Preface

The Future of the Financial Sector Series

This book is the tenth in the series on the future of the financial sector sponsored by the Institute for Law and Finance (ILF) at Johann Wolfgang Goethe University in Frankfurt and published by De Gruyter, Berlin. Each book corresponds to a day long conference held by the ILF at which leading representatives from the public sector, industry and academia met to examine key issues of the day concerning the future of the financial sector. Together they trace the arc of our concerns for the sector following the Great Financial Crisis.

The first three volumes, as well as the seventh, concern themselves with the resolution of financial institutions, as well as other potential solutions to the “too big to fail” dilemma in the wake of the crisis, and show the remarkable progress we have made in Germany and in Europe on that topic. The first volume was based on a conference held in November 2010, a point at which the term bank resolution was so unfamiliar in Germany that we felt it best to call the conference “Brauchen wir ein Sonderinsolvenzrecht für Banken?”, do we need a special insolvency law for banks. For the book, which appeared in 2012, we stuck in Too Big to Fail in the title. Contributors included Andreas Dombret, John Douglas, former General Counsel of the Federal Deposit Insurance Corporation, Thomas Huertas, member of the Executive Committee at the UK Financial Services Authority and Alternate Chair of the European Banking Authority (EBA), Martin Hellwig, Director at the Max Planck Institute for Research on Collective Goods and Charles Randell, who was soon to become external member of the UK Prudential Regulation Committee and later Chair of the UK Financial Conduct Authority.

By May 2012 we were already able to discuss what was then being called the EU Crisis Management Directive, although the actual text itself had been delayed and was only published after the conference. By the time the book appeared in 2013 we were able to call it by its definitive name, the Bank Recovery and Resolution Directive, and actually deal with the text itself. It was clear that by then resolution had been adopted by the EU as its preferred solution to too big to fail, although its complexities were still being sorted through, especially the topic of “living wills” and the then very controversial “bail-in tool”. Contributors included Eva Hüpkes, advisor to the Financial Stability Board, Thomas Huertas, Charles Randell and Paul Tucker, Deputy Governor of the Bank of England.

By January 2014 we were considering more radical proposals, as the recommendations of the Liikanen Commission joined the Volcker Rule and the conclusions of the Vickers Commission in the United Kingdom in pointing towards a variety of so-called structural reforms, separating various kinds of banking ser-
vices. So we asked “Should We Break Up the Banks?” Contributors included Paul Achleitner, Chairman of the Supervisory Board of Deutsche Bank, Jan Krahnen, member of the High level Expert Group on Structural Reforms of the EU Banking Sector and Adam Posen, President of the Peterson Institute for International Economics. At the end of the day, most contributors ended up advocating or conceding that, without a credible bank resolution system, structural proposals to break up the banks would not suffice to solve too big to fail.

We returned to the question of resolution in the spring of 2018 with our program entitled “Resolution in Europe: The Unresolved Questions”, the fourth in our series on too big to fail, in which we narrowed our focus to Europe but broadened our scope to include insurance and central counterparties (CCPs). The book was published in 2019 with contributions by José Manuel Campa, the future Chair of the EBA, Benoît Coeuré, member of the Executive Board of the European Central Bank (ECB), Adam Farkas, Executive Director of the EBA, Levin Holle, Director General, Financial Markets Policy Department, German Federal Ministry of Finance, Felix Hufeld, President of the German Federal Financial Supervisory Authority, Elke König, Chair of the Single Resolution Board, Steven Maijoor, Chair of the European Securities and Markets Authority, Fausto Parente, Executive Director of the European Insurance and Occupational Pensions Authority and Sir Paul Tucker. The contributors concluded that significant progress had been made on bank resolution, although significant open issues remained, especially with respect to cross-border cases, but that less progress had been made on insurance and that CCP resolution required significant additional attention.

In March 2015 we turned our attention from the past to the future to consider the European Capital Markets Union in response to the European Commission’s Green Paper in a session where we questioned whether it was a viable concept and a real goal. The book appeared, in the same year, with contributions from Benoît Coeuré, Sir Jon Cunliffe, Deputy Governor for Financial Stability of the Bank of England, Philipp Hildebrand, Vice Chairman of BlackRock, Anshu Jain, Co-chief Executive Officer of Deutsche Bank and Wim Mijs, Chief Executive Officer of the European Banking Federation. There was a broad consensus on the desirability of the project, but considerable reservations on the tactics being pursued to accomplish it.

In November 2015 – 2015 was a busy year for us – we turned our attention back to one of the nagging questions left over from the Great Financial Crisis: to what extent was the crisis due to culture and could we hope to restore public confidence in financial institutions without tackling the issue of ethics. “Getting the Culture and the Ethics Right, Towards a New Age of Responsibility in Banking” appeared in 2016, with contributions from Lorenzo Bini Smaghi, Chairman of Société Générale, John Cryan, Chief Executive Officer of Deutsche Bank, Georg Fah-
renschon, President of the German Savings Banks Association, Douglas Flint, Group Chairman of HSBC Holdings, John Griffith-Jones, Chairman of the UK Financial Conduct Authority, Danièle Nouy, Chair of the Supervisory Board of the ECB Single Supervisory Mechanism, Jean-Claude Trichet, Chairman of the Group of Thirty, Sir Paul Tucker and Axel Weber, Chairman of the Board of UBS Group. There was unanimity among the contributors as to the importance of culture and ethics, but less clarity on whether the goals could best be reached through external pressure from regulation and supervision or bankers’ codes, or internally through boards of directors and structural changes.

We had intended to hold a conference in 2016 on the final Basel III accord, scheduled for finalization by year end. When the negotiations collapsed we pushed our session back to December 2017 and the book, “Basel III: Are We Done Now?” appeared in 2019 with contributions from Claudio Borio, Head of the Monetary and Economics Department, Bank for International Settlements, William Coen, Secretary General of the Basel Committee on Banking Supervision, Andrea Enria, Chairperson of the EBA, Charles Goodhart, Emeritus Professor at the London School of Economics, Levin Holle, Stefan Ingves, Governor of the Swedish Riksbank and Chairman of the Basel Committee for Banking Supervision, Sabine Lautenschläger, Member of the Executive Board of the ECB, Christian Ossig, Chief Executive of the Association of German Banks, Isabel Schnabel, Member of the German Council of Economic Experts and Shunsuke Shirakawa, Vice Commissioner for International Affairs, Financial Services Agency of Japan. The contributors emphasized both the magnitude of the accomplishment Basel III represented and the issues which still remained to be resolved in the implementation of the accord as well as those items about which no agreement had been reached.

In 2019 we tackled the questions standing in the way of completing the European Banking Union. The book, entitled “EDIS, NPLs, Sovereign Debt and Safe Assets”, appeared in 2020 with contributions by Andrea Enria, Chair of the Supervisory Board of the ECB, Edouard Fernandez-Bollo, Secretary General, French Prudential Supervision and Resolution Authority, Martin Hellwig, Levin Holle, Dominique Laboureix, Director of Resolution Planning at the Single Resolution Board, Christian Ossig, Fabio Panetta, Senior Deputy Governor of the Bank of Italy, Isabel Schnabel, Joachim Wuermeling, member of the Executive Board of the Deutsche Bundesbank and Jeromin Zettelmeyer, Deputy Director in the Strategy and Policy Review Department at the International Monetary Fund.

In 2021 we opened up our aperture to tackle the global issues concerning climate change, operating for the first time on a fully virtual basis, with an audience of over 1,000 who were treated to an inspiring keynote address by Christine Lagarde, President of the European Central Bank. The resulting book, entitled, “Green Banking and Green Central Banking”, was published to coincide with
COP26 in Glasgow in November 2021 with contributions from John Berrigan, Director General in DG FISMA, Günther Bräunig, CEO of KfW, José Manuel Campa, Chairperson of the European Banking Authority, Wiebe Draijer, Chairman of the Managing Board, Rabobank, Christian Edelmann, Managing Partner Europe at Oliver Wyman, Sylvie Goulard, Second Deputy Governor of the Banque de France, Philipp Hildebrand, Vice Chairman of Blackrock, Werner Hoyer, President, EIB, Otmar Issing, President of the Center for Financial Studies, Christine Lagarde, Valentin von Massow, Vice President of the Board of WWF International, Wim Mijs, Chief Executive Officer of the European Banking Federation, Daniel Mminele, former Deputy Governor of the South African Reserve Bank, Ted Moynihan, Managing Partner and Global Head of Industries at Oliver Wyman, Sirpa Pietikäinen, Member of the European Parliament, Deputy General Manager, BIS, Günther Thallinger, Member of the Board of Management of Allianz SE and Jens Weidmann, President, Deutsche Bundesbank.

The full list of the titles and contributors is set forth below. We are very grateful for all of them for the efforts they put into these volumes, which we hope have contributed to advancing thinking in Europe on the various topics we covered.

Andreas Dombret
Patrick Kenadjian

Frankfurt Main, May 2022
Institute for Law and Finance Series;
Titles on the Future of the Financial Sector

Vol. 9: Too Big To Fail – Brauchen wir ein Sonderinsolvenzrecht für Banken?
Ed. Patrick S. Kenadjian (2012)
Authors: Dirk H. Bliesener, Andreas Dombret, John L. Douglas, Martin Hellwig,
Thomas F. Huertas, Patrick S. Kenadjian, Wolfgang M. Nardi, Klaus Pannen, Carl
Pickerill, Leo Plank, Matthias Raphael Prause, Wolfgang M. Nardi, Charles Rand-
dell, Christoph Thole.

“Too Big to Fail?”, Ed. Andreas Dombret and Patrick S. Kenadjian,
De Gruyter Recht Berlin (2013)
Authors: Andreas Cahn, Dirk H. Bliesener, Andreas Dombret, Randall D. Guynn,
Thomas F. Huertas, Eva Hüpkes, Patrick S. Kenadjian, Simon Gleeson, Mathias
Otto, Charles Randell, Paul Tucker.

Vol. 16: Too Big to Fail III: Structural Reform Proposals Should We Break Up the
Banks? Ed. Andreas Dombret and Patrick S. Kenadjian, De Gruyter Recht Berlin
(2015)
Authors: Paul Achleitner, Andreas Dombret, Douglas J. Elliott, Simon Gleeson,
Randall D. Guynn, Patrick S. Kenadjian, Jan P. Krahnen, Adam S. Posen, Miguel
de la Mano, Debra Stone.

Vol. 17: The European Capital Markets Union A viable concept and a real goal?
Authors: Cyrus Ardalan, Andrew Bosomworth, Benoît Cœuré, Sir Jon Cunliffe, An-
dreas Dombret, Alexandra Hachmeister, Philipp Hildebrand, Anshu Jain, Patrick

Vol. 20: Getting the Culture and the Ethics Right Towards a New Age of
Responsibility in Banking and Finance, Ed. Patrick S. Kenadjian and Andreas
Dombret, De Gruyter Recht, Berlin (2016)
Authors: Lorenzo Bini Smaghi, John Cryan, Andreas Dombret, Georg Fahr-
renschon, Leonhard H. Fischer, Douglas Flint, Simon Gleeson, John Griffith-
Jones, Klaus J. Hopt, Patrick S. Kenadjian, Jan P. Krahnen, Sylvie Matherat, Wim
Mijs, Alberto G. Musalem, Danièle Nouy, Dominik Treeck, Jean-Claude Trichet, Sir

Authors: José Manuel Campa, Benoît Coeuré, Andreas Dombret, Wilson Ervin, Joachim Faber, Adam Farkas, Helmut Gründl, Levin Holle, Thomas F. Huertas, Felix Hufeld, Patrick S. Kenadjian, Elke König, Daniel Maguire, Steven Maijoor, Fausto Parente, Giulio Terzariol, Sir Paul Tucker, Mark E. Van Der Weide, James von Moltke.
