturer, **Saïd Business School, University of Oxford**

Before joining Saïd, Joel was previously a tenured Professor at Universitat Pompeu Fabra in Barcelona, Spain. He has had visiting positions at the Federal Reserve Bank of New York, NYU Stern School of Business and the University of Wisconsin, Madison. Joel got his BA in Economics and History at Washington University in St. Louis and a PhD in Economics from Princeton University. Joel's current research interests lie in financial intermediation and corporate governance. He has done research on credit ratings agencies, conflicts of interest in retail financial products, pricing strategies and downsizing.

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**Fabián Valencia**, Economist, **the International Monetary Fund**

Fabián obtained his PhD in Economics from the Johns Hopkins University in 2006 and joined the International Monetary Fund (IMF) in the same year. At the IMF, he has worked in the Western Hemisphere and Monetary and Capital Markets departments and currently in the macro-financial linkages unit in the Research Department. His research focuses on the role of credit market frictions in enhancing and propagating real and financial shocks, the resolution of systemic banking crises and banks' optimal financial structure. His work experience also includes the private financial sector, the

Federal Reserve, Fannie Mae and the Congressional Budget Office.

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### Events Calendar

Topic	Format	Date	Location
Comparison of EU and US financial regulatory reforms in partnership with the Brookings Institution	Conference	7 October 2010	The Brookings Institution Washington DC, USA
US congressional briefing on European regulation in partnership with the German Marshall Fund	Regulatory briefing	8 October 2010	Capitol Hill Washington DC, USA
New global banking regulations and the cost of intermediation	Conference	14 October 2010	London Business School, London UK
Corporate governance and executive compensation: insurance and risk management – the case of China	Roundtable	21 October 2010	ICFR, London, UK
The UK and China – challenges following the financial crisis: a dialogue on constructive measures and ideas for progress	Conference	1 November 2010	Guildhall, London, UK
Annual international regulatory summit 2010	Annual conference	8 - 9 November 2010	Hilton Amsterdam The Netherlands
Distressed debt: what is needed to get the market moving again?	Roundtable	1 December 2010	ICFR, London, UK
Implications of the AIFM directive for the asset management industry	Roundtable	14 December 2010	ICFR, London, UK
Annual Emirates Securities and Commodities Authority conference: regulation in emerging markets	Conference	10 January 2011	Abu Dhabi, UAE
Pension funds regulation	Roundtable	27 January 2011	ICFR, London, UK
Governance risk and compliance and the emerging role of technology	Conference	23 February 2011	New York, USA
Corporate governance in emerging markets	Conference	16- 17 March 2011	Mumbai, India
Enterprise wide risk management and corporate control for insurance	Conference	17 May 2011	EDHEC, Lille, France

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London Business School, London, 14 October 2010

## Research Agenda

The ICFR carries out research into some of the most important topics relating to international financial regulation. Our current priorities are detailed below and should you be interested in exploring any of these with us please contact our research group at [research@icfr.org](mailto:research@icfr.org).

Research Topic		
Optimal size and structure of the financial system and the role of regulation	<ul style="list-style-type: none"> <li>•Institutional structure / division of responsibility between regulators and supervisors</li> <li>•G20 process – international ideals and national priorities</li> </ul>	Q2/2010
	<ul style="list-style-type: none"> <li>•Insurance: Risk management and transfer</li> <li>•Securitisation</li> <li>•Insurance in the emerging markets</li> </ul>	Q2/2010
	<ul style="list-style-type: none"> <li>•Economies of scale in banking</li> <li>•Aggregate impact on financial institutions</li> <li>•Banks' costs of capital</li> </ul>	Q2/2010
	<ul style="list-style-type: none"> <li>•Financial structure, regulation and growth in the emerging markets</li> <li>•Governance in the emerging markets</li> </ul>	Q2/2010
Market infrastructure and integrity	<ul style="list-style-type: none"> <li>•Is financial reporting "fit for purpose"?</li> </ul>	Q2/2010
	<ul style="list-style-type: none"> <li>•Regulatory implications of long term trends in savings patterns and asset management</li> </ul>	Q3/2010
	<ul style="list-style-type: none"> <li>•Philosophy of regulation</li> <li>•Rules vs. principles</li> <li>•Soft law vs. statutory regulation</li> </ul>	Q2/2010



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