

Summary

Rehm, Hannes

“The Banking System in Germany
Findings - Problems – Perspectives”
(Part II)

The problems currently being faced by the German banks are the expression not of a crisis in the national banking system, but of serious discrepancies between the regulatory environments on the two sides of the Atlantic on the one hand as well as a collective failure of risk management on the other hand. Nevertheless, there is a need for action by all those involved: by the banks, in the field of risk management and in fine-tuning and adjusting the instruments they employ in that area; by the regulatory authorities, with regard to the further development of the Basle II approach and of valuation methods in accounting, and to the achievement of uniform disclosure standards in order to limit the scope for differences of interpretation and definition; and last but not least by the rating agencies, which must create greater transparency in respect of both their methodologies and their economic dependence on their clients. It is apparent that the liberalisation of markets alone does not provide any really sound and viable concept for the regulatory order as long as the big economic blocks or financial centres mercantilistically generate national balance of payment surpluses, in order then to make use of these just as deliberately in pursuit of their monetary and/or investment policies. Since the banking sector continues to lack any truly capital market orientated corporate governance, the financial sector is allowing the economically sensible management of the instruments it has developed to slip out of its hands. Whereas capital market orientation is to be welcomed in certain areas of economic policy (e.g. for social security systems and tax concepts), it should not be a yardstick for the regulatory and organisational structure of the banking industry. This should rather be directed towards restoring a greater degree of congruence between the structure of the banking sector and that of the real economy. To achieve this, there will have to be changes in and further development of the current design of the banking industry, e.g. in the form of a further differentiation between the dominant business models – sales banks, portfolio banks and settlement banks.