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INTERNATIONAL CONFERENCE
**"CORPORATE GOVERNANCE AND
REGULATION: OUTLINING NEW HORIZONS
FOR THEORY AND PRACTICE"**

September 19, 2012 - Pisa

R E P O R T

Santa Croce in Fossabanda
Piazza Santa Croce, 5 - 56125 - Pisa - Toscana - Italia





Conference venue: Santa Croce in Fossabanda



Conference participants



Welcome remarks by Professor Marco Guidi

The international conference “Corporate Governance and Regulation: Outlining New Horizons for Theory and Practice” was organized on the 19th of September, 2012 in Pisa as a joint initiative of Department of Business Administration “E. Giannesi” from University of Pisa, Ukrainian Academy of Banking of the National Bank of Ukraine and International Center of Banking and Corporate Governance. The idea of the conference has been developed by Professor Giulia Romano and Professor Alexander Kostyuk in 2011 as a part of cooperation on corporate governance between two universities.

The main purpose of the conference was to look for "new perspectives" on how to reform regulation and corporate governance nationally and globally to minimize systemic risks and improve financial institutions as well. The goal was to attract prominent experts in corporate governance and regulation from Italy and worldwide as contributors and participants to the conference.

Hotel Santa Croce in Fossabanda was chosen as venue for the conference to give a pleasant environment to the discussions. It is situated on the territory of the former Dominican monastery that was established in 1325. The unique atmosphere of the rooms that hosted the conference nicely underlined fundamental thoughts and ideas delivered by the speakers. Experts from 14 countries gathered in Pisa to participate in the conference.

University of Pisa and Publishing house “Virtus Interpress” supported this event as sponsors coming not only with funds as well as with clear understanding of importance of such events both for academics and practitioners in Italy and worldwide.

The conference started with the welcome and opening remarks of the Vice-rectors from both universities: Professor Marco Guidi, Delegate of the Rector for Internationalization Promotion, University of Pisa and Professor Serhiy Kozmenko, Delegate of the Rector for Internationalization Promotion, Ukrainian Academy of Banking of the National Bank of Ukraine and co-chairs of the conference: Professor Giulia Romano and Professor Alexander Kostyuk. Speakers greeted participants and wished them fruitful work so that they were able to contribute to the solution of important economic and legal issues, and the conference became the impetus for the creation of new partnerships and business contacts.

Next the floor was given over to the first key-note speaker Professor Donato Masciandaro, Bocconi University, Director of the Paolo Baffi Centre on Central Banking and Financial Regulation and Member of the Management Council of SUERF. He is also an economic Advisor of the United Nations, the Interamerican Development Bank, and the World Bank. In his speech named “Good Bye Light Touch? Growth and Regulation before and after the Crisis” Professor Masciandaro highlighted macro and



Welcome remarks by Professor Serhiy Kozmenko



Welcome remarks by Professor Giulia Romano



Welcome remarks by Professor Alexander Kostyuk



Key-note speaker, Professor Donato Masciandaro



Key-note speaker, Professor Ulrich Hege

microeconomic issues of economic development, regulation and stability of banking institutions before and after the crisis. Considerable attention was paid to the so-called “Light Touch regulation” in the banking sector, which has become very popular on the international financial markets. At the end of the presentation speakers’ conclusions were drawn to the necessary directions for reform regulation of the financial sector through political and economic instruments to enhance the stability of the banking sector. The speech was received with great enthusiasm and caused discussions among the participants.

Next key-note speaker was FBF Chair in Corporate Finance of the Top business school in France HEC Paris - Professor Ulrich Hege. Professor Hege is Member of the Executive Committee of the European Finance Association, and Panel of Experts member, «Financing the Ecological Transition”, jointly appointed by the French Finance Ministry and the Ministry for Sustainable Development; he is also affiliated with European Corporate Governance Institute and the Europlace Institute of Finance. In the speech he covered interesting issue of corporate governance -

correlation between blockholders and leverage, situations when debt leads to higher dividends. He concluded that dividend payouts increase in proportion to pyramidal debt of dominant owners. Companies dominated by levered blockholders invest significantly less.

Plenary session followed the keynote speeches. In this section first presentation was delivered by Marcus Stiglbauer from the University of Erlangen-Nürnberg (Germany), who shared the results of the joint paper with Patrick Velte from the University of Hamburg (Germany). Their paper focuses on audit market concentration in Europe which is characterized by an oligopoly of «Big Four» audit firms. Hence a state of the art analysis of the status quo of concentration measurement has been conducted on the audit market from a European perspective. Thereby risks and causes of concentration development have been assessed along with the regulatory proposals of the European Commission. After a discussion of conventional measurement methods of audit market concentration, Professor Stiglbauer provided a review of previous empirical results of audit market concentration for several EU-member states and Switzerland. He concluded that European Commission reforms cannot be clearly related to increase audit quality but increasing transaction costs.



Key paper presenter, Professor Markus Stiglbauer

Second paper during the plenary session named «To bail out or not to bail out systemically relevant financial institutions: the incentives of policy makers» was presented by Lucas Marc Fuhrer (University of Bern, Switzerland). Presenter made a closer look at the incentives of policy makers and their influence on the bailout decision. His model showed, that too many financial institutions get bailed out, when assuming that policy makers tend to be more risk-averse than socially optimal. The costs due to this misallocation of resources might be significant.



Paper authors: Giulia Romano, Paola Ferretti, Alessandra Rigolini during the discussion

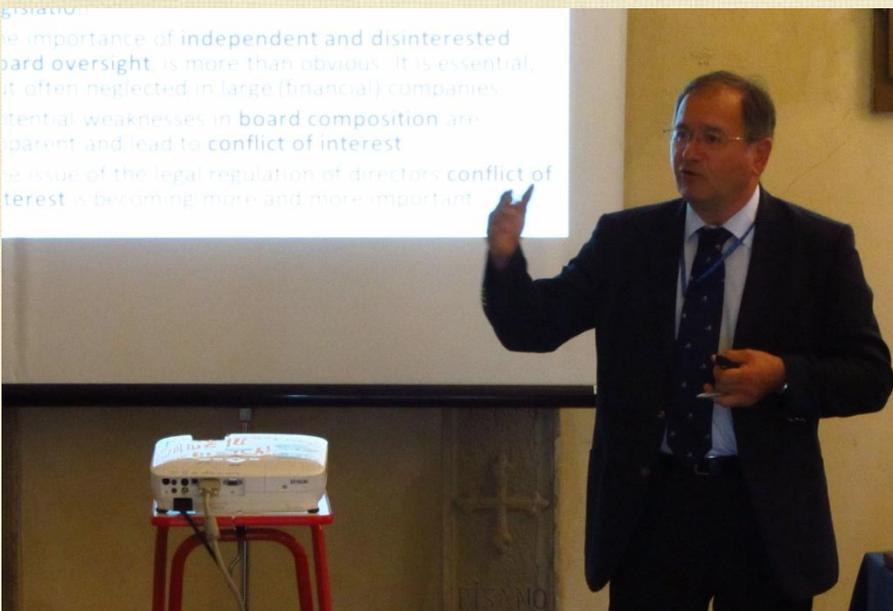


Paper presenter, Professor Hana Horak

Last paper in the plenary session was delivered by Giulia Romano (University of Pisa, Italy), who presented results of the research conducted together with Paola Ferretti and Alessandra Rigolini from University of Pisa. Presentation was devoted to corporate governance and performance in Italian banking groups. In the paper authors analyzed development of the Italian banking sector during the period 2006-2010, and used model to find correlation between various corporate governance variables and banking groups' performance.

The results of the research attracted considerable interest of the audience and all three coauthors joined the discussion with the conference participants.

The conference was then divided into three parallel sessions: «Corporate Governance and Regulation: General Issues», with Paola Ferretti, University of Pisa, Italy as session chair; «Board of Directors: General Issues» chaired by Patrick Velte, University of Hamburg, Germany; and Markus Stiglbauer, University of Nuremberg, Germany chaired the third section named «Corporate Governance and Regulation in Banking». Relevant questions of corporate governance in banks and financial regulation issues with focus on all the way from regional markets to a global perspective were highlighted during the sections.



Paper presenter, Professor Rado Bohinc

Many interesting and recently demanded issues have been presented by participants. Example given, Hana Horak, Jean Monnet Chair, Department of Law at the University of Zagreb (Croatia) highlighted interesting issues of the national and international regulation in the field of corporate governance in the case of Croatia.

Rado Bohinc from University of Ljubljana (Slovenia) presented a comparative analysis of the legal regulation of the conflict of interests in some EU member countries. Professor Bohinc stated, that voluntary principle «explain or comply» in corporate governance codes, has been widely applied rather than legislative implementation in EU member countries, what appears not to be the most appropriate way of regulation, especially not in the times of world economic and financial crisis. He concluded that substantial harmonization of the EU regulation in the field of directors' disqualification and conflict of interest would be welcome.



Paper presenter, Dr. F. Dilvin Taşkın

F. Dilvin Taşkın from Department of Business Administration at Yaşar University (Turkey) presented results of the research with the analysis of the relationship between corporate governance and bank performance during the pre and post crisis periods. Dr. Taşkın stated that in the pre-crisis period size of the banks in general has a deteriorating effect on the return on equity and enlarging effect on the net interest margins and return on assets. In the post-crisis period, one striking feature is banks with larger asset sizes are significantly more profitable than their peers.

The fruitful and interesting conference day was concluded by the pleasant dinner at the Leopolda Stazione di Restoro that is situated at the old entrance to the historic Leopolda Railway Station in Pisa.

Organizers of the conference would like to express special gratitude to all participants, sponsors, and supporters who attended conference and made their deposit by high quality presentations, interesting discussions and unique atmosphere of the great scientific meeting!





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PUBLISHING HOUSE “VIRTUS INTERPRESS”

Postal Box 36 40014 Sumy Ukraine
info@virtusinterpress.org

