Index

accounting standards 26, 35, 155–6, 242, 291
and bank operating efficiency drivers 101, 104, 107–9, 111, 115, 117, 119
Acharya, V. 82, 166, 332, 357, 408, 452
Adams, R. 17, 18, 19, 25, 36, 166, 167, 570, 571, 572, 592–4, 596, 597, 601, 701
Admati, A. 532
Affinito, M. 589
agency theory 202, 565–6, 574, 575
Aghion, P. 282, 645
Ahlin, C. 697
Ahmad, K. 482
AIG 256, 258–9, 296, 306, 307, 350
Aigner, D. 482
Akerlof, G. 400, 407
Akhigbe, A. 422
Albania 99
Alexander, G. 459
Algaoud, L. 460
Ali, R. 381
Alkhafaji, A. 467
Allen, F. 72, 88, 398, 605
Amel, D. 91, 120
Amihud, Y. 300, 202, 204
Amtenbrink, J. 678
An, X. 398
Anderson, C. 20
Anderson, J. 482
Anderson, R. 266
Andrade, G. 538, 539, 554, 562
Andrés, P. 21, 25, 596
Angelini, P. 79
Arbak, Emrah 179–99
Argandoña, A. 439, 446, 460, 464
Argentina 29, 30, 31, 32, 33, 47, 52, 53, 54, 55, 99
Armendáriz, B. 565, 574, 575, 700
Arnaboldi, Francesca 588–609
Arrow, K. 534
Augar, P. 287, 293
Aupperle, K. 459
Australia
APRA (prudential regulation authority) 667, 673
bank governance and ownership 29, 30, 31, 32, 33, 47, 55
banking efficiency score 99
board size and firm value 687
controlling shareholders 52, 53, 54
corporate borrower nationality 131
deposit guarantee scheme 270, 278, 279, 280
dismissal of regulatory official 665
firms using foreign lead lenders 133
Austria
bank governance and ownership 29, 30, 31, 32, 33, 47, 55
banking assets 592
banking composition and structure 591, 609
banking efficiency score 99
board composition and features 596, 597, 599
CEO features 601, 602
controlling shareholders 52, 53, 54
trust in banking survey 450–51
Avgouleas, E. 315
Axelson, U. 223
Ayadi, Rym 179–99, 277
Azerbaijan 99
Bae, K. 134, 146
Baek, J. 26
Baele, L. 604
Bai, C. 27
Bailey, M. 449
Bak, P. 364
Baker, M. 536, 537
Balachandran, B. 201, 205
Balachandran, S. 401
Baltagi, B. 60
Banerjee, A. 573, 697
Bangladesh 459, 574, 696, 700
bank acquisitions
community banks 491, 493, 494, 497, 498, 499
venture capital-backed companies, see private venture capital-backed companies, acquisition of
bank acquisitions and strategy since the Gramm–Leach–Bliley (GLB) Act 412–26
acquisitions by banks by SIC code 418–21
bank consolidations 413–14, 421
bank holding companies (BHCs) 412–15, 422–3
bank strategies, impact on 415–22
deposit-taking firms as acquisitions 421
Index

financial holding companies (FHCs), creation of 413, 414
Glass–Steagall Act, Section 20 amendments 412, 421, 423–5
non-banking activities, diversification into 422–5
risk management 422–5
securities services 412, 421, 422–5
smaller banks, listing requirements 414–15, 421
stock repurchases 415–18
transaction values and volume 414, 415
Troubled Asset Relief Program (TARP) 166, 201, 251, 285, 422, 423–5
Bank of America 250, 251, 255, 256–7, 296, 307, 350, 368
bank failures 184, 186, 187, 188, 190, 194, 195, 506; see also individual banks
bank failures and CEO compensation 210–18
bonuses 213, 214, 216, 217
CEO separations, involuntary 217
equity value 213, 214, 215, 216
executives’ human capital 216–17
failure rate 213, 214, 216, 217
literature on 210–12
regulatory restrictions 211–12
research data and results 212–17
research structure 210–12
salary level 213, 214, 216
shareholder interests 211, 212
stock option grants 212, 217
see also CEO pay and risk-taking in banking; executive compensation
bank governance, concepts and measurements 17–41
accounting standards 26, 35
Basel Committee, see Basel Committee on Banking Supervision (BCBS)
board size and structure 19, 20, 21, 22, 24–6, 27–8, 29, 30–31
CEO turnover 20
competition, effects of 35–6, 37–8
corruption, bank lending 23
diversification 22
equity-based compensation 25–6, 35
executive compensation 25–6, 27, 28, 32–3, 35
external governance 35–8
governance measures 17, 24–39
incentive compensation and risk-taking 20, 22, 35
information asymmetries 17
information disclosure 21, 22, 26, 27, 28, 33–4, 35
internal governance 23–35
internal governance measurements 26–9
internal governance, worldwide 20–22, 29–35, 38
literature review 17–24
market-oriented regulation 36, 38–9
ownership structure 21, 23, 27, 28, 29, 31–2, 35
performance measures 38–9
principal–agent problem 24
regulation policies 18, 21, 22–4
risk-taking 19–20, 21, 22, 23, 35
shareholder monitoring and protection 19, 24–5
stock market response to banking reform 21
supervision measurement 18, 22, 23, 36–8
traditional regulation approach 18–22, 37–8
transparency 26, 27, 28, 33–4, 35
see also corporate governance headings
bank holding companies (BHCs) 412–15, 422–3, 593–4
bank operating efficiency drivers, bank competition and credit information sharing 87–123
accountability 97, 102, 106, 109, 110
competition measurement 88–9, 91–2, 94–101, 103–6
corruption control 97, 98, 102, 106, 108, 109, 110
Data Envelopment Analysis (DEA) 102–3
data and variables 93–102
efficiency literature 89–90
empirical results 102–20
entry restrictions 88, 92, 93, 100–101, 104, 105, 107, 109–11, 113, 115–17, 119, 120
equity 102, 104–6, 107, 108, 109, 112, 115, 117, 119
GDP 90, 94, 97–8, 102, 104–6, 108–9, 112, 116–17, 119
government effectiveness 97, 98, 102, 106, 109, 110
inflation 90, 97, 106, 107, 109, 112, 115, 117, 119
information asymmetry problem 89, 91, 92
loan processing costs 92–3
managerial incentive schemes 87–8, 91
market concentration 88, 91–2, 93, 94, 100, 104, 105, 107, 109–11, 113, 115–17, 119
monopoly power, effects of 88, 90–91
moral hazard problems 89, 91

James R. Barth, Chen Lin, and Clas Wihlborg - 9781849806107
Downloaded from PubFactory at 09/21/2023 02:17:45AM
via free access
political stability 97, 98, 102, 106, 109, 110
private and public interest theories of regulations 92
quality of regulation 97, 98, 106, 108, 109, 110
‘quiet life’ hypothesis 90–91
relationship banking 91
robustness tests 95, 106–18
rule of law 90, 97, 98, 102, 106, 108, 109, 110, 118–20
state-owned banks 101–2, 105, 107, 109, 115, 117, 119
supervisory power 101, 105, 107, 109, 111, 115, 117, 119
theory and hypotheses 90–93
book ownership and performance 42–71
bank control rights 47, 48–9
bank ownership structure, impact of 58–60
capital oversight 45, 46, 48, 49, 50, 51, 55–8, 59, 67, 70
controlling shareholders 42, 43–9, 52–9, 66–8, 71
data and variables 43–6
and financial crisis 66–8
loan growth 44, 45, 46, 55–8, 59, 66–7, 71
regulatory restrictions 45, 48, 49, 50, 51, 55–8, 67, 70
robustness tests 60–66
shareholder rights 44, 46, 48, 50, 55–7, 58, 59, 61, 62, 64, 67, 70
simultaneous causality problems 60
supervisory independence 45, 46, 48, 49, 50, 51, 55–8, 59, 67, 70
supervisory power 45, 46, 48, 49, 50, 51, 55–8, 59, 67, 70
world-wide 46–58
bank ownership and risk taking 163–78
analysis of 168–75
boards of directors, role of 165, 167, 170
corporate governance, role in financial system 163, 164–6
creditors, influence of 165
deposit insurance 165–6, 167
equity-based components and managerial compensation 164–5
executive pay and risk taking 166–7
financial crisis, and weakness in corporate governance 166–8
leverage issues 165, 173–5
liquidity issues 165
manager incentive problems 164
managerial labor markets and competitive salaries 164
principal–agent problem 164, 172
stockholder interests 164–5, 167–8
bank ownership and risk taking, sample study (Kansas City Federal Reserve District) 168–75
board of directors, influence of 170
bonuses as incentive for good performance 170
costs of sample banks and managers and directors 169–71
credit quality 171, 175
equity capital-to-assets ratio 171, 175
hired-manager banks 169, 170, 171–2
management monitoring 170
manager wealth concentration 172–5
owner-manager banks 169, 171–2
ownership and wealth characteristics of managing officer 170
risk measurement 171–5
stock ownership 172
survival likelihood index 171, 175
bank runs 275, 354–5
Barajas, A. 373
Barkemeyer, R. 428
Barnett, M. 427
Barth, James R. 1–13, 18, 21, 22, 23, 24, 26, 36–7, 38, 42, 45, 87, 89, 92, 94, 95, 96, 97, 100, 108, 110, 120, 146, 242, 243, 244, 252, 256, 267, 358, 451, 452
Basel Committee on Banking Supervision (BCBS) 25
Advanced Internal Measurement Approach 245, 264, 301
capital adequacy requirements 281, 290–91, 382, 387–8, 399, 383
and CoCos (Conditional Convertible bonds) 301
operational accountability definition 669
performance accountability 669–72
regulatory capital calculation 264
supervisory discipline authority 665
Bassem, B. 701
Basu, P. 696
Bateman, M. 565
Baumann, U. 21, 35, 242, 243
Baumol, W. 77
Bebchuk, L. 167, 181, 182, 200, 203
Becchetti, L. 427, 482
Beck, T. 22, 23, 24, 36, 38, 39, 42, 72, 74, 82, 103, 108, 110, 452, 594
Bekaert, G. 125, 146

James R. Barth, Chen Lin, and Clas Wihlborg - 9781849806107
Downloaded from PubFactory at 09/21/2023 02:17:45AM
via free access
Belarus 99
Belgium
  bank governance 29, 30, 31, 32, 33
  banking assets 592
  banking composition and structure 591, 609
  banking efficiency score 99
  board composition and features 596, 599, 600
CEO features 601, 602
deposit insurance and cross-border concerns
  276
Belize 29, 30, 31, 32, 33, 35
Belkhir, M. 19
Beltratti, A. 166, 601
Ben-David, I. 19
Benink, H. 266
Benston, G. 205
Berger, A. 76, 77, 82, 87, 88, 89, 91–2, 114, 121, 126, 128, 243, 245, 316, 407, 605
Berglöf, E. 406
Berglund, Tom 219–23
Berk, J. 533
Berle, A. 24, 181, 358
Bernanke, B. 358, 400
Berger, A. 76, 77, 82, 87, 88, 89, 91–2, 114, 121, 126, 128, 243, 245, 316, 407, 605
Bikker, J. 404
Bikker, J. 79, 81
Billett, M. 18
Black–Scholes model 303, 371
Blanchard, O. 386, 391
Bliss, R. 204
boards of directors
  appointment criteria and structure, Thailand
  684–5, 687, 689–91, 694–5
  chairman selection, China 665
  EU banking 595–600
  independent directors, effect on performance
  298
Korean system 649, 650, 651–6
  lack of knowledge of banking 583
  microfinance institutions (MFIs) 566–7, 568–9, 571–3, 698, 699
  outside director system, Korea, see Korea, corporate governance of banks, outside director system
  role of, and bank ownership and risk taking
  165, 167, 170
  size and structure 19, 20, 21, 22, 24–6, 27–8, 29, 30–31
  ‘too big to fail’ banks 289
Bolivia 99
Bollen, N. 533
Bolton, P. 167, 181, 182, 404, 645
Bond, P. 223
  bondholders and regulators, shifting risk on to
  203, 206
  bonds, convertible, and financial innovations
  401–2
bonuses
  EU banking and executive compensation
  182, 184–5, 186, 187, 189, 190, 191, 192, 193, 195
  as incentive for good performance 170
  microfinance institutions (MFIs) 574–5
  see also CEO pay and risk-taking in banking; executive compensation
Boone, J. 79–80
Boop, Arnoud W.A. 395–411, 452
Borio, C. 158
Bos, J. 81
Bostic, R. 452
Botswana 99
boundary problems in financial regulation
  321–31
  broader banks, clearing and settlement systems of 322
  capital requirements 325
  countercyclical regulation 327–8
  cross-border dimension 276–9, 327–9
  financial institution types, and differences in regulation 322–3
  investment companies 325
  laissez-faire system, suggestion for 326
  lending limits 325
  level playing field argument 328
  licensing requirements 326
  multilayered governance, need for 328
  narrow banks 321–2
  perimeter issue and distinction between regulated and non-regulated entities
  321–6
  prudential regulation and organizational structure 335
  ratings agencies 325
  risk management 324
  securities markets 327
  shadow banking system 322–3
  systemic risks 323
  systemically important financial intermediaries (SIFIs) 325–6, 328
  ‘too big to fail’ institutions 326
  unprotected sectors, withdrawal of funds from 322
Bowman, E. 459
Boyd, J. 72, 74, 76, 177, 184
Bradley, G. 467
Brady, N. 389
Bragdon, J. 459
**Index**

Brammer, S. 482
Brash, Don 581–7
Brazil 29, 30, 31, 32, 33, 47, 52, 53, 54, 55, 99
Bresnahan, T. 78, 81
Brewer, E. 19, 25, 630
Brickley, J. 507
Brook, Y. 19
Brookman, J. 217
Brown, C. 74, 82
Brown, L. 687
Brown, M. 89, 437, 438
Brownlee, C. 248
Brunnermeier, M. 82, 266, 274, 275, 276, 408, 451
Buch, C. 126
Bucholtz, R. 459
Bucks, B. 453
Bulgaria 99
Burkart, M. 19, 22
Burton, S. 158
Buse, J. 533
Bushman, R. 26
Butler, H. 677
Butler, J. 450
buy-and-hold abnormal returns (BHAR) 548–54
Byström, H. 243
Caballero, R. 615
Cabral, I. 604
Cairns, A. 312
callad-an-Muñoz, F. 443, 448
Calomiris, C. 241, 246, 314, 406, 407
Campbell, T. 20
Canada
bank governance and ownership 29, 30, 31, 32, 33, 47, 55
bank market power measurement 78
banking efficiency score 99
Conditional Convertible (CoCo) bonds 292
controlling shareholders 52, 53, 54
corporate borrower nationality 131
firms using foreign lead lenders 133
Canhoto, A. 79
Cannella, A. 164, 217
Cantor, R. 407
capital adequacy requirement 355–6, 387–8, 466, 468, 469, 475, 702
capital allocation
boundary problems in financial regulation 325
debt forgiveness, Japan 615–16
financial innovations 400, 402–3
misallocation effect, prudential regulation 341–2
capital oversight 45, 46, 48, 49, 50, 51, 55–8, 59, 67, 70
capital ratio measurement, community banks 491, 493, 494, 497, 498, 499, 501, 502, 504
Cappiello, L. 604–5
Caprio, G. 17, 21, 22, 23, 25, 29, 42, 43, 45, 46, 49, 60, 68, 243, 244
Carbó, S. 79, 80, 81
Carey, M. 124, 125, 126, 135, 146
Carletti, E. 72, 82
Carlin, B. 407
Carmassi, J. 72, 74, 82, 315, 452
Carpenter, J. 357
Carrillo, P. 452
Carroll, A. 427, 482
Carter, D. 598
Casu, Barbara 72–86, 94, 588–609
Caylor, M. 687
CDO, see collateralized debt obligations (CDOs)
CDS, see credit default swaps (CDS)
central bank’s role 263, 355, 385–6, 388, 389–90
CEO
and chairman, separation of roles 297, 652–3
educational qualifications, EU 603
features, EU banking 600–603
female 602–3
formal option plans for, EU 185
influence, microfinance governance, India 700
and outside directors, Korea 653–4
pay caps, EU 200
risk-taking, microfinance institutions (MFIs) 570–71
turnover 20
CEO pay and risk-taking in banking 200–209
and agency theory 202
bondholders and regulators, shifting risk on to 203, 206
bonus plans 204–5
CEO succession and inside debt 207
debt financing and 204–5, 206–7
deliberate compensation 205–7
deposit insurance, effects of 208
deregulation effects 202–3
equity-linked compensation, effects of 200–201, 202–4
future research 206–7
government intervention 200
merger decisions 203
non-equity-based compensation plans 204–7
Index

pensions 205, 206–7
regulatory intervention levels 205
shareholder interests 203–4, 206
see also bank failures and CEO compensation; executive compensation
Cetorelli, N. 79
Chan, A. 183, 196
Chan, K. 525
Chang, Yuan 458–84
Chaplinsky, S. 421, 426
Chemmanur, T. 406
Chen, C. 20, 26, 181, 182, 183, 197, 203, 243, 601
Chen, Y. 358
Chen, Z. 125
Cheng, I.-H. 210, 212, 217, 218
Cheng, S. 567, 570, 571, 572
Chesney, M. 220, 601
Chevalier, J. 512, 513
Chih, H. 482
Chile 47, 52, 53, 54, 55, 99
China, banking regulatory governance 660–79
accountability of 669–75, 676
Banking Supervision Law 661–2, 663, 664, 665, 666, 668, 671–2, 674, 675
board chairman selection 665
Budget Law 667
Commercial Banking Law 663–4, 671–2
conflict of interest legislation 666
corrective action, prompt 663–4
depositors, protection of 668–9
dismissal of regulatory official, legal protection against 665
financial independence 667
Foreign Bank Regulations 672
government intervention 661, 663–4, 665, 666–7, 671–2, 674
independence of 660–69
industrial accountability 674–5
institutional accountability 672–5
internal structure 666–7
judiciary accountability 674
legal status 661–2
legal violations and penalties 671
monitoring exercise of CBRC’s powers 671–2
parliamentary accountability 672–3
performance accountability 669–72
performance independence 661–4
personnel appointment and dismissal 664–5, 673
personnel independence 664–7
personnel qualification requirements 664
publication of minutes and voting records 675–6
regulatory independence 662–4, 668, 676
regulatory objectives 661
regulatory rules, implementation of 671
substantive and procedural legislation 670–71
supervisory liability, legal immunity of 668–9
transparency of 675–6
China, closed-end and open-end funds under common management 510–34
accountability, lack of, and governance differences 513
China, uniqueness of choice for research 510–11
conflicts of interest for fund managers 531
consolidation of financial services industry, implications of 531
cross-fund subsidization strategies 510–11, 512–13, 527–30
data sources and sample selection 515–16
difference tests 511
family effects and closed-end fund discount 524–7
family effects and fund performance 518–24
favoritism detection hypotheses 513–14
favoritism, hypotheses on how it might work 514–15
fund fees and redemption conditions, regulation of 510
fund management and load fees 516
hedge funds, performance of 512
hypothesis development 512–15
investment funds’ reports 515
literature on 512
managerial turnover 511–12, 530
market-factor return 516–18
paired-fund performance differences 520–24
performance measurement 511, 513–20
portfolio holdings effect, dealing with 518
redemnability, implications of 531–2
research design 510
resource allocation 530
spillover effects 513
trade coordination 527–30
Cho, D. 266
Choe, Heungsik 20–21, 646–59
Chomsisengphet, S. 452
Chowdury, P. 573
Christen, R. 577
Čihák, M. 80, 82, 197, 244, 452
Citigroup 248, 250, 251, 255, 256, 257, 297, 307, 350, 368
Index 713

Claessens, S. 42, 79, 266, 314
closed-end and open-end funds, see China, closed-end and open-end funds under common management
Coccorese, P. 79
CoCos (Contingent Convertible bonds), see corporate governance of risk in financial institutions, incentives to improve, Contingent Convertible Bonds (CoCos)
Coffee, J. 407
Coles, J. 165, 203
collateralized debt obligations (CDOs) 286–7, 291, 370, 383, 402
Colombia 47, 52, 53, 54, 55, 99, 565–6
community banks, management turnover, regulatory oversight and performance 487–509
bank acquisitions 491, 493, 494, 497, 498, 499
bank examinations 488–9, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500–501, 504
bank failures 506
biased results, possible 506
CAMEL rating 488–9, 491
capital ratio measurement 491, 493, 494, 497, 498, 499, 501, 502, 504
credit risk measurement 491, 493, 494, 497, 498, 499, 501, 502, 504
data used 488, 490–94
descriptive statistics 492–4
empirical results 494–505
executive voluntary turnover 492, 493, 494, 497, 498, 499, 500–501, 502, 504, 505
forced dismissals, impact of 505–6
liquidity measurement 491, 493, 494, 497, 498, 499, 501, 502, 504
log assets 492, 493, 497, 498, 499, 501, 502, 504
management, regulatory rating for 491, 492, 493, 494, 495, 496, 497, 498–9, 500–501, 504–5
multivariate tests 496–504
newer banks 491, 493, 494, 497, 498, 499
ownership change 491–2, 493, 494, 497, 498, 499
performance measurement by return on assets 491, 493, 494–5, 497, 498, 499, 501, 502, 504
regulatory intervention and performance, direct impact of 505
regulatory interventions, timing of 504–5
reversal effect and future upgrades 506
sensitivity/robustness tests 504–6
compensation, see executive compensation
competition benchmark, prudential regulation and organizational structure 334–5
and corporate borrower nationality and global presence 125
effects of 35–6, 37–8
and efficiency drivers, see bank operating efficiency drivers, and bank competition and credit information sharing
and financial regulation, future of 384
competition and financial stability, conflict between 72–86
asset reallocation effect 80
and bank size 75–6, 77, 79
charter value and risk-taking 75
competing markets, comparison of 81
credit market competition and risk-taking 73, 75
deposit market and risk-taking 73, 74, 75, 76
deregulation and risk-taking 75, 76
efficiency measurement and performance 77, 79–80
empirical evidence 74–7
entry and exit conditions 77–8, 80
future research 77, 82
lending market and risk-taking 73, 74, 76
market concentration and risk-taking 76, 77
market power and risk-taking 74–5, 76, 78–9, 81
market structure 77–8
monopolistic competition 79
and moral hazard 73, 74, 76
new industrial organization (NIO) approach 78–9
non-structural measures 78–80
and persistence of profit (POP) hypothesis 80
‘quiet life’ hypothesis 74–5
risk-taking, effects of 72–3, 74–6, 77, 78–9, 81
theoretical literature 72–4
conflicts of interest 286–7, 293, 333, 531, 651, 653, 654, 666
Connelly, J. 685
Conway, E. 301
Cook, D. 489
Coppock, R. 467
Cone, J. 25, 26
corporate borrower nationality and global presence, and pricing of syndicated bank loans 124–48
bank loans, factors influencing pricing of 125–8
bank regulation and supervision, cross-country differences in 134
Index

banking–commerce integration 134
and bond rating and bond rating migration 135, 138
borrower and lender, effect of distance between 126
and competition 125
conditional pricing of syndicated loans 135
coupon payment 134
data used 128–30
distance and borders, connection between 126
fee charges 134
firm size 127–8, 138–9, 140–45
firms using foreign lead lenders 132
global banks, benefits of using 127
information asymmetry 125
information barriers 126, 130–32
information costs 127–8, 138
institutional environment 126
lead lenders, identifying 129
legal structures 125
loan pricing, and effects of foreign leads and assets 138–45
loan pricing influences 135–8
loan types 128
summary statistics 130–32
syndicate structures 129
syndicated loan pricing analysis 134–8
syndicated loans as hybrid of public and private debt 126
systematic differences in loan pricing across markets 127
corporate governance and prudential regulation of banks, connection between 344–59
bank runs 354–5
central bank lending 355
commercial banks 347–9
creditor assurance, net worth and protective buffer for 346–7
deposit insurance 355
government-sponsored enterprises (GSEs) 349
insolvency closures 355–6
investment banks 349–50
leverage, balance sheet approach to understanding 345–7
leverage and corporate governance 351–3
leverage and financial institutions 347–50
leverage and its implications 345–51
limited liability implications 346, 348–9, 351, 352
managers, governance and risk-taking potential 352–3
owners, risk-taking and diversification 352
real-world illustrations 350
risk-taking 346–7, 348–9, 352–3
thrift institutions 347–9
see also bank governance, concepts and measurements
corporate governance and prudential regulation of banks, connection between, prudential regulation 353–7
activities limitations 356
arguments for 354–5
capital adequacy 355–6
improved governance role 356–7
managerial competency requirements 356
monitoring of financial flows between bank and owners 356
primary tools for 355–6
receivership regime for insolvent banks 356
regulators, adequate numbers of well-trained 356
corporate governance of risk in financial institutions, incentives to improve 296–318
Advanced Internal Measurement Approach, use of 301
bad practices, identifying 300–301
Black–Scholes model 303
CEO and chairman, separation of roles 297
compensation and remuneration structures 299–301
Core Principles of banking supervision 296–7
country-level governance, effect of 298
derivatives and compensation constraints 300
dependent evidence 297–8
incentives, role of 299–313
independent directors, effect on performance 298
institutional share ownership, effect on performance 298
market discipline, ineffectiveness of 301
moral hazard and market price signals 301
shareholder influence 301
size and structure constraints 311
subsidiary tax levy suggestion 311
supervisory discipline, need for 301
transparency and accountability, importance of 297
‘Zombie’ institutions 308
corporate governance of risk in financial institutions, incentives to improve, Contingent Convertible Bonds (CoCos) 301–7
book values as trigger, problems with 303

James R. Barth, Chen Lin, and Clas Wihlborg - 9781849806107
Downloaded from PubFactory at 09/21/2023 02:17:45AM
via free access
CDS spreads as trigger 303
conversion price and right amount of 304–5
dilution avoidance 302
equity values as trigger 303–4
market value of capital as trigger 304, 305–7
and ratings agencies 303
and SIFIs 275, 302–12
stock price movements as trigger 303
subordinated debt conversion to equity 302
and ‘too big to fail’ banks 292
trigger, setting appropriate 303–4
trigger, working model of 305–7
corporate governance of risk in financial
institutions, incentives to improve, rapid
resolution plans 307–13
benefits of adopting 312–13
demonstrating feasibility of 310
evaluation by primary supervisor 310, 311
interconnections and interdependencies,
identifying 309
and international college of supervisors 311
knock-on effects, avoiding serious 309
management information system
requirements 309
planning 308–11
private and social costs 312–13
procedures, identifying 309
reviews 309
stress conditions 311
supervision of 308–9, 310, 311, 312
systemically important activities, identifying 309
‘too big to fail’ banks 311
corporate social responsibility (CSR)
Taiwan, see Taiwan, corporate social
responsibility, financial performance
and selection bias
see also social, environmental, ethical and
trust (SEET) issues in banking
corruption control 23, 97, 98, 102, 106, 108,
109, 110, 365
Corston, J. 296
Costa Rica 99
Coulson, A. 439, 446
Coval, J. 146, 406
Cowton, C. 437, 438, 440, 441, 446, 447
Crawford, A. 26, 181, 211, 212, 217, 218
credit default swaps (CDS) 246, 248, 249–52,
303, 366–7, 402
credit information sharing, see bank operating
efficiency drivers, and bank competition
and credit information sharing
credit risk
community banks 491, 493, 494, 497, 498,
499, 501, 502, 504
and environmental risks 442, 447
premium, and market discipline for financial
institutions 240
Credit Suisse 250, 280, 297
creditor protection 242, 262, 273–4, 281, 346–7
Croatia 29, 30, 31, 32, 33
Croft, J. 312
cross-border concerns, see boundary problems
in financial regulation
cross-fund subsidization strategies, China
510–11, 512–13, 527–30
Crouhy, M. 449
Cull, R. 242, 452, 566, 575, 697
Cummins, C. 158
currency reserves, arguments for and against
372–3
Czech Republic 29, 30, 31, 32, 33, 99
Dahl, D. 489
Dahya, J. 17, 25
Daily, C. 566
Dam, L. 444, 447, 448
Darby, M. 453
Darroch, J. 428, 437, 439
Das, A. 20
Das, U. 660
Dash, E. 314
Davies, H. 296
Davis, P. 79
De Bandt, O. 79
De Groen, Willem Pieter 179–99
De Guevara, J. 79, 88
De la Cuesta-González, M. 440, 447
De Nicolò, G. 72, 74, 75–6
debt, subordinated 241, 242, 246, 247, 248,
249–51
debt–equity swaps (DES), Japan 618, 621–4,
625, 626, 634, 635, 643–4
debt forgiveness, Japan, see Japan, debt
forgiveness
securities, and financial innovations 400–401
Decker, S. 440, 447
Degryse, H. 82, 126, 406
Deheja, R. 461–2, 467
Deidda, L. 398
Del Guercio, D. 597–8
Dell’Ariccia, G. 589
DeMarzo, P. 408
Demirgüç-Kunt, A. 49, 72, 74, 88, 102, 116,
242, 266
Demsetz, H. 19, 79, 187
debt–equity swaps
Demyanyk, Y. 271
Denis, D. 17, 25, 488

James R. Barth, Chen Lin, and Clas Wihlborg - 9781849806107
Downloaded from PubFactory at 09/21/2023 02:17:45AM
via free access
Index

Denmark
bank governance and ownership 30, 31, 32, 33, 47, 55
banking assets 592
banking composition and structure 591, 609
banking efficiency score 99
board composition and features 596, 599, 600
CEO features 602
controlling shareholders 52, 53, 54
recapitalization methods 274

Dennis, S. 129, 397
deposit insurance
bank ownership and risk taking 165–6, 167
EU 181, 183, 277, 278–9, 280–81
executive compensation and risk-taking 181, 183, 208, 219
market discipline for financial institutions 240, 241, 242–3, 244
microfinance institutions (MFIs) 575–6
and moral hazard 167
new framework for 279–82
original objectives of 270–1
and prudential regulation 355
‘too big to fail’ banks 288–9, 290–91
US 208, 273, 278–81, 285, 288–9
deposit market, and risk-taking 73, 74, 75, 76
deposit-taking institutions, restrictions on, Thailand 686–7
depositor protection
China 668–9
and moral hazard, see moral hazard, bank resolution and protection of depositors
deregulation 75, 76, 202–3, 335, 382
derivatives 300, 370, 374, 382–3, 384, 389, 402
D’Espallier, B. 700
Detragiache, E. 242
Dewatripont, M. 315
DeYoung, R. 36, 165, 168, 176, 177, 202, 203, 204, 489, 601
Diamond, D. 266, 358, 397, 406, 408
Dick, A. 75, 77, 82
Dierkes, M. 467
Dietrich, J. Kimball 412–26
Dinç, I. 74, 82, 102
Ding, L. 452
DiSalvo, J. 78
Distinguin, I. 246
diversification 22, 286, 341–2
Djankov, S. 87, 89, 92, 96, 120
Dolde, Walter 210–18
Drake, L. 94, 121
Drehmann, M. 158
D’Souza, A. 301, 302, 303
Dubai, real estate bubble 156–7

Duffie, D. 301, 408
Durkin, T. 452
Duru, A. 204
Dybvig, P. 266, 358, 408

Ecuador 99
Edmans, A. 201, 206
efficiency drivers, see bank operating efficiency drivers, and bank competition and credit information sharing
measurement and performance 77, 79–80

Egypt 47, 52, 54, 55
Eijffinger, S. 678
Eisenberg, T. 596
El Salvador 99
Elliehausen, G. 452
Ellison, G. 512, 513
Ellul, A. 167
Elston, J. 29–35
Elul, R. 407
emerging market economies (EMEs), financial regulation, future of 378, 380, 388, 390

Emiris, M. 604
Engle, R. 248
entry restrictions
bank operating efficiency drivers 88, 92, 93, 100–101, 104, 105, 107, 109–11, 113, 115–17, 119, 120
competition and financial stability, conflict between 77–8, 80
environmental issues, see social, environmental, ethical and trust (SEET) issues in banking
Equator Principles 435, 441, 442, 444, 447, 448

equity
and bank operating efficiency drivers 102, 104–6, 107, 108, 109, 112, 115, 117, 119
capital-to-assets ratio, Kansas City Federal Reserve District 171, 175
equity-type contracts, limited liability in 400
funding, microfinance governance, India 701–2, 703–4
investment, Thailand 686
performance, and market discipline for financial institutions 247, 248
returns on equity (ROEs) rates, social issues in banking 444, 448
transactions, and private venture capital-backed companies 545
value, bank failures and CEO compensation 213, 214, 215, 216
value as trigger, Contingent Convertible Bonds (CoCos) 303–4
Erkens, D. 167, 297, 298, 601
Erwin, G. 421, 426
Estonia 99
Esty, B. 129
ethical issues, see social, environmental, ethical and trust (SEET) issues in banking
EU
bank loans and European discount 124–5, 135, 138–9
bank market power measurement 78–9, 81, 88
CEO pay caps 200
contingent capital use 301
corporate borrower nationality 131, 135–8
deposit insurance scheme 277, 278–9, 280–81
eurozone crisis and bond holdings 290
financial crisis, warning signs of 251–2, 259
hedge fund and private equity fund, regulation tightening 287
loan pricing, and effects of foreign leads and assets 142–5
market power and risk-taking 76
monopolistic competition 79
rapid resolution plans 308
remuneration improvement proposals 299
syndicated loan market competition 127
‘too big to fail’ banks, governance of 285
EU banking, corporate governance 588–609
bank holding companies (BHCs) 593–4
bank-based system 589
banking structure 590–92
board composition and diversity 598–600
board length of tenure 597–8
board size and firm performance 595–7
boards of directors 595–600
CEO features 600–603
data sample 592–5
educational qualifications of CEOs 603
foreign ownership of banks 591
geographical proximity classification 594, 595, 596, 599, 602
language family classification 593–4, 595, 596, 599, 600, 601, 602
legal traditions and protection levels 593, 594–5, 596, 599, 602
market-based system 590
one-tier versus two-tier board 597
organizational structure 594
Second Banking Directive 590
shareholder and stakeholder value models 590
universal banking model 589, 590, 591
women as CEOs 602–3
EU banking, executive compensation and risk-taking 179–99
bank size 187, 194
bonuses 182, 184–5, 186, 187, 189, 190, 191, 192, 193, 195
Capital Requirements Directive 179, 287
CEOs, formal option plans for 185
cooperative banks 186, 188, 194
debt financing 181
deposit insurance schemes 181, 183
and firm’s equity value 180–82
fixed salary evolution 186, 191
G20 London Summit endorsements 179, 180
High-level Principles for Remuneration Policies 179–80
hypotheses on relation between 182–3
idiosyncratic risk 183, 187, 189, 192
interest risk 183, 187, 189, 193
literature review 180–82
long-term performance incentives 183, 184–5, 188–90, 191–4, 195
long-term-oriented and remuneration packages, call for 179, 180
market-base risk 188
methodology and data 183–7
moral hazard problem 181
OLS regressions for assessing impact of 188–90
performance-based pay schemes 181
profit-sharing schemes 182
remuneration variables 184–7
research results 188–94
risk indicators 183–4
short-term incentives 182
simultaneous equation estimates 190–94
stock-option schemes 181–2, 185
systematic risk 183, 187, 188, 191, 193
Z-score and likelihood of bank failure 184, 186, 187, 188, 190, 194, 195
Evan, J. 205
Evanoff, D. 77, 241, 242, 246
exchange rate volatility 379
executive compensation
escalating 369–70
EU, see EU banking, executive compensation and risk-taking
and financial regulation, future of 384
Korean scheme 653, 656, 657
and pay–performance sensitivity 25–6, 27, 28, 32–3, 35
and risk taking 166–7
structures, incentives to improve 299–301
see also bank failures and CEO compensation; CEO pay and risk-taking in banking
executive compensation, restricting risk-taking by financial institutions through 221–23
business initiatives and opportunities, taking advantage of 220
deposit insurance 219
equity-related compensation 220
‘golden parachutes’ 222
insurance premiums, management incentives incorporated in 220
management effort, possible restriction of 222
managerial misbehaviour and harmful risk-taking 221–3
negative externalities 219
new technology, use of 220–21
pay caps 221–2
regulatory restrictions 219–20
shareholder incentives 220
size of business and economies of scale and scope 221

Fabozzi, F. 507
Fahlenbrach, R. 167, 182, 203, 211, 217, 220, 222, 358, 601
Faley, O. 597
Fama, E. 164, 358, 510, 513, 516, 532, 551, 552–3
Fannie Mae and Freddie Mac 150, 155, 228, 231, 233–6, 285, 322, 349, 350, 368–9
Fattouh, B. 398
Fehr, E. 453
Feigenberg, B. 697
Feldman, R. 74, 82, 271, 274, 315
Fennell, E. 159
Fernández, A. 242
Fernandez, F. 80
Ferreira, D. 597, 601, 701
Ferris, S. 482
financial architecture, prudential regulation and organizational structure 332–43
break-ups, ring-fencing and functional carve-outs 339
buy-side specialists 339
capital-misallocation effect 341–2
competitiveness and robustness benchmark 334–5
conflicts of interest 333
conglomerate discount 341–2
cross-border regulations 335
diversification benefits 341–2
dynamic efficiency benchmark 334
failed financial institutions, resolution of 337–8
financial conglomerates, limiting size of 340
financial crisis as window of opportunity for change 337
geographic fragmentation and international regulation 338
laissez-faire, modified 337–8
market discipline approach 333, 334, 335
monitoring of the build-up of systemic risk 337–8
moral hazard and adverse selection 335
negative externalities 333, 334
portfolio-selection effect 341–2
pricing systemic risk 338
regulatory balance 335–6
regulatory dialectic 333–4
regulatory failure, history of (US) 336
separation of financial functions 333–4, 339–40
shadow banking 339
shareholder protection 333
size and scope of financial institutions, effects of 332–3
stability benchmark 334
stability benefits and conglomerate costs of functional diversity 341–2
static efficiency benchmark 334
structural options against benchmarks, calibrating 337–40
supervision improvement 338
systemic performance benchmarks 334–7
systemic risk, internalization problems 335–3
Voleker Rule 336–7, 340
financial crises, lessons learned from recent 149–59
accounting issues 155–6
adjustable-rate mortgages(ARM) 151
bank failures in Iceland 153
Colonial Bank and high loan concentrations 154
Dubai real estate bubble 156–7
government-sponsored entities (GSE) and federal laws, US 150
hedge funds 152
high-risk loans 151
interest rate risk 155–6
key factors in recent US crisis 149–51
leveraged loans 152–3
liquidity risk 150, 153
loans made to high-risk borrowers 154–5
moral hazard problem 151
population growth, US 149–50
regulatory capital requirements 153
savings and loan crisis (1980s), foresight from 149, 155
securitization 151
shadow banks 150
sovereign wealth funds, investment of 150
subprime borrowers and mortgages 151–7
financial crisis
market prices as early warning signals of 249–56
rapidity and unpredictability of 363–5
and weakness in corporate governance 166–8
as window of opportunity for change 337
Financial Crisis Inquiry Commission, failure of 227–37
affordable housing (AH) policies and high-risk lending 227–9, 230–31, 233, 234, 235–6
Commission majority report 232–3
and Department of Housing and Urban Development (HUD) 227–8, 230, 231–2, 234
downpayments, zero 231
Fannie Mae and Freddie Mac, Commission majority’s treatment of 233–6
and GSE (government-sponsored enterprise) Act 150, 155, 227–8, 230, 232–6
history, learning from 227
interest rates, low, and underwriting standards, unexplained links between 229, 230–31
mortgage loan defaults 228–9
non-traditional mortgages (NTMs), build-up of 229, 230, 233–6
predatory lending, lack of statistics for 233
private label securities (PLS), rise in 234–5
reasons for 228–9
underwriting standards, deterioration of 230–32, 234
financial holding companies (FHCs), creation of 413, 414
financial innovations 291–2, 383
financial innovations, marketability and stability in banking 395–411
bank-based or financial market-driven systems, dichotomy between 396
banks versus capital markets, complementarities between 398–9, 403
capital allocation 400, 402–3
collateralized debt obligations (CDOs) 286–7, 291, 370, 383, 402
credit default swaps (CDS) 246, 248, 249–52, 303, 366–7, 402
debt securities 400–401
equity-type contracts, limited liability in 400
financial innovation, understanding pros of 400–402
information access 397
information asymmetry problems 400–401, 402
insurance misselling 402, 403
investment banks’ role 397, 404–5
lemon problem 400–401
lending standards, weakening of 403
marketability and excessive ‘changeability’ key 403–4
marketability and institutional franchise value 404–5
over-the-counter derivatives 383, 384, 402
problematic innovations 402–4
regulatory arbitrage 402
relationship versus transaction banking 397–8, 404–5
risk management 397, 398–9
securitization, see securitization
shareholders, rights issue for 401, 404
stock market liquidity 404
tax efficiency 407
transaction-oriented banking 395–6, 402, 404
transparency, reduction in 403
financial market complexity, see policy conundrum of financial market complexity
financial regulation, future of 378–92
capital adequacy, need for higher 387–8
capital flows, volatility in 390
central bank’s role 385–6, 388, 389–90
collateralized debt obligations (CDOs) 383
competition levels 384
contra-cyclical capital requirements 388
crisis dimensions 378–9
deregulation, effects of 382
derivatives 382–3, 384, 389
demand driven or financial market-driven systems, dichotomy between 396
evening market economies (EMEs) 378, 380, 388, 390
employee compensation levels 384
exchange rate volatility 379
financial innovation 383
financial system, what went wrong with 380–84
future challenges 385–90
GDP growth forecasts 378–9
global credit write-downs 379
hedge funds 388–9
inflation levels 380
leverage, build-up of excessive 381–3
liquidity risks 382–3, 390
monetary policies, accommodative 380
over-the-counter (OTC) derivatives 383, 384
prudential regulation, need for 381, 385–7, 388
regulation, extending perimeter of 388–9
regulation and supervision shortcomings 380–84
regulatory structure, changes needed in 385–7
risk management 382
securitization 382–3, 384, 389
shadow banking system 383–4
systemically important financial institutions (SIFIs), regulation of 381–2, 386, 389–90
Turner Review on regulatory reform 381, 383
unemployment levels 379
financial stability, and competition, see competition and financial stability, conflict between
Financial Stability Board (FSB) 180, 271, 275, 299, 308, 387
Finland
bank governance and ownership 30, 31, 32, 33, 47, 55
bank market power measurement 78
banking assets 592
banking composition and structure 591, 609
banking efficiency score 99
board composition and features 596, 599, 600
CEO features 601, 602
controlling shareholders 52, 53, 54
Fiordelisi, F. 81
Flannery, M. 183, 241, 246, 266, 301
Fombrun, C. 459, 467
Fonteyne, W. 588
Foote, C. 449
Fortier, D. 77
Foster, G. 376
Frame, W. 407, 408
France
bank ownership 47, 55
banking assets 592
banking composition and structure 591, 609
banking efficiency score 99
board composition and features 596, 599
CEO features 200, 602
controlling shareholders 52, 53, 54
corporate borrower nationality 131
firms using foreign lead lenders 133
outside directors, limits on terms of 653
post-bailout windfall tax 291
Franks, J. 17
Fraser, D. 187, 266
Frater, S. 487
Freddie Mac, see Fannie Mae and Freddie Mac
Freixas, X. 406
French, K. 146, 516, 551, 552–3
Fried, J. 181, 182
Friedman, M. 217, 459
Frohman, J. 482
Frydman, C. 316
Fukuda, S. 644–5
Fulghieri, P. 401, 406
Fungacova, Z. 79
Furine, C. 17, 26
Furlong, F. 246
future research
CEO pay and risk-taking in banking 206–7
competition and financial stability, conflict between 77, 82
microfinance institutions (MFIs) and governance 567, 574
Taiwan, corporate social responsibility, financial performance and selection bias 479–82
Gabaix, X. 407
Gaiha, R. 697
Galai, D. 19, 190
Gale, D. 72, 88, 398, 401, 605
Galema, Rents 565–78
Gandhi, P. 242
Gangopadhyay, Shubhashis 573, 696–706
Garcia, G. 271
Garcia-Marco, T. 82
Gardner, S. 487
Gaspar, J.-M. 511, 512, 521, 522, 527, 528
Gatev, E. 408
GDP
growth forecasts 378–9
Gerardi, K. 449
Germany
accounting standards 26
bank governance and ownership 29, 30, 31, 32, 33, 47, 55
bank market power measurement 79
banking assets 592
banking composition and structure 591, 609
banking efficiency score 99
banking supervision 668–9
board composition and features 596, 597, 599
CEO features 200, 602
controlling shareholders 52, 53, 54
corporate borrower nationality 131
corporate social responsibility (CSR) 460
ethical investment products, shortage of 437, 438
firms using foreign lead lenders 133
turnover tax 292

Gertner, R. 613
Ghana 99
Ghatak, M. 573
Ghosh, S. 20
Gilbert, R. 77
Giles, C. 308–9, 315
Girardone, Claudia 72–86, 605
Glaeser, E. 453, 568
global banking, and internal governance 20–22, 29–35, 38
global credit write-downs 379
global imbalances, perceived 372–3
global presence and corporate borrower nationality, see corporate borrower nationality and global presence, and pricing of syndicated bank loans
Goddard, J. 77, 79, 80, 451, 605
Goel, A. 601
Goldberg, L. 29–35
Goldman Sachs 297, 307, 324, 339, 350
Gomez-Mejia, L. 19
Gompers, Paul A. 27, 535–64
Gong, Yufeng 660–79
González, F. 242
Goodhart, Charles A.E. 321–31, 678
Gorton, G. 323, 374, 406
Guay, W. 203
Guedj, I. 512
Guenster, N. 482
Guilherard, J. 482
Gugler, K. 594
Guinnane, T. 573
Guiso, L. 450, 594, 600, 604, 605
Gultekin, M. 125
Guinevere G., 50
Gumble, P. 158
Gunay, E. 440, 446
Gunther, J. 489
Gup, Benton E. 149–59
Gutierrez-Nieto, B. 569
Guttentag, J. 293, 315
Guttman, J. 573
Guyana 99
Haaf, K. 79
Haensel, D. 406
Hagendorff, Jens 200–209
Hainz, C. 79
Haire, M. 459
Haldane, A. 286, 314
Halme, L. 35
Hamalainen, P. 245, 248, 249, 251
Hamilton, S. 482
Hamori, S. 697
Hancock, D. 407
Hannan, T. 77, 82, 88, 91
Hansen, R. 539
Hansmann, H. 568
Hao, L. 134, 146
Harjoto, M. 205
Harrison, L. 282
Hart, O. 88, 91, 242, 251, 301, 303

Greece
bank governance and ownership 20, 29, 30, 31, 32, 34, 47, 55
banking assets 592
banking composition and structure 591, 609
banking efficiency score 99
board composition and features 596, 599, 600
CEO features 602
controlling shareholders 52, 53, 54
government influence on sovereign debt 325
Greene, W. 197
Greenspan, A. 311, 374
Grei, V. 373
Griffin, J. 427, 482
Grinblatt, M. 146, 533
Groeneveld, J. 79
Gropp, R. 242, 247, 248, 605
Grossman, S. 259
Guay, W. 203
Guedj, I. 512
Guenster, N. 482
Guilherard, J. 482
Gugler, K. 594
Guinnane, T. 573
Guiso, L. 450, 594, 600, 604, 605
Gultekin, M. 125
Gumble, P. 158
Gunay, E. 440, 446
Gunther, J. 489
Gup, Benton E. 149–59
Gutiérrez-Nieto, B. 569
Guttentag, J. 293, 315
Guttman, J. 573
Guyana 99

Haaf, K. 79
Haensel, D. 406
Hagendorff, Jens 200–209
Hainz, C. 79
Haire, M. 459
Haldane, A. 286, 314
Halme, L. 35
Hamalainen, P. 245, 248, 249, 251
Hamilton, S. 482
Hamori, S. 697
Hancock, D. 407
Hannan, T. 77, 82, 88, 91
Hansen, R. 539
Hansmann, H. 568
Hao, L. 134, 146
Harjoto, M. 205
Harrison, L. 282
Hart, O. 88, 91, 242, 251, 301, 303

James R. Barth, Chen Lin, and Clas Wihlborg - 9781849806107
Downloaded from PubFactory at 09/21/2023 02:17:45AM
via free access
Index

Hartarska, V. 570, 574
Hartmann, P 604
Harvey, C. 125, 146
Hasan, Iftekhar 42–71
Hatarska, V. 699
Hauswald, R. 589
Haveman, J. 595
Hawley, J. 435, 446
Healy, P. 535, 557–62
Heath, D. 158
Heaton, J. 538
Heckman, J. 501
hedge funds 152, 286–7, 368, 388–9, 512
Heimeshoff, U. 76
Heinkel, R. 401
Hellwig, M. 401
Hendershott, T. 407
Henderson, B.J. 146, 407
Henderson, D. 459
Hennessey, K. 236
Hennessey, C. 407
Herberholz, C. 682
Hermalin, B. 25, 91, 595, 597, 598
Hermes, N. 243, 565, 569, 574
Herring, Richard J. 72, 74, 293, 296–318
Hesse, H. 82, 197, 452
Heuchemer, S. 605
Hicks, J. 121
Hinterschweiger, M. 402
Hoepner, Andreas G.F. 427–57
Hofler, R. 467
Holmström, B. 181, 220, 574
Honduras 99
Hong Kong
  bank governance and ownership 30, 31, 32, 34, 47, 55
  banking efficiency score 99
  banking supervision 669
  controlling shareholders 52, 53, 54
  corporate borrower nationality 131
  firms using foreign lead lenders 133
Hoontrakul, P. 685
Hortacsu, A. 440, 446
Hoshi, T. 406, 610, 615, 645
Hoskin, K. 282
Hotchkiss, E. 488
Houston, Joel 20, 26, 89, 101, 124–48, 181, 211, 217, 406, 489
Hovakimian, A. 242
Huang, J. 603
Huang, R. 408
Hubbard, R. 181
Huberman, G. 146
Hubler, A. 375
Huertas, T. 271, 282, 301, 302, 308, 315
Huhtala, A. 434
Huizinga, H. 49, 72, 74
Humphrey, D. 89, 114
Hungary 30, 31, 32, 34, 99
Hüfkens, E. 272, 274, 275, 280, 315, 678, 679
Huveneers, C. 589
Iannotta, G. 82, 507
Iceland 30, 31, 32, 34, 99, 153, 271–2, 276–7
Igan, D. 452
Imai, K. 697
IMF 292, 378–9, 382
incentive schemes
  compensation and risk-taking 20, 22, 35
  improvement of corporate governance of risk 299–313
  microfinance institutions (MFIs) 573–5
India
  bank governance and ownership 29, 30, 31, 32, 34, 47, 55
  banking efficiency score 99
  central bank role 386
  controlling shareholders 52, 53, 54
  deregulation and risk-taking 76
India, microfinance governance 696–706
  board of directors 698, 699
  borrower protection 704–5
  capital adequacy requirement 702
  CEO influence 700
  equity funding 701–2, 703–4
  financial inclusion and priority sector lending 702
  good governance 697–700, 703
  interest rates 703, 704
  loan margin cap 704
  loan recovery and harassment by staff 702
  loan size and restrictions 701, 702–3, 704
  Malegam Committee report 703–4
  multiple lending 703, 704
  organizational types 702
  poverty reduction 697, 703–4
  social impact and profitability, balancing between 698, 701
  women and microfinance 696, 700–701
see also microfinance institutions (MFIs) and governance
Indonesia 47, 52, 53, 54, 55, 575
inflation 90, 97, 106, 107, 109, 112, 115, 117, 119, 380
information
  asymmetry problem 17, 89, 91, 92, 400–401, 402, 582
  barriers 126, 130–32
costs 127–8, 138, 260, 261, 262, 263–4
efficiency, and market discipline for financial institutions 257–62
gaps, private venture capital-backed companies 537
incentives, and market discipline for financial institutions 257–9, 261, 262, 264
release, and lender of last resort (LOLR) facilities in central banks 263
sharing, and efficiency drivers, see bank operating efficiency drivers, and bank competition and credit information sharing
information disclosure
and bank risk 21, 22
and financial innovations 397
market discipline for financial institutions 245, 248
and moral hazard 582
Thailand, corporate governance 686
and transparency 26, 27, 28, 33–4, 35
innovations, financial, see financial innovations, marketability and stability in banking
Institute of International Finance (IIF) 292, 387–8
insurance misselling 402, 403
interest rates
debt financing, and ‘too big to fail’ banks 292–3
and executive compensation and risk-taking 183, 187, 189, 193
and financial crises, lessons learned from recent 155–6
microfinance governance, India 703, 704
and underwriting standards 229, 230–31
international initiatives, social issues in banking 433–6, 441, 447
investment banks’ role 397, 404–5
Iqbal, M. 460
Ireland
bank governance and ownership 29, 30, 31, 32, 34, 47, 55
banking assets 592
banking composition and structure 591, 609
board composition and features 56, 597, 599, 600
CEO features 601, 602
controlling shareholders 52, 53, 54
Islamic banking 293, 460
Israel 29, 30, 31, 32, 34, 47, 52, 53, 54, 55
Italy
bank governance and ownership 30, 31, 32, 34, 47, 55
bank market power measurement 79
banking assets 592
banking composition and structure 591, 609
banking efficiency score 99
board composition and features 596, 597, 599
CEO features 601, 602
controlling shareholders 52, 53, 54
Itzkowitz, Jennifer 124–48
Ivashina, V. 408
Iwata, G. 78
Jacklin, C. 408
Jackson, H. 327
Jagtiani, J. 241, 247
James, C. 20, 26, 126, 181, 183, 211, 217, 406, 489
Japan
bank governance and ownership 20, 29, 30, 31, 32, 34, 47, 55
bank market power measurement 79, 81
banking efficiency score 99
controlling shareholders 52, 53, 54
corporate borrower nationality 130–32
financial crisis, warning signs of 251–2, 259
firms using foreign lead lenders 133
Japan, debt forgiveness 610–45
Anti-Deflation Package 610, 616
bank nationalization 610
bank representation on president of board 636, 637
bank–firm relationships 635, 636, 638
burdens on main banks, impacts on 617–24
capital requirement 615–16
corporate restructuring schemes, evolution of 613–17
corporate restructuring, traditional main bank-led 615–16
cross-sectional regressions 634–8
cumulative abnormal returns (CAR) 612, 630–31, 632–8, 639, 640–43
debt–equity swaps (DES) 618, 621–4, 625, 626, 634, 635, 643–4
event day identification 625–30
event study methodology 630–31
event study results 632–44
Financial Revitalization Program (Takenaka plan) 610, 616, 626
main bank’s capitalization 634, 635, 637, 638
main bank’s share of burdens 618–24, 625, 632–4, 639–40, 643
Index

non-main banks, burdens of 616, 621–4, 625, 632–4
non-main lenders, impact on 638–44
non-performing loans, disposal of 615, 616–17, 625
Private Liquidation Guidelines 617
research hypothesis 625
risk management loans 611
shareholders, impact on 624, 638–44
simple cooperative game model 613–15
simple mean test 632–4
Jappelli, T. 89, 92, 121
Jayaratne, J. 75
Jenkins, P. 312
Jiménez, G. 76
John, K. 19, 181, 202, 210, 212, 217–18, 220, 601
John, T. 202
Johnson, S. 42, 43, 66, 337, 402
Jones, D. 407
Jordan 30, 31, 32, 34, 47, 52, 53, 54, 55
Jordan, J. 26
JPMorgan Chase 152, 250, 256, 297, 306, 350, 368
Kacperczyk, M. 518, 533
Kahn, C. 406
Kahn, J. 406
Kai, H. 697
Kalcheva, I. 68
Kallberg, J. 89
Kane, E. 19, 308, 452, 677
Kanter, R. 701
Kaplan, S. 537
Karlan, D. 697
Karnchanasai, C. 685
Karni, E. 455
Kashyap, A. 266, 301, 605, 610, 615, 645
Kauffman, S. 360, 361
Kaufman, G. 275
Kaufmann, D. 94, 97, 106
Kazakhstan 99
Keasey, K. 699
Keefer, P. 449–50
Keeley, M. 75, 357, 405
Kelly, M. 434
Kelly, T. 296
Keloharju, M. 146
Kenya 47, 52, 53, 54, 55, 99
Keys, B. 403, 452
Khandani, A. 158
Khandker, S. 697
Khorana, A. 488
Khwaja, A. 101–2
Kiel, G. 687
Kim, Y. 204, 205
Kindleberger, C. 381
King, M. 301, 311
King, T. 158
Kirkpatrick, G. 17, 166, 167, 296
Kisgen, D. 603
Klapper, L. 25, 35, 687
Knack, S. 449–50
Knell, N. 450–51
Knez, P. 125
Knight, M. 274
Knopf, John D. 210–18
Koetter, M. 79
Kohers, T. 445, 448
Koibuchi, Satoshi 610–45
Konishi, M. 20, 266
Korea
bank governance and ownership 30, 31, 32, 34, 47, 55
banking efficiency score 99
banking industry transparency 26
controlling shareholders 52, 53, 54
corporate borrower nationality 131
firms using foreign lead lenders 133
Korea, corporate governance of banks 646–59
bank and bank holding (BHC) company board systems, history of 647–8
bank board system, problems in 651–2
bank boards, authority of 650
bank boards, composition of 649, 650
board system 652–6
CEO and board chairman posts, separation of 652–3
CEO and outside directors, staggered terms between 653–4
compensation scheme 655, 656, 657
comprehensive legislation, direction for 655–7
employee qualification criteria 657
future agenda 655–7
management accountability 656
risk management 657
shareholder influence 651, 656–7
supervision requirements 656
Korea, corporate governance of banks, outside director system 646, 647–8
conflict of interests concerns 651, 653, 654
evaluation and compensation 655, 656
lack of independence of 651, 653, 654
lack of relevant expertise 651–2, 654–5
limits on terms of 653
in public sphere 653
qualifications 648–50, 651, 654–5
selection process transparency 654
Koskela, E. 73, 74
Kotlikoff, L. 286
Koutsomanoli-Filippaki, N. 79
Krahnen, J. 459
Kroszner, R. 129
Kuritzkes, A. 310–11
Kwak, J. 401
Kyreboah-Coleman, A. 699, 700
La Porta, R. 26, 42, 43, 44–5, 60, 102, 134, 243, 594–5, 605
Labie, M. 565
LaBrosse, R. 270
Laeven, L. 21, 22, 25, 36, 38, 42, 79, 182, 211, 212, 217, 244, 342, 566, 575, 576
Laffont, J.-J. 573
Laibson, D. 407
laissez-faire policies 326, 337–8, 441, 447–8
Landsman, W. 452
Lanman, S. 311
Lansink, A. 569
Lastra, Rosa M. 277, 321–31
Latvia 99
Lau, L. 78
Laux, C. 452
Leman, M. 271
Lee, B.-S. 20
Lee, Byungyoon 646–59
Limpaphayom, P. 685
Lin, Chen 1–13, 22
Lin, J. 697
Lindeley, J. 94
Lins, K. 68, 146
liquidity issues
bank ownership and risk taking 165
community banks 491, 493, 494, 497, 498, 499, 501, 502, 504
financial crises, lessons learned from recent 150, 153
financial regulation, future of 382–3, 390
risk measurement, Taiwan 466, 468, 475, 476, 477, 479, 481
Litan, R. 325
Lithuania 20, 29, 30, 31, 33, 34, 99
Liu, Q. 201, 206
Liuksila, A. 271
living wills 263, 271, 290
Llewellyn, D. 260, 444, 448, 460, 479, 590
loans
bank loans and European discount 124–5, 135, 138–9
environmental considerations 441, 447
growth of, and bank ownership and performance 44, 45, 46, 55–8, 59, 66–7, 71
high-risk borrowers 154–5
high-risk lending 151, 227–9, 230–31, 233, 234, 235–6
lending limits, and boundary problems in financial regulation 325
lending market and risk-taking 73, 74, 76
lending standards, weakening of 403
loss reserves, Taiwan 466, 469, 475, 476, 478, 480
mortgage, see subprime mortgages
non-performing 243, 615, 616–17, 625
pricing, and effects of foreign leads and assets 138–45
processing costs 92–3
restrictions, Thailand 685–6
size and restrictions, microfinance governance, India 701, 702–3, 704
Levi, M. 603
Levin, S. 376
Levine, R. 17, 18, 21, 22, 23, 25, 35, 36, 38, 42, 87, 182, 211, 212, 217, 244, 266, 342, 566, 575, 576
Levonian, M. 241
Lewis, M. 260, 267, 460
Li Li 17–41
limited liability implications, and prudential regulation 346, 348–9, 351, 352
Limpaphayom, P. 685
Lin, Chen 1–13, 22
Lin, J. 697
Lindeley, J. 94
Lins, K. 68, 146

James R. Barth, Chen Lin, and Clas Wihlborg - 9781849806107
Downloaded from PubFactory at 09/21/2023 02:17:45AM
via free access
syndicated bank loans, pricing, see corporate borrower nationality and global presence, and pricing of syndicated bank loans

Loayza, N. 408
Löffler, G. 512
Lohr, S. 363
Loughran, T. 535
Love, I. 25, 35, 687
Lown, C. 357
Lukin, D. 401
Lustig, H. 242
Lutton, T. 158
Luxembourg
  bank governance 30, 31, 33, 34
  banking assets 592
  banking composition and structure 591, 609
  banking efficiency score 99
  board composition and features 596, 597, 599
  CEO features 601, 602
Macau 99
McBrady, M. 146
McConnell, J. 17, 25
MacDonald, D. 435
Macedonia 99
Macey, J. 17, 176, 289, 566, 575, 576, 677
McGuire, J. 467, 471
MacKay, Peter 510–35
McKee, M. 311
McKillip, D. 452
McMillan, D. 452
McWilliams, A. 482
Maddala, G. 191, 192, 193, 195
Madura, J. 422
Magalhaes, R. 21
Mahon, J. 427, 482
Majluf, N. 400
Malaysia 30, 31, 33, 34, 47, 52, 53, 54, 56, 99
Malmendier, U. 601
Malta 30, 31, 33, 34
management
  competency requirements 356
  governance and risk-taking potential 352–3
  incentive schemes 87–8, 91
  labor markets and competitive salaries 164
  misbehaviour and harmful risk-taking 221–3
  self-interest, microfinance institutions (MFIs) 565–6
  turnover, China 511–12, 530
  wealth concentration, Kansas City Federal Reserve District 172–5
management turnover

community banks, see community banks, management turnover, regulatory oversight and performance
market discipline turnover, regulatory
market discipline for financial institutions 244
Mandelbrot, B. 371
Manna, M. 604
Margolis, J. 427
Marinč, Matej 395–411
market concentration, bank operating
  efficiency drivers 88, 91–2, 93, 94, 100, 104, 105, 107, 109–11, 113, 115–17, 119
market discipline
  ineffectiveness of 301
  prudential regulation and organizational structure 333, 334, 335
market discipline for financial institutions 238–69
accounting and auditing systems 242
Basel II, Advanced Internal Measurement Approach 245, 264, 301
bond pricing behavior of bank holding companies 247
countermeasures, timing of 248
credit default swap (CDS) spreads 246, 248, 249–52
credit risk premium 240
creditor protection 242, 262
direct market discipline 240
distance to default (DD) 247, 248
early warning signals, need for 238
equity performance 247, 248
financial crisis, market prices as early warning signals of 249–56
foreign ownership, effects of 243
government policy 240, 243, 244
government-induced moral hazard 238–9
indirect market discipline 240
information availability 245, 248
information, costliness of 260, 261, 262,
  263–4
information release and lender of last resort (LOLR) facilities in central banks 263
informational efficiency 257–62
informational incentives 257–9, 261, 262, 264
informativeness principles for government policy 261–5
insolvency risk 246–7, 248, 260–61, 262–3
living wills 263, 271, 274–5
management turnover 244
managerial ownership 243
marginal expected shortfall (MES) 248–51
mergers and too-big-to-fail (TBTF) conglomerates 238–9
non-performing loans and risk-taking 243
pricing of default risk 240
public policy action, need for 261
ratings agencies 246, 261, 263
risk-taking 239–44
securities markets 264
size of financial institution 238–9, 242, 246
state ownership of banks 243
stock price 249–51
subordinated debt 241, 242, 246, 247, 248, 249–51
subprime mortgage crisis 249–53, 260
supervisors’ access to information 245, 246
systemic risk 240–41, 245
timeliness of 244–9
Turner Review (UK) 245–6
market liberalism 365–6, 370–71
market power, and risk-taking 74–5, 76, 78–9, 81
market-oriented regulation 18–19, 36, 38–9
Marlin, J. 459
Marquez, R. 88, 91, 589
Martin, I. 696
Martinez-Miera, D. 74
Martinez-Peria, M. 243
Maslakovic, M. 436
Maslovych, M. 80
Mason, J. 407
Masulis, R. 19, 190
Mateos de Cabo, R. 598
Mathis, J. 407
Mattison, R. 446
Matutes, C. 73, 74
Maudos, J. 79, 88
Mauritius 99
Mayer, C. 17, 452
Mayes, David G. 260, 270–84
Means, G. 24, 181, 358
Meckling, W. 19, 42, 164, 181, 200, 202, 205, 358, 538
Meggison, W. 129
Mehran, H. 17, 18, 19, 20, 25, 35, 36, 182, 196–7, 202, 203, 204, 212, 217, 218, 594, 596
Meier, I. 533
mergers and acquisitions
CEO pay and risk-taking in banking 203
commercial banks, Thailand 681, 682
‘too big to fail’ banks 238–9, 285, 288
venture capital-backed companies, see private venture capital-backed companies, acquisition of
Mersland, Roy 565–78, 698, 700
Merton, R. 196, 288
Mester, L. 316
MetLife 250, 258, 306, 350
Metrick, A. 323
Mexico 47, 52, 53, 54, 56
Mian, A. 49, 102, 126, 399, 452
Miccio, A. 66, 76
Michalopoulos, S. 400
microfinance institutions (MFIs) and governance 565–78
and agency theory 565–6, 574, 575
board members, influence of 566–7, 568–9, 698, 699
board size and performance 571–3
bonus system 574–5
CEO power and MFI risk-taking 570–71
client’s ability to pay 573–4
credit unions’ funding structure 576
current debate on MFIs 696–7
definition 568
deposit insurance and funding 575–6
efficiency, corporate governance effect on 569
financial sustainability and outreach to the poor 569–70, 571, 574, 697, 703–4
functional specialization, need for 574
funding sources 566, 569, 575–6
future research 567, 574
group lending 573, 574
incentive schemes 573–5
joint liability group (JLG) model 696
management self-interest 565–6
and NGOs 568–9, 570–71
non-distribution constraints 568–9
non-profit MFIs and stakeholder influence 566–7, 569
ownership and control, separation of 565–6
ownership types 565–8, 569, 575, 698
performance measurement 567–70, 571
poverty reduction 569–70, 571, 574, 697, 703–4
return on assets variability 571–2
risk-taking 570–73, 699
services available, increasing 576–7
shareholder MFIs (SHFs) 569
stability regulations 577
women and microfinance 696, 700–701
see also India, microfinance governance
Milgrom, P. 574
Miller, M. 87, 93, 121
Minnick, K. 204
Mintzberg, H. 427
Mitchell, M. 538, 548, 550, 562
Index 727
Index

Mitton, T. 35, 42, 43, 66
Mittoo, U. 125
Moeller, S. 535, 543–4, 563
Mohan, Rakesh 378–92
Molyneux, Philip 72–86, 460
Moore, G. 467, 471
Moore, R. 489
moral hazard 73, 74, 76, 89, 91, 151, 181, 238–9, 301, 335
moral hazard, bank resolution and protection of depositors 270–84
bank access, continuous 275–6
bank runs 275
bridge banks 273
constructive ambiguity 280
creditor recapitalization 273–4, 281
cross-border concerns 276–9
deposit insurance, new framework for 279–82
deposit insurance, original objectives of 270–71
going-concern resolution 271, 272–4
material breaks in access 275–6
open bank assistance 272–3
recapitalization trigger point 273–4
separability of bank parts 275
special arrangements, exiting 278–9
structural changes 274–5
‘too big to fail’ banks 271
Morduch, J. 565, 574, 575, 700
Morgan, D. 17, 26, 167, 358, 507
Morgan Stanley 250, 254, 255, 307, 324, 339, 350
Morocco 99
Morrison, A. 408
mortgage loans, see subprime mortgages
Moskowitz, T. 146
Mueller, D. 80
Mulherin, J. 538, 562
Mullineaux, D. 129, 205
Mullineaux, Andy 285–95
Murphy, K. 25, 35, 181, 212
Myers, S. 400, 408
Nakornthab, D. 682
Nam, J. 203
Nanda, V. 512, 513, 516–18
Nandhi, M. 697
Naranjo, Andy 124–48
Narayanan, M. 182
narrow banking 286, 321–2
Nelling, E. 482
Netherlands
bank governance and ownership 29, 30, 31, 33, 34, 47, 56
bank market power measurement 79
certifying shareholders 52, 53, 54
deposit insurance and cross-border concerns 276
insurance mis-selling 402, 403
trust and stock market participation survey 450
Neven, D. 79
New Zealand
banking efficiency score 100
deposit guarantee scheme 270, 277, 278, 279, 280
material breaks in access 275–6
recapitalization methods 274
New Zealand bank governance 581–7
asymmetric information and systemic risk 582
Australian parent banks 584, 585–6
bank creditor recapitalization 586–7
bank failures 581
director attestations 583, 584
directors’ lack of knowledge of banking 583
disclosure and governance 584–5
financial disclosure 582–3
foreign control, dealing with 584, 585–6
information disclosure and moral hazard 582
liberalization, effects of 581
recession (1980s) 581
supervision limits 587
supervision and regulation arguments 582–3
‘too big to fail’ and operational separability 586–7
Newey, W. 108, 113
Nguyen, A. 482
Nguyen, G. 121
Nicholson, G. 687
Nickell, S. 88, 120
Nier, E. 21, 35, 242, 243
Nigeria 100
Nini, G. 124, 126, 135, 146
Noe, T. 201, 205
Nohel, T. 512, 513
non-banking activities, diversification into 422–5
non-performing loans 243, 615, 616–17, 625
Northcott, C. 82
Northern Rock 245, 248, 250, 251, 256, 291, 296, 301
Norway 47, 52, 53, 54, 56, 100, 274
banking assets 592
banking composition and structure 591, 609
banking efficiency score 100
board composition and features 596, 597, 599, 600
business function supervision 323
CEO features 200, 602
controlling shareholders 52, 53, 54
deposit insurance and cross-border concerns 276
insurance mis-selling 402, 403
trust and stock market participation survey 450
Neven, D. 79
New Zealand
banking efficiency score 100
deposit guarantee scheme 270, 277, 278, 279, 280
material breaks in access 275–6
recapitalization methods 274
New Zealand bank governance 581–7
asymmetric information and systemic risk 582
Australian parent banks 584, 585–6
bank creditor recapitalization 586–7
bank failures 581
director attestations 583, 584
directors’ lack of knowledge of banking 583
disclosure and governance 584–5
financial disclosure 582–3
foreign control, dealing with 584, 585–6
information disclosure and moral hazard 582
liberalization, effects of 581
recession (1980s) 581
supervision limits 587
supervision and regulation arguments 582–3
‘too big to fail’ and operational separability 586–7
Newey, W. 108, 113
Nguyen, A. 482
Nguyen, G. 121
Nicholson, G. 687
Nickell, S. 88, 120
Nier, E. 21, 35, 242, 243
Nigeria 100
Nini, G. 124, 126, 135, 146
Noe, T. 201, 205
Nohel, T. 512, 513
non-banking activities, diversification into 422–5
non-performing loans 243, 615, 616–17, 625
Northcott, C. 82
Northern Rock 245, 248, 250, 251, 256, 291, 296, 301
Norway 47, 52, 53, 54, 56, 100, 274
James R. Barth, Chen Lin, and Clas Wihlborg - 9781849806107
Downloaded from PubFactory at 09/21/2023 02:17:45AM
via free access
O’Dwyer, B. 441, 447
O’Hara, M. 17, 74, 82, 176, 289, 566, 575, 576
Ohno, S. 249
O’Keef, B. 158
Ongena, S. 82, 126, 630
Orlitzky, M. 427
Osei, K. 699
O’ Sullivan, N. 441, 447
over-the-counter derivatives 383, 384, 402
ownership
community banks 491–2, 493, 494, 497, 498, 499
microfinance institutions (MFIs) 565–8, 569, 575, 698
and performance, see bank ownership and performance
and risk taking, see bank ownership and risk taking
risk-taking and diversification 352
structure 21, 23, 27, 28, 29, 31–2, 35
Oxelheim, L. 606
Padilla, A. 89, 93
Pagano, M. 89, 92, 93, 121, 127, 146, 594
Pakistan 30, 31, 33, 34, 47, 52, 53, 54, 56, 100
Palia, D. 181
Palvia, Ajay A. 487–509
Panama 100
Panzar, J. 76, 78, 79, 80, 81
Papastaikoudi, J. 512
Parlour, C. 407
Partnoy, F. 407
Pathan, S. 20, 21, 686, 687
Pearson, N. 407
Peek, J. 489, 615
Pence, K. 453
Peneda Saraiva, P. 441, 447
Pennington-Cross, A. 452
pensions, and CEO pay 205, 206–7
performance
accountability, China 669–72
independence, China 661–4
and ownership, see bank ownership and performance
private venture capital-backed companies 554–62
performance measurement 38–9
China, see China, closed-end and open-end funds under common management
community banks, see community banks, management turnover, regulatory oversight and performance
microfinance institutions (MFIs) 567–70, 571

Thailand, see Thailand, corporate governance and bank performance
Perry, T. 605
Persaud, A. 371
Peru 47, 52, 53, 54, 56, 100
Peters, H. 434, 452
Petersen, M. 88, 91, 126, 406, 407, 589
Petrovic, A. 451
Peyer, U. 605
Pfleiderer, P. 532
Philippines
bank governance and ownership 20, 29, 30, 31, 33, 34, 35, 47, 56
banking efficiency score 100
controlling shareholders 52, 53, 54
Pi, L. 19
Piazza, M. 589
Plantin, G. 407
Poghosyan, T. 79
Poland 29, 30, 31, 33, 34, 100, 667
policy conundrum of financial market complexity 360–77
behavioral economics and market’s internal dynamics 362–3
Black–Scholes formula for valuing executive stock options 371
blame game 365–73
collateralized debt obligations (CDOs) 370
complexity and instability and financial crash 361–2
credit default swaps 366–7
criminal negligence 365
currency reserves, arguments for and against 372–3
democratization of high yield as vehicle of social inclusion 361–2
derivatives market 370, 374
economics and the sand pile 360–61
executive pay levels, escalating 369–70
financial crises, knock-on effects of 365
financial crisis, rapidity and unpredictability of 363–5
financial models, reliance on 364
future of 374–5
global imbalances, perceived 372–3
government-sponsored enterprises 368–9
hedge funds 368
leveraging, excessive 367–8
market interdependence 362
and market liberalism 365–6, 370–71
market volatility 363–5
open architecture of financial system 360–61
rating agencies 370
regulatory loopholes 368
regulatory standards 370, 372, 375
risk models, effects of using 370–72
securitization 366–8, 374
separation of banking services 368
shadow banking 368
size and complexity of financial institutions 368
subprime mortgage crisis 366–7, 373
systemic risk 3–4, 364
trading volatility and lack of common expectations 363
Pollick, M. 487
Polsiri, P. 685
Porter, M. 459
Portugal
bank governance and ownership 29, 30, 31, 33, 34, 47, 56
bank market power measurement 79
banking assets 592
banking composition and structure 591, 609
banking efficiency score 100
board composition and features 596, 599, 600
CEO features 601, 602
controlling shareholders 52, 53, 54
non-financial information on financial products 441, 447
Posen, A. 402
Posner, B. 467
Posnikoff, J.F. 482
Postlewaite, A. 358
Prior, F. 460, 464
private label securities (PLS), rise in 234–5
private venture capital-backed companies, announcement of 355–64
announcement-period abnormal returns 544–8
announcement-period returns 535–6
buy-and-hold abnormal returns (BHAR), long-run 548–54
equity transactions 545
future growth opportunities 537, 538
growth options, acquisition of 538–9
human capital importance 538, 539
information gaps 537
investment syndication 537
management equity compensation 537
management self-interest 538
market reaction 548, 549
merger clusters and industry shocks 562
mergers and acquisitions 538–41, 562
mergers and shareholder values 539
performance, pre- and post-acquisition operating 554–62
related acquisitions, announcement reaction 546–8
research results 544–62
size of acquirer and size of returns 545–8
stock options 536, 537, 539
venture capital backing, importance of 538
venture capital investors, role of 537
young start-up companies 539
Proctor, C. 678
Protopapadakis, A. 125
Prowse, S. 24, 489
prudential regulation
and corporate governance, see corporate governance and prudential regulation of banks, connection between, prudential regulation and financial architecture, see financial architecture, prudential regulation and organizational structure
need for 381, 385–7, 388
Pyle, D. 91
Qian, J. 134, 146, 217, 218
Qian, Y. 212, 601
‘quiet life’ hypothesis 74–5, 90–91
Quintyn, M. 660, 667, 668, 673, 677, 678–9
Rajan, R. 88, 91, 126, 273, 406, 407, 408, 589
Rajgopal, S. 203
Ramirez, S. 677, 678
Ranciere, R. 408
rapid resolution plans, see corporate governance of risk in financial institutions, incentives to improve, rapid resolution plans
ratings agencies 246, 261, 263, 303, 325, 370
Ratnovski, L. 408
regulation
community banks, see community banks, management turnover, regulatory oversight and performance
future of, see financial regulation, future of loopholes 368, 412
shortcomings, and financial regulation, future of 380–84
standards 370, 372, 375
regulatory restrictions
bank ownership and performance 45, 48, 49, 50, 51, 55–8, 67, 70
executive compensation 205, 211–12, 219–20
Reinhart, C. 287, 381
remuneration, see executive compensation
Repullo, R. 74
Rhoades, S. 74  
Richardson, M. 82, 332, 357, 452  
Rime, B. 167  
risk management  
bank acquisitions and strategy since the Gramm–Leach–Bliley (GLB) Act 422–5  
boundary problems in financial regulation 324  
and corporate governance, see corporate governance of risk in financial institutions, incentives to improve financial innovations, marketability and stability in banking 397, 398–9  
financial regulation, future of 382  
Korea, corporate governance of banks 657  
loans, Japan, see Japan, debt forgiveness models, effects of using 370–72  
risk measurement, Kansas City Federal Reserve District 171–5  
Thailand, corporate governance and bank performance 685  
risk-taking  
bank governance, concepts and measurements 19–20, 21, 22, 23, 35  
and bank size 75–6  
and CEO pay, see CEO pay and risk-taking in banking  
corporate governance and prudential regulation of banks, connection between 346–7, 348–9, 352–3  
effects of, and competition 72–3, 74–6, 77, 78–9, 81  
EU, see EU banking, executive compensation and risk-taking and lending market 73, 74, 76  
market discipline for financial institutions 239–44  
and market power 74–5, 76, 78–9  
microfinance institutions (MFIs) and governance 570–73, 699  
and ownership, see bank ownership and risk taking  
restricting, and executive compensation, see executive compensation, restricting risk-taking by financial intermediaries through  
ROA (return on assets) 491, 493, 494–5, 497, 498, 499, 501, 502, 504, 571–2  
Robles-Fernández, M. 82  
Rochet, J. 406  
Rock, R. 699  
Rogers, D. 165, 203  
Rogoff, K. 287, 381, 645  
Roll, R. 538  
Röller, L. 79  
Romania 30, 31, 33, 34, 100  
Root, Hilton L. 360–77  
Rosen, R. 204  
Rosenbaum, P. 461  
Rosenberg, J. 20, 182, 196–7, 202, 203, 204, 212, 217, 218  
Rosengren, E. 615  
Rosse, J. 76, 78, 79, 80, 81  
Roubini, N. 323  
Rousseeuw, P. 572  
Ruback, R. 535, 539  
Rubin, R. 461, 462, 463, 482  
Rumble, A. 17  
Runkle, D. 184  
Russia 79, 100, 371  
Rutz, R. 74  
Rwabizambuga, A. 442, 447  
Saks, R. 316  
Sakuragawa, M. 644  
Sale, C. 440, 447  
Sale, H. 407  
Santos, J. 17  
Sapienza, P. 102, 450, 453  
Saudi Arabia 30, 32, 33, 34  
Saunders, A. 181, 182, 197, 243, 341  
Sawangngoenyuang, Wanvimol 680–95  
Schaack, K. 79, 80  
Scharfstein, D. 88, 91, 408, 613  
Schaumburg, E. 533  
Schiersch, A. 80  
Schill, M. 146  
Schmalensee, R. 78  
Schmidt, W. 467  
Schmidt-Ehmcke, J. 80  
Scholtens, B. 439, 441, 444, 446, 447, 448, 460, 464  
Schrader, U. 437, 438  
Schultz, G. 389  
Schwartz, E. 401  
Scott, K. 389, 677  
Sealey, C. 94  
securitization  
bank acquisitions and strategy since the Gramm–Leach–Bliley (GLB) Act 412, 422–5  
boundary problems in financial regulation 327  
financial crises, lessons learned from recent 151  
financial innovations, marketability and stability in banking 398–9, 402–3, 404  
financial regulation, future of 382–3, 384, 389
### Index

market discipline for financial institutions 264
policy conundrum of financial market complexity 366–8, 374
Seidman, W. 149
Sekine, T. 615
Sender, H. 311
Servin, R. 569
Shabana, K. 427
shadow banking 150, 286, 322–3, 339, 368, 383–4, 437
Shaffer, S. 78
Shanley, M. 467
Shanthi, S.K. 696–706
Shapiro, C. 221–2
shareholder interests
bank failures and CEO compensation 211, 212
CEO pay and risk-taking in banking 203–4, 206
institutional share ownership 298
microfinance institutions (MFIs) 569
‘too big to fail’ banks, governance of 288–9
shareholder protection
and bank governance 19, 21, 23, 24–5
financial architecture, prudential regulation and organizational structure 333
rights issue for financial innovations 401, 404
shareholders
controlling 42, 43–9, 52–9, 66–8, 71
controlling, foreign 47–8, 49, 52, 54, 59, 67, 71
controlling, private 53, 59, 67, 71
influence 301, 651, 656–7
Japan, debt forgiveness, impact on 624, 638–44
rights 44, 46, 48, 50, 55–7, 58, 59, 61, 62, 64, 67, 70
see also stockholder interests
Shaw, W. 74, 82
Sheard, P. 610, 615, 644
Shen, Chung-Hua 458–84
Shermer, M. 362, 376
Shevlin, T. 203
Shiller, R. 408
Shleifer, A. 17, 25, 29, 42, 68, 92, 176, 181, 200, 403, 458, 538, 568, 575, 597
Siegel, D. 427, 482
Silva Serrasqueiro, Z. 441, 447
Simar, L. 90, 100, 103, 105, 110, 114, 116, 119
Simons, K. 127
Simpson, W. 445, 448
Singapore 30, 32, 33, 34, 47, 52, 53, 54, 56, 100
Singh, M. 247
Sinkey, J. 177
Sironi, A. 241, 242
Sirri, E. 512, 513
size of acquirer, private venture capital-backed companies 545–8
size of financial institution
market discipline 238–9, 242, 246
and operating efficiency 77, 79
policy conundrum of financial market complexity 368
prudential regulation and organizational structure 332–3
and risk-taking 75–6, 221, 311
size of firm, and pricing of syndicated bank loans 127–8, 138–9, 140–45
Slovakia 29, 30, 32, 33, 34
Slovenia 100
Smirlock, M. 77
Smith, A. 26
Smith, C. 177, 182, 190, 197, 200, 202, 204–5
Smith, G. 482
Smith, N. 701
Smith, V. 363
social, environmental, ethical and trust (SEET) issues in banking 427–57
analysis of and views of banks 446–7
background 427–8
climate change theme in banking 432, 433
corporate social and financial performance, link between 445, 448
corporate social responsibility (CSR) 440, 441, 443, 446, 447, 448
Economics of Climate Change review (Stern report) 428
emergence of 429–33
environmental considerations in lending decisions 441, 447
environmental governance contribution 439, 446
environmental risks, integration into all phases of credit risk 442, 447
Equator Principles 435, 441, 442, 444, 447, 448
ethical component of credit crisis 439, 446
ethical views of bank managers 440
ethics theme in banking 431–3
fairness, free market notion of 441, 447–8
Financial Trust Index Survey (FTIS) 450
integrity and responsibility in banking, need for 437–46
international banks, and corporate social responsibility (CSR) 441, 447
international initiatives 433–6
Index

poverty and human rights 428
precautionary principle and environmental problem 446
problems of or with 437–46
publications listed in Factiva database 429–33
returns on equity (ROEs) rates 444, 448
review of existing research 436–48
shadow banking systems 437
social responsibility theme in banking 431, 432
sustainability and finance, transition mechanisms between 439, 446
transparency in financial institutions, lack of 437, 438
trust in banking, and financial crisis 449–51
trust and economic performance, links between 449–50
trust-related issues 429–31
UN Principles for Responsible Investment (PRI) 435–6, 459
United Nations Environment Programme Finance Initiative (UNEP FI) 433–4,
440, 447
Sofía, L. 687
Song, Frank M. 17–41
Song, Liang 42–71
Sorensen, M. 537
South Africa 30, 32, 33, 34, 47, 52, 53, 54, 56, 100
Spain
  bank governance and ownership 30, 32, 33, 34, 47, 52, 53, 54, 56, 100
  bank market power measurement 79
  banking assets 592
  banking composition and structure 591, 609
  banking efficiency score 100
  board composition and features 596, 597, 599
  CEO features 602
  controlling shareholders 52, 53, 54
  corporate social responsibility (CSR) performance 440, 443, 448
  guarantee insurance funds 324–5
  provisioning regime 290
Spaemann, H. 181, 200, 203
Spong, Kenneth R. 163–78, 596
Sri Lanka 30, 32, 33, 34, 47, 52, 53, 54, 56
Srivastava, P. 696
Stacey, H. 331
Stafford, E. 548, 550
Staikouras, C. 79, 687
Stanton, R. 533
state ownership of banks 101–2, 105, 107, 109, 115, 117, 119, 243; see also government intervention
Statman, M. 441, 447
Steege, J. 566
Steinherr, A. 589
Stenbacka, R. 73, 74
Stephanou, C. 82, 247, 249, 452
Stern, G. 74, 82, 271, 274
Stern, N. 428
Stiglitz, J. 91, 221–2, 259, 357, 365–6, 573
Stiroh, K. 80, 167, 202
Stix, H. 450–51
stock options
  bank failures and CEO compensation 212, 217
  EU executive compensation and risk-taking 181–2, 185
  option-based compensation, US 26, 181, 182
  private venture capital-backed companies, acquisition of 536, 537, 539
stock price
  Contingent Convertible Bonds (CoCos) 303
  market discipline for financial institutions 249–51
  repurchases 415–18
stockholder interests 164–5, 167–8; see also shareholders
Strahan, P. 75, 80, 129, 134, 146, 187
Strøm, R. 569, 570, 571, 698, 700, 701
Stromberg, P. 537
Stulz, R. 125, 146, 166, 167, 177, 182, 190, 197, 200, 202, 203, 204–5, 211, 217, 220, 222, 358, 594, 601
Sturm, J. 146
Subhanij, Tientip 680–95
Sufi, A. 129, 130, 146, 397, 399, 452
Sullivan, Richard J. 163–78, 596
Sundaram, R. 205, 206
Sunstein, C. 376
Suominen, M. 78
supervision
  cross-country differences in 134 discipline, need for 301
  and Financial Sector Master Plan (FSMP), Thailand 680, 681, 686–7
  improvement 338
  information access 245, 246
  Korea, corporate governance 656
  liability, China 668–9
  measurement 18, 22, 23, 36–8
  New Zealand bank governance 582–3, 587
shortcomings, and financial regulation, future of 380–84
supervisory independence
bank ownership and performance 45, 46, 48, 49, 50, 51, 55–8, 59, 67, 70
Swanson, P. 121
Sweden
bank governance and ownership 30, 32, 33, 34, 47, 56
bank levy 292
banking assets 592
banking composition and structure 591, 609
banking efficiency score 100
board composition and features 596, 597, 599
CEO features 601, 602
controlling shareholders 52, 53, 54
Switzerland 47, 52, 53, 54, 56, 100, 280
syndicated bank loans, pricing, see corporate borrower nationality and global presence, and pricing of syndicated bank loans
systemic risk
boundary problems in financial regulation 323
EU banking 183, 187, 188, 189, 191, 193
monitoring of the build-up of 337–8
policy conundrum of financial market complexity 3–4, 364
systemic performance benchmarks 334–7
systemically important financial institutions (SIFIs) 275, 302–12, 325–6, 328, 381–2, 386, 389–90

Tabellini, G. 605
Tadesse, S. 21, 26
Taiwan 47, 52, 53, 54, 56
bank ownership 47, 56
controlling shareholders 52, 54
corporate borrower nationality 131
corporate social responsibility (CSR) and financial performance, link between 443, 448
firms using foreign lead lenders 133
Taiwan, corporate social responsibility, financial performance and selection bias 458–84
asset quality measurement 466, 468, 475, 476
CAMEL criteria and bank financial performance measures 465–6, 468, 469, 470–71, 479
capital adequacy measurement 466, 468, 469, 475
CSR Award 460, 465
CSR as extension of corporate governance 458–9
CSR, international development of 459
CSR measure 464–5
CSR and socially responsible investment (SRI) 459
CSR-banks and NonCSR-banks, comparison between 460–61, 465, 468–78
data and variables 464–6
dimensionality reduction through propensity scores 462–3
earning ability measurement 466, 468
econometric methods 466–8
empirical results 468–78
environment, society and governance (ESG) and target assets 459
Fubon Foundation 460
future research 479–82
liquidity risk measurement 466, 475, 476, 477, 479, 481
loan loss reserves 466, 469, 475, 476, 478, 480
management ability measurement 466, 468
matching, basic statistics after 471–3, 474, 476
matching, basic statistics before 468–71, 472, 473–5
matching theory principle 461–2
matching theory and propensity score matching methodology 461–4
performance comparisons 473–8
propensity scoring function (PSM) 466–7, 471–2
research and financial institutions, social responsibility criteria 465
Survey of Corporate Social Responsibility 460, 465
treatment effects, estimating 467–8
Tate, G. 601
taxation 291, 311, 407
Taylor, M. 677, 679
Tchakoute-Tchigoua, H. 699
Teoh, S. 482
Terberger, E. 288
Terjesen, S. 598
Tett, G. 286
Thailand
bank foreign controlling shareholders 52, 54
bank governance and ownership 21, 30, 32, 33, 34, 47, 56
banking efficiency score 100
controlling shareholders 53
Thailand, corporate governance and bank performance 680–95
accountability 682–4
asset, deposit share and loan share 683
audit committees 685
board of directors, appointment criteria and structure 684–5, 687, 689–91, 694–5
corporate governance 682–7, 694–5
deposit-taking institutions, restrictions on 686–7
equity investment 686
financial institutions, range of 681
financial landscape, changing 680–82
information disclosure 686
lending restrictions 685–6
licensing system 680–81, 686
literature review 687
mergers and acquisitions of commercial banks 681, 682
ownership structure changes 682
performance measures comparison 688–9, 694–5
remuneration committees 685
research data and model 688–91
risk management 685
shareholder structure 684
supervision and Financial Sector Master Plan (FSMP) 680, 681, 686–7
Thakor, A. 266, 398, 401, 452, 601, 605
Thaler, R. 376
Thistle, P. 217
Thomas, N. 482
Thompson, P. 440, 441, 447
Thornton, H. 324
Timme, S. 19
Tirole, J. 181, 401
Tison, M. 678
Titman, S. 533
Tobin, J. 292
‘too big to fail’ banks 238–9, 271, 311, 326, 586–7
‘too big to fail’ banks, governance of 285–95
accounting standards 291
antitrust issues 289, 294
bank levy to recoup costs of crisis 291
boards and directors, special roles assigned to 289
collateralized debt obligations (CDOs) 286–7, 291
Conditional Convertible (CoCo) bonds 292
conflicts of interest 286–7, 293
deposit insurance 288–9, 290–91
diversification suggestions 286
EU 285
fiduciary duty to depositors 289
financial innovation regulation 291–2
future safeguards 291–3
hedge fund (HF) and private equity fund (PEF) activity 286–7
interest on debt financing 292–3
living wills 290
mergers and increased concentration 285, 288
misreporting and fraud, evidence of 291, 293
monitoring by bondholders and shareholders 290, 292
narrow banking solution 286
procyclicality issue 290–91
prop trading activity 286–7
regulation, proposals for 290–91
regulatory and structural reform post-crisis 287–8, 294
shadow banking system, contraction of 286
shar shareholder-owned, deposit-taking banks 288–9
short-termism, problem of 292
structural reform to make banks safe 286–7
Volcker Rule 286, 287, 336–7, 340, 389
windfall tax, post-bailout 291
Toolsema, L. 79
Tornell, A. 376–7
Townsend, R. 401
transaction-oriented banking 395–6, 402, 404
transparency 26, 27, 28, 33–4, 35, 297, 403, 437, 438, 675–6
Trinidad and Tobago 100
Trotman, K. 467
trust issues, see social, environmental, ethical and trust (SEET) issues in banking
Tsutsui, Y. 79
Tucker, P. 271, 274
Tufano, P. 407, 512, 513
Tung, F. 201, 206
Turk-Ariss, R. 76
Turkey
bank controlling shareholders 52, 54
bank governance and ownership 20, 29, 30, 32, 33, 34, 47, 56
banking efficiency score 100
controlling shareholders 53
Turner, A. 245–6, 299–300, 301, 381, 383
Tutsch, R. 451
UBS 280, 296, 297
Uchida, H. 79
Udell, G. 89, 126, 128, 407
Uhde, A. 76
UK
bank governance and ownership 29, 31, 32, 33, 34, 47, 56
bank levy to recoup costs of crisis 291
Banking Act 272, 281, 291, 324
banking assets 592
banking composition and structure 591, 609
banking efficiency score 100
banking industry accountability 675
board composition and features 596, 597, 599, 600
central bank and regulatory policy 385
CEO features 200, 602
Consumer Financial Education Board (CFEB) 287
controlling shareholders 52, 53, 54
corporate borrower nationality 131
Corporate Governance Code 289
corporate social responsibility (CSR) 460
deposit insurance and cross-border concerns 277
financial regulation restructuring 287
Financial Services Act 287
Financial Services Authority (FSA) 287, 289, 666, 675
Financial Services Compensation Scheme 277
financial services industry, damaged reputation of 437, 438, 439
Financial Services and Markets Act 670
firms using foreign lead lenders to arrange loan syndicates 133
‘going-concern resolution’ 271, 272–3
Independent Commission on Banking (ICB) 288
insurance misselling 402, 403
judicial accountability in banking tribunals 674
outside directors, limits on terms of 653
post-bailout windfall tax 291
rapid resolution plans 308
recovery and resolution plans 312
remuneration improvement proposals 299–300
returns on equity (ROEs), higher rate of 444, 448
Stewardship Code 289
syndicated loan market competition 127
‘too big to fail’ banks, governance of 274–5, 285, 288, 294
Turner Review 245–6, 299–300, 301, 308–9, 381, 383
Ukraine 100
UN
Carbon Disclosure Project (CDP) 459
Equator Principles Financial Institutions (EPFIs) 459
Principles for Responsible Investment (PRI) 435–6, 459
United Nations Environment Programme Finance Initiative (UNEP FI) 433–4, 440, 447
underwriting standards, deterioration of 230–32, 234
unemployment levels 379
universal banking model 589, 590, 591
US
Alternative Mortgage Transaction Parity Act 150
bank governance and ownership 29, 31, 32, 33, 34, 35, 46, 47, 56
bank holding companies (BHCs), corporate governance of 18–19
bank levy to recoup costs of crisis 291
bank market power measurement 78, 79, 81, 88
banking efficiency score 100
board composition and features 596, 597, 598, 599
branch deregulation, effects of 75
CEO features and compensation 201, 202–3, 205–6, 602
Colonial Bank 154
community banks, see community banks, management turnover, regulatory oversight and performance
Community Reinvestment Act (CRA) 150, 228, 231, 232, 448, 459
conflict of interest legislation 666
Consumer Protection Act 2, 287, 340
contingent capital use 301
controlling shareholders 52, 53, 54
corporate borrower nationality 130–32, 138, 139
corporate social and financial performance, link between 448
Department of Housing and Urban Development (HUD) 227–8, 230, 231–2, 234
deposit insurance system 208, 273, 278, 280–81, 285, 288–9
Deposit Insurance Institutions Deregulation and Monetary Control Act 150
deregulation and competition control 335
Dodd–Frank Act 2, 166, 287, 291, 299, 301, 308, 337, 340, 353
Fair Housing Act (FHA) 231, 234
Federal Deposit Insurance Corporation (FDIC) 149, 155, 208, 210, 212–13, 280–81, 285, 290, 324, 386
financial crises, see financial crises, lessons learned from recent
Financial Crisis Inquiry Commission, see Financial Crisis Inquiry Commission, failure of financial crisis, market prices as early warning signs of 249–53
Financial Services Oversight Council 385–6
Financial Trust Index Survey (FTIS) 450
firms using foreign lead lenders 133, 138
Generally Accepted Accounting Practices (GAAP) 26, 35
Gramm–Leach–Billey (GLB) Act 286; see also bank acquisitions and strategy since the Gramm–Leach–Billey (GLB) Act
GSE (government-sponsored enterprise) Act and affordable housing (AH) goals 150, 155, 227–8, 230, 232–6
hedge fund (HF) and private equity fund (PEF), regulation tightening 287
holding company structure and separability of banks 275
Home Mortgage Disclosure Act (HMDA) 232
Investment Company Act 325
Kansas City Federal Reserve District, see bank ownership and risk taking, sample study (Kansas City Federal Reserve District)
loan pricing, and effects of foreign leads and assets 138–9, 140–41
McKinsey Report 335
market discipline and management turnover 244
Monetary Control and Deregulation Act (Regulation Q) 413
Money Market Mutual Funds (MMMFs) 285, 287
Paulson Committee on Capital Markets Regulation 335
rapid resolution plans 308
regulatory boundaries 323–4
regulatory failure, history of 336
regulatory structure, reform of 385–6, 389–90
remuneration improvement proposals 299
Riegel–Neal Interstate Banking and Branching Efficiency Act 413
Sarbanes–Oxley Act 25, 176, 291, 297
Securities and Exchange Commission 286, 368
stock option-based compensation 26, 181, 182
syndicated loan market competition 127
Systemic Risk Council 337
10 per cent rule 285, 286, 288
Troubled Asset Relief Program (TARP) 166, 201, 251, 285, 422, 423–5
Utrero-Gonzalez, N. 443, 448
Uyemura, D. 688
Vafeas, N. 687
Vallascas, Francesco 200–209
Vallelado, E. 21, 25, 596
Valukas, A. 296, 303
Van Cayseele, P. 406
Van der Linde, C. 459
van Hemert, O. 271
Van Leuvensteijn, M. 80
Van Zomeren, B. 572
Vance, S. 459
Venezuela 47, 52, 53, 54, 56, 100
venture capital-backed companies, see private venture capital-backed companies, acquisition of
Verrecchia, R. 26
Vesala, J. 242
Vijh, A. 535
Vishny, R. 17, 25, 29, 42, 68, 92, 176, 181, 200, 403, 458, 538, 575, 597
Vitaliano, D. 427
Vives, X. 73, 74, 82, 88, 91, 358
Volcker Rule 286, 287, 336–7, 340, 389
Volpin, P. 594
Von Thadden, E. 404, 406
Wachovia 296, 307, 350
Wackernagel, M. 427
Wahba, S. 462, 467
Wailerdsak, N. 684
Walker, D. 289, 658
Wall, L. 241, 246, 271, 282
Walley, N. 459
Wallison, Peter J. 227–37
Wallston, Peter 227–37
Walsh, J. 427
Walter, Ingo 332–43
WAMU 296, 307
Wang, X. 201, 206
Warde, I. 482
Warner, J. 217, 544, 545, 547
Watanabe, Y. 644
Watchman, P. 435
Watts, R. 202
Webb, E. 205, 482, 489
Weber, O. 442, 447
Wei, C. 201, 205, 206
### Index

<table>
<thead>
<tr>
<th>Name</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weill, L.</td>
<td>79</td>
</tr>
<tr>
<td>Weinberg, J.</td>
<td>677</td>
</tr>
<tr>
<td>Weisbach, M.</td>
<td>25, 595, 597, 598, 605</td>
</tr>
<tr>
<td>Weiss, A.</td>
<td>91, 357</td>
</tr>
<tr>
<td>Weitzner, D.</td>
<td>428, 437, 439</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>250, 254, 255, 350, 368</td>
</tr>
<tr>
<td>Wermers, R.</td>
<td>533</td>
</tr>
<tr>
<td>Wessel, D.</td>
<td>311</td>
</tr>
<tr>
<td>White, Lawrence J.</td>
<td>344–59, 403, 407, 408</td>
</tr>
<tr>
<td>Whitehead, B.</td>
<td>459</td>
</tr>
<tr>
<td>Whysall, P.</td>
<td>437, 438</td>
</tr>
<tr>
<td>Wihlborg, Clas</td>
<td>1–13, 238–69, 606</td>
</tr>
<tr>
<td>Wilhelm, W.</td>
<td>408</td>
</tr>
<tr>
<td>Willett, Thomas D.</td>
<td>238–69</td>
</tr>
<tr>
<td>Williams, A.</td>
<td>435, 446</td>
</tr>
<tr>
<td>Williams, B.</td>
<td>146</td>
</tr>
<tr>
<td>Williams, R.</td>
<td>246</td>
</tr>
<tr>
<td>Williamson, R.</td>
<td>594</td>
</tr>
<tr>
<td>Wilson, John O.S.</td>
<td>79, 80, 427–57</td>
</tr>
<tr>
<td>Wilson, P.</td>
<td>90, 103, 105, 110, 114, 116, 119</td>
</tr>
<tr>
<td>Wiseman, R.</td>
<td>19</td>
</tr>
<tr>
<td>Wiwattanakantang, Y.</td>
<td>685</td>
</tr>
<tr>
<td>Wood, G.</td>
<td>271, 330</td>
</tr>
<tr>
<td>Wooldridge, J.</td>
<td>113, 508</td>
</tr>
<tr>
<td>Woolford, I.</td>
<td>282</td>
</tr>
<tr>
<td>Wright, C.</td>
<td>442, 447</td>
</tr>
<tr>
<td>Wright, P.</td>
<td>482</td>
</tr>
<tr>
<td>Wrighton, J.</td>
<td>127</td>
</tr>
<tr>
<td>Xuan, Yuhai</td>
<td>535–64</td>
</tr>
<tr>
<td>Yasuda, Y.</td>
<td>20, 266</td>
</tr>
<tr>
<td>Yellen, J.</td>
<td>382</td>
</tr>
<tr>
<td>Yermack, D.</td>
<td>201, 205, 206, 597, 687</td>
</tr>
<tr>
<td>Yerramilli, V.</td>
<td>167</td>
</tr>
<tr>
<td>Yeyati, E.</td>
<td>76</td>
</tr>
<tr>
<td>Youssef, K.</td>
<td>247</td>
</tr>
<tr>
<td>Yue Ma</td>
<td>17–41</td>
</tr>
<tr>
<td>Zardkoohi, A.</td>
<td>187</td>
</tr>
<tr>
<td>Zelenyuk, V.</td>
<td>100</td>
</tr>
<tr>
<td>Zervos, S.</td>
<td>42</td>
</tr>
<tr>
<td>Zhao, T.</td>
<td>76</td>
</tr>
<tr>
<td>Zhou, Zhongfei</td>
<td>660–79</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>47, 52, 53, 54, 56</td>
</tr>
<tr>
<td>Zingales, L.</td>
<td>242, 251, 301, 303, 450</td>
</tr>
<tr>
<td>Zinman, J.</td>
<td>697</td>
</tr>
<tr>
<td>‘Zombie’ institutions</td>
<td>308</td>
</tr>
<tr>
<td>Yossif, K.</td>
<td>247</td>
</tr>
</tbody>
</table>