



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Incomplete supervisory cooperation

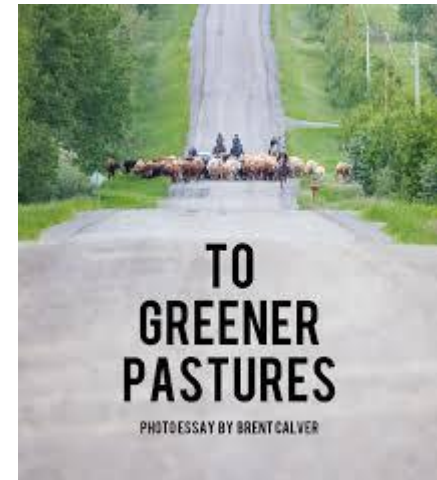
**By Wolf Wagner**

**(joint with T. beck and C. Silva-Busto)**

**Discussant: David Marques-Ibanez**

\* The views expressed do not necessarily reflect, or can be cited, as those of the European Central Bank or the Eurosystem.

- Increase on cooperation (scrutiny)  
=> banks expand



- Mechanism / Friction: Countries do not internalize third country effects
- In turn leads to an increase in the propensity to coordinate!

## Cat and mouse: Supervisory game

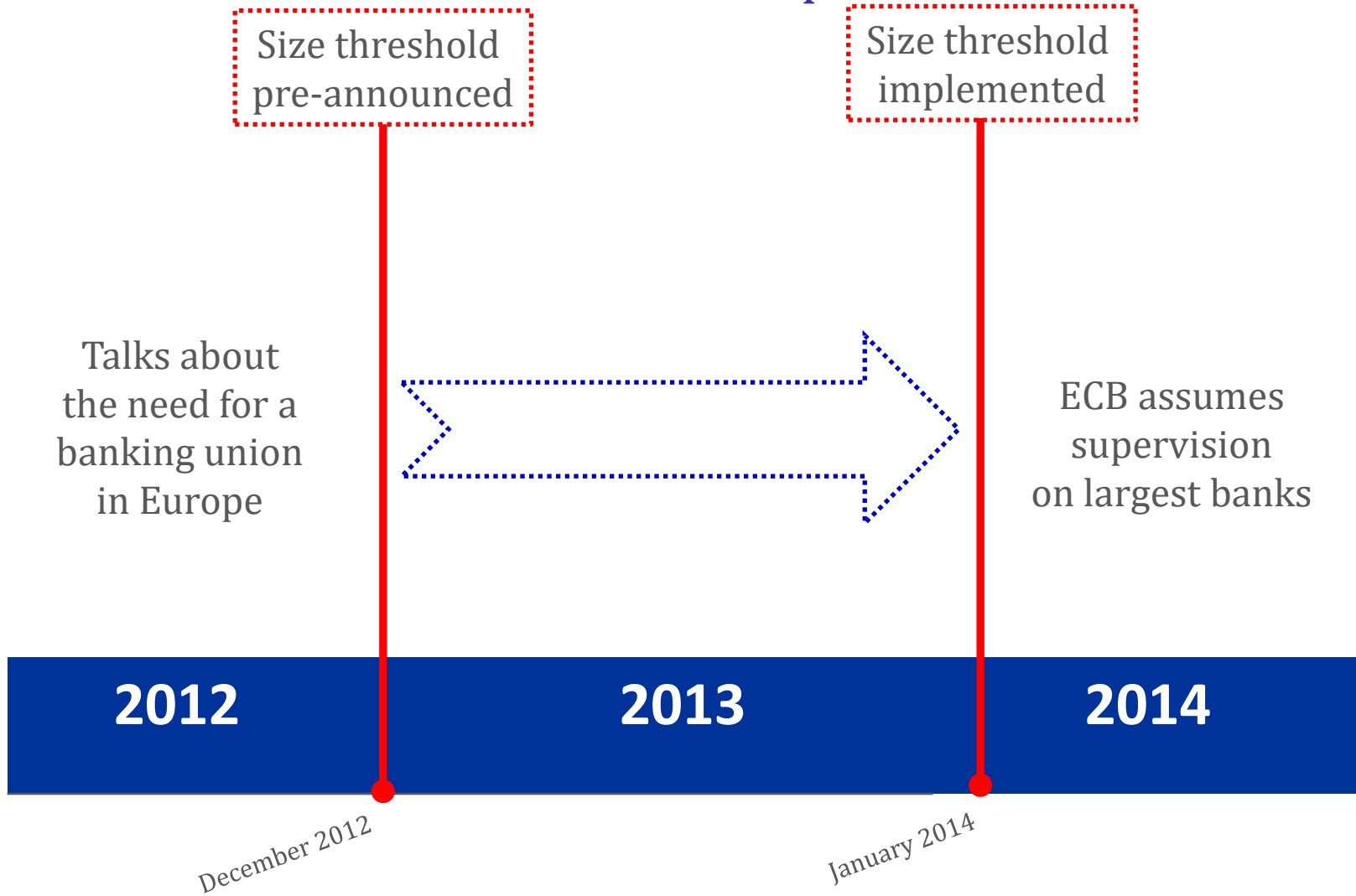


# Litmus Test

- Is the question large enough?
  - ✓ I think so: **Power of supervision**
- Can they answer it?
  - ✓ I think so,

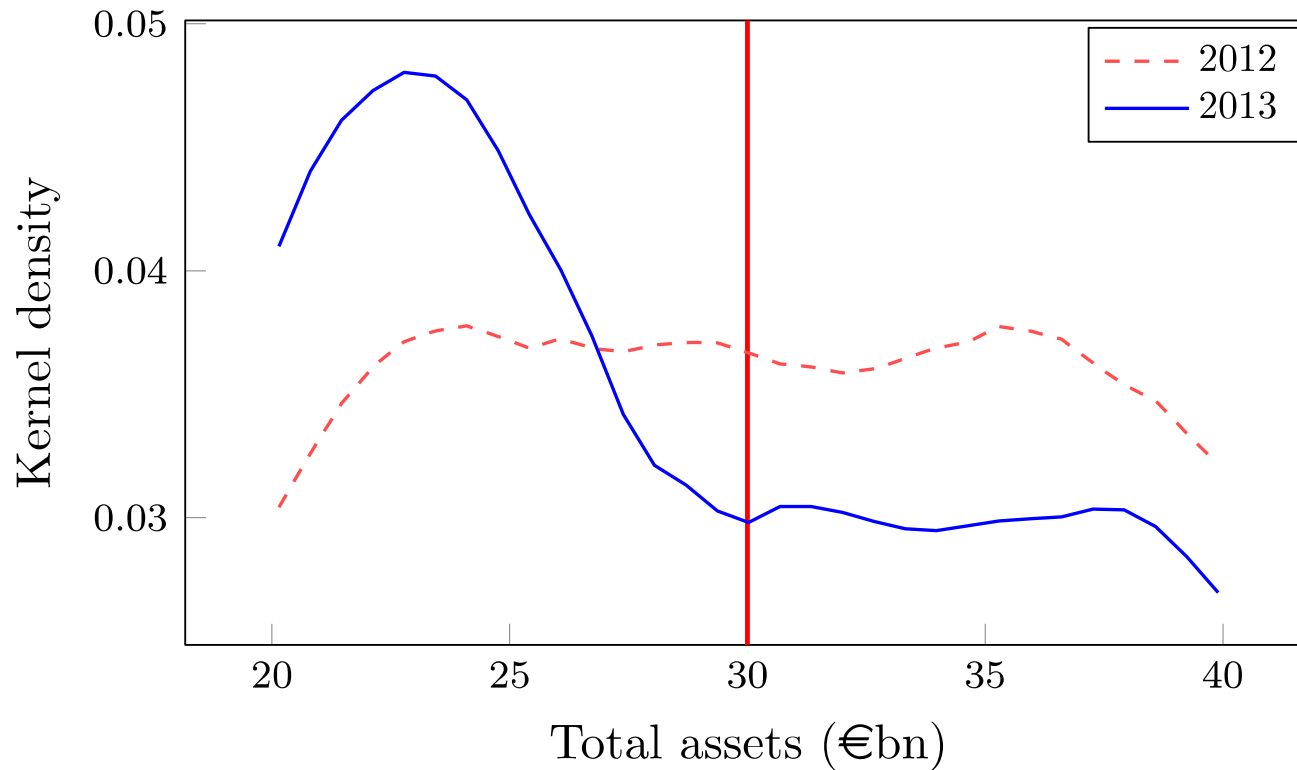
Important paper, it presently answers too many questions

## Timeline of SSM implementation



## Size distribution (Kernel density)

(a) Banks' asset distribution 2012–2013



- Trade-off between **scope and identification**

- Focus on identification rather than data

“before 2014 hand collected data from annual reports, regulators websites and new paper articles”

- This is the core of the paper, I want to know more about this!

- Syndicated loans:
  - One way of expanding (direct lending)
  - Cross-selling of other products
  - They occur rarely
- Cooperation among supervisors data
  - Any type of cooperation
  - From MoU to supranational supervisor



- Cooperation among supervisors
  - Proxy for lack of action:
    - ABN AMRO...
  - Implementation problems
    - Time consistency
  - How about:
    - For failing banks: which “cooperation agreement” had prior to failing
    - Local projections adding cooperation agreements
    - Incentives to cooperate



- Would like to know more about the data
- About the type of cooperation
- Relevant question and well executed
- Important paper with great potential!