# Contents

Preface	vii
Foreword by C. A. E. Goodhart	ix
Sources of the Essays	xix
List of Abbreviations	xx
1. Market-friendly Regulation	1
1.1 Bank Crises and Regulatory Failures	1
1.2 Market-friendly Control	2
1.3 The Basel Committee	4
1.4 Catching all Banks	5
1.5 Capital Adequacy	7
1.6 Market Discipline	9
1.7 Responding to Globalisation	10
1.8 Still Open Debate	13
2. Licensing Banks	14
2.1 Two Mottos	14
2.2 'Non-Bank' Banking	15
2.3 Why a Licence?	19
2.4 Are Banks Special?	24
2.5 How to License?	27
2.6 Still Necessary	30
3. Competition in Banking	32
3.1 Who Likes Competition?	32
3.2 A Policy Shift	32
3.3 How Far to Go?	35
3.4 The International Dimension	36
3.5 The European Union and Euroland	37
3.6 Good, But	38
4. Self vs. Public Discipline	40
4.1 The Mode of Regulation	40
4.2 Conceptual Map	41
4.3 Industry Standards	42
4.4 Process-Oriented Regulation	46
4.5 Externalities and Captivity	48
4.6 Friendly, not Captive	51

#### Contents

### 5. Securities and Banking

- 5.1 Ageing Walls
- 5.2 New Bridges
- 5.3 Ensuing Risks
- 5.4 Converging Regulation
- 5.5 Walls, Windows

#### 6. Alternative Regulators

- 6.1 Three Questions
- 6.2 New World for Regulators
- 6.3 One Supervisor or Many?
- 6.4 Inside or Outside the Central Bank?
- 6.5 National or European?
- 6.6 Four Conditions

#### 7. Supervision in Euroland

- 7.1 After the Euro
- 7.2 Double Separation
- 7.3 From National to Euroland Markets
- 7.4 Regulation and Supervision
- 7.5 Crisis-Management
- 7.6 A Collective Supervisor

## 8. Central Banks and Financial Stability

- 8.1 The Unbundled Composite
- 8.2 History and Theory
- 8.3 Recent Challenges
- 8.4 Crises: Old and New
- 8.5 The Land in Between
- 8.6 Monetary Policy
- 8.7 Prudential Supervision
- 8.8 The Eurosystem
- 8.9 Tools for Action
- 8.10 Interplay at the Borders

References Index