Contents

List of contributors viii
Foreword 1 by Franklin Allen xiii
Foreword 2 by Harald Benink xiv
Foreword 3 by Gerard Caprio and Ross Levine xvi

Introduction and overview 1
James R. Barth, Chen Lin and Clas Wihlborg

PART I OWNERSHIP, EFFICIENCY AND STABILITY

1 Bank governance: concepts and measurements 17
   Frank M. Song and Li Li
2 Bank ownership and performance: a global perspective 42
   Iftekhar Hasan and Liang Song
3 Is there a conflict between competition and financial stability? 72
   Barbara Casu, Claudia Girardone and Philip Molyneux
4 What drives bank operating efficiency? The role of bank competition and credit information sharing 87
   Chen Lin, Yue Ma and Frank M. Song
5 Corporate borrower nationality and global presence: cross-country evidence on the pricing of syndicated bank loans 124
   Joel Houston, Jennifer Itzkowitz and Andy Naranjo
6 Lessons learned from recent financial crises 149
   Benton E. Gup

PART II COMPENSATION, PERFORMANCE AND RISK

7 Bank ownership and risk-taking: improving corporate governance in banking after the crisis 163
   Kenneth R. Spong and Richard J. Sullivan
8 Executive compensation and risk-taking in European banking 179
   Rym Ayadi, Emrah Arbak and Willem Pieter De Groen
9 CEO pay and risk-taking in banking: the roles of bonus plans and deferred compensation in curbing bank risk-taking 200
   Jens Hagendorff and Francesco Vallascas
10 Bank failures and CEO compensation 210
    Walter Dolde and John D. Knopf
11 Restricting risk-taking by financial intermediaries through executive compensation 219
    Tom Berglund
PART III  MARKET DISCIPLINE: PREREQUISITES AND EFFECTIVENESS

12 The lost cause: the failure of the Financial Crisis Inquiry Commission
   Peter J. Wallison

13 Market discipline for financial institutions and markets for information
   Apanard P. Prabha, Clas Wihlborg and Thomas D. Willett

14 Moral hazard, bank resolution and the protection of depositors
   David G. Mayes

15 The governance of ‘too big to fail’ banks
   Andy Mullineux

16 Incentives to improve the corporate governance of risk in financial institutions
   Richard J. Herring

PART IV  GOVERNANCE, REGULATION AND SUPERVISION

17 The boundary problems in financial regulation
   Charles A.E. Goodhart and Rosa M. Lastra

18 Financial architecture, prudential regulation and organizational structure
   Ingo Walter

19 Corporate governance and prudential regulation of banks: is there any connection?
   Lawrence J. White

20 The policy conundrum of financial market complexity
   Hilton L. Root

21 The future of financial regulation: reflections from an emerging market perspective
   Rakesh Mohan

PART V  GOVERNANCE, STRATEGY AND SOCIAL RESPONSIBILITY

22 Financial innovations, marketability and stability in banking
   Arnoud W.A. Boot and Matej Marinč

23 Bank acquisitions and strategy since the GLB Act
   J. Kimball Dietrich

24 Social, environmental, ethical and trust (SEET) issues in banking: an overview
   Andreas G.F. Hoepner and John O.S. Wilson

25 Corporate social responsibility, financial performance and selection bias: evidence from Taiwan’s TWSE-listed banks
   Chung-Hua Shen and Yuan Chang
# Contents

## PART VI  GOVERNANCE IN NON-BANK FINANCIAL INSTITUTIONS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Author(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>Management turnover, regulatory oversight and performance: evidence from community banks</td>
<td>Ajay A. Palvia</td>
<td>487</td>
</tr>
<tr>
<td>27</td>
<td>Redeemability as governance: a study of closed-end and open-end funds under common management</td>
<td>Peter MacKay</td>
<td>510</td>
</tr>
<tr>
<td>28</td>
<td>The role of venture capitalists in the acquisition of private companies</td>
<td>Paul A. Gompers and Yuhai Xuan</td>
<td>535</td>
</tr>
<tr>
<td>29</td>
<td>Governance and microfinance institutions</td>
<td>Rients Galema, Robert Lensink and Roy Mersland</td>
<td>565</td>
</tr>
</tbody>
</table>

## PART VII  REGIONAL AND COUNTRY STUDIES

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Author(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>Bank governance: the case of New Zealand</td>
<td>Don Brash</td>
<td>581</td>
</tr>
<tr>
<td>31</td>
<td>Corporate governance in European banking</td>
<td>Francesca Arnaboldi and Barbara Casu</td>
<td>588</td>
</tr>
<tr>
<td>32</td>
<td>Debt forgiveness during Japan’s lost decade</td>
<td>Satoshi Koibuchi</td>
<td>610</td>
</tr>
<tr>
<td>33</td>
<td>Corporate governance of banks in Korea</td>
<td>Heungsik Choe and Byungyoon Lee</td>
<td>646</td>
</tr>
<tr>
<td>34</td>
<td>Banking regulatory governance in China: a legal perspective</td>
<td>Yufeng Gong and Zhongfei Zhou</td>
<td>660</td>
</tr>
<tr>
<td>35</td>
<td>Corporate governance and bank performance in Thailand</td>
<td>Tientip Subhanij and Wanvimol Sawangngoenyuang</td>
<td>680</td>
</tr>
<tr>
<td>36</td>
<td>Governance issues in Indian microfinance</td>
<td>Shubhashis Gangopadhyay and S.K. Shanthi</td>
<td>696</td>
</tr>
</tbody>
</table>

Index

707