

Financial Integration and Stability in Europe

Madrid, 30 November – 1 December 2006

Programme

Day I (Thursday, 30 November 2006)

8:30-9:00 Registration

9:00-9:30 **Opening Remarks**
Miguel Fernández Ordóñez (Governor, Banco de España)

9:30-11:15 **Session I: Relationships Between Financial Integration and Stability**
Chair: Fernando Restoy (Banco de España)

Iftekhar Hasan (Rensselaer Polytechnic Institute and Bank of Finland): *Cross-Border M&As and Bank Stability: Evidence from the Bond Market*
with Sungho Choi and Bill Francis (both Rensselaer Polytechnic Institute)

Gianni De Nicolò (International Monetary Fund): *Economic Integration and Financial Stability: A European Perspective*
with Alexander Tieman (International Monetary Fund)

Philipp Hartmann (European Central Bank): *Financial Integration, Specialization, and Systemic Risk*
with Falko Fecht (Deutsche Bundesbank) and Hans Peter Grüner (Mannheim University)

Discussant: Rafael Repullo (CEMFI)

11:15-11:45 Coffee break

11:45-13:30 **Session II: International Financial Flows, Political Links, and Financial Fragility**
Chair: Jose-Luis Malo de Molina (Banco de España)

Xiaoyun Yu (Kelley School of Business, Indiana University): *Does Money Follow the Flag?*
with Nandini Gupta (Kelley School of Business, Indiana University)

Jerry Parwada (University of New South Wales): *Effect of Market Co-movements on International Mutual Fund Managers' Portfolio Holdings*
with Eliza Wu (University of New South Wales)

Giuseppe Vulpes (UniCredit Group): *Banking Integration and Co-movements in EU Banks' Fragility*
with Andrea Brasili (UniCredit Group)

Discussant: **Paul Ehling** (BI Norwegian School of Management)

13:30-15:30 Lunch

15:30-17:15 **Session IIIa: The Effects of Financial Modernisation and Development on Retail Financing**

Chair: **Frank Packer** (Bank for International Settlements)

Oren Sussman (Saïd Business School, University of Oxford): *The Economics of the EU's Corporate-Insolvency Law and the Quest for Harmonisation by Market Forces*

Rocco Huang (University of Amsterdam and World Bank): *Did Branching Deregulation Accelerate Growth?*

Martin Brown (Swiss National Bank): *Information Sharing and Credit Market Performance: Firm-Level Evidence from Transition Countries*
with Tullio Jappelli (Università di Salerno) and Marco Pagano (Università di Napoli Federico II)

Discussant: **Mariassunta Giannetti** (Stockholm School of Economics)

Session IIIb: Cross-Border Banking and Retail Integration [Room B]

Chair: **Reint Gropp** (European Central Bank)

Giovanni Dell'Ariccia (International Monetary Fund): *Risk and the Organization of Bank Foreign Affiliates*
with Robert Marquez (Arizona State University)

Iman van Lelyveld (De Nederlandsche Bank and Nijmegen School of Management): *Internal Capital Markets and Lending by Multinational Bank Subsidiaries*
with Ralph de Haas (European Bank for Reconstruction and Development)

Massimiliano Affinito (Bank of Italy): *Does the Law of One Price Hold in Retail Banking? An Analysis of National Interest Rate Differentials in the Euro Area*
with Fabio Farabullini (Bank of Italy)

Discussant: **Pierre Monnin** (Swiss National Bank)

17:15-17:45 Coffee break

17:45-19:00 **Session IVa: Market Discipline and Bank Risk**

Chair: **Christian Laux** (Center for Financial Studies and University of Frankfurt)

Xavier Freixas (University Pompeu Fabra): *Book versus Fair Value Accounting in Banking, and Intertemporal Smoothing*
with Dimitrios Tsomocos (Saïd Business School, University of Oxford)

Alfred Lehar (University of Calgary): *Using Price Information as an Instrument of Market*

Discipline in Regulating Bank Risk

with Duane Seppi (Carnegie Mellon University) and Günter Strobl (University of North Carolina)

Discussant: **Javier Suárez** (CEMFI)

Session IVb: Bank Mergers, Competition Policy, and Efficiency [Room B]

Chair: **Stefan Mittnik** (University of Munich)

Ignacio Hernando (Banco de España): *The Reaction by Industry Insiders to M&As in the European Financial Industry*

with José Manuel Campa (IESE Business School)

Steven Ongena (Tilburg University): *The Economic Impact of Merger Control: What is Special About Banking?*

with Philipp Hartmann (European Central Bank) and Elena Carletti (Center for Financial Studies and Wharton Financial Institutions Center)

Discussant: **Jörg Rocholl** (University of North Carolina at Chapel Hill)

21:00

Dinner at the Casino de Madrid

Dinner Speech: Integration, Supervision and Stability: Challenges from the FSC's perspective

David Vegara (Secretary of State and Chairman of the FSC)

Day II (Friday, 1 December 2006)

9:15-11:00

Session V: Policy Issues in European Banking

Chair: **Vítor Gaspar** (Banco de Portugal)

David Mayes (Bank of Finland): *Multiple Safety Net Regulators and Agency Problems in the EU: Is Prompt Corrective Action Partly the Solution?*

with Mariá Nieto (Banco de España) and Larry Wall (Federal Reserve Bank of Atlanta)

Dirk Schoenmaker (Vrije Universiteit Amsterdam and Dutch Ministry of Finance): *Burden Sharing in a Banking Crisis in Europe*

with Charles Goodhart (London School of Economics)

Klaus Schaeck (University of Southampton): *Are More Competitive Banking Systems More Stable?*

with Martin Cihák (International Monetary Fund) and Simon Wolfe (University of Southampton)

Discussant: *absent*

11:00-11:30

Coffee break

11:30-13:15

Policy Panel: Financial Integration and Stability in Europe

Chair: **Alexandre Lamfalussy** (Former President of the European Monetary Institute)

Panellists:

- **Charles Goodhart** (Professor Emeritus of Banking and Finance, London School of Economics)
- **George Kaufman** (John F. Smith, Jr. Professor of Finance and Economics, Loyola University Chicago)
- **Matías Rodríguez-Inciarte** (Vice-Chairman, Santander Group)
- **Peter Nyberg** (Director General, Finnish Ministry of Finance)
- **Henk Brouwer** (Executive Director, De Nederlandsche Bank)

13:15-13:45 **Closing Remarks**

Chair: **José Viñals** (Deputy Governor, Banco de España)

Gertrude Tumpel-Gugerell (Board Member, European Central Bank)

13:45-15:45 Lunch