Preface

Corporate governance became a major concern to the US government, businesses, investors and academics after Enron filed for bankruptcy in December 2001. The Enron scandal was followed by scandals at Tyco, Global Crossing, ImClone Systems, WorldCom and others. Congress reacted to the scandals by enacting the Sarbanes-Oxley Act (SOX) that was signed into law in 2002. Some say that SOX was an overreaction to the scandals; and while it has some good points, the costs of implementation are excessive.

Corporate governance also gained in importance because of globalization. For example, there is a move towards international accounting standards, and the International Accounting Standards Board (IASB), based in London, is committed to developing a single set of high quality, understandable and enforceable global accounting standards.[1] Similarly, the Basel Committee on Banking Supervision, that is part of the Bank of International Settlements (BIS), issued a guidance entitled 'Enhancing corporate governance for banking organizations'. It is based on papers published by the Committee in 1999, and the principles for corporate governance issued by the Organization for Economic Co-operation and Development (OECD) in 2004. 'This guidance is intended to help ensure the adoption and implementation of sound corporate governance practices by banking organizations worldwide, but is not intended to establish a new regulatory framework layered atop existing national legislation, regulations or codes.'[2]

Against this background, this book examines various aspects of corporate governance in banking from a global perspective. Because banking is regulated, the scandals and governance problems are less spectacular than Enron. Nevertheless, there are both international and domestic scandals and problems with bank governance. The Bank of Credit and Commerce International (1991) (BCCI), also known as the Bank of Crooks and Criminals international, is one glaring example. Penn Square Bank NA (1982) in Oklahoma City, and the First National Bank of Keystone, Keystone, West Virginia (1999) are additional examples.[3]

The contributing authors are from Asia, Australia, Europe and the United States. They include academics, consultants and regulators. Some of the chapters in this book were presented at two special sessions at the 2006 annual meeting of the Financial Management Association in Salt Lake City.

NOTES

1. For additional information, see the IASB web site: http://www.iasb.org/Home.htm
2. 'Basel Committee issues guidance on corporate governance for banking organizations', Press Release, 13 February 2006, http://www.bis.org/press/p 060213.htm
3. For additional information, see: Benton E. Gup, *Bank Failures in the Major Trading Countries of the World: Causes and Remedies*, Westport, CT, Quorum Books (1998); Benton E. Gup, *Targeting Fraud: Uncovering and Deterring Fraud in Financial Institutions*, Chicago, IL, Probus Publishing Co. (1995); 'Receivership of First National Bank of Keystone', http://www.fdic.gov/news/news/press/1999/pr 9949.html