



Domestic preferences and European banking supervision: Germany, Italy and the Single Supervisory Mechanism

Domenico Lombardi & Manuela Moschella

To cite this article: Domenico Lombardi & Manuela Moschella (2016) Domestic preferences and European banking supervision: Germany, Italy and the Single Supervisory Mechanism, West European Politics, 39:3, 462-482, DOI: [10.1080/01402382.2016.1143242](https://doi.org/10.1080/01402382.2016.1143242)

To link to this article: <http://dx.doi.org/10.1080/01402382.2016.1143242>



© 2016 The Author(s). Published by Taylor & Francis



Published online: 29 Feb 2016.



Submit your article to this journal [↗](#)



Article views: 1410



View related articles [↗](#)



View Crossmark data [↗](#)



Citing articles: 1 View citing articles [↗](#)



Domestic preferences and European banking supervision: Germany, Italy and the Single Supervisory Mechanism

Domenico Lombardi and Manuela Moschella

ABSTRACT

What explains regulators' preferences concerning the Single Supervisory Mechanism (SSM)? The paper answers this question by providing an alternative account of the creation of the SSM using an institutionalist perspective. It is argued that the creation of the SSM does not simply reflect the material interests of governments and domestic financial firms, but that regulators' positions were also significantly affected by the institutional environment in which they operated. Two characteristics of domestic supervisory governance are identified: the institutional responsibilities of banking regulators (microprudential and/or macroprudential) and the fragmentation of supervisory and monetary policies. The empirical analysis demonstrates the relevance of these factors for shaping regulators' preferences both within and across countries.

KEYWORDS Banking union; Germany; Italy; preference formation; regulatory authorities

What explains policymakers' preferences towards the European Single Supervisory Mechanism (SSM) and other banking union policies? Many of the articles in this special issue address this question by using what international political economy scholars would define as an open economy politics (OEP) approach, in which national preferences are derived from both the material interests of the domestic banking sector and the relative structural position of the country within the monetary union (see Howarth and Quaglia 2016).¹ In other words, it specifies that national preferences are largely explained by the anticipated costs and benefits for the domestic economy that are associated with the supranationalisation of supervisory responsibility (see also Spendzharova and Bayram 2016). This approach, which has often been used to account for EU members' choices to centralise authority at the European level (see Frieden 2004), leads to clearly articulated expectations about the conditions that foster support for or against the SSM and coalitions that are likely to emerge. For instance, it suggests that policymakers in countries where the banking sector is concentrated in domestic markets rather than being international in scope are

CONTACT Manuela Moschella  manuela.moschella@sns.it

likely to oppose the supranationalisation of supervision (Howarth and Quaglia 2016).² The OEP approach also generates the expectation that the crisis contributed to reconfiguring member states' preferences with regard to the banking union by polarising the interests of creditor and debtor countries as the link between the vulnerability of states and banks became apparent (Epstein and Rhodes 2016).

Using a comparative analysis of German and Italian banking regulators' preferences for the SSM, this paper argues that while an approach that focuses on the structural characteristics of the domestic economic and financial system does capture some important dimensions of the negotiations on the SSM by shedding light on the material concerns of the domestic banking sector and disagreements between creditor and debtor countries, it also confronts some puzzling findings. For instance, an OEP approach would argue that German regulators' opposition to the SSM can be fully explained by the desire to protect the interests of public banks in its three-pillar system that remain concentrated in domestic markets and are undercapitalised. But this argument has difficulty explaining why German regulators' preferences did not perfectly align with those of the domestic financial industry. For example, because the German banking industry has relatively high exposure to sovereign bonds of EU periphery countries, this analytical framework does not explain why the Bundesbank suggested that the SSM include regulatory caps on the amount of sovereign debt that banks may hold (Angeloni and Wolff 2012; European Banking Authority 2011). Furthermore, an analytical framework that only considers domestic economic circumstances and structural characteristics of the banking systems has difficulty explaining why regulators in Germany held different views regarding the benefits of the SSM.

The paper aims to address these anomalies of domestic regulators' positions during negotiations by explicitly taking into account the institutional environment within which banking regulators operate. Specifically, we test the influence of the characteristics of domestic supervisory governance on the formation of these policymakers' preferences towards the SSM, namely their institutional responsibilities and the fragmentation of supervisory and monetary policy. In doing so, our analysis supports the basic thrust of the historical institutionalist scholarship according to which 'institutional interests are often analytically prior to material interests' (Fioretos 2010: 699). In this context, regulators support the pooling of authority at the European level when they anticipate that centralisation comes with benefits. The calculation of costs and benefits is not, however, an automatic reflection of attempts to minimise adjustment costs or to safeguard the economic interests of domestic groups.³ Instead, regulators form preferences based on the material interests derived from being in an institutional environment with determinate characteristics.

Applying these insights to the case under investigation, we suggest that a regulator is more likely to support the SSM if it has macroprudential responsibilities

and when it operates under a concentrated institutional arrangement – that is, when supervisory and monetary responsibility are housed under the same roof. Under these conditions, regulators support the SSM because the supranational arrangement helps regulators achieve their systemic responsibilities and validates an institutional configuration that conceives of monetary and supervisory policy as being mutually reinforcing.

In contrast, we expect resistance to the SSM where regulators are assigned only microprudential responsibilities and where they operate under a separated regime. Under these conditions, regulators might see no clear advantage from the supranationalisation of supervisory responsibility in fulfilling their domestic prudential responsibility and perceive the concentration of monetary and supervisory responsibility embodied in the SSM as a direct challenge to their domestic governance arrangements.

We empirically assess the validity of these arguments by examining the preferences of the German and Italian banking regulators regarding the SSM – the first step towards the creation of the banking union. In doing so, the paper follows the *diverse case* method, where the selected cases are intended to represent the full range of values that characterise the variables whose influences are the object of investigation (Seawright and Gerring 2008: 300–301); namely the responsibilities of banking regulators (microprudential and/or macroprudential) and the fragmentation of supervisory and monetary policy (the central bank is or is not the primary supervisor). The case selections of Germany and Italy maximise variance in the explanatory variables because the banking supervisory arrangements in the two countries provide different values for each of the categorical variables of interest. Specifically, in Germany, banking supervisory responsibilities are shared by the central bank, Deutsche Bundesbank, which also has macroprudential responsibilities, and a dedicated agency, Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), which only has microprudential responsibility. In spite of the shared responsibility, there is a clear hierarchy between the Bundesbank and BaFin: the central bank acts in subordination to the latter in the performance of the supervisory function. In Italy, in contrast, the central bank, the Bank of Italy (BoI), is the only bank regulator and is also assigned macroprudential responsibilities.

Before proceeding, some clarifications are in order regarding the scope and focus of the paper. First, our dependent variable is the official preference of the BaFin, Bundesbank and BoI in support of or against the SSM, as articulated in the public pronouncements made by these institutions from June 2012 – when the proposal to create a common supervisory mechanism officially entered the political agenda – until the end of 2014 – when the ECB started its new supervisory responsibility. The level of support/opposition is derived from a systematic analysis of the speeches and interviews of regulators extracted from the archives of the banking regulators under examination and from the Bank for International Settlements' database of central bankers' speeches.⁴ Second, we

use the term domestic ‘regulators’ and ‘supervisors’ interchangeably throughout the text, but we are only referring to the domestic authorities that are assigned supervisory responsibilities.⁵

This paper is organised as follows. The next section reviews the literature on financial regulation and the role of domestic regulators in international negotiations. Building on the literature, the following section derives a number of theoretical expectations that guide the empirical analysis. Subsequent sections examine the features of German and Italian supervisory governance and provide a careful examination of the sources of the BaFin/Bundesbank and the BoI’s preferences towards the SSM in light of the theoretical expectations developed earlier. The final section concludes, reflecting on the findings and their implications for the purposes of this special issue.

Sources of domestic regulators’ preferences

Studies on the supranationalisation of rules for governing financial markets have long been dominated by accounts that focus on the preferences of countries with the largest and most advanced financial markets (e.g. Drezner 2007; Helleiner 1994; Kapstein 1994). In recent years, however, scholarly attention has increasingly been directed at another set of actors that help sustain efforts to build an international regulatory framework. Specifically, a new wave of scholarship emphasises the increased significance of domestic financial regulators in international fora (Slaughter 2004). This literature suggests that regulators’ preferences are influenced by a number of transnational and domestic factors; therefore, their preferences may coincide or differ from those of domestic policymakers.

On the one hand, regulators are often studied as members of a transnational epistemic community (e.g. McNamara 1998; Verdun 1999). From this perspective, technical expertise shared by community members nurtures the formation of common preferences and facilitates agreement among states even when they have different material interests. In addition to technical expertise, regulators’ preferences are shaped by socialisation processes driven by frequent exchanges, and common educational backgrounds and professional experiences (Tsingou 2014).

On the other hand, regulators’ preferences are sometimes explained by domestic factors. For instance, Singer (2007) explains regulators’ support for international regulatory harmonisation based on the relationship between the regulators involved in the negotiations and their respective legislatures or other elected body. Since the regulator risks facing legislative intervention or related career costs should it fail to achieve the objectives assigned to it (e.g. financial stability and international competitiveness), it is likely to support international harmonisation because it provides a buffer against exogenous shocks to stability and decreases the practice of competitive deregulation. Under

these circumstances, regulators can use international rules to ‘impose sufficiently stringent regulations on domestic financial institutions – and shore up stability – while relaxing the international competitive constraint that normally prohibits such costly tightening’ (Singer 2007: 3). However, national regulators are likely to resist international harmonisation if it either raises costs for national firms or encourages capital or financial activity to migrate to under-regulated jurisdictions (Simmons 2001: 590). National traditions of policymaking processes, which determine regulators’ abilities to shape government policy, and bureaucratic politics are also important determinants of the preferences of domestic political actors in international regulatory negotiations (Fioretos 2010; Lavelle 2013).

Regulators’ preferences are also shaped by lobbying and regulatory capture by institutions bound by international regulations (Mattli and Woods 2009; Mügge 2006). In the literature on international financial regulatory harmonisation, the Basel Accord is presented as a prime example of how private interests influenced regulators and ultimately guided the regulatory outcome (e.g. Helleiner and Porter 2009: 20; Underhill and Zhang 2008: 553). Although the evidence is far from conclusive on the effectiveness of transnational lobbying (Young 2012), regulators’ preferences can, to some extent, vary due to the influence of the institutions they are supposed to regulate (Carpenter and Moss 2013).

Even in the EU single market, where we would expect efficiency gains to have led to more commonality of interests towards harmonisation or supranationalisation of regulation and supervision, domestic regulators’ preferences diverge (Bini Smaghi 2009). For example, over the past few decades, EU national regulators advocated maintaining authority in determining whether European directives be translated into national rules in order to promote competition and prevent over-regulation (e.g. Padoa-Schioppa 1987). Although actions have been taken to improve coordination among EU national regulators and supervisors, divergent preferences remain such that, in the run-up to the crisis, supervisory discretion persisted and there was not an appropriate exchange of information between supervisory authorities (Bini Smaghi 2009).⁶ Indeed, there remain important differences among EU countries in regulatory and supervisory frameworks, particularly in bank resolution frameworks (Kudrna 2011). During the crisis, these divergences impeded accurate assessments of systemic risk (Goyal *et al.* 2013) and created an incentive for domestic regulators to reduce cross-border exposure of domestic banks. This led to de facto ring-fencing national markets, trapping capital and liquidity in domestic jurisdictions (Beck *et al.* 2012; Gros 2012). In order to prevent these types of inefficiencies, it is important to identify the factors that favour the convergence of EU domestic regulators’ preferences regarding the supranationalisation of rules like the SSM and the banking union.

Theoretical expectations of regulators' preferences

Building on the literature that points at domestic factors to account for regulators' preferences in international negotiations, we propose and test two propositions derived from characteristics of domestic supervisory frameworks that may help explain why domestic regulators supported or opposed the SSM. Specifically, we suggest that the mandate assigned to the regulator and the fragmentation of supervisory and monetary responsibilities affect regulators' preferences.

Preferences of the banking regulator may be shaped by the nature of the tasks it has been delegated. In particular, banking regulators are generally assigned microprudential responsibilities – that is, ensuring the safety and soundness of financial institutions, promoting transparency and enhancing competition. However, regulators may also be assigned the task of promoting a safe, stable and sound financial system as a whole. The objective and available tools to achieve this task – referred to as 'macroprudential' supervision – are typically less well-defined than they are for microprudential supervision or monetary policy. For instance, there is no generally agreed way of measuring financial stability and 'most economists would agree that financial variables should be flexible, and should change, and sometimes sharply' (Central Bank Governance Group 2009: 26; see also Ingves Report 2011: 28).

Pursuing stability for the financial system as a whole is also more technically demanding and less politically rewarding than pursuing microprudential stability. To start with, a systemic approach to financial stability entails understanding the interlinkages among and externalities from several market segments and sectors where unexpected events can generate costly shocks with rapid dispersion (Borio 2009; 2011). This activity requires access to data from a wide range of sources as well as knowledge of the calibration and effectiveness of different policy tools (Claessens 2014). Furthermore, financial stability is not immediately evident to the public whereas instability is manifest. This means that macroprudential supervisors are unlikely to be recognised for their successes whereas they will be easily stigmatised for their policy failures.

Given the technical complexity and the political difficulties of implementing macroprudential policy, regulators may perceive supranational rules that guide the macroprudential task as beneficial for achieving their institutional mandate. We thus suggest the following:

Hypothesis 1: Regulators with macroprudential responsibilities are more likely to support the SSM than regulators with only microprudential responsibilities because the new mechanism is expected to help regulators discharge their mandated responsibilities.

In addition to the mandate, we suggest that fragmentation of supervisory and monetary responsibilities is likely to shape regulators' preferences towards the SSM. Similar to the remit assigned to banking regulators, there is significant

cross-national variation in whether banking supervision is assigned to the monetary authority, to a single authority different from the central bank, or to multiple authorities including the central bank (Masciandaro 2006).

It is worth noting that there is no consensus on whether the monetary authority should also be the supervisory authority, because there are both benefits and costs to this concentrated institutional arrangement. One benefit of the concentration of the two responsibilities is that it leverages the expertise of central banks, which typically already monitor systemic risks and are tasked with dealing with issues concerning financial stability such as maintaining the payment system and acting as lender of last resort (IMF 2013: 29). A second benefit of concentration is that it improves the flow of information required to effectively pursue the central bank's financial stability objective; thus overcoming potential delays or inefficiencies in cross-institutional information sharing (Nier *et al.* 2011: 9). A third benefit is that information collected in its supervisory function may improve a central bank's understanding of the monetary policy transmission mechanism, and therefore improve its pursuit of price stability (see e.g. Peek *et al.* 1999).

Assigning microprudential supervisory responsibilities to the central bank also has a number of drawbacks. To start with, the delegation of monetary and supervisory powers to one institution raises concerns over the concentration of power (see Goodhart 2000: 19). It may also create a moral hazard: when the banking system is under stress, the central bank may be hesitant to impose the appropriate degree of tightening because of the potential effects on the solvency of the banks it supervises (Goodhart and Schoenmaker 1995). This may pose a threat to central bank credibility and thus independence, impairing the basic function that central banks perform: monetary policy (Di Noia and Di Giorgio 1999: 369). The risks to central bank credibility and independence are further magnified by the fact that supervision has more immediate fiscal implications than does monetary policy.⁷

Against this background, each of the member states has handled the pros and cons of assigning this responsibility to the central bank within its own jurisdiction. It is therefore plausible to suggest that the selected domestic governance arrangement influenced regulators' stances towards the SSM. In particular, we suggest that different institutional configurations imply different understandings of the relationship between the supervisory and monetary function - what we call either a 'marriage' culture or a 'divorce' culture. A 'marriage' culture builds from the assumption that the two functions are mutually reinforcing and can improve each other's effectiveness; and alternatively, a 'divorce' culture conceives of the concentration of functions as inherently conflicting because the pursuit of one goal (i.e. banking stability) may undermine the achievement of the other (i.e. price stability). The expectation here is that different institutional arrangements lead regulators to support regulatory changes that reinforce what they conceive as 'normal' and 'appropriate' ways of 'doing things', but oppose

changes that call into question such ordinary contexts. This leads us to the following proposition:

Hypothesis 2: Regulators in concentrated supervisory regimes are likely to support the ECB's role in the SSM because they do not perceive it to be a challenge to their 'normal' operations. In contrast, regulators in separated regimes are likely to oppose the ECB's role in the SSM because such a choice would delegitimise domestic governance choices.

The German and Italian supervisory architectures

A large amount of literature in comparative political economy has examined how the characteristics of the domestic financial system – such as ownership, internationalisation and relationship with public authorities – affect policy trajectories and outcomes (e.g. Deeg 2005; Deeg and Jackson 2008; Grossman and Woll 2014; Hardie *et al.* 2013). In this paper, we shift the focus from banking structure to the supervisory governance of each country and the development of its institutional arrangements. Specifically, this section describes the features of the Italian and German banking supervisory structure, and the following section explains how these features motivate regulators' preferences towards the SSM.

Germany

In Germany, supervisory responsibilities of the 'three pillars' banking system (which is comprised of private banks, savings banks and cooperative banks) is divided between the central bank and a unified financial authority created in 2002, BaFin.⁸ The BaFin is assigned a key role in microprudential regulation, including: licensing authority for banks; overseeing strategy and planning of banking supervision; supervising insurance undertakings; regulatory decision-making in solvency situations; and conducting audits and inspections.

As for the Bundesbank, the central bank cooperates with the BaFin in the conduct of banking supervision according to the division of labour discussed below. But the central bank also has the responsibility of monitoring the stability of the financial system. It has discharged this task via the annual publication since 2004 of the Financial Stability Review, and through ensuring the smooth functioning of the financial infrastructure. The Bundesbank's financial stability function was expanded by the coming into force of the Financial Stability Act on 1 January 2013. The Act established the Financial Stability Committee (FSC), which discusses developments in the financial system and issues warnings and recommendations to combat risks that may threaten its stability. The Federal Ministry of Finance, BaFin and the Bundesbank each have three voting representatives on the new committee, but the Bundesbank has distinct responsibilities: it identifies risks that may impair financial stability, steers the meeting

agenda, prepares the committee's annual report to the Bundestag, makes proposals to the committee regarding issuing warnings and recommendations, and evaluates their implementation.⁹ The Financial Stability Act created a role for BaFin in monitoring systemic risk, insofar as the BaFin has enhanced its cross-sectoral analyses (Financial Stability Board 2014); however, its functions have always been and remain microprudential in nature.¹⁰

The central bank's role in banking supervision, and thus its working relationship with the BaFin, is spelled out in section (7) of the Bank Act (Kreditwesengesetz) and in a guideline issued on 21 May 2013. In general, the Bundesbank performs ongoing monitoring of bank activity and risk, and reports its findings to the BaFin. Based on the information provided by the Bundesbank, the BaFin creates a final summary and forward-looking assessment of whether the risks that institutions have assumed are matched by policies, strategies, procedures and mechanisms that guarantee sound risk management practices, such as adequate capital buffers.

In spite of the close coordination between BaFin and the Bundesbank in the conduct of supervisory activity, the BaFin makes final decisions on all supervisory measures and questions of interpretation (BaFin 2013). In short, since the decision to create the BaFin in 2001, the Bundesbank has participated in banking supervision in subordination to the BaFin (Schüler 2005). This decision reflected the government's belief that the financial supervisor needed to be accountable to the Ministry of Finance and the legislature because of the increasing importance of financial regulation in economic policy (Westrup 2007: 1110). With the onset of the 2007 global financial crisis, however, the German government reconsidered the repartition of responsibilities by planning to transfer all financial supervisory responsibilities to the central bank, to be overseen by the Federal Ministry of Finance. This decision was largely motivated by the accumulation of risks in the German banking sector under BaFin's supervision (Welfens 2007). However, the Bundesbank fiercely resisted the concentration of supervisory responsibility within the monetary authority, fearing it would threaten its independence (Rexer 2014; Weber 2009) which is, instead, guaranteed by a supervisory system that partially divorces monetary and supervisory responsibilities.

Italy

In Italy, the central bank has exclusive responsibility for banking supervision. Since 1998, the BoI has been responsible for the supervision of banks, the asset management industry and other relevant financial markets including wholesale markets for government securities and interbank markets (Masciandaro and Quintyn 2008: 14). Responsibility for protecting investors by ensuring transparency and proper conduct of intermediaries is assigned to a separate authority, Consob.

The BoI is responsible for both ensuring that banking and financial intermediaries are managed soundly and prudently, and for monitoring the accuracy of banking and financial transactions and services. In order to achieve these goals, the BoI has regulatory powers, including: issuing secondary legislation under principles fixed by law on issues such as capital adequacy, limiting various types of risks, determining permissible shareholdings, and setting administrative and accounting procedures and internal control mechanisms. It also has the authority to conduct inspections, request that a bank's manager examine a bank's situation, and propose the adoption of certain decisions.

The BoI is also responsible for ensuring the overall stability, efficiency and competitiveness of the domestic financial system (Vozzella *et al.* 2014: 5). In other words, the central bank is the systemic supervisor in that it has 'authority for matters regarding the limitation of risk and financial stability'.¹¹ The BoI monitors systemic risks and has published semi-annual Financial Stability Reports since 2010. As of June 2013, based on an EU directive and regulation, the BoI has the authority to implement macroprudential measures such as countercyclical or sectoral capital buffers.¹²

These functions demonstrate how, in Italy, the supervisory governance framework is closely associated with the activity of the central bank. In other words, Italy embraces a 'marriage' model of banking supervision as this function is concentrated in the domestic monetary authority. As Onado (2003: 145) notes, 'Italy has never felt the need to separate the conduct of monetary policy from the prudential supervision of banks'. In fact, the need to prevent political influence from interfering with the banking sector is often cited as one of the major motivations for this concentrated institutional arrangement (Onado 2003: 153) as well as the BoI's long history as the champion of financial stability, dating as far back as 1926 (De Vincenzo and Marullo Reedtz 2005: 531). Without entering into a debate on what factors account for the historical evolution of the Italian supervisory governance, what matters here is that the role of the BoI in matters of prudential supervision has largely gone unquestioned even after the creation of Economic and Monetary Union (Onado 2003: 146).

In conclusion, there are key differences in supervisory governance in Germany and Italy with respect to the nature and repartition of responsibilities. While the central banks in both countries are responsible for ensuring the stability of the financial system as a whole, BaFin only has microprudential responsibilities. Whereas in Germany responsibility for supervision is divided between the central bank and a dedicated agency (with the former acting in subordination to the latter), in Italy there is only one banking supervisor. In what follows, we trace how these features contributed to shaping regulators' preferences towards the SSM.

Support for, and opposition to, the SSM

Since the SSM officially entered the political agenda, German regulators have tended to emphasise the costs of common supervision over its benefits. At first glance, this stance could be explained in light of Germany's position in the eurozone crisis and the impact of the crisis on its banking system, as highlighted in other contributions in this issue. For instance, the Bundesbank's opposition to the SSM has often been couched as opposition to an instrument that benefits debtor countries because of the close interconnectedness between the banking system and public finances (Weidmann 2012, 2013b). In contrast, Italy's long-standing support for the EU to develop mechanisms to intervene directly to bail out troubled banks and for a 'uniform system of financial sector rules and oversight' (Visco 2012a) could be explained by the deterioration of the country's fiscal position and the instability in the banking sector throughout the crisis (Banca di Italia 2012: 195-6).

However, a closer examination of German and Italian regulators' stances reveals that patterns of support and opposition were shaped by a broader set of motivations that do not directly stem from the structural position of the country and its banking system but from some characteristics of domestic institutional settings. This is particularly evident in the fact that some political cleavages followed institutional rather than national boundaries.

For instance, in spite of different views on some aspects of the SSM as discussed above, both the German and Italian central banks supported a role for the SSM in preventing the accumulation of risks of the type that had been observed in the run-up to the crisis. In particular, both central banks saw benefits in the SSM as a tool for harmonising supervisory practices across member states. On this topic, the president of the Bundesbank acknowledged that '[t]he concentration of excessive risks on banks' balance sheets, the emergence of hypertrophic banking systems and the financial crisis as a whole were aided and abetted, among other things, by differences between individual countries regarding the strictness of their prudential supervisory regimes' (Weidmann 2012). The Bundesbank thus sees benefits from the SSM in identifying cross-border systemic risks and maintaining financial stability (Bundesbank 2013; Lautenschläger 2013), maintaining that the SSM is 'better able to monitor cross-border interactions than the sum total of national supervisors' (Weidmann 2013a).

The BoI also recognises that a benefit of the SSM is that common banking supervision can more effectively deal with cross-border systemic risk. In fact, the governor of the BoI indicated that '[a] common system of banking supervision is necessary in an integrated financial market as the euro area market is; the presence of big intermediaries that operate in more than one country requires uniform rules and controls ... with a view of pursuing the stability of

the European banking system as a whole' (Visco 2012b). In sum, the Italian regulator supported the SSM as a means to create what the head of the Banking and Financial Supervision Department referred to as 'a more holistic view of supervision, which is able to account for the European interest and prevent EU-level imbalances' (Barbagallo 2014).

In contrast, the BaFin was much more sceptical of the potential benefits of regulatory harmonisation that would take place under the SSM. It argued that national specificities should be preserved. The chief executive director of Banking Supervision at BaFin declared that, '[s]uccessful supervision is built on a regular dialogue with the supervised banks and a deep understanding of the local markets ... the supervision of any bank can only be done with in-depth knowledge of the local market' (Röseler 2012). The harmonisation of supervisory practices was regarded as having limited value for the day-to-day operations of the BaFin. 'The daily engagement with banks, understanding their operations, gathering information, analysing it and drawing up risk profiles is too resource-intensive to be done by the ECB even for a small sample of banks. ... Furthermore, the respective supervisors also need to understand the broader market, i.e. the relevant competitors' (Röseler 2012). Then president of the BaFin, Elke König, shared a similar view, indicating that '[b]anks that are not relevant to the system should, in principle, continue to be supervised nationally, because the national supervisor can evaluate the features of the local banks and their environment better' (König 2012b). König (2012b) also argued that 'a central European authority cannot do everything better', noting the importance of taking into account differences in problems, spatial distance, language and culture.

Patterns of support for and opposition to the SSM also reflect different understandings of the 'appropriate' role for the monetary authority in banking supervision - in particular, different conceptions of whether supervisory policy should be 'divorced' from or 'married' to monetary policy. In Germany, the Bundesbank has often raised concerns that the ECB's monetary policy and supervisory roles should be 'strictly separated' in order to ensure that monetary policy is not influenced by supervisory considerations in a way that undermines its inflation-fighting mandate (e.g. Steen 2012). Specifically, the Bundesbank considers the task of banking supervision as being inherently in conflict with monetary policy, such that the allocation of supervisory powers to the monetary authority 'could cause the distraction of monetary policy from its primary objective, i.e. price stability' (Böhmler 2013). This explains why the Bundesbank continued to oppose the ECB's role in the SSM even after the SSM had been decided, and after specific guarantees for German banks had been obtained. As the Bundesbank president put it, '[t]he Bundesbank is unhappy with this arrangement [e.g. centralisation onto the ECB], as it gives rise to potential conflicts of interest between monetary policy and supervision on the

Governing Council. ... However, I very much hope that this solution is not the final stage of development' (Weidmann 2013a).

BaFin was as assertive as the Bundesbank in warning of potential conflict between monetary and supervisory policy. As the president of the BaFin commented, regarding the role of the ECB in the SSM, '[a]t the very least, you could say the ECB has conflicting objectives when it comes to monetary policy and oversight. We had this discussion in Germany, too, when we addressed the question of whether bank oversight should be handed over completely to the Bundesbank' (König 2012a). Furthermore, since supervision may entail decisions on direct interventions into bank ownership structures in times of crisis, this type of decision 'is in conflict with the autonomy of a central bank' (König 2012a). Hence, '[i]t would be highly problematic, if the Governing Council of the ECB was in a position to take final decisions regarding banking supervision' (BaFin 2012).

The concerns that the concentration of supervisory responsibility at the ECB could be detrimental to central bank independence and to its pursuit of price stability are not only absent, but dismissed by Italian regulators. The BoI, which functions as both a monetary and supervisory authority, saw complementarities and overall benefits where the Bundesbank and the BaFin saw problems and risks. As the director general of the BoI put it,

The historical experience of countries like Italy, where monetary policy and banking supervision were concentrated in a single institution – the central bank – shows that the independence attributed to the two functions by law and by social norms tends to be mutually reinforcing when the two are put under the same roof. ... This is why the Banking Union in Europe is not a threat to central bank independence. (Rossi 2013)

Similarly, the governor of the BoI stated that '[t]he complementarities that exist between macroeconomic stability and financial stability ... suggest that the central bank may contribute to the pursuit to both objectives' (Visco 2013a), and that 'central banks must take them into account in their policy decisions', even when financial stability is not formally recognised in a central bank's official mandate (Visco 2013b).

Conclusions

The creation of the SSM has been a remarkable accomplishment in furthering EU integration, and probably one of the less predictable developments in the EU's history, since the notion of centralised banking supervision was simply 'politically unthinkable' before the crisis started (Van Rompuy 2014). This paper tackles the debate on the SSM and contributes to the themes set out in this special issue by investigating the factors that help account for the preferences of a specific set of political actors during the negotiations – namely, banking regulators. Since the SSM involves a shift of supervisory responsibilities from

the domestic to the EU level, the negotiating position of the national authorities responsible for banking supervision, whose responsibilities were to be redrawn, was as important as that of member governments. Indeed, it is fair to say that the SSM was ultimately ‘a compromise on the distribution of power between the ECB and National Competent Authorities’ (Gren *et al.* 2015).

In an attempt to identify the factors that shape regulators’ preferences during the negotiations, the paper has found that the sources of regulators’ preferences are broader and more varied than most accounts of support for the SSM. Specifically, rather than clearly reflecting governments’ and domestic financial firms’ material interests, regulators’ positions were also significantly affected by the institutional environment in which they operated. As the empirical analysis demonstrates, the institutional mandate that regulators are assigned and the fragmentation of supervisory and monetary policy play important roles in shaping the patterns of support for and opposition to the SSM. These factors have been relevant for shaping regulators’ preferences both within (i.e. BaFin and the Bundesbank in Germany) and across countries (i.e. between German and Italian regulators).

By drawing attention to the institutional determinants of policymakers’ preferences, the paper addresses some of the previously puzzling aspects of the SSM negotiations. These include the commonalities of views held by the Bundesbank and the BoI on the benefits of the SSM for ensuring systemic stability – in spite of different economic conditions in Germany and Italy – and the differences in the stance of the two German regulators. In short, our institutional analysis allows appreciation of the fact that political cleavages do not solely run along national lines but also that preferences may differ among actors within the same country, such that actors facing different structural constraints may find common ground. These findings have implications for the dynamics of the negotiations. Although the negotiations are outside the purview of this study, it is plausible to expect that policymakers and regulatory authorities aligned not only along the material interests of the domestic banking industry but also in reflection of the characteristics of domestic supervisory arrangements. Given the variety of institutional arrangements throughout the eurozone, future comparative research could ascertain whether the characteristics identified in the paper are critical to facilitating EU integration on the SSM, including overcoming roadblocks from competing positions among member states.

Future analysis might also consider how institutional arrangements affect other areas of the negotiations for the banking union – namely the Single Resolution Mechanism (SRM) and Deposit Guarantee Schemes (DGS) – and how they may affect future prospects for these mechanisms. Indeed, both the SRM, which entered into force in 2014 and will be fully operational by 2016, and the DGS have met with a great deal of controversy because of, among other factors, concerns over risk-sharing and moral hazard. The factors explaining member states’ opposition to the SRM and DGS have reflected, to some

extent, the country's economic position during the crisis; however, as this paper demonstrates, preferences are likely to be shaped by institutional factors as well. The extent to which institutional factors trump or reinforce material or ideational factors are indeed a fruitful avenue that can further shed light on patterns of support for or opposition to European integration.

This brings us to a final consideration. The crisis in the eurozone has revived interest in theories of European integration and, in particular, on how integration can help explain the events of the past five years; policymakers' reactions to these events; and how integrated institutions can better overcome challenges going forward (see, for instance, the contributions collected in Ioannou *et al.* 2015). Our study is neither meant to adjudicate the explanatory power of competing accounts nor to address the wider study of what explains EU integration more generally. What the paper's findings suggest is that a thorough understanding of policymakers' responses to the crisis requires that one carefully considers one of the building blocks of the historical institutional tradition: to fully grasp the motivations behind political actors' decisions, the only option is to explore the historical record (Steinmo 2008: 126). This paper is the product of such efforts through careful empirical analysis of banking regulators' stances in Germany and Italy.

Notes

1. On the articulation of the OEP see, for instance, Lake (2009).
2. On the importance of the configuration of the domestic financial system for national preferences towards EU regulatory initiatives see also Hardie and Macartney (2016).
3. On the attempts to minimise the adjustment costs see Drezner (2005). On how the preferences of domestic groups influence national negotiating positions in the EU see, among others, Dür (2008) and Woll (2008).
4. We also conducted a limited number of interviews with central bank officials in both Rome and Frankfurt. Interviews were conducted under conditions of anonymity. Their content has been used as background information.
5. Regulators are the rule makers; they set the regulations and guidelines that financial institutions must follow. Supervisors apply the rules set by the regulators by monitoring the activity of financial institutions and enforcing regulations. The regulatory and supervisory functions can be, but are not always, housed within the same institution(s).
6. Efforts to improve cooperation among national supervisory authorities were made, for instance, following the Lamfalussy report in 2001 (Committee of Wise Men 2001), when a new policy framework was established in 2004 based on a multilevel system of EU rule-making committees. For a discussion of cooperation in banking supervision within the EU before the crisis and the ongoing debates regarding the role of a supranational framework refer to Nieto and Schinasi (2007).
7. Monetary policy also has fiscal implications (see for instance Bini Smaghi 2012). However, in contrast to supervisory policy, the fiscal implications of

monetary policy apply to all economic agents rather than a specific subset: financial intermediaries.

8. The German legal framework for banking supervision is comprised of legislation and regulations at various levels. The German Banking Act (Kreditwesengesetz) is the fundamental legal document that contains relevant EU legislation on the banking sector. For a detailed analysis of the evolution of German banking governance see Lütz (2004).
9. Act on Monitoring Financial Stability (Financial Stability Act). The FSC does not, however, have any specific macroprudential tools and its recommendations or warnings are addressed on a comply-or-explain basis (Financial Stability Board 2014).
10. Section 6(2) of the Banking Act establishes that ‘BaFin shall counteract undesirable developments in the banking and financial services sector which may endanger the safety of the assets entrusted to institutions, impair the proper conduct of banking business or provision of financial services or lead to serious disadvantages for the economy as a whole’.
11. Article 5(2), Legislative Decree No. 58 of 24 February 1998 (TUF).
12. Directive 2013/36/EU and Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013.

Acknowledgements

We acknowledge Samantha St. Amand and Irene Spagna’s excellent research assistance.

Disclosure statement

No potential conflict of interest was reported by the authors.

Funding

This project was supported by CIGI. Manuela Moschella received support from the Italian Ministry of Education [PRIN 2010-11 on Italian foreign policy].

Notes on contributors

Domenico Lombardi is Director of the Global Economy Department at the Centre for International Governance Innovation (CIGI), Canada. He also serves as Chair of the Oxford Institute for Economic Policy and sits on the advisory boards of the Peterson Institute for International Economics and the Bretton Woods Committee in Washington. Earlier in his career, Domenico was a Senior Fellow at the Brookings Institution and had positions on the executive boards of major international financial institutions such as the International Monetary Fund and the World Bank. More information is available at <http://www.domenicolombardi.org>. [dl@domenicolombardi.org]

Manuela Moschella is Associate Professor of International Political Economy at the Scuola Normale Superiore di Pisa and Senior Fellow at the Centre for International Governance Innovation (CIGI). Her research interests include the politics of financial regulatory reforms and processes of change in global economic and financial governance. Her publications on these issues include articles in the *Review of International*

Political Economy, New Political Economy, Journal of Common Market Studies, Journal of Public Policy, and Comparative European Politics. She has just finished co-editing the new *Handbook of Global Economic Governance* for Routledge and is co-editor of *Great Expectations, Slow Transformations* (ECPR Routledge, 2013). [manuela.moschella@sns.it]

References

- Angeloni, Chiara, and Guntram B. Wolff (2012). 'Are Banks Affected by Their Holdings of Government Debt?', Bruegel Working Paper 12/07.
- BaFin (2012). 'Der Zeitplan ist mehr als ambitioniert: Interview mit BaFin-Präsidentin Dr. Elke König' [The Schedule is More than Ambitious: Interview with BaFin President, Dr. Elke König], 2 October.
- BaFin (2013). 'Supervision Guideline', 21 May 2013.
- Banca di Italia (2012). *Relazione annuale sul 2011*. Roma: Banca di Italia.
- Barbagallo, Carmelo (2014). 'L'Unione Bancaria Europea', speech at the New International Finance Association (Nifa), 6 May.
- Beck, Thorsten, Radomir Todorov, and Wolf Wagner (2012). 'Supervising Cross-Border Banks: Theory, Evidence and Policy', Discussion Paper 2012-059. Tillburg University, Center for Economic Research.
- Bini Smaghi, Lorenzo (2009). 'Conflicts of Interest and the Financial Crisis', *International Finance*, 12:1, 93-106.
- Bini Smaghi, Lorenzo (2012). 'Do Not Trust Politicians to Supervise Europe's Banks', Financial times Blog *the a-List*, 3 December, available at <http://blogs.ft.com/the-a-list/2012/12/03/do-not-trust-politicians-to-supervise-europes-banks/#axzz2E5Hh2Ok5> (accessed 20 January 2015).
- Böhmeler, Rudolf (2013). 'Wirtschaftliche Integration Europas - Herausforderungen für die Währungsunion', 29 August.
- Borio, Claudio (2009). 'Towards an Operational Framework for Financial Stability: "Fuzzy" Measurement and Its Consequences', BIS Working Papers, 284, Basel: Bank for International Settlements.
- Borio, Claudio (2011). 'Rediscovering the Macroeconomic Roots of Financial Stability Policy: Journey, Challenges and a Way Forward', BIS Working Papers, 354, Basel: Bank for International Settlements.
- Bundesbank (2013). 'Stellungnahme zum SSM - Zustimmungsgesetz: Anhörung im Finanzausschuss am 3. Juni 2013', 31 May.
- Carpenter, Daniel P., and David Moss, eds. (2013). *Preventing Regulatory Capture: Special Interest Influence in Regulation and How to Limit It*. New York: Cambridge University Press.
- Central Bank Governance Group (2009). *Issues in the Governance of Central Banks*. Basel: Bank for International Settlements.
- Claessens, Stijn (2014). 'An Overview of Macroprudential Policy Tools', IMF Working Paper WP/14/214.
- Committee of Wise Men (2001). *Final Report of the Committee of Wise Men on the Regulation of Securities Markets*. Brussels: European Commission.
- De Vincenzo, Alessio, and Paolo Marullo Reedtz (2005). 'The Role of the Central Bank in Financial Supervision: The Case of Italy', in Donato Masciandaro (ed.), *Handbook of Central Banking and Financial Authorities*. Elgar original reference.

- Deeg, Richard (2005). 'Change from within: German and Italian Finance in the 1990s', in Wolfgang Streeck and Kathleen Thelen (eds.), *Beyond Continuity. Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press, 169–202.
- Deeg, Richard E., and Gregory Jackson (2008). 'How Many Varieties of Capitalism? From Institutional Diversity to the Politics of Change', *Review of International Political Economy*, 15:4, 679–708.
- Di Noia, Carmine, and Giorgio Di Giorgio (1999). 'Should Banking Supervision and Monetary Policy Tasks Be given to Different Agencies?', *International Finance*, 2:3, 361–78.
- Drezner, Daniel W. (2005). 'Globalization, Harmonization, and Competition: The Different Pathways to Policy Convergence', *Journal of European Public Policy*, 12:5, 841–59.
- Drezner, Daniel W. (2007). *All Politics is Global: Explaining International Regulatory Regimes*. Princeton: Princeton University Press.
- Dür, Andreas (2008). 'Bringing Economic Interests Back into the Study of EU Trade Policy-Making', *British Journal of Politics and International Relations*, 10:1, 27–45.
- Epstein, Rachel, and Martin Rhodes (2016). 'The Political Dynamics behind Europe's New Banking Union', *West European Politics*, 39:3. doi: 10.1080/01402382.2016.1143238
- European Banking Authority (2011). *EU Capital Exercise*, December.
- Financial Stability Board (2014). *Peer Review of Germany: Review Report*. Basel: Financial Stability Board.
- Fioretos, Orfeo (2010). 'Capitalist Diversity and the International Regulation of Hedge Funds', *Review of International Political Economy*, 17:4, 696–723.
- Frieden, Jeffrey A. (2004). 'One Europe, One Vote?: The Political Economy of European Union Representation in International Organizations', *European Union Politics*, 5:2, 261–76.
- Goodhart, Charles (2000). 'The Organisational Structure of Banking Supervision', *Financial Stability Institute, Occasional Paper, No 1, November*.
- Goodhart, Charles, and Dirk Schoenmaker (1995). 'Should the Functions of Monetary Policy and Banking Supervision Be Separated?', *Oxford Economic Papers*, 47:4, 539–60.
- Goyal, Rishi, Petya Koeva Brooks, Mahmood Pradhan, Thierry Tressel, Giovanni Dell'Ariccia, Ross Leckow, Ceyla Pazarbasioglu, and an IMF Staff Team (2013). 'A Banking Union for the Euroarea', *IMF Staff Discussion Note SDN/13/01*.
- Gren, Jakub, David Howarth, and Lucia Quaglia (2015). 'Supranational Banking Supervision in Europe: The Construction of a Credible Watchdog', *Journal of Common Market Studies*, 53:1, 181–199.
- Gros, Daniel (2012). 'The Single European Market in Banking in Decline – ECB to the Rescue?', *VoxEU*, 16 October.
- Grossman, Emiliano, and Cornelia Woll (2014). 'Saving the Banks: The Political Economy of Bailouts', *Comparative Political Studies*, 47:4, 574–600.
- Hardie, Iain, and Huw Macartney (2016). 'EU Ring-Fencing and the Defence of Too-Big-to-Fail Banks', *West European Politics*, 39:3. doi: 10.1080/01402382.2016.1143240
- Hardie, Iain, David Howarth, Sylvia Maxfield, and Amy Verdun (2013). 'Banks and the False Dichotomy in the Comparative Political Economy of Finance', *World Politics*, 65:4, 691–728.
- Helleiner, Eric (1994). *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s*. Ithaca and London: Cornell University Press.
- Helleiner, Eric, and Tony Porter (2009). 'Making Transnational Networks More Accountable', in S. Burke (ed.), *Re-Defining the Global Economy*, Friedrich Ebert Stiftung Occasional Paper, 42, 14–24.

- Howarth, David, and Lucia Quaglia (2016). 'Internationalised Banking, Alternative Banks and the Single Supervisory Mechanism'. *West European Politics*, 39(3). doi: [10.1080/01402382.2016.1143241](https://doi.org/10.1080/01402382.2016.1143241)
- IMF (2013). 'Key Aspects of Macroprudential Policy', 10 June.
- Ingves Report (2011). *Central Bank Governance and Financial Stability, a Report by a Study Group*. Basel: Bank for International Settlements.
- Ioannou, Demosthenes, Patrick Leblond, and Arne Niemann (2015). 'European Integration and the Crisis: Practice and Theory', *Journal of European Public Policy*, 22:2, 155–76.
- Kapstein, Ethan B. (1994). *Governing the Global Economy: International Finance and the State*. Cambridge: Harvard University Press.
- König, Elke (2012a). 'German Financial Regulator: "It's Time to Search for Alternatives"', *Spiegel Online International*, 27 July.
- König, Elke (2012b). 'Der Zeitplan ist mehr als ambitioniert' 2 October.
- Kudrna, Zdenek (2011). 'Cross-Border Resolution of Failed Banks in the European Union after the Crisis: Business as Usual', *Journal of Common Market Studies*, 50:2, 283–99.
- Lake, David A. (2009). 'TRIPs across the Atlantic: Theory and Epistemology in IPE', *Review of International Political Economy*, 16:1, 47–57.
- Lautenschläger, Sabine (2013). 'Eine Bankenunion für Europa: Welcher Bauplan ist der richtige?' [A Banking Union for Europe: Which is the Correct Blueprint?], *Deutsche Bundesbank*, 17 January.
- Lavelle, Kathryn C. (2013). *Money and Banks in the American Political System*. Cambridge: Cambridge University Press.
- Lütz, Susanne (2004). 'Convergence within National Diversity: The Regulatory State in Finance', *Journal of Public Policy*, 24:2, 169–97.
- Masciandaro, Donato (2006). 'E Pluribus Unum? Authorities Design in Financial Supervision: Trends and Determinants', *Open Economies Review*, 17:1, 73–102.
- Masciandaro, Donato, and Marc Quintyn (2008). 'Helping Hand or Grabbing Hand? Supervisory Architecture, Financial Structure and Market View', IMF Working Paper 08/47.
- Mattli, Walter, and Ngaire Woods (2009). *The Politics of Global Regulation*. Princeton: Princeton University Press.
- McNamara, Kathleen R. (1998). *The Currency of Ideas: Monetary Politics and the European Union*. Ithaca: Cornell University Press.
- Mügge, Daniel (2006). 'Reordering the Marketplace: Competition Politics in European Finance', *Journal of Common Market Studies*, 44:5, 991–1022.
- Nier, Erlend W., Jacek Osiński, Luis I. Jácome, and Pamela Madrid (2011). 'Institutional Models for Macroprudential Policy', IMF Staff Discussion Note 11/18, Washington D.C.: International Monetary Fund.
- Nieto, Maria J., and Garry J. Schinasi (2007). 'EU Framework for Safeguarding Financial Stability: Towards an Analytical Benchmark for Assessing Its Effectiveness', IMF Working Paper 07/260, Washington D.C.: International Monetary Fund.
- Onado, Marco (2003). 'Financial Reform in Italy', in Maximilian J.B. Hall (ed.), *The International Handbook on Financial Reform*. Cheltenham: Edward Elgar Publishing.
- Padoa-Schioppa, Tommaso (1987). *Efficiency, Stability and Equity. Strategy for the Evolution of the Economic System of the European Community*. Oxford: Oxford University Press.
- Peek, Joe, Eric S. Rosengren, and Geoffrey M.B. Tootell (1999). 'Is Bank Supervision Central to Central Banking?', *Quarterly Journal of Economics*, 114:2, 629–53.

- Rexer, Andrea (2014). 'Streit um Bankenaufsicht; Weidmanns geheimer Plan' [Dispute Over Banking Supervision; Weidmann's Secret Plan], *Süddeutsche Zeitung Online*, 29 October.
- Röseler, Raimund (2012). Introductory Statement at the Committee on Economic and Monetary Affairs (ECON) Public Hearing on the Single Supervisory Mechanism proposals, 10 October, Brussels.
- Rossi, Salvatore (2013). 'Post-Crisis Challenges to Central Bank Independence', speech at the LBMA/LPPM Precious Metals Conference, 30 September, Rome.
- Schüler, Martin (2005). 'Germany', in Donato Masciandaro (ed.), *The Handbook of Central Banking and Financial Authorities in Europe*. Cheltenham: Edward Elgar Publishing, 288–310.
- Seawright, Jason, and John Gerring (2008). 'Case Selection Techniques in Case Study Research: A Menu of Qualitative and Quantitative Options', *Political Research Quarterly*, 61:2, 294–308.
- Simmons, Beth A. (2001). 'The International Politics of Harmonization: The Case of Capital Market Regulation', *International Organization*, 55:3, 589–620.
- Singer, David A. (2007). *Regulating Capital: Setting Standards for the International Financial System*. Ithaca: Cornell University Press.
- Slaughter, Anne Marie (2004). *A New World Order*. Princeton: Princeton University Press.
- Spendzharova, Aneta, and Ismail Emre Bayram (2016). 'Banking Union through the Back Door? The Impact of European Banking Union on Sweden and the Baltic States', *West European Politics*, 39:3. doi: [10.1080/01402382.2016.1143245](https://doi.org/10.1080/01402382.2016.1143245)
- Steen, Michael (2012). 'Bundesbank Warms to Banking Union', *Financial times*, 19 November.
- Steinmo, Sven (2008). 'Historical Institutionalism', in Donatella Della Porta and Michael Keating (eds.), *Approaches and Methodologies in the Social Sciences. A Pluralist Perspective*. Cambridge: Cambridge University Press, 118–38.
- Tsingou, Eleni (2014). 'Club Governance and the Making of Global Financial Rules', *Review of International Political Economy*, 22:2, 225–56.
- Underhill, Geoffrey R., and Xiaoke Zhang (2008). 'Setting the Rules: Private Power, Political Underpinnings, and Legitimacy in Global Monetary and Financial Governance', *International Affairs*, 84:3, 535–54.
- Van Rompuy, Herman (2014). Speech at the occasion of the inauguration of the Single Supervisory Mechanism, Frankfurt, 20 November.
- Verdun, Amy (1999). 'The Role of the Delors Committee in the Creation of EMU: An Epistemic Community?', *Journal of European Public Policy*, 6:2, 308–28.
- Visco, Ignazio (2012a). 'Economic and Policy Interconnections in the Current Crisis', speech at Consiglio per le Relazioni fra Italia e Stati Uniti, 9 June 2012, Venice.
- Visco, Ignazio (2012b). Speech at Assemblea Ordinaria Associazione Bancaria Italiana (ABI), 10 July, Roma.
- Visco, Ignazio (2013a). 'Ruolo, responsabilità, azioni della Banca Centrale nella "lunga" crisi' [Role, Responsibilities, and Actions of the Central Bank in the "Long" Crisis], speech at Università Degli Studi Di Firenze, 18 January, Florence.
- Visco, Ignazio (2013b). 'The Aftermath of the Crisis: Regulation, Supervision and the Role of Central Banks', CEPR Policy Insight No. 68, December.
- Vozzella, Pietro, Giampaolo Gabi, and Massimo Matthias (2014). 'Financial Regulation in Italy', *FESSUD (Financialization, Economy, Society and Sustainable Development) Working Paper Series* 60.
- Weber, Axel (2009). 'Regulatorische und institutionelle Konsequenzen aus der Finanzkrise' [Regulatory and Institutional Consequences of the Financial Crisis],

Gastvortrag in der Vortragsreihe der Stiftung Kreditwirtschaft an der Universität Hohenheim, 11 November.

Weidmann, Jens (2012). 'The Concurrence of Crisis Management and Regulatory Policy', speech at the Euro Finance Week, 19 November, Frankfurt.

Weidmann, Jens (2013a). 'Challenges for Banking Regulation and Supervision in the Monetary Union', speech at the Deutscher Sparkassentag 2013, 24 April, Dresden.

Weidmann, Jens (2013b). 'The Monetary Union as a Community of Stability', speech at the Bundesbank's parliamentary evening Regional Office, 29 August, Hamburg.

Welfens, Paul (2007). 'Ungelöste Probleme der Bankenaufsicht' [Unsolved Problems of Banking Supervision], *EIIW (Europäisches Institut für Internationale Wirtschaftsbeziehungen)* Working Paper 157.

Westrup, Johnathan (2007). 'The Politics of Financial Regulatory Reform in Britain and Germany', *West European Politics*, 30:5, 1096–119.

Woll, Cornelia (2008). *Firm Interests: How Governments Shape Business Lobbying on Global Trade*. Ithaca: Cornell University Press.

Young, Kevin L. (2012). 'Transnational Regulatory Capture? An Empirical Examination of the Transnational Lobbying of the Basel Committee on Banking Supervision', *Review of International Political Economy*, 19:4, 663–88.