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
    227

13  Market discipline for financial institutions and markets for information
    Apanard P. Prabha, Clas Wihlborg and Thomas D. Willett
    238

14  Moral hazard, bank resolution and the protection of depositors
    David G. Mayes
    270

15  The governance of ‘too big to fail’ banks
    Andy Mullineux
    285

16  Incentives to improve the corporate governance of risk in financial institutions
    Richard J. Herring
    296

PART IV  GOVERNANCE, REGULATION AND SUPERVISION

17  The boundary problems in financial regulation
    Charles A.E. Goodhart and Rosa M. Lastra
    321

18  Financial architecture, prudential regulation and organizational structure
    Ingo Walter
    332

19  Corporate governance and prudential regulation of banks: is there any connection?
    Lawrence J. White
    344

20  The policy conundrum of financial market complexity
    Hilton L. Root
    360

21  The future of financial regulation: reflections from an emerging market perspective
    Rakesh Mohan
    378

PART V  GOVERNANCE, STRATEGY AND SOCIAL RESPONSIBILITY

22  Financial innovations, marketability and stability in banking
    Arnoud W.A. Boot and Matej Marinč
    395

23  Bank acquisitions and strategy since the GLB Act
    J. Kimball Dietrich
    412

24  Social, environmental, ethical and trust (SEET) issues in banking: an overview
    Andreas G.F. Hoepner and John O.S. Wilson
    427

25  Corporate social responsibility, financial performance and selection bias:
evidence from Taiwan’s TWSE-listed banks
    Chung-Hua Shen and Yuan Chang
    458
PART VI  GOVERNANCE IN NON-BANK FINANCIAL INSTITUTIONS

26  Management turnover, regulatory oversight and performance: evidence from community banks
    Ajay A. Palvia  487

27  Redeemability as governance: a study of closed-end and open-end funds under common management
    Peter MacKay  510

28  The role of venture capitalists in the acquisition of private companies
    Paul A. Gompers and Yuhai Xuan  535

29  Governance and microfinance institutions
    Rients Galema, Robert Lensink and Roy Mersland  565

PART VII  REGIONAL AND COUNTRY STUDIES

30  Bank governance: the case of New Zealand
    Don Brash  581

31  Corporate governance in European banking
    Francesca Arnaboldi and Barbara Casu  588

32  Debt forgiveness during Japan’s lost decade
    Satoshi Koibuchi  610

33  Corporate governance of banks in Korea
    Heungsik Choe and Byungyoon Lee  646

34  Banking regulatory governance in China: a legal perspective
    Yufeng Gong and Zhongfei Zhou  660

35  Corporate governance and bank performance in Thailand
    Tientip Subhanij and Wanvimol Sawangngoenyuang  680

36  Governance issues in Indian microfinance
    Shubhashis Gangopadhyay and S.K. Shanthi  696

Index  707