

Essays on Bank Funding Strategies

Natalia Kostitcyna

Akademisk Avhandling

för avläggande av ekonomie doktorsexamen i företagsekonomi som med tillstånd av Handelshögskolans fakultetsstyrelse vid Göteborgs universitet framlägges för offentlig granskning Tisdagen den 11 juni 2019, klockan 13.15 i CG-salen, Handelshögskolan, Vasagatan 1, Göteborg.

Avhandlingen baseras på följande delarbeten:

1. Kostitcyna N., Elliot V.
Do covered bonds issuers differ from non-issuers under the new Basel III liquidity regulation?
2. Kostitcyna N.
Covered bonds funding usage: Evidence from asset encumbrance of European banks
3. Kostitcyna N.
The role of distance and securitization decisions of the Swedish savings banks
4. Kostitcyna N., Elliot V., Jacobsson T.
Time for change: The role of professional self-esteem in relation to industry support of banking reforms in Sweden



GÖTEBORGS UNIVERSITET
HANDELSHÖGSKOLAN

University of Gothenburg
School of Business Economics and Law
Dept. of Business Administration
P.O. Box 610,
SE-405 30 Göteborg, Sweden

Author: Natalia Kostitcyna
Language: English
170 pages
ISBN: 978-91-88623-14-0
Doctoral thesis 2019

Essays on Bank Funding Strategies

According to the European financial crises database from July 31, 2017, there are 18 European countries that still have not got their systems back to normal. Despite crisis management being implemented in very few countries, formally the financial crises are still in existence.

A common accelerator of economic crises is excessive credit growth. This cause is not totally new, and it has been repeated with continuity over the last century. Under certain economic conditions, financial intermediaries start to lose ground together with their lending standards, resulting in them expanding their lending, which leads to one of two major economic outcomes: growth or meltdown. How does a bank decide whether to follow the herd or not? What are the institutional arrangements that might potentially improve the banks' choice in line with the socially desirable arrangements expected by regulators and supervisors?

This thesis examines excessive funding supply as a potential source of market imperfection, fueled by digitization and financial innovations in the banking industry, leading to excessive lending on residential property. The central research question of this thesis can be formulated as follows: \ What are the implications of the banking regulatory amendments (i.e., Basel III) for the funding strategies of financial intermediaries in Europe The delay of regulators in designing a system for proper supervision and framing of that activity has led to imbalances in markets and regulatory arbitrage. Changes in the locations of banks' headquarters show that there is insufficient communication between the regulatory authority and the industry, which is potentially caused by the underlying conflict between different visions of the future of banking.

Keywords: banking regulation, funding, financial intermediation

Printed in Sweden
By BrandFactory, 2019

© Natalia Kostitcyna