Preface

Treasuries, politicians, bankers, central bankers as well as supervisors all share an inherent interest in a stable financial system, both at home and globally. They are all aware of how important it is that the financial system is able to perform key macroeconomic functions smoothly at all times. This holds true especially for periods of stress.

More than five years after the outbreak of the global financial crisis, one thing has become very clear: financial stability encompasses more than the sum of individual risks that exist in a financial system. We have learned the hard way that the threat to the financial system posed by macro risks is considerably greater than that of the individual micro risks. This is why the Financial Stability Board, or FSB for short, has gained so much importance over the past few years in proposing to the G20 a new and comprehensive framework for the reform of financial market regulation. And while this new financial market regulation is being implemented, more and more countries are establishing new legislation for macroprudential oversight.

It is against this background that the editors of this book – an Austrian academic and a German central banker – have decided to publish an anthology on financial stability, bringing together the views of leading experts on the topic. With this book as a platform, we intend to stir a global public debate about the issues which will be occupying us for the near future. Therefore, it was crucial to form a truly international group of well respected academics, bankers, supervisors and central bank officials in order to discuss financial stability from a wide variety of perspectives. Needless to say, we are extremely grateful to all 30 authors for the truly outstanding 24 contributions they have made to this anthology. All of them have invested their valuable time in this undertaking and have supported us throughout the project. It is less the intentions behind this publication than the long list of insightful and thought-provoking ideas produced by the expert authors which make this book so significant. Also, we wish to thank both the Chairman of the FSB and the Managing Director of the IMF for lending their weight and authority to this publication by writing an introduction and an epilogue respectively.

In this two-year project, we have received assistance from many sources. We would like to take this opportunity to thank our publisher, Edward Elgar, who has worked with us diligently on this publication and who has taken great care in preparing the end product. Distribution will be global, which was our main intention in choosing this publisher. We highly appreciate the valuable input from David Llewellyn and the fruitful debates we had during the initial phase of this project. Thilo Liebig of the Bundesbank's Financial Stability Department has performed a useful service in acting as our expert adviser. Our deeply felt gratitude also goes to Elisabeth Zivota of Österreichische Bankwissenschaftliche Gesellschaft who was responsible for all the typesetting and incorporated all the authors' changes and amendments before the proofs were finished. We would also like to thank Renate Schultz and Janina Brandt of the Bundesbank for their valuable assistance.

We really do hope that this volume will find a favourable response among its readers and thus serve as a modest contribution to the debate on the extremely important issue of financial stability.

Andreas Dombret *Otto Lucius*