Index

Acemoglu, D. 117
Africa 93
  North 94, 99
  sub-Saharan 95, 99
Albania 63, 66, 170, 172, 185
Angelovska Bezovska, A. 171
Artis, M.J. 152
Asia 49–59, 93, 94, 228
  emerging markets in 49
Aslanidis, N. 153
Association of Southeast Asian Nations (ASEAN) +3 countries: offer of multilateral FX backstop 52, 54
Austria 21, 40, 227
  and Austrian Financial Market Authority 234
  banks in 228, 234
Baba, C. 103
Bakker, B. 4, 5
balance of payments (BoP) 92–3, 98–103, 105–6, 108
  shortcomings of traditional framework of 101–2
Balassa–Samuelson effect 22
  economic adjustment in, see economic adjustment in the Baltic countries
Banerjee, A.V. 10
bank lending survey (EIB) 64–81
banking in the CEE (and) 226–39
  Basel III and Capital Requirements Directive (CRD IV) 235, 237–8
  the CEE banking sector 229–34, 238
  the economic environment 226
  impact from EMU bank deleveraging as manageable drag 228–9
  major challenges 234–5
  cross-border regulatory changes 234–5
  role of non-bank financial intermediaries 235
Banking Regulation and Supervision Agency (BRSA) 126, 136, 141
banks' challenges in CEE countries 222–5
  activity focuses 223
  employee structure 222–3
  financing 223
  government support 224
  preparation for the new reality 223–4
  profitability 223
  readjustment of strategy 224
  supervision 224
banks/banking
  Austrian 228, 234
    Central Bank 234
    Erste Group Bank 234
    Raiffeisen Bank International 234
    UniCredit Bank 234
  Bank for International Settlements (BIS) 81, 209
  Bank of Moscow 229
  Basel capital requirements for 13
  Central Bank of the Republic of Turkey (CBRT) 126–7, 132–3
  challenges for, see banks’ challenges in CEE countries
  Eurobank EFG 229
  European Bank for Reconstruction and Development (EBRD) 135, 142, 223
  Transition Indicator 31
  European banking union 44
  European Central Bank (ECB) 42, 106, 218, 226

241
Index

Basel capital requirements for banks 13
Basel Committee on Banking Supervision 17, 211–12, 235, 238
Standards Implementation, Policy Development, Accounting and Consultation 209
Belgium 21, 229
Benczúr, P. 152
Birol, P. 44
Bosnia 170, 188, 229
Bosnia-Herzegovina 66, 232
Brazil 113
Breitung, J. 152, 153
Bretton Woods system of foreign exchange 151, 209
BRIC (Brazil, Russia, India, China) countries 113
Bulgaria 21, 22, 26, 27, 28, 31, 66, 95, 101, 151, 160, 229
business conditions, indicators of 30–31
Ease of Doing Business ranking 30–31
EBRD Transition Indicator 31
business cycle convergence or decoupling (and) 147–69
data and methods 153–5
calculation of business cycles 153–4
correlation 154–5
dataset 153
dispersion 154
synchronization measures 154
empirical results 155–63
cyclical heterogeneity within CESEE region 155–60
decoupling of CESEE countries from Euro area cycle? 160–63
implications for the catching-up process 163–5
literature: business cycle convergence between CESEE region and euro area 151–3
literature: income vs. business cycle convergence 148–51

capital flows (and) 92–110
ability of countries to influence size and direction of private 103–5
capital mobility and monetary policy 105–7

Barro, R.J. 149
Basel I Accord 209–10, 212, 220
Basel II Accord 14, 210–14, 218–19, 235
and core of Pillar I 210–11
regulatory framework of 210
Basel III 14, 209–21
bank(s) reaction to 213–17
capital adequacy/liquidity requirements for banks 13, 14
and Capital Requirements Directive 235, 237
as driving implementation of Basel II 218–19
historical circumstances of 209–11
and implications for corporate customer relationship 217
policy reaction 211–13
ratios 213
reforms 234
and unintended consequences 218–20
Basel III from a practitioner’s perspective, see Basel III

and Outright Monetary Transactions (OMT) initiative 226
survey on lending 64–81
European Investment Bank (EIB) 223
and bank lending survey for CESEE region 61, 64–80
Greek 68, 82, 229
KfW German development bank 223
National Bank of Greece 229
National Bank of the Republic of Macedonia (NBRM) 180–84
Nordic 191, 195, 204
Oesterreichische Nationalbank (OeNB) 5
and OeNB–BOF projections 10
simulations and growth differential 7
Riksbank 191
Russian Central Bank 120
in SEE-6 economies 175–81
Washington Mutual 211
see also CESEE banks: deleveraging or rebalancing?

Ewald Nowotny, Peter Mooslechner, and Doris Ritzberger-Grünwald - 9781782548171
Downloaded from PubFactory at 09/13/2023 11:23:38PM via free access
Index

changes in current account balance 98–9
free and turbulent 92–7
free capital movement and current account imbalances 99–103
capital flows in a globalized economy, see capital flows
the Caribbean 94, 98–9
Cavenaile, L. 149
Central and Eastern European (CEE) countries/economies 19–35
banking in, see banking in the CEE
banks’ challenges in, see banks’ challenges in CEE countries
cost competitiveness of 23–4
fiscal balances of 26–7
joining the EU (2004) 21
non-euro 22
movement in real GDP over time in 21–2
vs. other countries 19–34
see also restarting growth in Europe
Central, Eastern and South-Eastern European (CESEE) economy 49
Central Europe 5, 31, 227–8, 231–2
CESEE banks: deleveraging or rebalancing? (and) 60–81
background to unique bank lending survey (EIB) 64–71
banking in CESEE 62–4
non-performing loans (NPL) 61, 63–4, 75–7
results from subsidiary level section of EIB survey 71–8
statistical exercise using bank lending survey results 78–80
CESEE countries/economies 3–10, 123, 138, 141
affected by surge in NPLs 75–6
economic adjustment of 147–69
see also business cycle convergence or decoupling
EU member states 6–7, 147, 149
lessons for 49–59
see also managing stop–go capital flows in Asian emerging markets
CESEE-8 countries 153, 155–7
changes in banking in run-up to the crisis (and) 12–18
comparison with other structural proposals 17
lack of restraint from regulation, supervision and market discipline 13
public reaction to crisis/need to rebuild trust 14
regulatory response, see regulatory response to global financial crisis
role of banks in financing the European economy 18
Chen, S. 50, 107
Chiang Mai Initiative 52, 54
China 4, 93, 107, 113, 119, 120, 210
and increasing share in CEE exports 33
Commonwealth of Independent States (CIS) 94–6, 227
economies 99
former countries of 230–31
cost competitiveness 21, 22–4, 190, 194–5, 198
Crespo-Cuaresma, J. 154
Croatia 66, 153, 160, 170, 184, 229, 234, 235
Cyprus 160
Dabrowski, M. 101
Dabušinskas, A. 195
Darvas, Z. 152
de Haan, J. 153
Denmark 30
Dubois, D. 149
Duflo, E. 10
EA (new) countries 155, 157
EA-3 countries 198, 200, 201
EA-5 countries 153, 155–7, 160, 167
EA-12 countries 153, 156, 160, 164, 167
East Asia 119
Eastern Europe 10, 119
economic adjustment in the Baltic countries (and) 190–205
advantages/disadvantages of fast vs. gradual adjustment 199–203
comparison with Ireland, Greece and Portugal 197–9
recovery (2009–2010) 197
Economic Co-operation and Development, Organisation for (OECD)
Code of Liberalization of Capital Movements 103
data 30
‘Going for Growth’ report 122
index of employment protection 30
economic freedom, Hermitage Foundation index of 118
Eichengreen, B. 36
Eickmeier, S. 152, 153
emerging market economies (EMEs) 49, 58, 92–3, 101, 107, 122–3, 132, 139, 141–2, 147–9, 152, 155, 165–6
as drivers of global growth 122
HSBC report on 122
Enikolopov, R. 119
Estonia 21, 23, 32, 151, 152, 160, 190, 194–6, 229, 230
European Banking Authority (EBA) 16
European Commission (EC) 14, 44, 60
proposal to use bail-in instruments 16
European Council 44
and European banking union 44
European debt crisis and stable design of EMU (and) 36–46
competitiveness problems 39–41
credit growth 38–9
government finances 42
house prices 39
imbalances 42
rules governing EMU 36
see also European Monetary Union (EMU)
Stability and Growth Pact 36, 38, 42
see also subject entry
a stable design of EMU 44–5
strengthening the Macroeconomic Imbalances Procedure 44
European High-Level Expert Group recommendation of European Commission evaluation 17
and reform of structure of EU banking sector 15, 16, 17
European Monetary Union (EMU) 42, 44–5, 226–7
bank deleveraging 228–9
CESEE member states of 147
rules governing 36
stable design of, see European debt crisis and stable design of EMU
as trading partner of SEE-6 region 172
European Union (EU) 19, 101, 129, 210, 222
accession by ten countries (2004) 151
acquis 103
-based banks 181
fiscal balances of countries in 26–7
regulatory reforms 14
Fed, see United States (US)
Feldstein, M. 100
Fernández-Amador, O. 154
Fidrmuc, J. 151–2
Filardo, A. 52, 58
financial crisis (2008–2009) 19, 120; see also Great Recession
Finland 21, 30, 40, 41, 196
fiscal policy 26, 104, 126, 138, 151, 194, 199
in Estonia 196
France 21, 36, 226, 227
Frankel, J.A. 147
Fujita, K. 175
G-20 107
Gächter, M. 7, 153
Georgia 95
Germany 21, 36, 39, 40, 41, 45, 182, 223, 226, 228
Gershenkron, A. 116
Ghosh, A.R. 106
GIIPS (Greece, Ireland, Italy, Portugal, Spain) 21, 22–5, 27, 28–9, 32, 34
Global Competitiveness Index of World Economic Forum 41
Index

global financial crisis 12, 19, 21, 34, 66, 93–4, 122, 132, 138, 142, 190, 195–6 138; see also Great Recession

Great Depression 92

Great Recession 19, 21, 25, 32, 34, 60, 75, 165, 211; see also restarting growth in Europe

Greece 21, 38–41, 42, 182, 190, 191, 197–8, 199, 226, 229

banks in 68

Grenville, S. 58

Guriev, S. 115

Halter, D. 10

Helbling, T. 148

Herzegovina 170, 188, 229

Hodrick, R.J. 154

Hong Kong 50–52

Horioka, C. 100


Independent Commission on Banking 17

India 4, 107, 113


and cost competitiveness 22–4

International Finance Corporation (IFC) 223

International Monetary Fund (IMF) 60, 176, 199, 209, 226, 238

Multilateral Consultation framework of 107

Ireland 21, 30, 38–40, 41, 42, 45, 191, 197–8, 199, 226

Ishi, K. 175

Italy 21, 31, 38–41, 42, 226, 227

Janský, P. 33

Jaumotte, F. 41

Joint Action Plan of international financial institutions 61

Kazakhstan 101, 114, 230

Kenen, P. 149

Klingen, C. 4, 5

Kokenyne, A. 103

Korhonen, I. 151–2

Kose, M.A. 147, 148

Krugman, P. 101

Latin America 93, 94, 98–9, 228


and financial assistance from EU and IMF 199

legislation

and Basel Accords 210

Glass–Steagall Act (US) 12, 211

on specific fiscal rules 184

Lehman Brothers 5, 101, 114, 132, 138, 176, 211, 223


loan-to-deposit (LTD) ratio 63–4, 80

Macedonia 66, 95, 170–84, 185

as best-ranked country on Doing Business ranking (2012) 188

and its economy during crisis period 181–4

see also SEE-6 countries

McKinnon, R.I. 149

McKinsey & Company 214

McKinsey Global Banking Pools 228

Macroeconomic Imbalances Procedure 44

Malta 160

managing stop–go capital flows in Asian emerging markets (and) 49–59

capital flows and reality 50–54

lessons for CESEE economies 58–9

risks and policy space 54–8

Mayer, T. 101

Mexico 119–20

Middle East 94, 99, 228, 229

Moder, I. 165

Moldova 95

Montenegro 170

Moris, H. 41

Mundell, R.A. 149

Netherlands 21, 30, 39, 40, 41, 45

non-performing loans (NPL) 61, 66, 72, 73, 79, 81, 138, 173, 180–81, 184, 222–4, 232
definitions of 63–4
surge in 75–6
Nordic countries 30, 191
North, D. 117
North Africa 94, 99

OECD, see Economic Co-operation
and Development, Organisation
for (OECD)
Oechslin, M. 10
openness 31–3
Ostry, J. 106

Pisani-Ferry, J. 38
Poland 7, 21, 22, 23, 24, 27, 28, 30, 31,
32, 151, 152, 153, 159–60, 166,
227, 235
Portugal 21, 31, 38–41, 42, 191, 197–8,
199, 226
Prescott, E.C. 154
Proceedings of the National Academy
of Sciences 119
Próchniak, M. 149
Putin, President 118–19; see also
Russia
quantitative easing in the US 50, 133
Randveer, M. 195
rankings
Doing Business 118, 188
Ease of Doing Business 30–31
Global Competitive Index (WEF) 41
Rátfai, A. 152
regulatory response to global financial
crisis (and) 14–17
additional separation conditional on
recovery and resolution plan 16
capital requirements on trading
assets and real estate-related
instruments 16–17
facilitating use of bail-in instruments
16
proposal and rationale for separation
15
restarting growth in Europe (and)
19–35
convergence and growth 20–22
the future: openness and integration
31–3
and evolution in quality of
exports 33
imbalance: external, public and
private 24–8
inflation and cost competitiveness
22–4
unemployment and structural
aspects 28–31
and indicators of business
conditions 30–31
product market regulation 30
Riedl, A. 7
risk-sharing 45
risk-taking 14, 126, 220
Ritzer-Grünewald, D. 7
Robinson, J. 117
Romania 21, 22, 23, 25, 28, 31, 32, 66,
151, 160, 227, 229, 230, 232, 234
Rose, A.K. 147
Rostowski, J. 104
Roubinim, B. 101
Russia (and) 101, 113–21, 196, 210,
227, 229, 230, 235
Communist regimes 120
economic freedom (Hermitage
Foundation index) 118
fast-growing economy of 113–14
privatization 120
ranking in World Bank Doing
Business index 118
reduction of food consumption in
115
reforms 120
Russian Central Bank 120
South Korea 115–18
as WTO member 120
Savva, C.S. 152
SEE, see South-Eastern Europe (SEE)
SEE-6 countries/economies 170–89
growth acceleration as challenge for
188–9
Serbia 63, 66, 170, 184, 229, 234
Setser, B. 101
Single Market basic freedoms 103
acquis communautaire 103
Sinn, H.-W. 101
Slovak Republic 21
Slovakia 33, 66, 151, 152, 160, 227,
229, 231, 232, 234, 235
Index

Slovenia 21, 31, 33, 63, 66, 95, 151, 152, 160, 229, 234, 235
small and medium-sized enterprises (SMEs) 18, 72–5, 213
Solow, R.M. 149
South Korea 115–18
  post-1998 crisis 116
South-Eastern Europe (SEE) 5, 228
South-Eastern Europe: impacts from the crisis, vulnerabilities and adjustments (and) 170–89
challenges for the SEE-6 countries 184–8
impact of crisis on SEE-6 region 172–80
initial conditions in the SEE-6 before the crisis 171–2
Macedonian economy during crisis period 181–4
vulnerability analysis of SEE-6 countries before and during the crisis 180–81
Southern Europe 31, 40–42
Soviet Union 21, 119
Spain 21, 38–41, 42, 45, 226
Stability and Growth Pact 36, 38, 42, 44
  strengthening of the 147–8
Summers, L.H. 100
survey on bank lending (EIB) 64–81
sustainable growth and continued income divergence in Europe (and) 3–11
balanced growth as important issue 3–4
characteristics of sustainable growth model 4–5
impact of crisis on income convergence 5–10
sustaining growth in emerging markets, see Turkey
Sweden 30, 191, 196, 212
Szapáry, G. 152
trust, rebuilding 14
Turkey (and) 114, 122–43, 227, 229, 230, 231, 232, 234, 235
  assessing growth experience of 123–32
before 2001 crisis 124–5
after 2001 crisis 125–32
Banking Regulation and Supervision Agency (BRSA) 126, 136, 141
Central Bank of the Republic of Turkey (CBRT) 126–7, 132–7
its economy vs. CESEE economies 138–41
monetary policy stance after Lehman crisis 132–3
recovery and growth 133–7
Reserve Option Mechanism 135
‘Strengthening the Turkish Economy’ reform programme 126
Ukraine 63, 66, 95, 227, 230, 232, 234
United Kingdom (UK) 15, 167, 210
United States (US) 12, 15, 96–7, 133, 210, 211
Federal Reserve Board (Fed) 105–6
jurisdiction 15
legislation: Glass–Steagall Act 12, 211
quantitative easing in 50, 133
Volcker Rule 17
Washington Mutual Bank 211
USSR, former 92
Van Rompuy, H. 44
Vickers, J. 117
Vienna Initiative 60, 61
Vienna Initiative 2 61, 64, 81
Vietnam 93
Voitchovsky, S. 10
Vojinovic, B. 149
Volcker Rule 17
Wälti, S. 147
Ward, K. 122
Western Europe 4, 7, 10, 228
World Bank 209, 223
  Doing Business index 118
World Trade Organization (WTO) 120
Wörz, J. 7, 165
Wyplosz, C. 36
Yetman, J. 58
Zhuravskaya, E. 115