Banking Union A Solution To The Euro Zone Crisis

This is the first book to offer a profound, practical analysis of the framework for the judicial and pre-judicial protection of rights under the supranational banking supervision and resolution powers in the European Banking Union (EBU). It is also unique in its in-depth commentary on the developing case law from the European Court of Justice in this new field of EU litigation.
This book tells the inside story of those who played key roles in setting up the organisations and combatting the crisis. In exclusive interviews, global financial leaders and ESM insiders provide a rich stock of perspectives and anecdotes that bring to life the urgency of the crisis as well as the innovative solutions found to resolve it. The European Stability Mechanism and its temporary predecessor the EFSF provided billions of euros in loans to five hard-hit euro area countries during the European financial and sovereign debt crisis of the early 2000s, helping to safeguard the stability of those countries and the euro area as a whole. Initially, the crisis-torn euro area was ill-equipped institutionally, but the rapid establishment of the firewalls, the assistance programmes, deep-seated country reforms, the strengthening of European institutions, and extraordinary European Central Bank measures shielded Europe from a euro area break-up. With the EFSF/ESM set-up, its managers aspired to create a new, more entrepreneurial international financial institution, one that is agile enough to respond quickly to new challenges, while still ensuring the strict governance befitting an organisation pursuing a public mission. The euro area has emerged from near disaster in more robust shape. As Europe strives to further strengthen its architecture in preparation for any possible future crises, it is important to reflect upon how the euro area reinvigorated its fortunes and draw the relevant lessons for future crisis management in Europe and beyond.
In 2012, at the height of the sovereign debt crisis, European decision makers pushed for developing an 'ever closer union' with the formation of a European Banking Union (BU). Although it provoked widespread debate, to date there has been no coherent discussion of the political and constitutional dimensions of the European Banking Union. This important new publication fills this gap. Drawing on the expertise of recognised experts in the field, it explores banking union from legal, economic and political perspectives. It takes a four-part approach. Firstly, it sets the scene by examining the constitutional foundations of banking union. Then in parts 2 and 3, it looks at the implications of banking union for European integration and for democracy. Finally it asks whether banking union might be more usefully regarded as a trade-off between integration and democracy. This is an important, timely and authoritative collection.
It is generally agreed that a Banking Union should have common or 'single' institutions responsible for carrying out three basic functions: supervision, resolution and deposit insurance. So far, however, agreement has been reached in the EU on only the first two functions. The Commission has now presented its proposal on how to complete the Banking Union with a European Deposit Insurance Scheme (EDIS). It is an innovative and courageous proposal. It is courageous because it will clearly be very controversial in a number of member states (especially Germany) and it is innovative because it proposes a three-stage process, starting with re-insurance, then switching to co-insurance and finally to full direct insurance of deposits via a 'single' Deposit Insurance Fund (DIF). This final stage should be reached in 2024, which is also the date at which the Single Resolution Fund (SRF) will become the only source of financing for bank resolution. The Commission's proposal calls for integrating the decision-making for EDIS into the decisionmaking entity for the SRF, namely the existing Single Resolution Board (SRB). This makes sense if one views resolution and deposit insurance as two highly interlinked dimensions of dealing with banks in trouble. In this view the two dimensions should be bundled into one institution--and one suspects that over time the two funds (the SRF and the DIF) could be merged into one. This Policy Brief argues that re-insurance should not be considered as a transitory phase, but could also provide a solution for the long run. 'Experience rating' could be used to ensure a proper pricing of risk and to protect the interests of the depositors in countries with safer banking systems. Moreover, EDIS should have a decision-making structure separate from and independent of the SRM, since it has mainly a macroeconomic function.
A Proposal by the German Council of Economic Experts
The Case of the Banking Union
Deposit Insurance
European Banking Union
John Maynard Keynes, Harry Dexter White, and the Making of a New World Order
From the Internal Market to a Banking Union
Governance of International Banking

Contributions from Viral Acharya, Joshua Aizenman, Franklin Allen, Thorsten Beck, Erik Bergl f, Claudia Buch, Elena Carletti, Ralph de Haas, Luis Garicano, Andrew Gimber, Charles Goodhart, Vasso Ioannidou, Daniel Gros, Dirk Schoenmaker, Geoffrey Underhill, Wolf Wagner, Benjamin Weigert, Frank Westermann, Charles Wyplosz and Jeromin Zettelmeyer.
We analyze how bank profitability impacts financial stability from both theoretical and empirical perspectives. We first develop a theoretical model of the relationship between bank profitability and financial stability by exploring the role of non-interest income and retail-oriented business models. We then conduct panel regression analysis to examine the empirical determinants of bank risks and profitability, and how the level and the source of bank profitability affect risks for 431 publicly traded banks (U.S., advanced Europe, and GSIBs) from 2004 to 2017. Results reveal that profitability is negatively associated with both a bank's contribution to systemic risk and its idiosyncratic risk, and an over-reliance on non-interest income, wholesale funding and leverage is associated with higher risks. Low competition is associated with low idiosyncratic risk but a high contribution to systemic risk. Lastly, the problem loans ratio and the cost-to-income ratio are found to be key factors that influence bank profitability. The paper's findings suggest that policy makers should strive to better understand the source of bank profitability, especially where there is an over-reliance on market-based non-interest income, leverage, and wholesale funding.
"Twenty years after the European single market was created, the euro crisis is posing a threat to one of the main achievements of European integration - the single market. Even the latest round of proposed improvements that the European Commission has announced will not be sufficient to mitigate this threat. In a new ECFR paper Sebastian Dullien sets out the three most likely scenarios for how the euro crisis is likely to develop, and explains who each would adversely affect the single market and harm cross-border business and activity within the EU: A full break-up of the Eurozone could shatter the single market and threaten the Schengen agreement -- A 'muddling-through' scenario would probably significantly damage the single market and reduce its depth -- A positive solution to the crisis in the Eurozone, involving a great leap towards a true fiscal and banking union, would probably see several countries (such as the UK) withdraw, shrinking the single market. Any one of these scenarios may lead to a loss of EU influence in global trade negotiations and institutions like the IMF and G20"--Publisher's description.
Arnaboldi highlights the importance of one of the three pillars of the Banking Union, the common mechanism for insuring deposits. She claims that integrated financial markets require a European solution with regard to deposit insurance and that the establishment of a pan-European scheme could address the problems for large cross-border banks.
Banking Crises in Italy

Deposit Guarantee Schemes
Political, Fiscal and Banking Union in the Eurozone?
Does Europe Have What it Takes to Finish the Banking Union? Non-Performing Loans (NPLs) and Their Hard Choices, Non-Choices and Evolving Choices
Beacon for Advanced Integration or Death-Knell for Democracy?
The Stabilising Properties of a European Banking Union in Case of Financial Shocks in the Euro Area
This book analyzes the effects of the recent crisis and evaluates potential solutions to the gridlock that is currently dominating the Eurozone and the European Union, concerning both the monetary policy and the budgetary and fiscal policy. The timely study highlights the main challenges that European political leaders will face in the months to come. Furthermore, its interdisciplinary approach embraces economic, financial and legal perspectives, so as to ensure the global coherence and comprehensiveness of its content. The contributors to this volume are prominent experts from the areas of Economics, Finance, Law, and Political Science, offering readers a multifaceted view of the topics discussed.
This paper analyses the stabilising properties of a European Banking Union in case of financial shocks in the euro area. We compare output losses under national interventions ('bail-out') with resolution mechanisms included in the banking union, namely resolution via the euro area's Single Resolution Mechanism (SRM), 'bail-in', and a backstop solution with the new European Stability Mechanism's direct recapitalisation instrument for euro area banks. The paper evaluates by how much the output loss associated with the recent financial crisis in the euro area periphery and core could have been reduced had the banking union been in place at the time. The paper finds that with a banking union, GDP losses in the periphery could have been reduced by 30%-40% in the periphery and by 10%-40% in the euro area as whole, depending on which resolution mechanisms were in place. The paper discusses in detail how the individual resolution mechanisms affect the core and the periphery. The SRM is the most powerful for stabilising the periphery but is costly for the core. The 'bail-in' and the ESM backstop arrangements stabilise the periphery less but reduce GDP losses for the core. However, the direct recapitalisation instrument is only applicable under specific circumstances as a measure of 'last resort'.
Why does the third leg of the European Banking Union, EDIS, remain mired in controversy? This book presents the views of senior representatives of the public and private sectors and academia on why EDIS is either necessary, counter-productive or even dangerous. No viewpoint has been excluded and the full range of issues involved is covered, including the impact on financial stability and on consolidation of the financial sector in Europe, progress on reducing NPLs, the feasibility of developing "safe bonds" and other, more practical solutions to the "doom loop" and the actual design of EDIS.
Using case studies ranging from cross-border bank resolution to sovereign debt, the author analyzes the role of international law in protecting financial sovereignty, and the risks for the global financial system posed by the lack of international cooperation. Despite the post-crisis reforms, the global financial system is still mainly based on a logic of financial nationalism. International financial law plays a major role in this regard as it focuses more on the protection of national interests rather than the promotion of global objectives. This is an inefficient approach because it encourages bad domestic governance and reduces capital mobility. In this analysis, Lupo-Pasini discusses some of the alternatives (such as the European Banking Union, Regulatory Passports, and international financial courts), and offers a new vision for the role of international law in maintaining and fostering global financial stability. In doing so, he fills a void in the law and economics literature, and puts forward a solution to tackle the problems of international cooperation in finance based on the use of international law.
Perspectives for the Eurozone as a Monetary and Budgetary Union
The Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States Including Dissenting Views
The Challenges of Cooperation and the Role of International Law
The Logic of Financial Nationalism
Differentiated Integration
A Comparison of the Function of the Bank of England, the Federal Reserve and the European Central Bank
The Financial Trilemma
This study analyzes the main requirements placed on Central and Eastern Europe's financial systems during their transition to a market economy. It assesses the financial reforms already carried out in the countries of Central Europe, their adaptations of Western institutional models, and the lessons to be drawn from their experiences for the "second wave" reformers in the former Soviet Union and the Balkans.
The preservation of the Monetary Union for Europe is linked to the future of a whole continent. The currency crisis impacts everybody. It is unequivocal that major efforts were necessary to prevent the break-up of the euro area. However, some of the countermeasures led to disagreements and fierce criticism. A long-term solution must be found. Many proposals haven been contributed in order to do so but are they both expedient and agreeable? This publication approaches this question by beginning with a brief theoretical introduction about the fundamental advantages and disadvantages of the Monetary Union. Based on this, the history of the crisis of the euro system is described. It becomes clear that a key problem in finding a solution is the disagreement about the causes of the currency crisis. Further chapters summarize which rescue measures were used and analyze how they are already solving the weaknesses of the euro. Here, the reader will see that there is a long way before the Monetary Union stands on a stable framework. In this book, suggested solutions are discussed and analyzed, before finally a combination of different solutions is emphasized. In this book: - Monetary Union, - Currency Crisis, - Euro Reforms, - History of the euro.
Global governance of international banks is breaking down after the Great Financial Crisis, as national regulators are withdrawing on their home turf. New evidence presented illustrates that the global systemically important banks underpin the global financial system. This book offers solutions for the effective governance of global banks.
This book takes stock after a year of application of the SRM and examines the situation from various perspectives: the perspective of the SRB, the NRA, the supervised bank and judicial protection. Special attention is given to the division of power between the RB and the NRA and the impact on the supervised bank, the relationship and links between the SRM and the SSM and the query whether the right balance between national and supranational powers has been struck, also in view of the principle of subsidiarity.
Exceptional Policies for Exceptional Times
The European Banking Union and the Role of Law
Prospects and challenges
The Inside Story of the ESM.
The European Banking Union
An Application and Evaluation of the European Framework
Completing the Banking Union
This book offers the first original study on banking crises management in Italy from 2014 to 2020 with a comprehensive overview of the resolution tools used. In Italy, the issue of banking crises is now the focus of attention, not only as a result of the cycle of crises that occurred in the years 2014-2020 but also because of the banking reform carried out in Europe with the directives on bank recovery and resolution and the implementation of the Single Resolution Mechanism and the Single Resolution Fund within the framework of the Banking Union. The Italian banking crises have been managed by applying the new European regulatory framework; in this sense they constitute a significant test to assess its effectiveness and coherence. This book, divided into two parts, makes an initial assessment of the crisis situations and the application of the new rules, and offers an initial evaluation of their functioning. In the first part, an in-depth examination is made of the various cases of crisis, following a methodology of classification by type of solution and instruments adopted. The second part is dedicated to lessons learned and open issues. In detail, the most sensitive issues of the current debate are addressed, relating to the improvement of the institutional set-up and the rules for crisis management, the harmonization of insolvency rules in Europe, the funding of resolution, public intervention and, finally, the role of deposit guarantee systems. An articulated and complex picture emerges with various areas for improvement and policy indications, offering a framework that will be of interest to scholars, researchers, professors, students and practitioners of banking and banking regulation.
The SDN elaborates the case for, and the design of, a banking union for the euro area. It discusses the benefits and costs of a banking union, presents a steady state view of the banking union, elaborates difficult transition issues, and briefly discusses broader EU issues. As such, it assesses current plans and provides advice. It is accompanied by three background technical notes that analyze in depth the various elements of the banking union: a single supervisory framework; a single resolution and common safety net; and urgent issues related to repair of weak banks in Europe.
Stanyo Dinov analyses and compares the three most advanced and most influential financial systems in the world, their structure, models of regulation and their actual financial legislation against the background of the global financial crisis in 2007. After a brief introduction, the first chapter is devoted to the function of the Central Banks and the two main divisions theories about the role of the CBs, namely their responsibility for monetary policy, or for monetary policy and banking supervision. The work also displays the four existing regulative approaches to financial supervision: the Institutional, the Functional, the Integrated and the Twin Peaks. The main part represents and compares the Central Banks and their regulatory structure, starting with the oldest one, the BoE. The benefits and the drawbacks of the one or the other system are outlined. In the conclusion, the most important results are presented and an ideal modal solution is suggested.
In The Future of the Euro, a group of the world's top political economists analyze the fundamental causes of the euro crisis, determine how it can be fixed, and consider what likely futures lie ahead for the currency. The book makes three interrelated arguments emphasizing the primacy of political over economic factors. First, the original plan for the euro focused on monetary union, but omitted a financial and banking union, mutually supporting institutions of fiscal union and economic government, and a legitimate political union. Second, the euro's unfinished design led to economic divergence-quietly altering the existing distribution of economic and political power within Europe prior to the crisis-which in turn determined the EU's crisis response. The book highlights how the euro's four most important member states-Germany, France, Italy and Spain-each changed once they adopted the euro, why the crisis affected them so differently, and how each has since struggled to live with the commitments the euro necessitates. Third, the book examines three possible "euro futures" through the lens of the politics of its reluctant leader Germany; through the lens of the EU's capacity to move forward through crises; and through the geopolitical lens of the international monetary system. Any successful long-term solution to the euro's predicament will need to start with the political foundations of markets.
Central Banks as a Bank Supervisor
The ECB's Response to the Rolling Crises of the Euro Area, and how it Has Brought Us Towards a New Grand Bargain
The Euro Crisis and Its Aftermath
Banking Union for Europe
How European Law Led to the Supranational Integration of the Single Financial Market
The Palgrave Handbook of European Banking Union Law
Banking Reform in Central Europe and the Former Soviet Union
This handbook analyses the European Banking Union legal framework focusing on legislative acts (regulations and directives), case law and the resolution procedures. In addition, it will pay attention to the division of responsibilities between the ECB and the national authorities, with special attention to the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM). To give a more complete picture, the book will also cover the implementation of European Deposit Insurance Scheme (so called third pillar) still under construction, and appeal to academics, researchers and students of banking and financial law.
Post-crisis European reforms have focused on 'micro' measures, like shoring up financial institutions, ensuring their solvency and sound supervision, and the resolution to deal with them in a crisis. However, bold 'macro' measures to deal with problems that cut across the whole financial sector remain elusive. Non-Performing Loans (NPLs) are a clear example, and until a solution is found for them the Banking Union will only be half-finished. This article focuses on the experience by different countries, such as Ireland, Germany or Spain, to propose a strategic decision-making matrix to devise a solution to deal with NPLs at an EU level, and also discusses some country cases in detail to illustrate both the risks associated to inaction (Italy), and to the interactions between NPL policy, and investor protection policy (Spain).
The evolution of the EU supervisory architecture has demonstrated that it took the risk of a euro break-up to barely overcome the Member States and their supervisors' political resistances to centralisation. In the two-tier Europe that is emerging after the euro crisis, the integrity of the single market seems today crucially interlinked with the success of the banking union and its attractiveness for non-euro countries. The banking union's design, without a credible common fiscal backstop, remains however a partial solution to the financial stability issues arising from the fragmentation of the EU financial market in the event of banking crises. Against this background, this work performs an analysis on non-euro countries' own assessments of the pros and cons of joining the banking union. The analysis aims at showing that until fiscal responsibility for financial stability remains at the national level, regulatory centralisation cannot sever the traditional divide between home and host supervisors.
A Banking Union for the Euro AreaInternational Monetary Fund
The Single Resolution Mechanism
The Euro and the Crisis
Safeguarding the Euro in Times of Crisis
A European Perspective
Some General Thoughts from a Conflict Theoretical Perspective
The Political Economy of European Banking Union
The End of the Euro
The Financial Crisis Inquiry Report, published by the U.S. Government and the Financial Crisis Inquiry Commission in early 2011, is the official government report on the United States financial collapse and the review of major financial institutions that bankrupted and failed, or would have without help from the government. The commission and the report were implemented after Congress passed an act in 2009 to review and prevent fraudulent activity. The report details, among other things, the periods before, during, and after the crisis, what led up to it, and analyses of subprime mortgage lending, credit expansion and banking policies, the collapse of companies like Fannie Mae and Freddie Mac, and the federal bailouts of Lehman and AIG. It also discusses the aftermath of the fallout and our current state. This report should be of interest to anyone concerned about the financial situation in the U.S. and around the world.THE FINANCIAL CRISIS INQUIRY COMMISSION is an independent, bi-partisan, government-appointed panel of 10 people that was created to "examine the causes, domestic and global, of the current financial and economic crisis in the United States." It was established as part of the Fraud Enforcement and Recovery Act of 2009. The commission consisted of private citizens with expertise in economics and finance, banking, housing, market regulation, and consumer protection. They examined and reported on "the collapse of major financial institutions that failed or would have failed if not for exceptional assistance from the government."News Dissector DANNY SCHECHTER is a journalist, blogger and filmmaker. He has been reporting on economic crises since the 1980's when he was with ABC News. His film In Debt We Trust warned of the economic meltdown in 2006. He has since written three books on the subject including Plunder: Investigating Our Economic Calamity (Cosimo Books, 2008), and The Crime Of Our Time: Why Wall Street Is Not Too Big to Jail (Disinfo Books, 2011), a companion to his latest film Plunder The Crime Of Our Time. He can be reached online at www.newsdissector.com.
Bank Recovery and Resolution Second Edition Sven Schelo Since 2008, enormous efforts have been made worldwide to draft rules to prevent a reoccurrence of the devastating financial events of that year. In the process, bank business has been laid open to intense public and government scrutiny, and regulation of banking has grown to spectacular proportions. Prominent among the measures taken is the EU Bank Recovery and Resolution Directive (BRRD), which, together with the Single Resolution Mechanism (SRM) and the Single Resolution Fund, constitutes a crucial new pillar in the European Banking Union. Practitioners searching for orientation in what can readily be perceived as a ' jungle ' have an urgent need for a clear and systematic description and analysis of these new rules, which are sure to have a massive impact on bank business from this time on, not only in Europe but also wherever European business is to be found. The solidly grounded analysis in this important book sets the new rules under BRRD into their full context as cross-border phenomena. With its crystal-clear explanation of key provisions, procedures, and ' triggers ', the book organises a highly complex legal system into patterns and action plans that can be applied in virtually any eventuality likely to arise in cases where bank business is of central significance. Among the topics covered are the following: – entities covered by BRRD; – exceptions under BRRD; – objective and scope of BRRD tools – bail-in, bridge bank, sale of business, asset separation; – asset quality reviews; – curing or mitigating the continuing problem of non-performing loans; – new rules as response to lack of private solutions; – banks ' requirement to provide a minimum amount of eligible liabilities; – safety buffers to protect resolution; – need to be ' resolvable ' in a worst case; – leverage and liquidity ratios; – forced mergers; – market spillover effects of recovery planning; – group recovery planning; – effects of foreign law contracts and assets; – write-down of capital instruments; and – special problems of cross-border restructuring. The presentation is enhanced by a comparative dimension, which includes reference to United States and other national developments and a full-scale analysis of Switzerland ' s regulatory response to the crisis. Given that a full seamless global system of bank recovery and resolution has not yet been found, and that major banks are global players headquartered in different jurisdictions and even different continents, this book will greatly assist in the work of practitioners who must deal with cases involving international banking under the prevailing status quo. Its usefulness to officials and academics in international banking and finance law and policy, who are working towards a global solution, is of incalculable value.
Reveals how the blueprint for the post-World War II economic order was actually drawn.
The European Banking Union and the Role of Law offers a comprehensive and unique examination of the European Banking Union ' s (EBU) impact on existing legal disciplines and assesses the role of law in shaping the EBU framework.
A Banking Union for the Euro Area
Bank Recovery and Resolution
Risks and Challenges
The Legal History of the European Banking Union
Supervision and Resolution
The Financial Crisis Inquiry Report
Explaining Variation in the European Union
The European sovereign debt crisis has revealed severe flaws in the design of the internal market. Both, private and public borrowers had incentives for excessive borrowing, which have been created by deficits in the regulatory structure of financial markets. Capital requirements for banks were too low and had procyclical effects (Favara and Ratnovski 2012). Supervision has been ineffective with regard to containing the build-up of risks in banks' balance sheets. Common monetary policy in the Euro Area has not been accompanied by the transfer of authority to supervise and restructure banks which has, in turn, created incentives to shift risks to the European level. Risks of banks and states have become dangerously intertwined. Proposals for a banking union aim at correcting these deficits. In principle, a banking union is a necessary complement to other elements of the internal market. In an integrated capital market, banking distress in one country can have negative externalities for the stability of financial systems in other countries. Such risks are even more pronounced if other countries are affected through a common monetary policy. The banking union currently being discussed has three elements (President of the European Council 2012): banking supervision at the European level, a European authority for bank restructuring and resolution financed by a bank resolution fund, and a European deposit insurance fund. So far, concrete proposals have been made for the establishment of a Single Supervisory Mechanism only. However, a banking union is a long-term project. It is not the key to a solution to the acute problems in Europe's banking sectors (Buch and Weigert 2012, GCEE 2012a).
The euro's life, while only slightly more than a decade long, has been riddled by a series of challenges and crises. The eruption of the Greek crisis in 2010 took European policymakers by surprise and forced them to design responses to a quickly deteriorating situation. Even though Europe has final begun to stabilize, the disparity between the prosperous Northern countries, especially Germany, and the plummeting Southern countries, including Spain and Greece, has exacerbated economic and political problems within the Eurozone. Amidst loud and frequent debates, solutions have been enacted, but the struggles facing this monetary union continue to develop even today. The Euro Crisis and Its Aftermath was written to inform readers about the roots of this enduring European crisis and the alternative proposals for ending it. In four parts, Jean Pisani-Ferry explains the origins of the European currency, the build-up of imbalances and oversights that led to the crisis, the choices European policymakers have both addressed and ignored since 2010, and the evolution of the policy agenda and possible options for the future. The book is as much of an informative and analytical history as it is a discussion of solutions for a more prosperous European economy. Rather than putting forth and supporting a thesis, Pisani-Ferry helps readers understand the past and present of the euro crisis and form their own opinions about potential solutions. This book is not intended to reach only economists, as time has long passed since European monetary unification was a debate limited to academics. This book is also for the policy makers searching for solutions, citizens of Europe enduring the consequences, and the international community that has felt the effects of an unstable Eurozone.
The establishment of Banking Union represents a major development in European economic governance and European integration history more generally. Banking Union is also significant because not all European Union (EU) member states have joined, which has increased the trend towards differentiated integration in the EU, posing a major challenge to the EU as a whole and to the opt-out countries. This book is informed by two main empirical questions. Why was Banking Union - presented by proponents as a crucial move to 'complete' Economic and Monetary Union (EMU) - proposed only in 2012, over twenty years after the adoption of the Maastricht Treaty? Why has a certain design for Banking Union been agreed and some elements of this design prioritized over others? A two-step explanation is articulated in this study. First, it explains why euro area member state governments moved to consider Banking Union by building on the concept of the 'financial trilemma', and examining the implications of the single currency for euro area member state banking systems. Second, it explains the design of Banking Union by examining the preferences of member state governments on the core components of Banking Union and developing a comparative political economy analysis focused on the configuration of national banking systems and varying national concern for the moral hazard facing banks and sovereigns created by euro level support mechanisms.
PAPERBACK
Bank Profitability and Financial Stability
How can the euro area crisis be solved in the long run?
The Process Towards the Centralisation of the European Financial Supervisory Architecture
The European Banking Union and Constitution
Judicial Review in the European Banking Union
Why the Euro Crisis Threatens the EU Single Market
The Battle of Bretton Woods
The 2008 financial crisis all but brought down the financial system and real economies of industrial countries. The Banking Union took a broad approach to resolve the structural fragmentation and distortions in the European banking system which were major obstacles to a working single market for financial services. This book examines the numerous changes happening to European legislations for the prevention and management of banking crises. What emerges is a changing picture of regulations and institutions, of goals, tools and opinions, public and private, European and national all involved in the task. The book focuses on the new framework for banking crisis management, starting from the foundations of banking regulation and supervision. It explores the institutional architecture of banking supervision and crisis management, the powers of the authorities, the tools for administrative actions, the complexities of business and bankruptcy laws, individual rights and their legal guarantees.
How was the Banking Union, the most advanced legal and institutional integration in the single market, created? How does European law impact European integration? To answer these questions, this book provides a sweeping account of the evolution of European law. It identifies five integration periods of the single financial market, intertwined with the development of global finance, from its origins, through its expansion and crisis, to the Banking Union. Each period is defined by innovations to deepen integration, such as the single passport for financial services, soft governance and comitology, agencies, or a single rulebook. Providing a far-reaching explanation of the legal and institutional rationality of the European Banking Union, this book demonstrates that the Banking Union is not an accident of history or simply the product of the existential crisis of the Monetary Union. It has deep roots in the evolutionary process of European law and its drive towards supranational integration.
Recent failures and rescues of large banks have resulted in colossal costs to society. In wake of such turmoil a new banking union must enable better supervision, pre-emptive coordinated action and taxpayer protection. While these aims are meritorious they will be difficult to achieve. This book explores the potential of a new banking union in Europe. This book brings together leading experts to analyse the challenges of banking in the European Union. While not all contributors agree, the constructive criticism provided in this book will help ensure that a new banking union will mature into a stable yet vibrant financial system that encourages the growth of economic activity and the efficient allocation of resources. This book will be of use to researchers interested in Banking, Monetary Economics and the European Union.
A European banking union is urgently required in order to restore credibility and stability to the euro area banking system, and to break the vicious cycle between banks and sovereign states. The UK has made clear that it will not participate in a banking union creating a significant risk that the UK will be marginalised as banking union participants move towards closer integration. The Government must do all in their power to ensure that London's pre-eminence as a financial market is not imperilled and that the integrity of the single market is retained. The original banking union proposals set out a three-pronged approach: a Single Supervisory Mechanism, a common resolution mechanism and a common deposit insurance scheme. The Committee regrets that this coherent model has already been undermined by political pressure, led by Germany. Banking union requires all three of these elements if it is to be effective. However the publication of the Single Supervisory Mechanism proposals is welcomed as a significant first step towards banking union. It is agreed that the European Central Bank be given ultimate supervisory responsibility for every euro area bank but the concentration of so much power in one institution means that powerful safeguards must be put in place. The Commission's original proposals do not go nearly far enough to meet these concerns. It is highly uncertain whether these safeguards can be put in place within existing treaty constraints. European legislators need to decide whether treaty change is a price they are willing to pay in order to create a viable

banking union
EDIS, NPLs, Sovereign Debt and Safe Assets
Key Issues and Challenges, Report, 7th Report of Session 2012-13
The Uneasy Future of the European Union
Any Solution in Sight to Europe's Crisis?
The Future of the Euro

Far from displaying a uniform pattern of integration, the European Union varies significantly across policy areas, institutional development and individual countries. Why do some policies such as the Single Market attract non-EU member states, while some member states choose to opt out of other EU policies? In answering these questions, this innovative new text provides a state-of-the-art introduction to the study of European integration. The authors introduce the most important theories of European integration and apply these to the trajectories of key EU policy areas – including the single market, monetary policy, foreign and security policy, and justice and home affairs. Arguing that no single theory offers a completely convincing explanation of integration and differentiation in the EU, the authors put forward a new analytical perspective for describing and explaining the institutions and policies of the EU and their development over time. Written by a team of prominent scholars in the field, this thought-provoking book provides a new synthesis of integration theory and an original way of thinking about what the EU is and how it works.

Johan Van Overtveldt provides comprehensive documentation showing that the political dithering so apparent in the most recent euro crisis has in fact been the hallmark of the euro project from the start. --Anil Kashyap, Edward Eagle Brown Professor of Economics and Finance, The University of Chicago Booth School of Business From noted economic journalist Johan Van Overtveldt, an up-to-the-minute examination of the fate of the Euro. In a process that began with the Maastricht Treaty of 1991 and concluded on January 1, 1999, 11 Western European countries made the euro the European Union's single currency, and the European Central Bank (ECB) the EU's only policy-making central bank. Bringing together Germany, France, Italy, and other European countries into a monetary union with a single currency and a single monetary policy could only ever result in major imbalances between the member countries, thus threatening the EU itself. This was recognized from the start by many economists and other observers, and the political elite paid elaborate lip service to these warnings. However, no one really followed up on these risks in terms of actions and reforms. Instead, the politicians seemed to indicate, directly and indirectly, that if the EU showed unity, the conditions to turn itself into a well-functioning monetary union would simply come about automatically. Moreover, given the imperative to work together more closely, the monetary-union effort would strengthen the political union among the euro-countries. Thus, in spirit, the process of monetary union was often seen as a means to an end. With that reasoning, the political elite supervising monetary union turned a great idea--the creation of a unified currency for Europe--into a huge gamble. Implicit in their reasoning was the idea that Europe's leading politicians would always be able to come up with an adequate solution to any crisis that might occur. As the former Belgian prime minister and European Union leader Jean-Luc Dehaene repeated relentlessly: "The idea of a unified Europe grows and becomes reality through crises. We need crises to make progress." Dehaene and like-minded European politicians never seriously considered the possibility of an insoluble, catastrophic crisis that could potentially crash the entire EU effort. For ten years, from 1999 to 2008, it seemed that the politicians' claim was vindicated. Although there was little substantial progress toward real political union within the euro area, the euro and the euro countries in general prospered, despite a string of major shocks like the bursting of the dotcom bubble, the 9/11 terrorist attacks, and the wars in Afghanistan and Iraq. But things changed dramatically with the financial crisis of 2007-2008. In January 2009 Barry Eichengreen, professor of economics and political science at Berkeley, wrote that "what started as the Subprime Crisis in 2007 and morphed in the Global Credit Crisis in 2008 has become the Euro Crisis in 2009." After its immediate impact, the crisis caused the financial and capital markets to worry about the so-called sovereign risks, i.e. countries running the risk of becoming insolvent. Although budget deficits in countries like the United States and the United Kingdom were much larger than the aggregate data for the euro area, markets started to home in on the risks posed by countries inside the European monetary union. Markets recognized that the enormous problem facing everyone in the union was the long-term working of the monetary union itself. Eichengreen's "Euro Crisis" is all about the sustainability of EMU and the single currency. By early 2009 the structural imbalances within the euro area and especially the untenable situations building up in Greece, Portugal, Spain, and Ireland were there for everybody to see. The first reaction of the political leadership was denial of any structural problem whatsoever. The second reaction was recognition of the crisis situation, but absolute denial of any link between that crisis and the workings of the monetary union. Eventually, a third phase set in: the search for external villains to blame. Those villains were found in the greed, speculation, and irresponsibility of the financial markets. As the French saying goes: "les excuses sont fait pour s'en server" ("excuses are made to take advantage of"). Fundamentally, however, the gigantic problems facing the EMU, and the euro as a currency, have little to do with either alleged criminal behavior in the financial markets or with the financial crisis of 2007-2009. The crisis of 2009-2010 was an accident waiting to happen. It could have happened earlier, or the clash could have been postponed for several more years; but given the the basic characteristics of the EMU-set-up, a major crisis was simply unavoidable. Untenable imbalances within the monetary union were enshrined in the different treaties, pacts, and political agreements that led to the creation of the euro in the first place, and guided its first ten years. That politicians never acted on this reality to make them the prime culprits of the long and highly painful death agony of the euro. The structure of this book is as follows: Chapter I gives an overview of the birth of the euro. Understanding this history is essential to understand the anomalies built into the project from the beginning. These anomalies form the subject of Chapter II, along with an analysis of how they led to the situation that turned Greece, Portugal, and Spain into euro-destroying economic disaster areas. Chapter III shows how this was not an unforeseeable situation, as Europe's history is filled with earlier failed attempts to build monetary unions. Chapter IV is focused on Germany, by far the most important country within EMU, and why the chances of Germany leaving the union are much higher than is generally assumed. The book concludes with an analysis of what lies in wait for the remains of the monetary union--and for a deeply divided and troubled continent in general. Either the EMU transforms itself fundamentally or it disintegrates, and the likeliest outcome is the latter.