Index

AA 234
Abbey National 237
see also Santander
ABN Amro 18, 21, 198, 199, 200
accountability 112–13
accounting 216, 243
asset valuations 91, 219
‘mark to funding’ 91
standards 68, 226
EU Regulation 221
‘reference standard’ 218
see also auditing; disclosure; Enron
AC World index 32, 33, 38, 39
administration 204
see also bailouts, bankruptcy;
failures, insolvency,
liquidations, Prompt Corrective
Action model, special
resolution regime, takeovers,
winding up
AIG 17, 19, 78, 83, 87, 91, 188
AIM 241
Alliance and Leicester BS 18, 197
American Home Mortgage 14
Argentina 42, 137, 139
Convertibility Plan 40
ARROW (Advanced Risk Responsive
Operating Framework) 195, 196,
198, 200
Asia 30, 37, 38, 39, 40, 43, 139, 182, 204
Pacific 253
south east 139
asset
pricing 91, 122, 126
ratios, Basel type 202
stripping 234
swapping (illiquid) 204
see also accounting, valuation
asymmetries
information 7, 25, 51, 52, 56, 60, 62,
171, 215–27, 232
bank performance relevant
information (BPRI) 216–19
auditors 85, 88, 242, 243
UK 243, 244
see also Enron
Australia 33, 34, 47, 88, 170, 237
parent banks of New Zealand banks
170
PPP 250, 252, 253, 254, 255, 262
avoidance
‘Regulation Q’ 176, 179
‘bailouts’ 30–47
see also administration, bankruptcy;
failures, insolvency,
liquidations, Prompt Corrective
Action model, takeovers,
winding up
Bangladesh 47
banking markets
PPP 252
see also markets
Bankers’ Trust 24
Bank of
America 16, 17, 21, 34, 35, 185
Merrill Lynch 17, 21, 74, 185–6
England see central banks
bankruptcies 83
see also administration, bailouts,
failures, insolvency,
liquidations, Prompt Corrective
Action model, special
resolution regime, takeovers,
winding up
banks
asymmetries in bank performance
relevant information 217
branches of foreign banks 87
capital requirements 52, 68, 89, 147,
162
corporate banking 94–5
cross-border 155–72, 218
definition, historical 146
electronic 94
equity see equity; moral hazard
functions: separation of banking/non-banking 93
legal structure 76, 134–5, 168
licenses
FSA (UK) 195
regulation 230–48
how should ‘large’ banks be regulated? 147
as utilities? 246
pre-positioning: regulators to be prepared for failures 149, 155, 156
why are traditional banks regulated? 146
risk
systemic 72
special resolution regime (UK) 22, 203
supervisors
college of supervisors 166–7
‘too big to fail’ 188
‘too big to save’ 156
‘too complex to save’ 155
top 20 banks in world (by market capitalisation) 34
‘tripartite agreement’ see UK
see also bridge banks; central banks; investment banks
Barclays 145, 243
Barclays Capital 92
Barings 137, 142, 143, 149–50
Basel Accords 222–4
I 110
Accord on CARs 89
II 4, 89, 110, 163
capital adequacy requirement 89
III
Pillar 2 163
Pillar 3 163, 223
Basel type asset ratios 202, 207
core principles 223
failed accord on liquidity 89
BCCI (Bank of Credit and Commerce International) 87, 150
Bear Stearns 14, 16, 17, 30, 77, 78, 83, 188, 206
Belgium 33
PPP/Liefkenshoek rail tunnel project 259–60
Birmingham Midshires 199–200
BMW 232
bonds 251–2
issuers 17
monoline 17
bonuses see remuneration
booms
commodity and security prices (2002) 10
housing/mortgages, US 10
Boots 234
BPRI (bank performance relevant information) 217
Bradford & Bingley 18, 195–7
fined for mis-selling 200
mis-selling precipice and with-profits bonds 197, 200
Brazil 31, 32, 33, 34, 35–6, 39, 47
real 36
Selic rate 35
BRIC (Brazil, Russia, India, China) economies 31
see also Brazil, China, India, Russia
bridge banks 169, 203
building societies 15–16, 199–202
see also Alliance and Leicester, Bradford & Bingley, Derbyshire and Cheshire, Dunfermline, Nationwide, Northern Rock, TSB
business failures see bailouts, bankruptcy; failures, insolvency, liquidations, Prompt Corrective Action model, special resolution regime, takeovers, winding up
buy-to-let see mortgages
CAMELS ratings 163
Canada 33, 47, 143, 144
PPP 250
capital
adequacy 52, 89, 147, 162
standards 68
‘efficient’ 215
markets 251–2
‘perfect’ 215
ratios (UK banks) 195, 207
requirements 52, 147
triggers 163–4
capitalism
‘the new financial capitalism’ 241–4
carry trades 238
CDS see credit default swaps
central banks 83–96, 204, 236
Bank of Canada 204
Bank of England 203, 204, 236
19th century 134–9
first emergency action 135
lender of last resort (LoLR) activities 6, 134, 137, 138, 139, 147, 149, 244
beginnings 138, 149
role: stage 2 after FSA 168
liquidity scheme 20
Bundesbank 201
ECB 14, 15, 90, 119, 129, 165, 167, 204
beginnings 124, 125
independence from politics 120, 129
interest rates 119, 121
lender of last resort (LoLR) activities 6, 86, 90, 91, 121, 125–8
19th century experience 139
macro LoLR 125–8
origins of central banking 123–4
post-modern central banking 124
‘quantitative easing’ 20, 126
see also IMF; moral hazard
Reserve Bank of New Zealand 170
Riksbank 204
role and relationship with financial stability 118–31
US Federal reserve 90, 204,
ceilings
deposit rate 1933 US 176, 180
‘Q ceilings’ 177
chief executives’ pay and benefits 86, 95–8
see also moral hazard; remuneration
Chile 47
China 33, 34, 47
currency 43–4
Citigroup 9, 30, 35
City of Glasgow Bank failure (1878) 84, 137
closure rule 159
CMOs see mortgages
credit crunch see UK
default swaps (CDS) 74, 75, 91–3
ratings 13
agencies 13, 202, 217, 242
EU licence 168
Moody’s 224
Standard & Poor’s 224, 252
Credit Suisse 232
Croatia 42
cross-border banking 155–72, 218
currencies
China 43–4
devaluations 37
US
Argentinian peso 139
Mexican peso 44, 45
US dollar/Russian rouble 45, 46
co-insurance see insurance
collateralised debt obligations (CDOs) 11
college of (banking) supervisors 166–7
Colombia 47
companies
European Company Statute 168
see also corporate governance
competition 61
compliance costs 54, 58, 201
conditionality 253
consumer
disclosure 51
see also disclosure; FSA
protection 69, 103
mis-selling 14, 25, 200, 245
see also mortgages, mis-selling
Continental Illinois National Bank 182
Corporate banking see banks
governance 230–46
Lord Myners’ review 233–4, 242, 243
OECD principle 226
private equity and Anglo-Saxon model 239–41
legal structure 76, 134–5, 168
lending 197–8
Countrywide Financial 14
‘covenant-lite’/‘cov-lite’ loans 231
CRB index 39
credit crunch see UK
default swaps (CDS) 74, 75, 91–3
ratings 13
agencies 13, 202, 217, 242
EU licence 168
Moody’s 224
Standard & Poor’s 224, 252
Credit Suisse 232
Croatia 42
cross-border banking 155–72, 218
currencies
China 43–4
devaluations 37
US
Argentinian peso 139
Mexican peso 44, 45
US dollar/Russian rouble 45, 46
The financial crisis and the regulation of finance

see also carry trades; Europe, Euro; exchange rates; pegging; swaps
Czech Republic 43, 47, 164

data
analysis models
Data Envelopment Analysis 62
econophysics techniques 62
see also information
DBFOM (design-build-finance-operate-maintain) mode 250, 257
debt
interest deductibility 233
subordinated debt and moral hazard 91–3
see also collateralised debt obligations (CDOs); mortgages;
securitization; ‘toxic debt’
‘decoupling’ 31
definitions
‘bank’ 146
‘bank performance relevant information (BPRI) 216–19
‘efficient capital markets’ 215
‘financial crisis’ 134
‘LoLR’ (lender of last resort) 134
macroprudential 101–01, 102–06
microprudential 102–06
‘perfect capital markets’ 215
‘systemic risk’ 181
‘systemic shock’ 181
de Larosière see Europe, Commission
Denmark 157, 219
Roskilde 157
deposit
guarantee schemes 216, 221–2
insurance 15, 16, 22, 71, 72, 85, 86–7, 88, 110, 155, 157, 159, 166, 169, 177, 181, 208, 226
100 per cent scheme 88, 205
co-insurance 71, 86, 205, 226
EU 22, 88, 168, 221
proposed European Deposit Insurance Corporation 168
Eurodollar 178
limits 180
losses, minimizing 159
private sector/public sector 91
UK 87, 205

US, Federal Deposit Insurance Corporation (FDIC) 16, 71, 159, 161, 162, 163, 168, 169, 177, 182, 186, 187, 188
rate ceilings 1933 US 176
see also moral hazards
Derbyshire and Cheshire 18
deregulation 54, 124, 136, 179
derivatives 23, 74
regulation 23
Deutsche Bank 18
devaluations see currency
Dexia (Franco-Belgian) 155
director’s remuneration see moral hazard
disclosure rules 51, 215–27, 231
EU 215–21
‘discounted least squares learning’ 202
diversification 144, 145, 227
documentation
PPP (gearing, amortisation, covenants) 254
Drexel Burnham Lambert 72, 73
due diligence 21, 24, 199, 200, 238, 257
Dunfermline Building Society 18, 199, 200
eyearly diagnosis of problems see Prompt Corrective Action
econometrics 202
Ecuador 47
‘efficient markets hypothesis’ 85, 215
Egypt 47
EMEA area (Europe, Middle East and Africa) 42, 43
emergency actions
US
extension of government guarantees to bank debt issuance 180
limiting executive compensation 180, 189–90 see also remuneration
nationalization of Freddie and Fannie 180 see also Fannie Mae and Freddie Mac
raising deposit insurance limits 180 see also central banks; Prompt
Index

see also deposit guarantee schemes; emergency actions; Prompt Corrective Action

Finland 33
First Boston
fixed pegs 40, 42, 43
Fortis 18, 155
France 31, 33, 47, 85, 138, 259, 262
Banque de France 138
PPPs 259
fraud 159, 199
see also insider trading
fringe banks 143
FSA 30–47, 51–63
bank crises
reasons 202
Bank of England relationship 168, 203
beginnings 124, 125
codes
remuneration policies 245
cost-benefit analyses 54
failures/omissions 55
criticised for not focussing on macro aspects 201
regulatory tools in place but not deployed 193–208
impact on competition in financial markets 55
insider trading studies 61
mandate
consumer disclosures 51
financial services sector standards 51
market conduct rules 51
market cleanliness research 61
FSMA see UK, laws

Germany 18, 19, 20, 31, 33, 47, 83, 85, 140, 201, 231, 233
see also central banks, Bundesbank;
Deutsche Bank; HRE, Hypo Real Estate, IKB
Ginnie Maes 11
Glass-Stegall see US, laws
Glitnir 157
globalization 120
Great Depression 138, 143, 144, 175, 190
Inflation 119
Moderation 119

HBOS 148, 197–8, 199, 206, 242
2002 ARROW 200
Lloyds-TSB 198, 204
part-nationalisation 204
subsidiaries
Birmingham Midshires 199–200
The Mortgage Business 199–200
hedge funds 78, 181, 183, 204, 206–08, 230, 233, 234, 238, 262
impact of Madoff scandal 239
Long Term Capital Management 183, 206
TPG-Axon 237
voluntary codes 234
see also private equity funds (PEFs)
Herstatt crisis (1974) 78
Hong Kong 33, 34, 47
Hong Kong and Shang Hai Banking Corporation 145
Hornby, Andy 148
Hungary 42, 43, 47, 164
Hypo Real Estate 18

Iceland 156
see also Glitnir, Kaupthing, Landsbanki
IMF 3, 4, 21, 37, 38, 40, 41, 42, 47, 102, 182, 207
income
distribution 55
tax (corporate) 189
India 16, 33, 34, 35, 47, 77
Indonesia 37, 38, 47, 139
industrial production
OECD figures 19
IndyMac 16
inflation 119, 139, 178, 201
Keynes 141
‘Keynsian monetarism’ 124
Korea 32, 33, 37, 38, 47
South 47

tax 124

information 215–63

deficiencies 202

shareholder 218–9

see also asymmetries;
documentation

insider trading 61, 231

see also fraud

insolvency 204

see administration, bailouts,
bankruptcy; failures,
liquidations, Prompt Corrective
Action model, special
resolution regime, takeovers,
winding up

insurance 79, 80, 109, 110, 183, 188,
194, 231, 246

by banks 25

monoline bond insurance 17

premia 105, 108, 168
toxic assets 20

see also AIG, credit default swaps,
deposit insurance, LoLR,
pensions (PPI)

interest rates 119, 121

1933 ceilings 176

swaps 24

zero-interest rate policy 122

international transactions
see cross-border; see also EU, OECD

investment banks 146
‘casino banks’ 144

see also Bear Stearns, Drexel
Burnham Lambert, First
Boston, Lehman Brothers;
Merrill Lynch, US, SEC

Ireland 15, 33

Israel 47

Italy 31, 33, 47, 138
Banca d’Italia 138

Japan 19, 20, 31, 33, 34, 47, 74, 76

JPMorgan Chase 16, 34, 35, 77

Kaupthing 157

Kaupthing, Singer and Friedlander
Bank 197

Kazakhstan 47

Lamfalussy committees see Europe

Landsbanki HF 22, 88, 157

Larosière, de see Europe, Commission

Latin America 30

law see Argentina, Convertibility Plan;
Basel accords; corporate legal
structure; Europe, Market in
Financial Instruments Directive,
UK, US

Lehman Brothers 16, 17, 18, 21, 22, 23,
25, 30, 74, 78, 83, 86, 87, 92, 148,
155, 188, 198, 203, 204, 206, 230,
237, 239, 242, 255

chapter 11 bankruptcy 203–4

UK government criticised by US 21

LBOs (leveraged buyouts) 232, 235–7

lender of last resort activities (LoLR)
221–2

macro LoLR 125–8

versus bailouts 130

see also central banks

leveraged buyouts
see LBOs; see also management
buysouts

‘liars loans’ 196

LIBOR-OIS spread 14

licensing

EU institutions (credit agencies and
post-trading infrastructure) 168

FSA (UK banks) 195

‘lifeboats’ 142

liquid assets see moral hazard

liquidations see administration,
bailouts, bankruptcy; failures,
insolvency, Prompt Corrective
Action model, special resolution
regime, takeovers, winding up

liquidity 89–91, 120, 141

wartime, UK 140

Llewellyn, David
Gilbart lectures 4

Occasional Paper 1: Economic
Rationale for Financial
Regulation 53, 56, 58, 62, 68
Lloyds 145, 197–8
Lloyds-TSB-HBOS 20
LoLR see lender of last resort activities
London Scottish 205
Long Term Capital Management fund 183

macroprudential perspective 31, 39–43, 103, 101–50
definitions 101–01, 102–06
FSA criticised for not focussing on macro aspects 201
implementation 106
relationship with monetary policy 6, 118–31
lender of last resort (LoLR) activities by central bank 6
Madoff, Bernie
‘Madoff scandal’ 24, 88, 230, 238
impact on hedge funds 239
Malaysia 47, 139
management buyouts 231
see also LBOs
market
capacity 253
discipline 224–6
‘flex’ 253
prices see pricing signals
deceptive 164
see also ‘efficient market’; ‘perfect market’; stock markets
markets see AC World index; CRB index; MSCI All-Country World Index; Nasdaq Composite; S&P Composite
Markowitz’ portfolio theory 227
MBSs (mortgage-backed securities) see mortgages
mediation
proposal for new EU supervisor mediation body 168
Memoranda of Understanding (MoUs) 165, 204
mergers and acquisitions see takeovers
Merrill Lynch 17, 21, 74, 185, 186
Mexico 36, 38, 39, 44, 47, 139
currency crisis and debt default 182–3
‘Tequila crisis’ 36
microprudential perspective 102, 103, 155–214
definitions 102–06
mis-selling 14, 25, 200, 245
Bankers’ Trust 24
Bradford & Bingley 197, 200
mortgages 200, 245
monetary orthodoxy 119, 120, 122
policy and macro perspective 6, 118–31
history 134–50
versus regulation 118–31
monitoring 13
by shareholders 230–63
Moody’s 224
KMV Expected Default Frequency 164
moral hazard 83–96, 134–50, 157, 194, 204–05
implications for bank holdings 89–91 83
deposits 83, 86–9
equity 83, 93–5
misuse of cheap liquidity 122
remuneration (executive) 83, 95–6
subordinated debt 83, 91–3
mortgages 148, 178, 195
collateralised debt obligations (CDOs) 12
collateralised mortgage obligations (CMOs) 11, 12
MBSs (mortgage-backed securities) 16
mis-selling 200, 245
buy-to-let 196
self-certification 196, 199
see also consumer protection
securitisation of residential mis-selling 94
The Mortgage Business 199–200
see also Alliance & Leicester; Bradford & Bingley; Derbyshire and Cheshire; Dunfermline BS; London Scottish; Nationwide; Northern Rock; US, sub-prime mortgage sector
MSCI All-Country World Index 32, 33
Index

Nasdaq Composite 38
nationalization 180, 203, 204, 207
Nationwide 18, 199
NatWest 15
Netherlands 22, 33, 47
see also ABN Amro
New
Century 13, 14
Zealand 158, 170
pioneer in supervisor pre-positioning 170
Reserve Bank of New Zealand 170
Nigeria 47
Northern Rock 14, 15, 18, 23, 71, 73, 84, 86, 88, 141, 143, 149, 194, 195–7, 200, 201, 203, 205, 237
fails ARROW 196
hedge fund challenge government share price 237

OECD
financial skills and literacy recommendations 225
industrialised production (1981–2009) 19
Principles of Corporate Governance 226
option component 25
‘originate and securitize model’ 11, 14, 18
Overend, Gurney & Co. 71, 136–7

Pafitis case 157
Pakistan 47
Panama 47
passport see Europe
PEFs see private equity funds
pegging
‘crawling’ pegs 44
fixed pegs 39, 40–4
pensions 25, 86, 95, 205, 240, 244, 245
funds 34, 42, 194, 231, 262
insurance (PPI) 245
regulators
EU 168
UK 240, 241, 243
see also remuneration
‘perfect capital markets’ 215

Peru 47
Philippines 37, 38, 47, 139
Poland 42, 43, 47
policy tools 105, 107–11, 126–7, 129
see also Memoranda of Understanding; public policy
Ponzi schemes 24, 230, 238, 242
portfolio theory 227
Portugal
infrastructure project 259
PPI see pension
PPPs (Public Private Partnerships) 249–63
alternatives 256–60
contribution model 158–9
debt funding competitions 257–8
equity investment 259
Government co-funding models 258
see also DBFOM
Government support models
debt guarantees 259
revenue guarantees 259
syndication guarantees 259
public financing 256–7
senior debt model 259
staged procurement 257
subordinated debt model 259
supported debt model 258
new financial environment 251–6
banking markets 252–3
capital markets 251–2
conditionality 253
documentation 254
financial implications 255–6
funding arrangements 253
loan terms 254
margins 255
market capacity 253
project financing 250–51
UK 255
pricing 55, 104, 108, 111, 112
deceptive 108
price (in)stability and central banks 119, 121
regulation 176
see also asset prices; US, laws,
Regulation Q
Prince, Chuck 9, 14, 23
private funding
  equity funds (PEFs) 130–46, 206,
  230–46
  British Private Equity and
  Venture Capital Association
  report (2009) 236
  does private equity work? 235–7
  voluntary codes 234
  Walker code 234
  see also hedge funds, PPPs
Proctor and Gamble 24
pro-cyclicality 109–12, 114, 207
dampening 109, 110, 111
project financing (bond, equity and
banking markets) 249–66
Prompt Corrective Action 87, 155–72
US framework 160–61
public
  funding 256–7
  see also PPPs (Public Private
Partnerships)
  interest 101
  policy 101, 102
  -private finance see PPP
  ‘put’ options 23
Qatar Investment Authority 20
quantile regressions 107
‘quantitative easing’ 20, 126
‘random walk theory’ 215
recapitalisation 19–20
regulation
  Dutch experience using mixed
  regulation tools 62–3
  key objectives
    consumer protection 69
    integrity of financial markets 70
    safety and soundness of financial
    institutions 69
    sustain systemic stability 69
  suggestions for improvement 68–81
  types
    conduct of business 71
    prudential 71
  ‘Regulation Q’ see US, laws
regulators
  UK
  controversial use of anti-terror
  legislation 22, 197
  excessive regulation 201
  FSMA see UK, laws
  House of Lords Select Committee
  on Regulators (2007) 60
  post crisis: is more regulation the
  answer? 193–208
  Regulated Activities Order 63
  see also FSA
US
  Fed 181–6
  SEC 72, 239
  see also banks
remuneration, executive 83, 95–6,
  189–90
bonuses 147–8
  should be paid in restricted shares
  (Malkiel) 206
FSA code 245
pensions 205, 245
private equity 239, 240, 244, 245
Turner report 245
Walker report 245
see also moral hazard
repos 76
  loss spiral 77
  ‘margin’/‘haircut’ spiral 76, 77
  repo credit 76
  tri-party 76
retail banking 93–4
  ‘utility banks’ 144
Rio Tinto 243
  ‘risk to our objectives’ see RTO
Romania 47
Royal Bank of Scotland (RBS) 18,
  20,21, 93, 148, 198–200, 204,
  206
government ownership 199
RTO (‘risk to our objectives’)
  scoring (FSA-regulated firms)
  194,195
Russia 31, 32, 33, 36–7, 38, 39, 42, 44,
  45, 46, 47, 140
S&L crisis 86
S&P Composite 38
Saga 234
Sainsburys 231, 234
Santander 18, 34, 197, 237
Securities and Exchange Commission
  (SEC) see US
Index

securities industry
net leverage ratios 75
securitisation 11–12, 94
see also mortgages, MBSs
(mortgage-backed securities)
sel£-certification 196, 199
shadow
banks 194, 206–7,
system collapse 230
pricing 55
shareholders 186, 208, 215–63
banks, UK 148–9, 205–06
human rights 157
impact of Fannie Mae and Freddie
Mae collapse 92
institutional 230–46
at fault for increasing leveraging
in credit crunch 240
Institutional Shareholders’
Committee 233
problems protecting pre-emption
rights 243
limited/unlimited liability 84
monitoring role/oversight
230–63
see also information
shocks
common 142
systemic 125, 181–2
short selling 237
Singapore 33, 47
Slovakia 47, 164
social responsibility 235
South Africa 4, 32, 33, 42, 47
PPP 250
South Korea 47
Spain 33, 34, 47, 112
special purpose vehicles (SPVs) 13,
196, 250, 258, 259
special resolution regime 22, 203
Sri Lanka 47
Standard & Poor’s 224, 252
Standard Chartered 145
standards
capital adequacy 68
see also accounting, standards; FSA,
mandate, standards
Standford, Alan 88
stock markets
Family Value Index 232
junior
AIM 241
London Stock Exchange 241
stock exchange regulations 218
Structured Early Intervention and
Resolution (SEIR) 158
see also Prompt Corrective Action
sub-prime mortgages 10
see also US
supermarket banks 94
supervisors
banking supervisors and cross-
border banking 155–72
college of supervisors 166–7
swaps
CDS see credit default swaps
currency 74
plain vanilla interest 74
Sweden 33
see central banks, Riksbank 204
Switzerland 33, 34, 107, 207
see also Credit Suisse; UBS
systemic risk 181
systemic shock 181
takeovers
insider trading questions 61
UK Takeover Code of Practice
241
see also ABN/RBS
Taiwan 32, 33, 38, 47
Taylor rule 119
tax
corporate tax 206, 233
private equity funds 239
see also inflation; income
technology sector 38
bust 38–9, 119
‘plan Greenspan’ 119
‘Tequila crisis’ see Mexico
Thailand 38, 47
collapse of baht 139
thrift institutions 175–91
time
deposits 179
dimension see pro-cyclicality
timing of emergency actions 175
tools
Dutch experience using mixed
regulation tools 62–3
The financial crisis and the regulation of finance

UK, FSA regulatory tools there but not deployed 193–208

see policy tools

‘toxic’

assets 121, 199, 236

insurance scheme 20

debt’ 142

transparency 85, 112, 113, 119

triggers see capital

‘tripartite agreement’ see UK

Troubled Assets

purchase scheme, UK 205

Relief Programme (TARP) see US

TSB

Lloyds-TSB-HBOS 20

Turkey 42, 47

Turner Review see UK

UBS (Union Bank of Switzerland) 16, 18, 24, 239

UK 33, 34, 47, 233

banking 144

history 134–50

19th century 134–9

eyearly 20th century 139–42

inter-war years and beyond 142–3

US–UK compared, US banks more fragile 144

British Private Equity and Venture Capital Association report (2009) 236

building societies 15–16

‘credit crunch’ 237–9, 240

deposit protection 15

Financial Services Compensation Scheme 88, 205

government

bailouts 204–05

emergency packages 20, 205

toxic assets insurance scheme 20

laws

Bank Act (1844) 140, 142

Bank Charter Act 137

Banking Act 2009 22, 87, 146, 205

failures 203

FSMA (Financial Services and Markets Act 2000) 53–5, 63, 194

special resolution regime 22, 87

usury laws 136

PPP projects 250, 255

regulation

existing framework could have been used to prevent crisis but wasn’t 193–208

is more regulation post-crisis the answer? 193–208

regulatory tools in place but not deployed 193–208

Takeover Code of Practice 241

‘tripartite agreement’ (FSA/Treasury/Bank of England) 194, 208

Turner Review 52, 145, 158, 168, 193, 200, 226, 245

see also Alliance and Leicester, central banks, Bank of England; Barclays; BCCI; Bradford & Bingley; City of Glasgow Bank; Derbyshire and Cheshire, Dunfermline, FSA, HBOS, Lloyds, London Scottish, Nationwide, NatWest, Northern Rock, Overend and Gurney; Royal Bank of Scotland, Santander, special resolution regime, stock markets

Ukraine 42, 47

Uruguay 47

US 33, 34, 47

1930s crisis 176–7

see also Great Depression 179

1980s 176, 179

9/11 184

banking failure 203–4

US–UK compared, US banks more fragile? 144

Hurricane Katrina 184

laws

Dodd-Frank Act (2010) 87

Banking (Glass-Steagall) Act (1933) 176, 177

repeal 244

exception for New England 178

Depository Institutions
Index

Deregulation and Monetary Control Act (DIDMCA; 1980) 176, 180

Federal Deposit Insurance Corporation Improvement Act (FDICIA) 162, 186–8

Federal Reserve Act 183

‘Regulation Q’ 7, 175–91

avoidance 176, 179

beginnings 176

end (repeal) 176179–81

lessons learned 180–81

Sarbanes-Oxley Act 156, 206, 243

mortgage market 6, 30–47

debt sold on on ‘originate and securitize model’ 11

housing boom (2002) 10

sub-prime mortgage sector 10

Prompt Corrective Action 87, 160–61

regulatory reforms 181–91

capping executive remuneration 189–90

extending bank resolution process to non-bank financial institutions 186–9, 191

Fed as regulator of systemic risk 181–6

runs

money market mutual funds 92

S&L crisis 86

Securities and Exchange Commission (SEC) 72, 239

Troubled Assets

Loan Fund 236

Relief Programme (TARP) 19

Y2K 184

see also American Home Mortgage, Bank of America, Bear Stearns, Citigroup, Continental Illinois National Bank, Countrywide Financial, Drexel Burnham Lambert; Enron, Fannie Mae and Freddie Mac, First Boston, Ginnie Maes, Goldman Sachs, IndyMac, JPMorgan Chase, Lehman Brothers, Merrill Lynch, New Century

USSR see Russia

usury laws 136

valuation see accounting

VAT 20

Venezuela 47

Vietnam 47

Walker code 234

Washington consensus 40

winding up see administration, bailouts, bankruptcy; failures, insolvency, liquidations, Prompt Corrective Action model, special resolution regime, takeovers

ZOPA 94