

Martin Summer

Head of the Economic Studies Division
Oesterreichische Nationalbank



Introductory Remarks

Ladies and Gentlemen,

The European banking union is seen by many commentators as a major shift in ideas about banking regulation in Europe and about the organisation of the relationship between the public sector and the banking sector. The extent to which this view is justified is a major topic of the discussions and presentations at this conference.

In this session we want to focus on the issue of regulatory capture. The capture of regulatory policy by interest groups and lobbies is an old topic in policy discussions on regulation. The global financial crisis has created a new awareness of the issues and a renewed interest in this topic. For example, the extent to which banking regulation during the 1990s adopted industry standards in risk assessment that have turned out highly problematic afterwards is astonishing and now seems like a textbook example of how regulation can become an instrument of industry interests and thereby can be made even ineffective or dysfunctional.

With this and other examples in mind it is legitimate to devote the next hour of this conference about a major regulatory reform project in banking regulation to the reflection of the issue of regulatory capture. Have the initial goals been achieved, or have they been watered down significantly? Did the public sector prevail in redefining the rules of the game in the interaction between government and the banking sector or was the process skilfully seized by industry interests?

One could argue that the European banking union has some promising aspects that might give rise to hopes of pushing back the forces of regulatory capture by shifting supervision to a transnational level. But has the current framework actually been successful in implementing this shift?

I am very happy that we have today two leading experts in the field with us, who will in the next 60 minutes go through some of the aspects of regulatory capture and the banking union.

Professor *Engelbert Dockner* is Professor of Finance in the Department of Finance, Accounting and Statistics at the Vienna University of Economics and Business. He holds a Ph. D. in applied mathematics from the University of



Technology Vienna. Prior to his appointment at the university he was full professor of finance and head of the Department of Finance at the University of Vienna. He has intensive international experience either as a faculty member or as visiting scholar at the Sauder School of Business, University of British Columbia, Canada; Haas School of Business, University of California at Berkeley, U.S.A.; University of Magdeburg, Germany; Australian National University, Australia; University of Bielefeld, Germany; Queen's University in Kingston, Ontario, Canada, and University of Saskatchewan, Canada. From 1996 to 2006, he was head of the Center for Banking and Finance at Donau Universität Krems, Austria. He acted as General Secretary and President of the Austrian Economic Association and currently is a member of the Board of the Austrian Science Fund.

His research interests include asset pricing and industry structure, product and financial market interactions, industrial economics and differential games theory. He published over 50 papers in leading economics and finance journals, including *American Economic Review*, *Journal of Economic Theory*, *Journal of Economic Dynamics and Control*, *Management Science*.

Thierry Philipponnat is Secretary General of Finance Watch, an independent non-profit association dedicated to analysis and advice for improving European Financial regulation. After graduating from the Institut d'Etudes Politiques de Paris and training as an economist (Diplôme d'Etudes Approfondies en économie), Thierry Philipponnat started a career in finance in 1985, holding successively the following positions: corporate banker at BFCE (Banque Française du Commerce Extérieur), options and convertible bonds trader for O'Connor & Associates, head of structured products at Exane, executive director in charge of equity derivatives for French-speaking

Europe at UBS, deputy-head of equity financing structuring at BNP Paribas, and global head of equity derivatives of Euronext.Liffe. As part of this last activity, he was member of the executive committees of both Euronext (Paris) and LIFFE (London).

In 2006, Mr. Philipponnat crossed into the NGO world, campaigning and lobbying on behalf of Amnesty International, with a particular emphasis on the impact of the financial sector on human rights. He was later elected as an Executive Board member of Amnesty International France.

In 2010, he was selected by a cross-party group of Members of the European Parliament to develop Finance Watch (www.finance-watch.org) as an organisation advocating for public interest in financial regulation. He was appointed as the first Secretary General of Finance Watch the following year and has led the organisation since then. Since December 2013, Thierry Philipponnat has also served as a member of the College of the AMF, the French financial markets regulator.