

Cross-Border Banking

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Venue: Leibniz Institute for Financial Research SAFE

Course Description:

Cross-border banks are the big players of the banking industry. They can bring efficiency and competition, but at the same time they make regulation and supervision of the sector more complicated. This course aims to discuss the economics of cross-border banking, with particular emphasis on regulatory and supervisory issues. It covers a range of recent papers, both theoretical and empirical.

Tentative Schedule:

Part 1: Cross-border banks and national supervision

Theory:

- Dell’Ariccia, G, and R Marquez (2006), “Competition among regulators and credit market integration”, *Journal of Financial Economics*, 79
- Calzolari and Loranth (2011), “Regulation of Multinational Banks: A Theoretical Inquiry”, *Journal of Financial Intermediation*, 20(2).

Empirics:

- Beck, T, R Todorov and W Wagner (2013), “Supervising cross-border banks: Theory, evidence and policy”, *Economic Policy*, January
- Claessens, S., Van Horen, N. (2014), “Foreign Banks: Trends and Impact”, *Journal of Money, Credit and Banking*, 46(1)

Part 2A: Cross-border supervisory cooperation and the banking union

Theory:

- Jean-Edouard Colliard (2020), “Optimal Supervisory Architecture and Financial Integration in a Banking Union”, *Review of Finance*, 24(1)
- Calzolari, G, J-E Colliard and G Loranth (2019), “Multinational banks and supranational supervision”, *Review of Financial Studies*, 32(8).
- Dell’Ariccia, Carletti and Marquez (2021), “Supervisory incentives in a banking union”, *Management Science*, 67(1).

Part 2B: The rationale for cross-border supervisory cooperation and its impact on financial stability

Empirics:

- Agarwal, S. and Lucca, D. and Seru, A. and Trebbi, F. (2014), “Inconsistent Regulators: Evidence from Banking”, *Quarterly Journal of Economics*, 129(2)
- Beck, Silva Buston and Wagner (2022), “The economics of supranational bank supervision”, *Journal of Financial and Quantitative Analysis*, forthcoming
- Fiordelisi, F. Ricci, O. and Saverio Stentella Lopez F. (2017), “The unintended consequences of the launch of the single supervisory mechanism in Europe”, *Journal of Financial and Quantitative Analysis*, 52(6)

Part 3: Cross-border cooperation in resolution and insolvency

- Bolton, P., Oehmke, M., (2019). “Bank resolution and the structure of global banks. *Review of Financial Studies* 32 (6).
- Loranth, G, Segura, A. and J.Zeng (2022), “Voluntary support and ring-fencing in cross-border banks”, *CEPR Discussion Paper*, DP 16893.
- Banal-Estanol, A, Kolm, J and G.Loranth (2021), “Financing and Resolving Cross-Border banks”, *CEPR Discussion Paper*, DP 16192.