

Index

- Abbey National 309, 310
- ABN-AMRO Bank 118, 119, 122, 123, 214, 419, 511
- ABS (asset-backed securitization)
 - BIS 1999 proposals 95–6
 - collateralized debt obligations (CDOs) 65–77
 - credit derivatives 77–86
 - European issuance by asset type 62
 - overview 61–2
 - process 63
 - rationale behind 63–4
 - release of capital 64
 - see also* asset management; mortgages
- Accounting Standards Board (ASB) 100
- acquisitions
 - and eurobanking 120
 - multinational banking 45, 46, 50
 - see also* conglomerates; economies of scale; mergers
- adverse selection 78, 457
- agencies, foreign 40, 41, 43, 44
- agency theory, deregulation 644–5
- air waybills 280
- Al-Baraka Group 193–4
- Albania 347
- Alderney 346
- Algeria 347, 590
- Allfinance *see* bancassurance
- allocated transfer risk reserves 340
- AMC (Asset Management Corporation), Bank of Thailand 502–3
- Andorra 346
- Anglo-Saxon financial systems 16–17, 18
 - see also* capital market-orientated financial system
- Angola 347
- Antigua 550
- Antilles 550
- ANZ Bank 32, 46
 - see also* Australia; New Zealand
- Argentina
 - capital flight 529
 - currency boards 156–7, 158, 160
 - deposit insurance 666
 - economic security ranking 348
 - financial crises 334, 414, 431, 473, 475, 715
 - loan leverage 441
 - regulatory agencies 590
 - sovereign ceilings 346
- Argus, Don 33, 37, 46, 47, 51, 55, 56
 - see also* National Australia Bank
- Asahi Bank 286
- ASB (Accounting Standards Board) 100
- Asian crisis
 - bail-out 443–4
 - balance of payments 431
 - capital flight 516–17, 525, 714
 - country risk 327, 328
 - effects of 17, 22, 255–6, 752
 - exchange rates 417, 419, 424
 - factors behind 433, 434
 - financial liberalization 414
 - Financial Stability Forum response 10–11
 - and IMF 708–12
 - impact on financial reforms 501–2
 - market discipline 447, 472
 - regulation 416, 478, 591
 - regulatory reform 502–13
 - restructuring 502–13
 - see also* Bank of Thailand; individual countries
- asset classification, Bank of Thailand 510–11
- asset, institutional investor 729

- asset management
 - asset-backed securitization *see* ABS
 - asset-swap market 79
 - bank crises 417, 431–2, 434
 - bank failures 375–7, 387
 - companies, private 503–4
 - in EU 138, 139
 - foreign exchange market 237
 - and globalization 9, 40
- Asset Management Corporation (AMC), Bank of Thailand 502–3
- asset measurement method, capital flight 522, 523, 529–30
- asset price
 - crash and banking crises 417
 - swings 387, 417, 431–2, 434
- asset risk 387
- asset-backed securitization (ABS) *see* ABS
- asset-swap market 79
- auditors 380, 447, 461
- Australia
 - bank crises 413
 - bank failures 388, 401
 - banking regulation 572, 588, 590, 600–601
 - central bank independence and inflation 690
 - country risk 343, 346, 350
 - economic security ranking 347
 - and globalization 32, 33, 35, 44, 45
 - international pool 401
 - regulatory agencies 590
 - sovereign ceilings 346
- Austria
 - cost–income ratios 136
 - country risk 343, 346, 350
 - deposit insurance 666
 - economic security ranking 347
 - equity return 136
 - market concentration 124
 - net interest margins 134
 - non-interest income 135
 - number of banks 131, 132
 - regulatory agencies 590
 - sovereign ceilings 346
- avalization 267–8
- back-to-back credits 273–5
- bad banking practices 439–42
- Bahamas 193, 346, 348, 550
- Bahrain 346, 347, 757
- bail-outs
 - access to 221
 - and contagion 122
 - Crédit Lyonnais 378
 - cross-border expansion 123–4
 - financial crises 382, 442, 443, 444, 467
 - SDR allocations 731–2
- balance sheet performance, and CLOs 67, 74, 98
- Banc-One 214, 220, 285
- bancassurance companies 9, 13, 134, 284, 302, 319
- Banco Ambrosiano 380, 415
- Bangkok Bank 487, 511
- Bangkok International Banking Facilities (BIBF) 490, 495, 499–500
- Bangkok Metropolitan Bank 511, 512
- Bangladesh 191, 348, 666
- Bank America 123, 214, 220, 580
- Bank of Ayuthaya 487
- Bank of Boston 220
- Bank of Credit and Commerce International (BCCI) 380, 381–2, 415, 474, 546–7
- bank crises 403–27, 715
 - assessment 471–2
 - asset price crash 417
 - bad banking practices 439–42
 - and bank regulation 428–85
 - commercial crises 408–9
 - common elements in 432–3
 - corporate governance 429, 447, 463, 477–9
 - and currency boards 166
 - fraud 415–16
 - governance failure 414–16
 - government involvement 433, 436, 438
 - incentive structures 429, 433, 442–5, 453, 461–4
 - international 404, 417–20, 424–5
 - intervention 466–71
 - and lending 406, 415, 431–2
 - liberalization 448–52

- looting 414–16
- macroeconomic conditions 411–14
- market discipline 429, 446–7
- monitoring and supervision 429, 446, 464–6
- moral hazard 414–16, 433, 442–5, 447
- multidimensional problem 433–48
- periodicity of 407–10
- regulation 445–6, 455–60
- regulatory regime 428–30, 453–81
- risks, increasing 417–20
- seasonality of 407
- supervision failure 414–16
- Bank of England
 - and bank failures 381, 382
 - financial crises study 411
 - inflation targeting 696
 - lender of last resort 423
 - Memorandum of Understanding 596
 - and money laundering 549
 - regulation 458
 - trading practices survey 246
- bank failures
 - causes of 366–402
 - clustering 383–4
 - controversies 367–74
 - deposit insurance *see* deposit insurance
 - determinants of 374–96
 - fraud 379–80, 395
 - governance failures 414–16
 - managerial problems 367, 371, 377–9
 - and new financial products 383
 - quantitative models 384–95
 - regulators' role 380–82
 - too big to fail 382–3
- bank funding, and CLOs 73
- Bank Holding Company Act 285–6
- Bank for International Settlements (BIS) *see* BIS
- Bank Merger Act 613
- Bank Muamalat 199–200
- Bank of New York 547
- bank runs 371, 372, 574–5, 646
- Bank of Scotland 309
- bank sector performance graph 332
- Bank Thai 512
- Bank of Thailand
 - and Asian financial crisis 486–7
 - asset classification 510–11
 - Asset Management Corporation (AMC) 502–4
 - BIBF licensing 499–500
 - capital adequacy 509–10
 - commercial bank loans 488
 - deposit insurance 505–6
 - equity holding guidelines 511
 - exchange rate system reform 489–91
 - extension of scope of banking 494–8
 - financial reforms impact 501–2
 - Financial Sector Restructuring Authority (FRA) 506–7
 - financial services, increased variety of 496–8
 - Financial System Master Plan 498–500
 - interest rate liberalization 492–4
 - mergers 512–13
 - offshore banking *see* BIBF
 - portfolio management relaxation 495, 496
 - post-crisis developments 511–13
 - privatization of state-owned banks 512–13
 - Property Loan Management Organization (PLMU) 507–8
 - Radanasin Bank 504, 506, 512
 - regulatory standards, international 509–10
 - reregulation 487–94
 - restructuring 502–13
 - rural credit policy 495–6
 - Secondary Mortgage Finance Corporation (SMC) 504–5
 - Thai Credit Bureau Company 508–9
 - see also* Asian crisis; Thailand
- Bank of Tokyo-Mitsubishi 286
- bank-industry linkages, alternative 226
- bank-orientated financial system 12, 13, 14, 15, 18
- BankAmerica
 - mergers 229–30, 285, 286
 - and Nations Bank 285
 - price-to-book ratios 220
 - and systemic risk 122
- Bankers Trust 53, 77–8, 152, 214, 220, 580

- Bankhaus Herstatt 380, 383
- banking
- costs and efficiency in 283–324
 - cost function specification 294–6
 - data envelopment analysis 288–9, 292
 - Decision Making Units (DMUs) 289–92
 - distribution free approach (DFA) 294
 - Fourier's flexible form 296, 300, 317
 - free disposal hull technique (FDH) 292
 - methodology 288–96
 - modelling the banking firm 296–7
 - scale economies and X-efficiency 297–8
 - stochastic frontier model 292–3
 - thick frontier approach (TFA) 294
 - translog cost function 294–5, 299, 302, 312–13, 315, 316, 317
 - Young's theorem 295
- local 149–50
- representative offices 39–40, 42–3, 44
- banking crises
- and balance of payments 431
 - history of 405–10
 - and inheritance problem 436–8
 - international transmission 416–17
 - lender of last resort (LOLR) 421–4
 - and macro economy 434–6
 - market discipline 472–6
 - moral hazard 414–16, 465
 - origins and transmissions of 410–20
 - recent 430–32
 - theory and history 285, 405–10
- banking practices, bad 439–42
- banking services provision and GATS 759–61
- banking-orientated financial systems 13, 15, 227
- bankruptcy-risk transfer 222
- banks, number of, per country 131, 132
- Banque Bruxelles Lambert (BBL) 117, 119
- Banque de France 115, 117, 128
- Banques Populaire 111
- Barbados 346, 530, 590
- Barclays Bank 111, 123, 208, 309, 419
- Barings Bank
- and derivatives market 376
 - fraud 395, 415
 - and international mergers 119
 - management of 378, 380, 416
 - and new financial products 383
 - profit-related bonuses 444
 - regulators 22, 381
- Basle Accord/Committee/Concordat
- capital adequacy 9, 10, 487, 509–10
 - capital definition 87
 - corporate governance 478–9, 481
 - corporate loans 74
 - credit risk 91
 - deposit insurance 653
 - financial crises 716, 717
 - insolvent foreign subsidiaries 374
 - market discipline 462, 476
 - money laundering 549, 566
 - regulators 382
 - regulatory systems 12, 54, 56
 - US banking 615, 618, 624, 625, 627
- see also* BIS
- Basle Banking Committee 653
- Bayerische Hypo 123
- BBL (Banque Bruxelles Lambert) 117, 119
- BCCI (Bank of Credit and Commerce International) 380, 381–2, 415, 474, 546–7
- Belgium
- banking history 29
 - central bank independence and inflation 690
 - cost-income ratios 136
 - country risk 343, 346, 349
 - deposit insurance 666
 - economic security ranking 347
 - equity return 136
 - interest margins 115, 116, 134, 135, 136
 - market concentration 124
 - mergers 117, 118, 119, 151, 579
 - non-interest income 135
 - regulatory agencies 590
 - sovereign ceilings 346
 - strategic response 142, 759
- Berger, Helge 156–72

- Bermuda 346, 550, 590
- BIBF (Bangkok International Banking Facilities) 490, 495, 499–500
- Big Bang legislation 9, 11, 283–4, 287, 384
- Bingham Report 546–7, 570
- BIS (Bank for International Settlements)
- bank crises 419, 440, 445, 467, 481
 - capital adequacy 460, 461, 582, 753
 - capital arbitrage 90
 - capital release 64
 - country risk 330, 333, 335, 340
 - Financial Stability Forum 24
 - foreign exchange trading activities 237, 238, 256, 727
 - proposals 88, 95–8
 - see also* Basle Accord/Committee/Concordat
- BNP 111, 118, 123
- Bolivia 346, 347, 590
- bonds *see* corporate bonds
- bonuses, incentive and Barings Bank 378–9
- book value of equity (BVE) 210–29
- Bosnia 156–7, 158
- Botswana 348, 590
- Brady bonds 328, 339, 342
- branches, foreign 40, 41, 43–4
- brand recognition 47–8
- Brazil
- capital flight 516–17, 529
 - country risk 339, 346, 347
 - economic security ranking 347 and IMF 705
 - loan leverage 441
 - regulatory agencies 590
 - sovereign ceilings 346
- Bretton Woods system
- abandonment of fixed exchange rates 237, 724, 734
 - and IMF 702–3
 - and rise of US dollar 113
 - and World Bank 729
- Brunei 158, 348, 495
- bubble economy 254, 286, 287, 358, 376
- building societies, UK 310–15
- Building Societies Act 284, 309, 310, 311
- Bulgaria
- currency boards 156–7, 158, 160
 - economic security ranking 348
 - financial crises 431
 - flexible exchange rates 24
 - regulatory agencies 590
 - sovereign ceilings 346
- Bundesbank 672, 695
- Burkina Faso 347
- ‘business of banking’, redefining 616–17
- Caisses d’Epargne 111
- Cameroon 347
- Canada
- bank branches 125
 - bank crises 413
 - bank failures 377
 - central bank independence and inflation 690
 - country risk 343, 346, 349
 - deposit insurance 666
 - economic security ranking 347
 - free banking 176
 - institutional investor assets 729
 - loan leverage 441
 - multinational banking 29
 - regulatory agencies 590
 - sovereign ceilings 346
 - Task Force on the Future of the Canadian Financial Services Sector 59
- capital, definition of 86–7
- capital adequacy requirements (CARs)
- bank failure quantitative models 387, 395–6
 - bank strategies, individual 458–9
 - Basle capital adequacy recommendations 9, 460, 509–10
 - country risk tree 345
 - government intervention 177, 178
 - insolvency regulation 91, 445–6, 573
 - Miles argument 182–5
 - and multinational banking 34
 - regulation, arguments for 90–91, 181–2, 458–9, 460
 - regulation, ineffective 445–6
 - and strategic competition 90–91

- capital arbitrage
 - and CLOs 67, 69
 - and credit ratings 251
 - inadequate international standards 91
 - and informationally efficient markets 239
 - and risk management 90
 - speculative behaviour at Barings Bank 383
- capital asset pricing model (CAPM) 196, 250, 354
- capital control relaxation 6–7
 - and membership of OECD 724
- capital flight
 - asset measurement method 522, 523, 529–30
 - capital inflow 533
 - capital inflows 526–8
 - concepts of 518–19
 - determinants of 524–34
 - and development aid 533
 - Dooley measurement method 520–21, 522, 523, 524, 529, 530
 - empirical studies 528–34
 - history of 516–17
 - hot money measurement method 522, 523, 524, 529, 530
 - and IMF 711
 - interest rate differentials 526, 533
 - macroeconomic instability 525, 533
 - magnitude of 523–4
 - measurement of 519–23
 - political instability 525, 533, 534–8
 - residual measurement method 519–20, 522, 523, 529, 530
 - stock of 528, 533–4
 - trade misinvoicing measurement method 522
- capital market-orientated system 11, 12, 13, 14, 15, 18
- CAPM (capital asset pricing model) 196, 250, 354
- CARs (capital adequacy requirements) *see* capital adequacy requirements
- Cayman Islands 346, 495, 550
- CDC-Trésor 111
- CDO (collateralized debt obligation) 65–6
- CEC (Council of the European Communities) 100
- central banking 10, 174, 653
 - conservative 685–91
 - credibility versus flexibility 682–5
 - independent versus currency board 156–72
 - institutional design of 671–98
 - monetary policy 672–5
 - optimal contract 691–5
 - time-inconsistency problem 675–82
- CFTC (Commodity Futures Trading Commission) 627–9
- CHAPS 415, 419
- chartists 241, 254
- Chase Manhattan 3, 214, 220, 229–31, 233, 285–6
- Chemical Bank 230, 231
- Chile
 - bank crises 414
 - and capital controls 728
 - capital flight 529
 - deposit insurance 666
 - economic security ranking 348
 - flexible exchange rates 24
 - and IMF 714
 - loan leverage 441
 - regulatory agencies 590
 - sovereign ceilings 346
- China 348, 439, 440, 441, 495, 590
- CIC-Banque 111
- Citibank 3, 31, 36, 45, 46–9, 97
- Citicorp 56, 57, 214, 220, 613
- Citicorp-Travelers 285, 286, 580, 613
- Citigroup 53, 119, 122, 123, 208, 214, 419
- clearing system, international 734–40, 742–50
- client activity theories and MNB 35–6
- CLNs (credit-linked notes) 80–83
- CLO (collateralized loan obligation)
 - balance sheet performance 74
 - bank funding 73
 - and CDOs 65–6
 - drawbacks to 76–7
 - European issuance by asset type 62
 - and investment-grade assets 75
 - and investors 74–5
 - issues, major 68
 - market development potential 69

- objectives of 72–3
- origins of 66–7
- regulation 86–98
- and risk management 73
- secondary markets 75
- spread comparison 76
- structuring 67–72
- transactions 88, 89
- see also* risk management
- closed-end investment 728–9
- clustering
 - and bank failures 383–4
 - and Canadian banking system 125
- Cobb–Douglas function 295
- collateralized loan obligations (CLO)
 - see* CLO
- collateralized debt obligation (CDO) 65–6
- collection accounts and money
 - laundering 550
- collection documentation in trade
 - finance 262–7
- Colombia 347, 441, 529, 590, 666
- commercial banking
 - banking crises 419–20
 - CLO transactions 67, 74, 78, 82
 - country risk 340
 - crises, history of 409
 - cross-border mergers 117
 - diversification 302
 - interest margins 116
 - international clearing system 742
 - reregulation of, and Bank of Thailand 487–94
 - SME finance 7
 - structure and functions of 10, 208, 225, 262–3
 - see also* international trade; retail banking
- Commission Bancaire 115, 128
- Commission of the European Communities 141, 155
- Commodity Exchange Act 626
- Commodity Futures Trading
 - Commission (CTFC) 627–9
- communications technology *see* IT
- community banking institutions (US) 617–18
- Community Reinvestment Act (CRA) 613
- competitive banking
 - in EU 130–54
 - increased risk taking 452
 - and Japanese financial system 286
 - and mergers 126
 - and multinational banking theories 33–5
 - neutrality 458
 - and securitization 139
 - in SME financing 7
 - use of CLNs 81
 - see also* leverage
- conflict matrix, universal banking 222
- conflicts of interest in universal banking 221–3
- conglomerates
 - discounts 223–5, 232
 - multinational banking 53
 - regulatory policy 10, 54, 581, 582
 - and US banking 617
 - see also* acquisitions; economies of scale; mergers
- Congo 347
- conservative central banking
 - advanced trade-off 693–5
 - optimizing trade-off 685–91
- consolidation
 - community banking 617
 - Japan 316–17
 - market concentration 132, 133
 - multinational banking 48, 51, 53, 83
 - regulation 614
 - UK 284, 311
 - US 7, 150, 613–15
- consumer protection 443, 573, 576
- contagion effect
 - and Asian crisis 752
 - bank runs 177, 368–9, 370
 - country risk 357, 358–62
 - probit model 358–62
 - and regulation 573–4
- Continental Illinois Bank 371, 377, 379, 381, 382
- continental model *see* banking-orientated system
- contingency credit line 716
- contingent assignments 77
- control systems 54, 465–6
- see also* regulation

- convergence of banking systems and globalization 3–26, 581
- convoy system 286
- cooperative strategy 120–21
- Coopers and Lybrand 381
- Corestate Financial 220
- corporate bonds
- bondholders 20
 - convergence test 11–12
 - and debt finance 18
 - and EMU 13, 14, 15, 145, 147, 148
 - market development 16
 - and single currency 108–10
 - sovereign ceilings 344, 346
 - transactions, international, in 723
 - see also* equity; shareholding
- corporate financing, patterns of 11–17
- corporate governance
- and bank crises 447
 - failures and bank failure 414–16
 - and manager supervision 463
 - reasons for 477–9
 - trends in 18–20
 - unsound agreements 447
- corporate restructuring 8, 86
- correspondent banking 39, 42–3, 148, 262
- cost function specification 294–6, 312, 313, 316, 317
- cost-cutting *see* efficiency measurement
- cost-income ratio 134–5, 136
- Costa Rica 348, 590
- Côte d'Ivoire 348
- Council of Europe Convention 566
- Council of the European Communities (CEC) 100
- Counter Party Risk Management Group (CRPMG) 624–5
- Country Exposure Report 346
- country risk 148, 327–65, 729
- analysis 21–2, 24
 - contagion effect 358–62
 - coping with changes 331–5
 - models 336–41
 - perspective on 328–31
 - probit model 354–62
 - qualitative models 342–51
 - quantitative models 351–63
 - tree 345
- see also* developing countries; moral hazard; risk management; systemic risk
- CRA (Community Reinvestment Act) 613
- Crédit Agricole 111, 118, 120, 123, 214
- Credit Anstalt 404, 417
- credit card loans 47, 48, 52, 61, 67, 76
- credit derivatives
- and CLNs 72, 80–83
 - credit default swaps 79
 - origins of 77–8
 - regulation of 88–9
 - SBC Glacier Finance Ltd 84–6, 101, 214
 - and single currency 115
 - total return (TR)swaps 79, 80
- Crédit Lyonnais 111, 119, 122, 214, 377, 378, 416
- credit rating 96–8
- credit risk
- analysis and management 21–2, 24, 73, 416
 - and EMU 109–10, 114–15, 145–6, 148
 - profiles 87–9
 - and securitization 65
- Crédit Suisse 123, 579
- Credit Suisse Private Banking 3, 214, 579
- credit-linked notes (CLNs) 80–83
- credits, back-to-back 273–5
- crisis prevention and the IMF 715–16
- CRMPG (Counter Party Risk Management Group) 624–5
- cross-border banking *see* international banking
- cross-border mergers
- competition 126
 - and Euroland 150–51
 - investor protection 121–2
 - market concentration 124–5
 - SME lending 125
 - strategic issues 117–20
 - systemic risk 122–4
 - see also* acquisitions; M&A; mergers
- cross-border securities investment 723
- cross-border transactions 4, 148, 359, 738

- cross-selling 9, 212–13, 216, 217, 580
see also economies of scope
- cross-shareholding 8, 19, 20, 227
see also keiretsu structures
- CSFB 110, 119
- Cuba 327, 347
- currency, and home-country
 relationship 108–9, 110, 111–12, 114
- currency boards 156–72, 416
see also developing countries
- currency risk probit model 356–8
- Curry, Elisa A. 27–59
- Cyprus 343, 347, 550, 590
- Czech Republic 347, 441, 590, 666
- Dai-Ichi Kangyo 286, 288
- Daiwa Bank fraud 23
- Dale, Richard 444, 482, 572–611
- Dar al-Mal al-Islami Trust (DMI) 193, 194
- Dar, Hamayon A. 191–206
- D'Arista, Jane 721–50
- data envelopment analysis (DEA)
 288–9, 292, 298, 300–301, 308, 316, 317
- data transmission, enhanced 23
- DBS Bank 511
- de Haan, Jakob 156–72, 689, 698
- DEA (data envelopment analysis)
 288–9, 292, 298, 300–301, 308, 316, 317
- debt *see* developing countries; lender of last resort; lending
- decision making units (DMU) 289–92
- defensive expansion hypothesis 35
- deferred payment L/Cs 272
- DEG (German Investment and Development Company) 344
- Delors Report 105–6
- Denmark
 bank failures 376–7, 383
 central bank independence and inflation 690
 cost–income ratios 136
 country risk 343, 350
 deposit insurance 666
 economic security ranking 347
 equity return 136
 interest margins 115, 116, 134, 135
- Islamic banking in 191
 market concentration 124, 133
 market structures 142, 218
 mergers 118
 non-interest income 135
 number of banks 131, 132
 regulatory agencies 590
- deposit insurance
 background to 638–9
 bank failures 370–71, 372
 and Bank of Thailand 505–6
 coverage limits 655–6
 and Diamond–Dybvig analysis 179–81, 407, 594, 641, 649
 and failed institutions 656–8
 and free banking 174, 177, 178–81, 182, 184
 and incentives 643–6
 institutional efficiency 654
 limiting of 468
 narrow banking 651
 origins and background 638–9
 policy implications 658–9
 premium pricing 646–50
 and regulation 473–4, 573, 574, 576, 577
 and risk-taking behaviour 640–46
 scheme design 650–58
 subordinated debt 651–2
 systems, design features 666–7
 and Thailand 505–6
see also government intervention; moral hazard
- deregulation
 agency theory 644–5
 and bank crises 411
 bank failures 642–3
 and CLNs 81
 and competition 137
 globalization 12, 24, 52
 and IMF 706
 impact of 140–44
 international banking 581–2
 in Japan 286, 287
 in UK 284
see also free banking; liberalization; regulation
- derivatives
 Barings Bank 376
see also Barings Bank

- derivatives – *continued*
- Basle Committee recommendations 54
 - and credit risk 88–9, 178, 625
 - and globalization 6–11, 52–3
 - and regulation 90, 645
 - US banking regulation 626–9
- Dermine, Jean 12, 14, 105–29
- Deutsche Bank 119, 122, 123, 152, 208, 214, 419
- developing countries
- banking crises 411, 414
 - capital flight 529, 532
 - clearing system 737–9
 - creation of public international investment fund 722–9
 - and debt 335
 - financial exclusion 10
 - foreign investment in 22, 722–9
 - GATS (General Agreement on Trade in Services) 17, 755–61
 - and globalization 4–5, 23, 24, 751–63
 - independent central bank 156
 - and international clearing house 737–9
 - trade in financial services 17, 752–5
 - see also* country risk; currency boards; lending
- DFA (distribution free approach) 294
- Diamond–Dybvig analysis 179–81, 407, 594, 641, 649
- see also* deposit insurance
- direct banking 19–20, 137, 138, 151, 154, 314
- see also* internet banking; IT; technological advances; telephone banking
- Directory of Financial Regulatory Agencies* 590, 594
- Directory of Islamic Banks and Financial Institutions* 191, 201, 206
- disclosure 6, 54, 372–3, 432, 447
- distribution free approach (DFA) 294
- distribution network, control of 110–11
- diversification
- benefits of 224
 - and CLOs 73
 - country risk 338, 359
 - and deposit insurance 639
 - in EU 112, 115, 121, 126, 127, 145
 - income-stream 218–20
 - multinational banking 51
 - and regulation 458
 - SMP responses 143–4
 - in UK 283–4, 311
 - in US 37, 301–4
- Djibouti 158
- DMI (Dar al-Mal al-Islami Trust) 193, 194
- DMU (decision making units) 289–92
- documentary collections and trade finance 262–7
- documentary credits and trade finance 268–82
- back-to-back L/Cs 275
 - post-shipment finance 278–81
 - pre-shipment finance 276, 277–8
 - receipt and undertaking L/Cs 276
 - red clause L/Cs 276
 - revolving L/Cs 276–7
 - transferable L/Cs 273–5, 294–5
- Dominican Republic 347, 590, 666
- Dooley measurement method, capital flight 520–21, 522, 523, 524, 529, 530
- Dowd, Kevin 173–90, 651, 664
- Drake, Leigh 283–304, 308–10, 311–12, 313–14, 317–18, 321–2
- Dresdner 119, 123, 579
- Dubai Islamic Bank 194
- Eastern Caribbean Central Bank (ECCB) 158, 166
- EC (European Commission) *see* European Commission
- ECCB (Eastern Caribbean Central Bank) 158, 166
- economic capital 74, 87
- economic security, index of 344
- economic security ranking 344, 347–8
- economic theory, and foreign exchange trading 251–5
- economies of scale
- financial services 141, 754
 - in Japan 315–16, 319
 - shareholder value 211–12, 231
 - in UK 312–13, 319

- in US 299–300, 319
- and X-efficiency 213–17, 297–8, 300
- see also* acquisitions; conglomerates; mergers
- economies of scope 212–17, 221, 231, 232, 301–4, 578
- see also* cross-selling
- Economist Intelligence Unit, London 22
- Economist, The* 48, 57, 548, 569, 570
- Ecuador 328, 347, 590
- Edge Act Corporations 41
- EEF (Exchange Equalization Scheme) 489
- efficiency, Farrell 290
- efficiency measurement 139, 288–92, 307
 - Farrell 290
 - scale and technical 291
- efficient markets hypothesis 239
- Egypt 191, 192–3, 348, 520, 590
- Eichberger, Jürgen 237–58
- El Salvador 330, 347, 357, 666
- emerging markets *see* developing countries
- EMU (European Monetary Union) *see* European Monetary Union
- entry–exit equation 312
- equity 644
 - allocations and debt relief 732
 - and convergence 11–16
 - corporate governance trends 18–20
 - and EMU 145, 148
 - international investment fund 723, 726
 - market-to-book value (UK) 219
 - returns on (EU) 136
 - and single currency 108–10
 - see also* corporate bonds; shareholding
- Eren, Ayse G. 259–82
- ERM (European Exchange Rate Mechanism) 404, 419, 724
- ESCB (European System of Central Banks) 106, 695–6
- see also* European Central Bank
- ESF (European Securitisation Forum) 61, 92, 93, 98, 100
- estimated cost function 303
- Estonia 24, 156–7, 158, 160, 167
- Ethiopia 347
- EU *see* euro banking; Euroland; European Commission (EC); European Monetary Union (EMU); individual countries
- euphoria speculation 432
- Eureko 121
- euro banking
 - balance sheet structure 83
 - corporate bonds 108–10
 - differences from US 146, 151–2, 153
 - EMU and credit risk 114–15
 - EMU, origins of 105–7
 - equity market 108–10
 - euro as international currency 113–14
 - euro-deposit market 112
 - eurobonds 108–10
 - foreign exchange markets 112
 - fund management 110–12
 - government bond market 107–8
 - impact of 144–6
 - low inflation 115–17
 - monetary policy discipline 48
 - and single currency 107–17, 420
 - single currency banking *see* single currency
 - strategic issues 117–21
- euro-deposit market 112
- eurobonds 108–10
- Euroland
 - competitive strategies in 146–54
 - creation of 7, 14, 15
 - poor performance 152
 - strategic environment 137–40
- Euromoney* 246, 336, 339, 342, 343, 364
- Euromoney Ratings* 356
- European ABS issuance by asset type 62
- European American Bank 120
- European Asian Bank 120
- European banking, concentration in 133
- European Central Bank (ECB)
 - and consolidation 151
 - corporate bonds 147
 - euro as international currency 114, 155
 - inflation 115
 - institutional design of 671, 672

- European Central Bank (ECB) –
continued
 local preferences 149, 418
 policy of 695–6
- European Commission Banking
 Directive (1989) 9
- European Commission (EC) 142, 150,
 155
 Banking Directive (1989) 9
 country differences 153
 five-firm assets concentration 132
 marketization 138
 money laundering 549, 571
 SMP impact 143, 144, 150
- European Community Directive 549
- European Exchange Rate Mechanism
 (ERM) 404, 419, 724
- European Investment Bank 108
- European Monetary Institute 106
- European Monetary Union (EMU)
 credit risk 114–15
 and financial integration 7
 impact on financial markets 144–6
 international transmission 416
 origins of 105–7
 and privatization 140
- European Securitisation Forum (ESF)
 61, 92, 93, 98, 100
- European Single Market experiment 17
- European System of Central Banks
 (ESCB) 106, 695–6
see also European Central Bank
Euroweek 67, 100
- Exchange Equalization Scheme (EEF)
 489
- exchange rate system
 alternative, and macroeconomic
 performance 161
 Bank of Thailand 489–91
 and capital controls 714
 central bank independence 157
 and convergence 12, 15
 and currency boards 156, 157, 162,
 166–7, 168
 and EMU 106–7, 112
 fixed, and trade transaction costs
 165
 movements and MNB 38
 overvaluation 525
 reform, and bank crises 416–17, 419
- Export Import Bank 336
- exporters *see* international trade
- Extraordinary Popular Delusions and
 the Madness of Crowds* 405
- failed institutions, and deposit
 insurance 656–8
see also bank failures
- Farrell efficiency 290
- FATF (Financial Action Task Force)
 547–50, 551, 566–7, 569, 571
- FDH (free disposal hull technique) 292
- FDIC (Federal Deposit Insurance
 Corporation) 643, 646, 660
- Fecht, Falko 671–98
- Federal Deposit Insurance
 Corporation (FDIC) 73, 344,
 379, 643, 646, 660
- Federal Reserve Bank 643
- Federal Reserve Bank of New York
 107, 108, 128
- Federal Reserve Board (FRB)
 and CLOs 88
 community banking 617
 Gramm–Leach–Bliley Act 630,
 632–6
 Hedge Fund Report 621
 origins of 423
 and US banking supervision 615
 Working Groups 619
- Federal Reserve Bulletin* 346
- Federal Reserve System 344, 346, 422
- fee income 8, 133–4, 284, 302, 618
- Fidelity Pensions Management 111
- FIDF (Financial Institutions
 Development Fund) 493
- Financial Action Task Force (FATF)
 547–50, 551, 566–7, 569, 571
- Financial Havens, Banking and Money
 Laundering* 549
- Financial Institution Reform,
 Recovery and Enforcement Act
 (FIRREA) 340
- Financial Institutions Development
 Fund (FIDF) 493
- financial *laissez-faire* *see* free banking
- Financial Restructuring Authority
 Committee (FRAC) 512–13
- Financial Services Authority (FSA) 10,
 458, 461, 477, 588, 596, 597

- Financial Services Modernization Act 285, 586
- Financial Stability Forum 10–11, 24, 591
- Financial System Inquiry 588, 594
- Financial System Master Plan, Bank of Thailand 498–500
- Financial Times* 111, 548, 594
- Finland
- bail-outs 221
 - bank failures 376–7, 388
 - convergence 16
 - cost–income ratios 136
 - country risk 343, 350
 - deposit insurance 640, 666
 - devaluation 114
 - economic security ranking 347
 - equity return 136
 - financial crises 412, 414
 - interest margins 134, 135, 136
 - international pool 401
 - market concentration 124–5, 133
 - mergers 117, 118
 - non-interest income 135
 - number of banks 131, 132
 - regulatory agencies 590
- FIRREA (Financial Institution Reform, Recovery and Enforcement Act) 340
- First Chicago 220, 285
- First City 377
- First Republic Bank 377
- First Union 220, 580
- Fisherian channel 707
- Fitch IBCA ratings 342, 382, 390, 394–5
- five-firm assets ratio 132, 133
- fixed exchange rates *see* Bretton Woods system
- Fleet Financial 220, 580
- floating regimes 715
- flow of funds, and GATS 757–9
- Folk Theorem 680
- Foreign & Colonial Institutional 111
- Foreign Affairs* 255
- foreign agencies 40, 41, 43, 44
- foreign banking *see* international banking
- foreign branches 40, 41, 43–4
- foreign exchange
- controls *see* exchange rate system
 - dealers (US) 238
 - market turnover (US) 238
- foreign exchange trading activities of international banks 237–8
- security analysis techniques 239–46
 - see also* speculative trading
- foreign market sophistication
- hypothesis 35
- foreign portfolio investment 722–9
- foreign subsidiaries 40
- foreign taxation regimes 44–5
- Fortis Bank 117, 118, 119, 579
- Fourier flexible form 296, 300, 317
- FRAC (Financial Restructuring Authority Committee) 512–13
- France
- bank crises 418, 419, 422
 - bank failures 366, 377, 382, 388, 389
 - bank ratings 123
 - Banque de 115, 117, 128
 - central bank independence and inflation 690
 - convergence 16
 - cooperative strategy 120
 - corporate bonds 108, 109
 - cost–income ratios 136
 - country risk 329–30, 343, 349
 - deposit insurance 640, 666
 - economic security rating 347
 - equity returns 136
 - foreign exchange market 248
 - fund management 110–11
 - globalization 8, 12, 13
 - interest margins 116, 134, 135, 136
 - international pool 401
 - loan leverage 441
 - and low inflation 115
 - market concentration 124, 133
 - mergers 118, 119, 151, 579
 - mutual funds managers 111
 - non-interest income 135
 - number of banks 131, 132
 - regulatory agencies 590
 - state-centred approach 227
 - strategy response to SMP 142
- franchise values 228–9, 233, 452
- Franklin National Bank 383
- fraud 379–80, 395, 415–16, 655

- FRB (Federal Reserve Board) *see*
Federal Reserve Board
- free banking
case for 174–8, 371–2
deposit insurance 651
history of 173–4
and state intervention 177–8
see also deregulation; liberalization
- free disposal hull technique (FDH)
292
- Friedman, Milton
deposit insurance 179, 185
floating exchange rate 416
Mexican crisis 707
monetary target, strict 684
speculative trading 251, 254
- FSA (Financial Services Authority) 10,
458, 461, 477, 588, 596, 597
- Fuji Bank 286
- functional integration 578–81
- fund management
companies 576, 577–8
and globalization 13, 47, 53
and single currency 110–12
- fundamental analysis and foreign
exchange trading 239, 240,
244–7, 254
- Fung, Justin G. 27–59
- futures markets 53, 248, 342, 604–5
- G7 countries 23, 329
- G7 Paris Economic Summit 566
- Gabon 348
- Gambia 347
- game-theoretic analysis 671–2, 680
- Gardener, Edward P.M. 14, 130–55
- Gastil Index 344
- GATS (General Agreement on Trade
in Services)
banking services provision 759–61
and developing countries 751–63
effects of liberalization 757
and flow of funds 757–9
financial services trade 752–5
and globalization 17
main provisions of 173, 755–63
and provision of banking services
759–61
and Thailand 498
and trade liberalization 755–61
- German Investment and Development
Company (DEG) 344
- Germanic system *see* bank-orientated
system
- Germany
bank crises 413, 414, 415
bank rankings 123
central bank independence 690
central bank independence and
inflation 690
convergence 16
corporate bonds 109
cost–income ratios 136
country risk 330, 331, 340, 343,
349
deposit insurance 640, 666
Deutsche Bank 122, 152, 208, 214,
419
economic security ranking 347
equity return 136
foreign exchange trading 238, 246,
248, 250, 255
globalization 8, 13, 14, 19, 20
interest margins 134, 135, 136
investor assets 723
loan leverage 441
market concentration 124, 133
mergers 118, 119, 579
multinational banking 29, 31, 45
non-interest income 135
number of banks 131, 132
regulatory agencies 590
reserve ratio 368
single market entry 760
strategy response to SMP 142
- Ghana 348, 414, 757
- Gibraltar 550
- Glacier Finance Ltd, SBC 61, 84–6,
101, 214
- Glass–Steagall Act 8, 11, 38, 208, 581,
586, 630
- globalization and convergence of
banking systems 3–26
and EU 137, 139, 148
and financial crises 20–21
from multinational 46–9
market structure change 53
WTO and GATS 17
- Goldman Sachs 110, 111
- governance *see* corporate governance

- government bonds and single currency 107–8, 145, 146, 148
- government debt in EMU countries 145, 148
- government involvement
 capital adequacy requirement 181–5
 in financial crises 433, 438, 443
 and free banking 177–8
 importance of 37–8
 non-financial shareholdings 227
see also capital adequacy requirement; deposit insurance
- Gramm–Leach–Bliley Act 208, 612, 629–36
- Great Depression 416–17, 422
- Greece
 bank crises 418
 country risk 348, 350
 economic security ranking 348
 loan leverage 441
 market concentration 124
 regulatory agencies 590
 strategy response to SMP 142
- Group of Thirty 592, 595
- Guatemala 347, 590
- Guernsey 550
- Guinea-Bissau 347
- Gulf Cooperation Council *see* Islamic banking
- Guyana 348
- Haiti 347
- Harper, Ian R. 27–59, 245, 257
- Hausbank* relationships 217
- head-and-shoulders pattern 243, 244, 248, 250
- hedge funds, US banking regulation 619–26
- Heffernan, Shelagh 366–402
- herd behaviour 444, 450, 517
- Herfindahl–Hirshman index 218, 650
- Hermes, Neils 6, 25, 515, 516–45, 763
- Herstatt Bank 255, 404, 415, 417, 419
- Herzegovina 156–7
- Hill Samuel Asset Management 111
- holding periods for traders 249
- Holland *see* Netherlands
- home loans *see* mortgages
- HomeSide Inc. 35, 49
- Honduras 330, 348, 357
- Hong Kong
 bad banking practices 439
 country risk 347
 currency boards 158
 economic security ranking 347
 financial crises 436, 439, 440 and IMF 715
 loan leverage 441
 regulatory agencies 590
 stock market price index 436
- hot money measurement method, capital flight 522, 523, 524, 529, 530, 726
- HSBC 123, 309, 419
- Hungary 347, 431, 441, 530, 590, 666
- IAIS (International Association of Insurance Supervisors) 11, 591
- IBC (international business companies, offshore) 549
- IBOS cash management system 120–21
- Iceland 343, 347, 350, 666
- IIF (Institute for International Finance) 22, 24, 333
- Illing, Gerhard 671–98
- IMF (International Monetary Fund)
 and Asian crisis 708–12, 714
 bail-out of South Korea 329
 and Bank of Thailand 493, 494, 515
 Bretton Woods system 702–3
 capital control relaxation 7
 country risk 330–31, 334, 335, 344
 and currency boards 167
 developments in international economy 706–7
 during 1970s 703–4
 establishment of 700–702
 exchange controls 489
 future role of 713–18
 history of 700–705
 international debt crisis 704–5
 international economy developments 706–7
 lender of last resort 422, 442, 443, 444, 591, 717–18, 729
 market supervision 11, 451
 and Mexican crisis 707–8, 716
 and Russian crisis 712–13, 716
 and world economic environment 714–15

- IMF Survey* 344
- importers *see* international trade
- incentives
- bank crises and moral hazard 442–5
 - Barings Bank 378–9
 - central bank crises 432, 433, 453, 461–4
 - and deposit insurance 641, 643–6
 - monitoring and supervision 464–6
- income-stream diversification 218–20
- independent central bank 156–72
- index of economic security 344
- India 347, 441, 590, 666
- Indonesia
- bad banking practice 439–42
 - country risk 329, 358, 732
 - economic security ranking 348
 - financial crises 21, 370, 416, 430–31, 434–7, 443
 - and IMF 709–10
 - Islamic banking in 191, 194, 199–200
 - loan leverage 441
 - regulatory agencies 590
 - stock market price index 436
 - supervision 446
- Industrial Bank of Japan 286
- industrialized countries, and international clearing house 739–40
- inflation control
- and currency boards 160, 166
 - and exchange rate 525
 - and monetary policy 168, 672, 686
 - PPP concept 247
 - and single currency 115, 117
 - time-inconsistency problem 675–82
 - see also* interest rates
- information technology (IT) *see* IT
- information transfer 223
- ING (Internationale Nederland Groep) 117, 119, 123, 579
- innovation versus regulation 89–92
- insolvency 468–9, 475, 573, 645, 646
- see also* bank failures
- Institute of International Bankers 31, 41, 42, 44, 58
- Institute for International Finance (IIF) 22, 24, 333
- institutional design of central banks 671–98
- institutional investor assets 729
- Institutional Investor, The* 356
- insurance companies
- and globalization 4, 7, 9, 13, 18, 20
 - income-stream diversification 218, 284
 - regulation of 575–8
 - total return swaps 79
- integrated universal bank 208, 225
- integration, functional 48, 578–81
- Interagency Country Exposure Review Committee 340, 341, 351
- interest margins 116, 134
- interest parity theory and foreign exchange trading 245
- interest rates
- and capital flows 726
 - central banks, set by 10
 - control, and EMU 106–7
 - and country risk 338
 - in EU 15
 - liberalization, Bank of Thailand 492–4
 - monetary policy 6
 - PPP concept 247
 - shortfalls, and CLO transaction 93
 - see also* inflation control
- intermediation 51–2, 53, 54–5, 297
- internal finance (retained earnings) 11–12, 15–16, 18, 19
- International Association of Insurance Supervisors (IAIS) 11, 591
- International Bank for Reconstruction and Development *see* World Bank
- international banking crises *see* bank crises
- international banking and foreign exchange trading activities
- background to 237–40
 - fundamental analysis 244–6
 - momentum rules 243–4
 - moving averages analysis 242
 - pattern recognition analysis 242–3
 - security analysis techniques 240–46
 - technical analysis, importance of 241, 246–50

- trading strategies and economic theory 251–5
- trend recognition 241
- international banking and multinational banking 27–31
- international banks, representative operations in US 41
- international business companies, offshore (IBC) 549
- International Country Risk* 22, 356
- international debt crisis and IMF 704–5
- international economy developments and IMF 706–7
- International Lending Supervision Act 346
- International Monetary Fund (IMF) *see* IMF
- International Organization of Security Commissions (IOSCO) 10, 11, 56, 591, 594
- International Pool, banks in 401–2
- International Swap and Derivatives Market (ISDA) 88, 625
- international trade
 - documentary collections 262–7
 - documentary credits 268–81
 - financing 267–8
 - open account trading 260, 261
 - overview of 259–61
 - settlement 259–82
- international transfer risk 341
- Internationale Nederland Groep (ING) 117, 119, 123, 579
- internationalization 6–11, 131, 420
- internet banking
 - in EMU 145, 151
 - and globalization 7, 9, 23–4
 - and mergers 314
 - money laundering 551
 - see also* direct banking; IT; technological advances; telephone banking
- intervention, bank crises 368–9, 453, 454, 466–71
- investment banking
 - diversification into 7–8, 284, 302
 - in EU 139, 143, 146, 147, 153
 - and globalization 7–8, 53, 78, 81, 82
 - integrated universal bank 208, 225
 - investment firms, regulation of 575, 577–8
 - investment fund, international, proposals for 721–9
 - investor protection, and cross-border mergers 121–2
 - IOSCO (International Organization of Security Commissions) 10, 11, 56, 591, 594, 595
 - Iran 191, 194, 201, 348
 - Iraq 347
 - Ireland
 - asset price boom 418
 - country risk 343, 347, 350
 - deposit insurance 666
 - economic security ranking 347
 - market concentration 124
 - regulatory agencies 590
 - strategy response to SMP 142
 - ISDA (International Swap and Derivatives Market) 88, 625
 - Islamic banking 3, 191–206
 - future of 203–4
 - history of 192–4
 - organizational structure 200
 - practice 198–202
 - profit and loss sharing (PLS) 194–9, 201, 202–4
 - theory 194–8
 - Islamic Development Bank 191, 194
 - Israel 348, 590
 - IT, spend-levels in major banks 214
 - IT (information technology)
 - and economies of scale 213, 314
 - in Euroland 138, 140
 - globalization 11, 52, 53, 54
 - and single currency 119–20
 - in US 616–17
 - see also* direct banking; internet banking; technological advances; telephone banking
 - Italy
 - bank crises 418, 422
 - bank failures 389
 - central bank independence and inflation 690
 - cost–income ratios 136
 - country risk 329–30, 343, 349
 - deposit insurance 666
 - economic security ranking 348

- Italy – *continued*
 equity return 136
 globalization 8
 interest margins 134, 135, 136, 579
 international pool 401
 market concentration 124, 133
 mergers 118, 119, 151
 non-interest income 135
 number of banks 131, 132
 regulatory agencies 590
 strategy response to SMP 142
- Ivory Coast 590
- Jamaica 348, 590
- Japan
 asset management 375–6, 377
 assets of institutional investors 723
 bail-outs 221
 bank failures 366, 367, 368, 371, 372,
 640, 653, 656–8
 bank fraud 380
 Big Bang 9, 11, 287
 central bank independence and
 inflation 690
 contagion effect 709
 corporate bonds 109
 costs and efficiency in 297, 315–20
 country risk 328, 343, 349
 deposit insurance 666
 economic security rating 347
 financial crises 404, 405, 412, 438
 financial market trends 286–8
 foreign exchange trading 248
 globalization 8, 10, 19, 20, 23, 38
keiretsu networks 227, 286
see also cross-shareholding
 loan leverage 441
 regulation 581, 602–3
 regulatory agencies 590
 risk premia 250
 too big to fail 382
 weak asset management 375–6, 377
- Jersey 550
- Johnson Matthey Bankers 380, 382
- Jordan 348, 590
- J.P. Morgan 3, 53, 214, 220, 285–6
- junk bonds 18, 380, 383
- keiretsu* networks 227, 286
see also cross-shareholding
- Keller, Joachim 237–58
- Kenya 348, 590, 666
- Keynes, John Maynard 330, 338
- Khoury, Sarkis Joseph 327–65
 know your customer policy 550, 551
- Korea *see* South Korea
- Krung Thai Bank 487, 512
- Kuwait 347, 666, 757
- L/C (letter of credit) and trade finance
 268–82
see also documentary credit
- La Poste 111
- laissez-faire see* free banking
- Latin America
 banking crises 438, 447, 463
 capital flight 516, 532
 confirmed L/Cs 272
 currency boards 167
 globalization 21
 Japanese lending 375
see also individual countries
- Latvia 167, 441
- LCTM (long-term capital
 management) 621–2, 625–6
- Lebanon 348, 666
- Leeson, Nick 378, 380
- lender of last resort (LOLR)
 and bank crises 442, 443, 444
 capital adequacy regulation 182
 contagion prevention 176
 currency boards 165–6
 deposit insurance 468, 577, 645
 and IMF 442, 443, 591, 711, 717–18
 international banking crises 421–4,
 444
 lifeboat rescues 382
 non-financial firms 8
 regulatory change, impact of 140,
 182, 468, 577
see also deposit insurance; moral
 hazard
- lending
 bad banking practices 439, 440–42
 and bank crises 406, 415, 432, 439,
 440, 443, 464
 concentration 124–5
 country risk 338–40, 445
 diversification in 9
 excessive 441–2

- financial liberalization 450
 - by foreign agencies 40
 - incentive structures 464
 - ineffective regulation 445
 - loan securitization 52
 - low inflation 115, 117
 - and market concentration 124–5
 - multinational banking 40, 41
 - private sector 23, 335, 716
 - and restructuring 471
 - technological advances and 54
- Lensink, Robert 25, 492, 514, 515, 516–45, 763
- letter of credit (L/C) *see* documentary credit; L/C (letter of credit)
- letter of pledge 279
- leverage
 - capital adequacy regulation 178
 - credit derivatives 82
 - deposit insurance 643
 - double 625
 - and globalization 64
 - loan leverage ratios 441–2
 - macroeconomic and portfolio investment flows 724–7
 - MNB strengths 33–5, 49, 50
 - in multinational banking 33–5, 49, 50
 - see also* risk management
- liberalization
 - Bank of Thailand 487–94
 - and banking crises 448–52
 - and developing countries 17
 - and GATS 755–61
 - public sector role 721
 - steady state phase 451, 452
 - stock-adjustment phase 449, 451
 - transitional phase 449–51
 - see also* deregulation; free banking
- Liberia 347
- Libya 348
- lifeboat rescues 382
- liquidity ratio 368–9
- Lithuania 156–7, 158, 160, 167, 441
- Llewellyn, David T. 309, 321, 323, 428–85, 594
- Lloyds Bank 118, 284, 309, 311
- loan-back and money laundering 551, 560
- loans *see* lending
- local banks 149–50
- logit analysis 22, 336, 384–93, 397
- LOLR (lender of last resort) *see* lender of last resort
- London Stock Exchange Big Bang 283–4
- Long Term Credit Bank, Japan 286, 318
- long-term capital management (LTCM) 621–2, 625–6
- looting 369, 374, 380, 382, 395, 414–16
- low-inflation environment, and single currency 115–17
- Luxembourg
 - and BCCI 381–2
 - country risk 343, 344, 348
 - deposit insurance 667
 - economic security ranking 348
 - market concentration 124
 - mergers 119
 - regulatory agencies 590
- M&A (mergers and acquisitions) *see* acquisitions; conglomerates; economies of scale; mergers
- Maastricht Treaty 106, 671, 695–6
- Macau 590
- macroeconomic leverage, and portfolio investment flows 724–7
- macroeconomics and banking crises 22, 434–6
- Madagascar 348
- Malawi 347
- Malaysia 348
 - banking crises 430, 434–7, 439–41, 442, 443, 709, 732
 - capital controls 714
 - country risk 328, 329, 330, 348, 358
 - economic security ranking 348
 - globalization 24
 - Islamic banking in 191, 193, 194
 - loan leverage 441
 - regulatory agencies 590
 - stock market price index 436
- Mali 347
- Malmquist productivity indices 308, 310
- Malta 347, 590
- managed liabilities 297

- management
 and bank failures 367, 371, 377–9, 380
 boards 19
 financial crises, lessons from 465–6, 478
 herd behaviour 444
 incentive structures 461–4, 644, 646
 poor, effects of 152, 166, 440
see also bad banking practices
- mark-up financing 201–2
- market concentration 124–5, 133
- market discipline
 and bank crises 446–7, 472–6
 and bank regulation 430, 453, 454, 455, 573
 in developing countries 23
 limitations of 475–6
see also regulation
- market failure *see* banking failure
- market power and absolute size 218, 231
- market spread analysis 336
- market value of equity (MVE) 210–33
- marketization of bank strategies 138–9
- Marsh, Ian 699–720
- Marshall Islands 667
- Matthews, Kent 546–71
- Mauritius 550
- megamergers 284–5, 297, 299, 300, 319
- Memorandum of Understanding, Bank of England 596
- Mercury Asset Management 111
- mergers (M&A)
 Bank of Thailand 512–13
 cost–income ratios 134, 135
 cross-border 286
 cross-functional 216–17, 579–80
 domestic 117–18
 in EMU 134–5, 145, 146, 148, 150, 151–3, 154
 and euro 83
 and foreign competition 143
 income-stream diversification 218, 220
 international 118–19
 management behaviour 13
 megamergers 284–6
 post-merger performance in US 304–8
 RBS and NatWest 309
 scale economies 297, 311
 scope economies 216–17, 301–2, 304
 in US 613–14
see also acquisitions; conglomerates; economies of scale;
- Meritabank 117, 118, 119, 151
- Merrill Lynch 3, 68, 84, 87, 110, 119
- Mexico
 bank crises 404, 415, 431, 443, 471–2, 738
 capital controls 724, 725, 726
 capital flight 516, 518, 529
 country risk 335, 339, 358
 deposit insurance 667
 economic security ranking 348
 globalization 21
 and IMF 705, 706, 707–8, 715
 loan leverage 441
 regulatory agencies 590
- Michigan National Corporation 35, 51
- Micronesia 667
- Middle East *see* Islamic banking
- Midland Bank 309
see also HSBC
- Miles argument, and CARs 182–5
- Milne, Alistair 403–27
- minimum retail rate (MRR) 493
- misalignments and currency boards 166
- Mit Ghamr Village Bank 192–3, 194
- Mitsubishi Trust 286
- MNB (multinational banking) 28
 client activity theories 35–6
 establishment of 45–6
 exchange rate movements 38
 foreign agencies, branches and subsidiaries 40, 41, 43, 44
 future of 51–5
 and geographic distances 38
 and globalization 46–9
 and government regulations 37–8, 44–5
 history of 29–31
 and international banking 27–31
 leveraging of strengths 33–5
 minimum capital requirements 54
 organizational forms 39–49
 performance of 49–51
 and profit opportunities 32–3

- representative offices 39–40
- resource requirements 44
- and risk management 36–7
- theories of 31–8
- MNE (multinational enterprise) 28
- Molyneux, Philip 14, 33, 38, 55, 57, 130–55, 320
- momentum rules and foreign exchange trading 241, 243–4
- Monetary History of the United States* 179
- monetary policy
 - as a stabilization device 672–5
 - see also* central banking
- money laundering 546–71
 - collection account 550
 - combating 565–7
 - loan-back 551, 560
 - macroeconomics of 556–65
 - microeconomics of 553–6
 - offshore business companies 549
 - scale, scope and typology 547–52
 - shell corporations 549, 551
 - smurfing 549
 - underground banking system 551
- money-centre banks 218, 220
- Mongolia 347
- monitoring 6, 453, 657
- monitoring and supervision
 - and bank crises 446
 - incentives 464–6
- Moody's Investors Service 22, 67, 71, 87, 97, 328, 344
- moral hazard
 - bail-outs 382
 - bank crises 414–16, 442–5, 447
 - bank failures 368, 370–71
 - capital adequacy regulation 182
 - corporate governance 447, 465, 478
 - credit derivatives 78
 - currency boards 166
 - and deposit insurance 370–71, 462, 468, 639, 640–46, 651–9
 - and IMF 711
 - regulation 574, 576
 - see also* country risk; deposit insurance; risk management; systemic risk
- Morgan Grenfell 111, 119
- Morgan Guaranty 520, 523–4, 535, 537, 538, 542
- Morgan, J.P. 3, 53, 214, 220, 285–6
- Morgan Stanley Dean Witter 3, 110, 119
- Morocco 347
- mortgage banks 311
- mortgages 9, 35, 47, 49, 61, 76, 202, 283
 - see also* ABS
- moving averages and foreign exchange trading 242, 243
- Mozambique 348
- MRR (minimum retail rate) 493
- Mudaraba* 202–3, 204
- Mullineux, Andrew W. 3–26, 486–515, 763
- Multi National Strategies of New York 22
- multinational banking (MNB) *see* MNB
- multinational enterprise (MNE) 28
- Murinde, Victor 3–26, 259, 282, 486–515, 516–45, 751–63
- Muslim countries *see* Islamic banking
- Muslim Pilgrims Savings Corporation 193
- mutual funds
 - closed-end 224
 - and globalization 7, 9, 18–19, 20
 - managers in France 111
 - and single currency 110–12
- mutuality versus plc debate 309
- MVE (market value of equity) 210–33
- Myanmar 347
- Namibia 348
- narrow banking 651
- Nasser Social Bank 194
- NatWest Bank 67, 68, 123, 214, 284, 309, 311
- national champions 9, 120
- National Treatment provision 760
- Nations Bank 68, 214, 220, 285, 580
- net interest margins (EU) 133, 134
- Net Present Value (NPV) projects 64
- Netherlands
 - bail-outs 127
 - bank crises 413
 - bank rankings 123

- Netherlands – *continued*
 central bank independence and inflation 690
 cooperative strategy 120
 corporate bonds 109
 cost–income ratios 136
 country risk 343
 deposit insurance 667
 economic security ranking 347
 equity return 136
 globalization 16
 interest margins 116, 134, 135, 136
 market concentration 124, 133, 218
 mergers 117, 118, 119, 122, 151, 579
 non-interest income 135
 number of banks 131, 132
 regulatory agencies 590
 strategy response to SMP 142
 network externalities 212–13
 New Caledonia 348
 New York Article XII Investment Companies 41
 New York Safety Fund 642
 New Zealand
 central bank independence and inflation 690
 country risk 343, 350
 economic security ranking 347
 globalization 32
 incentives 461, 463
 inflation targeting 672, 695, 696–7
 regulation 372–4, 586, 610–11
 regulatory agencies 590
 NFCs (non-financial corporates) 11–13, 15, 16
 Nicaragua 347
 Niger 347
 Nigeria 347, 530, 590, 667, 751, 761
 non-bank competition 644
 non-bank financial companies 52, 125, 137, 193
 non-financial business sector 8, 18, 284
 non-financial corporates (NFCs) 11–12, 13, 15, 16
 non-financial shareholdings 225–8
 non-industrialized countries *see* developing countries
 non-interest income/gross income (EU) 135
 Nordbanken 117, 118, 119, 151
 Norton, Joseph J. 549, 571, 612–36
 Norway
 bail-outs 221
 bank failures 376–7, 388
 banking crises 412, 414, 415
 central bank independence and inflation 690
 cost–income ratios 136
 country risk 343
 deposit insurance 640, 667
 economic security ranking 347
 equity return 136
 interest margins 134, 135, 136
 international pool 401
 non-interest income 135
 number of banks 131, 132
 regulatory agencies 590
 Norwest-Wells Fargo 220, 285
 NPV (Net Present Value) projects 64
 OCC (Office of the Comptroller of the Currency) 344, 614, 636
 OECD (Organization for Economic Cooperation and Development)
 bank crises 450
 capital controls 724
 country risk 335
 globalization 8, 11, 12–13, 15
 new market environment 578, 595
 tax havens and money laundering 567, 570, 571
 off-balance sheet trading 52, 53–4, 178, 284, 302, 308
 Office of the Comptroller of the Currency (OCC) 344, 614, 636
 offshore banking, Bank of Thailand 490
 offshore international business companies and money laundering 549
 offshore investment *see* MNB
 Okeahalam, C. Charles 637–67
 Olive, Christopher D. 612–36
 Oman 347
 one-stop financial services 53, 216
 OPEC (Organization of Petroleum-Exporting Countries) 338
 open account trading 260, 261
 open positions, closing of 249

- Organization for Economic Cooperation and Development (OECD) 8
- Organization of Islamic Conference 194
- Organization of Petroleum-Exporting Countries (OPEC) 338
- OTC (over-the-counter) derivatives report, US banking regulation 620–21, 626–9
- Pakistan
 - country risk 348
 - deposit insurance 666
 - economic security ranking 348
 - Islamic banking in 191, 194, 201, 203
 - regulatory agencies 590
- Panama 347
- Papua New Guinea 347
- Paraguay 347, 590
- Paribas 111, 118, 119, 123
- pattern recognition and foreign exchange trading 241, 242–3
- payable-through-accounts 551
- pension funds
 - and globalization 6, 24, 48
 - and investment changes 723
 - managers, UK 111
 - and single currency 110–12, 121
- pension privatization 148
- performance enhancement 63–4, 152
- Peru 347, 441, 667
- Philippines
 - bad banking practices 442
 - banking crises 414, 434–7, 732
 - capital flight 520, 529, 530
 - contagion effect 709
 - country risk 329, 334, 335
 - deposit insurance 667
 - economic security ranking 347
 - Islamic banking in 194
 - loan leverage 441
 - regulatory agencies 590
 - stock market price index 436
- Phillips & Drew 111, 286
- Phylaktis, Kate 699–720
- Pilgrims Management and Fund Board 193
- Pinijkulviwat, Adisorn 486–515
- pledge, letter of 279
- PLMU (Property Loan Management Organization), Bank of Thailand 507–8
- PLS (profit and loss sharing) and Islamic banking 194–9, 201, 202–4
- Poland 334, 347, 441, 530, 579, 590
- political risk 328, 335, 338
 - see also* country risk
- Political Risk Services of New York 22, 344
- political support and currency boards 165
- pooling equilibrium 680
- portfolio investment
 - and country risk 329, 339–40
 - and emerging markets 724, 727–9
 - flows 724–7
 - foreign 145, 722–9
- Portugal
 - concentration 133
 - cost–income ratios 136
 - country risk 343
 - deposit insurance 667
 - economic security ranking 347
 - equity return 136
 - interest margins 134, 135, 136
 - market concentration 124
 - mergers 118
 - monetary discipline 418
 - non-interest income 135
 - number of banks 131, 132
 - regulatory agencies 590
 - strategic response to SMP 142
- post-merger performance 301–2, 304–8
- post-shipment finance 277, 278–81
- potential value of equity (PVE) 229–33
- PPP (purchasing power parity) and foreign exchange trading 166, 245, 247
- pre-shipment finance 276, 277–8
- precommitment strategy 469–70
- premium pricing, deposit insurance 646–50
- Presley, John R. 191–206
- price-to-book ratios (US) 220
- principal components analysis 22
- principal–agent problem 19, 367, 573, 691

- privatized international monetary architecture, reform of 721–50
- probit models 22, 354–62, 384
- productive process, model of 296–7, 309
- profit and loss sharing (PLS) and Islamic banking 194–9, 201, 202–4
- Property Loan Management Organization (PLMU), Bank of Thailand 507–8
- Prudential Portfolio Managers 111
- public debt 335
- purchased funds reliance 50
- purchasing power parity (PPP) and foreign exchange trading 166, 245, 247
- PVE (potential value of equity) 229–33
- ‘Q’ ratio 211
- Qatar 347, 757
- Rabobank 123
- Radanasin Bank 504, 506, 512
- Random Walk Down Wall Street, A* 239–40
- ratio analysis 336
- ratio-based standard 91
- RBS (Royal Bank of Scotland) 120, 284, 309, 311
- receipt and undertaking L/Cs 276
- red clause L/Cs 276
- regulation
 - and bank crises 370, 428–85, 455–60
 - BIS 1999 proposals 95–8
 - consolidated supervision 582
 - consumer protection 572–3, 574, 575–6, 587, 588
 - contagion 573–4
 - coordination of 22–3
 - current overview 86–9
 - deregulation 581–2
 - and government intervention 178
 - impact of, in EU 140–44
 - implications for 584–9
 - ineffective 445–6
 - insurance companies 575–8
 - international dimension 22–3, 589–92
 - market integrity 573, 576
 - moral hazard 574, 583, 587, 588
 - and multinational banking 7–8 44–5, 53–4
 - new market environment 578–84
 - objectives 572–4
 - risks, inherent 92–4
 - self-regulation 94–5
 - structural issues 572–95
 - systemic risk 573–4, 575, 576, 583, 587, 591
 - targets 574–6
 - techniques 576–7
 - US 612–36
 - versus innovation 89–92
 - see also* CARs
- Regulation Q 30, 38
- regulators, role of 380–82
- regulatory reform, Asian crisis *see* Asian crisis
- regulatory regime, bank crises *see* bank crises
- Repeat Offering Securitisation Entity (ROSE) 67
- representative offices 39–40, 42–3, 44
- reregulation of commercial banking, Bank of Thailand 487
- reserve ratio 368
- residual measurement method, capital flight 519–20, 522, 523, 529, 530
- restructuring, Asian crisis 502–13
- retail banking
 - competitiveness 126
 - conglomerate discount 225
 - deposit insurance 638, 653
 - in EU 111, 138, 139, 148, 149, 150, 153–4
 - globalization 7–9, 28, 31
 - see also* commercial banking
 - retail customers, and deposit insurance 638, 653
- retained earnings (internal finance) 11–12, 15–16, 18, 19
- revolving L/Cs 276–7
- risk management
 - asset-backed securitization 63–5
 - BIS 1999 proposals 95–8
 - centralized approach to 580–81, 582, 583
 - CLOs 73, 74, 81, 82, 83–4, 90–92
 - country risk *see* country risk

- and deposit insurance 640–46
- disclosure system 373
- diversification 123, 218–20
- and financial crises 432, 433, 438, 440, 458
- franchise value 228–9
- functional integration 580–82, 583
- globalization 6, 7–9, 24, 28, 31, 48
- importance of 465–6
- and incentive structures 461
- income-stream diversification 218–20
- letters of credit 272–3
- and multinational banking 36–7
- risk premia and technical trading 250, 440
- and securitization 63–5, 90–92
- service provision 52–3
- see also* country risk; credit risk; leverage; supervision; systemic risk
- risk premia and technical trading 250, 440
- risk-adjusted return measures 74
- Romania 347
- ROSE (Repeat Offering Securitisation Entity) 67, 68
- Royal Bank of Scotland (RBS) 120, 284, 309, 311
- Rundt Associates of New York, S.J 22
- rural credit policy, Bank of Thailand 495–6
- Russia
 - banking crises 405, 712–13, 732, 733
 - capital flight 516–17
 - contagion effect 358
 - country risk 38, 327, 329, 331, 334–5, 340, 342
 - currency boards 167
 - economic security ranking 347
 - globalization 5, 50
 - and IMF 729–30
 - loan leverage 441
 - regulatory agencies 590
- Ryan, Cillian 17, 751–63
- S&L (savings and loans) crisis 640, 642
- S&P (Standard and Poor's) 22, 87, 230, 250, 342, 344
- Sakura Bank 286
- salesman's stake and affiliates' products 221
- Salomon Smith Barney 110
- Samuelson–Balassa effect 166
- Santander–BCH 123
- Sanwa Bank 286
- Saudi Arabia 193–4, 348
- savings and loans (S&L) crisis 640, 642
- SBC Glacier Finance Ltd 68, 84–6, 101, 118, 214
- scale and technical efficiency measurement 291
- Scandinavia
 - bad banking practices 439
 - bank crises 404, 405, 434, 446, 451
 - credit controls 419
 - see also* individual countries
- scheme design, deposit insurance 650–58
- Schroder Investors 111
- Scotland 176, 371
- SDRs (special drawing rights) 722, 729–34
- SEC (Securities Exchange Commission) 619–20, 627–9
- securities *see* ABS; securitization
- Securities Exchange Commission (SEC) 619–20, 627–9
- securities exchanges 576
- securitization
 - asset-backed 60–65, 76
 - BIS 1999 proposals 95–7
 - capital adequacy requirements 904
 - CLOs 80–83, 92
 - credit derivatives in 80–83
 - and economies of scope 213
 - in EU 138, 139, 145, 146, 147, 148, 152–3
 - globalization 6–11, 12, 90
 - multinational banking 51, 52, 53–4
 - security analysis and foreign exchange trading 239–47
 - seigniorage 167–8, 357–8
 - self-regulation 94–5, 98
 - see also* regulation
- Senegal 347
- settlement and financing of international trade 259–82

- shareholder value
 book value to market value 210–29
 and convergence 19–20
 economics of X-efficiency 213–17
 and management monitoring 367–8
 market value to potential value
 229–33
 maximization 138
 Miles argument 184
 and universal banking 207–36
 and voting rights 13
see also equity; investment;
 principal–agent problems
- Shariah Supervisory Board 199
- Sharpe ratio 250
- shipping documents 279–80
- Siam City Bank 511, 512
- Siam Commercial Bank 487, 503,
 511
- Sierra Leone 347
- Singapore
 bad banking practices 439, 440
 and Bank of Thailand 495
 country risk 343, 348
 economic security ranking 348
 loan leverage 441
 monopoly regulator 210
 regulatory agencies 590
 stock market price index 436
- single currency
 corporate bond market 108–10
 and EMU 106–17
 euro as an international currency
 113–14
 euro-deposit markets 112
 foreign exchange markets 112
 fund management 110–12
 government bond market 107–8
 in a low inflation environment
 115–17
- Single Market Programme (SMP) *see*
 SMP
- size–efficiency relationships and
 building societies 313–15
- size hypothesis 34, 148–9, 218
- Slovak Republic 348, 441
- Slovenia 441, 590
- SMEs (small and medium-sized
 enterprises) 7, 11, 18, 19, 20,
 125
- SMP (Single Market Programme)
 cross-border mergers 151
 deregulation, effects of 141
 domestic consolidation 150
 and globalization 17
 market-orientated culture 140
 ‘National Treatment’ provision 760
 opportunities 131
 strategy response to 142–4
- smurfing 549
- social security privatization 148
- Société Générale 29, 111, 119, 123,
 214, 579
- Somalia 347
- South Africa 191, 348, 441, 590, 715,
 757
- South East Asia
 bank crises 419
 globalization 5
 and IMF 443, 444, 447, 451, 472
see also Asian crisis; individual
 countries
- South Korea
 bad banking practices 439–42
 bail-out 329
 banking crises 416, 430–31, 435, 436,
 437, 732
 capital flight 529
 clearing system, international 724,
 728, 738
 country risk 329, 358
 economic security ranking 347
 foreign exchange controls 714–15,
 724, 728
 globalization 21
 and IMF 329, 709–10
 loan leverage 441
 regulation 446, 590
 regulatory agencies 590
 stock market price index 436
- sovereign risk 96, 327, 336, 339, 415,
 417
see also country risk
- Spain
 bank crises 404, 431
 bank failures 376–7, 383
 bank rankings 123
 central bank independence and
 inflation 690
 cost–income ratios 136

- country risk 343
- deposit insurance 667
- economic security ranking 348
- equity return 136
- globalization 16
- interest margins 115, 116, 134, 135, 136
- international pool 401–2
- market concentration 124
- mergers 118, 151, 579
- non-interest income 135
- number of banks 131, 132
- regulatory agencies 590
- strategy response to SMP 142
- special drawing rights (SDRs) 722, 729–34
- Special Weapons Action Team (SWAT) 232
- special-purpose vehicle (SPV) 62–3, 66, 69–72, 76, 77, 83, 87–8
- speculative trading 167, 247, 251, 254–5
 - see also* foreign exchange trading activities
- SPV (special-purpose vehicle) 62–3, 66, 69–72, 76, 77, 83, 87–8
- Sri Lanka 347, 590
- Standard Chartered Bank 309, 310, 511
- Standard and Poor's (S&P) 22, 87, 230, 250, 342, 344
- standardization 93, 151
- standby L/Cs 275–6
- state intervention *see* government involvement
- state-centred approach and non-financial shareholding 227
- stochastic frontier model 292–3
- stock market collapses 404
- stock market price index, South East Asia 436
- structured loans 259–60
- stuffing fiduciary accounts 222
- subordinated debt 651–2
- subsidiaries, foreign 40
- Sudan 191, 194, 334, 347, 520, 530
- Sumitomo Bank 221, 286
- supervision of banking system
 - consolidated 582–3
 - failures of 414–16, 432, 446, 451, 642
 - globalization 6, 9, 54
 - market discipline 473, 475
 - and regulatory scheme 453, 461, 463, 464–6, 467, 469
 - reserve bank responsibility 373
 - supervision by risk programme 614
- Suriname 347
- swaps
 - credit default 79–80, 81, 83
 - International Swap and Derivatives Market (ISDA) 88, 625
 - and multinational banking 53
 - total return 79, 80
- SWAT teams (Special Weapons Action Team) 232
- Sweden
 - bail-outs 221
 - bank failures 388
 - banking crises 412, 415
 - central bank independence and inflation 690
 - concentration 133
 - cost–income ratios 136
 - country risk 343, 349
 - economic security ranking 347
 - equity return 136
 - globalization 10, 15
 - interest margins 134, 135, 136
 - international pool 402
 - market concentration 124
 - mergers 117, 118, 119
 - non-interest income 135
 - number of banks 131, 132
 - regulatory agencies 590
- Swiss Bank Corporation 61, 119, 286
- Switzerland
 - bail-outs 221
 - bank failures 452
 - bank rankings 123
 - central bank independence and inflation 690
 - country risk 343, 349
 - deposit insurance 667
 - economic security ranking 348
 - foreign exchange trading 248
 - free banking 176
 - globalization 8, 44, 45
 - Islamic banking in 201
 - loan leverage 441
 - mergers 118, 119, 286, 579

- Switzerland – *continued*
 regulatory agencies 590
 systemic risk 122, 127
 synchronized business cycles 164
 Syria 348
 systemic failure 370
 systemic risk
 and contagion 573–4
 and cross-border mergers 122–4
 and deposit insurance 370
see also country risk; moral hazard;
 risk management
 systemic stability and banking crises
 430, 431, 432, 443
- Tabung Hajj 193, 194
- Taiwan
 bad banking practices 439–40
 country risk 329, 343, 348
 deposit insurance 667
 economic security ranking 348
 and IMF 714
 loan leverage 441
 regulatory agencies 590
 stock market price index 436
- Tanzania 348, 666
- Taranaki Savings Bank 373
- TARGET system 148, 419
- Task Force on the Future of the
 Canadian Financial Services
 Sector 59
- tax constraints 82, 754
 taxation regimes, foreign 44–5
- TBTF (too-big-to-fail) *see* too-big-to-fail
- technical analysis and foreign exchange
 trading 239, 241, 246–50
- technical traders and security analysis
 240–41
- technological advances
 globalization 30, 48, 51, 53, 54
 and new strategic environment 137,
 138
see also direct banking; internet
 banking; IT; telephone banking
- technological change specification 312,
 313, 314
- telephone banking *see* direct banking;
 internet banking; IT;
 technological advances
- Tequila crisis *see* Mexico
- TFA (thick frontier approach) 294
- Thai Bankers Association 508–9
- Thai Credit Bureau Company 508–9
- Thai Farmers Bank 487, 502, 503,
 511
- Thailand
 bad banking practices 439–42
 bank crises 404, 430, 431, 434–7, 732
 bank failures 370
 Bank of Thailand *see* Bank of
 Thailand
 clearing system, international 738
 contagion effect and IMF 709, 710
 country risk 329, 357
 economic security ranking 347
 globalization 5, 21
 and IMF 443, 709, 710
 loan leverage 441
 regulatory agencies 590
 stock market price index 436
 thick frontier approach (TFA) 294
 third-party loans 222
- Thomson Financial Securities 110,
 579
- thrifts 376, 379, 380, 381, 383
- tie-ins 222
- time-inconsistency problem and central
 banking 675–82
- Togo 347
- Tokai Bank 286
- too-big-to-fail (TBTF)
 bail-outs 221
 deposit insurance 639
 equity potential 231, 232
 lifeboat rescues 382–3
 non-financial firms 8
 and regulatory change 140
- total return (TR) swaps 79, 80
- Tower Group 214
- TR (total return swaps) 79, 80
- trade finance hypothesis 35–6
- trade finance, international 28,
 259–82
- trade liberalization and GATS 17,
 755–61
- trade misinvoicing measurement
 method, capital flight 522
- trading interdependence and contagion
 359

- trading strategies, and economic theory 251–5
- transaction costs
 - currency board 165
 - and EMU 106
 - and MNB 48, 51
 - trading 250, 729
- transaction reporting standards 61, 93
- transactions and payments system, international, proposals for 722
- transferable L/Cs 273–5, 294–5
- translog cost function 294–5, 299, 302, 312–13, 315, 316, 317
- Travelers 285, 580, 613
- trend recognition and foreign exchange trading 241
- Trinidad & Tobago 348, 667
- trust banks, Japan 318
- TSB (Trustee Savings Bank) 118, 284, 309, 311
- Tunisia 348
- Turkey 348, 441, 590, 667
- Twin Peaks model 587, 588

- UAE (United Arab Emirates) 348, 757, 758
- UBS 118, 123
- Uganda 347, 530, 667, 757–8, 761
- UK
 - bail-outs 366
 - bank crises 13, 368, 372, 380, 382, 406, 413, 422
 - bank failures 389
 - bank rankings 123
 - banking, costs and efficiencies in 308–20
 - building societies 310–15
 - central bank independence and inflation 690
 - convergence 581
 - corporate bonds 109
 - corporate governance 477–8
 - cost–income ratios 136
 - country risk 335, 343, 349
 - deposit insurance 667
 - economic security rating 347
 - equity return 136
 - equity value, market-to-book 218, 219
- euro banking 109, 110–11
- financial market trends 283–4
- foreign exchange market 248, 255
- globalization 6–7, 8–10, 12–13, 14–15, 31, 44
- and IMF 702–3
- incentives 461
- inflation control 418, 672, 695–7
- institutional investor assets 723
- interest margins 116, 134, 135, 136
- international pool 402
- international trade finance 262–3, 266, 267–8, 754, 760
- loan leverage 441
- market concentration 124, 133
- mergers 118, 119, 297, 579
- non-interest income 135
- number of banks 131, 132
- pension fund managers 111
- regulation 458, 586, 588, 590, 597–9
- regulatory agencies 590
- strategy response to SMP 142
- underground banking and money laundering 551
- underwriting services 15, 107–10, 222
- Uniform Rules for Collection (URC) 262
- Union Bank of Switzerland 27, 122, 214, 286
- United Arab Emirates (UAE) 348, 757, 758
- United Nations Vienna Convention 566
- United Overseas Bank 511
- universal banking, conflict matrix 222
- universal banks
 - conflicts of interest 221–3
 - and globalization 3, 8, 13
 - one-stop financial services 53
 - potential value 211
 - and shareholder value 207–36
 - structure of 208–10
- unregulated banking *see* free banking
- URC (Uniform Rules for Collection) 262

- Uruguay 347, 414, 529, 590, 756
- US
- asset-backed securitization 61–2, 73
 - bank crises 413
 - bank failures 366, 367, 370, 382–3, 385, 386–7, 388
 - banking regulation 612–36
 - central bank independence and inflation 690
 - corporate bonds 109
 - costs and efficiency in banking 284–6, 297, 299–308, 312, 318–20
 - country risk 329, 330, 331, 339, 340, 343
 - debt and equity underwriters 110
 - deposit insurance 640, 667
see also deposit insurance
 - dollar, and competition from euro 113
 - economic security ranking 347
 - economies of scale 299–300
 - and EU 108, 113, 123, 125, 146, 150, 151–2
 - foreign exchange dealers 238
 - foreign exchange market turnover 238
 - foreign exchange trading 237–8
 - fraud 379
 - free banking 175–6, 179
 - globalization 7, 10, 12, 16, 20, 22–3, 31
 - hedge funds 619–26
 - institutional investor assets 723
 - international bank crises 406, 408, 413, 416–17, 422
 - international banks, representative operations of 41
 - loan leverage 441
 - mergers 580
 - multinational banking 34–5, 36–8, 41, 43–4, 46, 50–51
 - OTC derivatives report 620–21, 626–9
 - price-to-book ratios 220
 - regulation 381, 454, 467, 469, 581, 586
 - regulatory agencies 590
 - savings and loan crisis 414–15
 - SDRs 730
 - shareholder value 217, 218–21, 223, 224, 231
 - thrifts 376–7
 - Working Group 619–21
- value at risk modelling 418–19, 465
- Venezuela 347, 441, 590, 667
- Vienna Convention 566
- Vietnam 347
- Virgin Islands 550
- virtual banking *see* direct banking; internet banking; IT; technological advances
- wage inflation 166
- Wall Street Journal, The* 246, 328, 334, 335
- Wallis Committee of Inquiry 588
- Walsh contract 693
- Walter, Ingo
- country risk 59, 331, 339, 364
 - EU banking 149, 150, 155
 - money laundering 553, 569, 571
 - Universal Banking and Shareholder Value 207–36
 - universal banking in US 323
- Ward, Warrick 60–101
- Washington consensus 706
- Wells Fargo 214, 220, 285
- wholesale banking
- in EU 145, 146, 147, 148, 153, 154
 - foreign branches 40
 - and globalization 28, 40, 47
 - interbank payment systems 576
 - SMP strategic response 143
- wide banks 10
- Williams, Jonathan 14, 130–55
- Wolfe, Simon 60–101, 572, 611
- Wood, Geoffrey E. 403–27
- Working Group 619–20, 622–6, 628–9, 636
- World Bank (International Bank for Reconstruction and Development)
- bail-outs 443
 - capital flight 516, 519–20, 543
 - closed-end fund 729
 - country risk 330, 335
 - globalization 11

- World Trade Organization (WTO) *see* WTO
- WTO (World Trade Organization)
and developing countries 751–63
and globalization 17
- X-efficiency 221, 231, 232, 293, 315, 317
and economies of scale 213–17, 297–8, 300–301
- X-inefficiency 141, 293–4, 303, 304–5, 307, 310, 317
and economies of scope 213–17
- Yasuda Life Assurance 288
- Yemen 347
- Young's theorem 295
- Yugoslavia 347
- Zaire 347
- zaitech* strategy 375–6, 383
- Zakah* accounts 193
- Zambia 348, 590
- Zhou, Chunsheng 78, 100, 327–65
- Zimbabwe 348
- Zions Bank 630
- zombie banks 657–8

