



European Bank
for Reconstruction and Development



The end of cross-border banking in emerging markets? Adapting business models in the era of regulatory reform

17 May 2012

Merchant Taylors Hall

30 Threadneedle Street, London EC2R 8JB

(ph. 020 7450 4445)

Agenda

8.30-9.00 Registration and light breakfast

9.00-9.30

Thomas Mirow, President of the EBRD

Welcome by the Organisers:

Erik Berglof, EBRD

Marc Uzan, RBWC

Roberto Marino, G20 Presidency

Pascual O'Dogherty, Director General Financial Stability,
Banco de México.

9.30 ÷ 11.10

Session I: The record of cross-border banking in emerging markets: financial development and financial stability

Introduction by the Moderator: Linda Goldberg, Federal Reserve Bank of New York.

Three presentations in this session will examine empirical evidence on the role international banks play in transmitting economic shocks across borders.

- What do these findings imply from a host-country perspective?
- Has the presence of foreign banks made countries more vulnerable to foreign shocks and are there also benefits in case of local shocks?
- What are the differences between cross-border lending and lending through local affiliates in terms of shock transmission?

- How do banks use their internal capital market to allocate scarce capital and liquidity to borrowers in various countries?
- **Robert Hauswald**, American University, “The real effects of cross-border banks”
- **Alexander Popov**, European Central Bank: “Cross-border banking and the international transmission of financial distress during the crisis of 2007-2008”.
- **Ralph de Haas**, EBRD: “Multinational banks and the global financial crisis: weathering the perfect storm?”

Comments by discussants: Luc Laeven, IMF Research Department.
Thorsten Beck, Tilburg University and CEPR.

Mathias Dewatripont, National Bank of Belgium, “Recent research and implications for cross-border supervision in Europe”.

Coffee break

11.30 -13.00

Session II: Evolving business models and capital market contexts

Chair: Nick Tesseyman, Managing Director, EBRD

Industry leaders will debate with regulators diverging business models across a number of emerging market regions, and how these models have changed since the 2009 crisis. This session will examine, in particular, the potential of local capital markets in funding subsidiary operations, the shifting balance between branch and subsidiary models, and the role of internal capital markets.

Keynote address: V. Shankar, CEO – Europe, Middle East, Africa and Americas, Standard Chartered PLC

“Growing an international banking business against the regulatory headwinds”

Alternative business models:

José Antonio Alvarez, CFO, Santander.

Gianni Papa, Head CEE Division, Unicredit Group.

Lunch break

14.00 -16.15

Session III: Financial stability and regulatory challenges from cross-border banking

Chair: Manfred Schepers, Vice President Finance EBRD.

Will new financial regulations fragment international banking relationships or impede the functioning of the internal capital markets of banks? Is this desirable from either a host country regulatory perspective or in terms of achieving sustainable market development? Will attempts by host countries to stem global deleveraging pressures further undermine financial integration? What is the role for new coordination mechanisms between home and host authorities, as currently developed in Europe under the 'Vienna Initiative'?

Keynote addresses: **Andras Simor**, Governor, Hungarian National Bank

Usha Thorat, Centre for Advanced Financial Research and Learning and former Deputy Governor of the Reserve Bank of India.

Participants will then break into three groups to develop concrete recommendations on the regulatory agenda in three areas.

Group I: Managing global deleveraging: policy priorities in emerging markets

Rapporteur: Mark Allen, Senior Regional Representative, IMF.

Group II: Cross-border supervision: making colleges effective for emerging markets

Rapporteur: Barbara Ridpath, CEO, International Centre for Financial Regulation.

Group III: Preparing for cross-border resolution and burden sharing arrangements

Rapporteur: Lars Nyberg, formerly Riksbank.

16.30-18.00 **Concluding Panel Discussion**

Chair: Erik Berglof, Chief Economist EBRD

Presentation by the three rapporteurs of proposals arrived at in the break-out groups.

The concluding panel session will draw together the three key strands of the day's discussions – economic and financial, regulatory and business related. Key points for discussion will be:

- The remaining G-20/FSB agenda
- Regulatory coordination and cross-border bank resolution
- Shifting business models in the emerging market regions

➤ Home bias and regulatory mechanisms for guiding a deleveraging process that is balanced between advanced and emerging market economies

- **Alessandro Profumo**, Chairman, Banca Monte dei Paschi di Siena.
- **Andrzej Raczko**, Vice President, National Bank of Poland.
- **Mario Blejer**, formerly Governor, Central Bank of Argentina.

Reception and Cultural Event at EBRD Headquarters, 1 Exchange Square.