

---

# Contents

<i>Acknowledgements</i>	vii
<i>Acronyms and abbreviations</i>	viii
<i>Foreword</i>	ix
<b>Executive Summary</b>	<b>1</b>
<b>1. Cross-Border Banking in Europe: From Boom to Bust</b>	<b>17</b>
1.1 The growth of cross-border banking – trends and determinants	18
1.2 Cross-border banking flows during the crisis	34
1.3 The challenges of supervisors in the light of cross-border failures	40
1.4 Conclusions	44
<b>2. Cross-Border Banking and Financial Stability</b>	<b>47</b>
2.1 Benefits of cross-border banking	47
2.2 Costs of cross-border banking	50
2.3 Implications for stability-enhancing cross-border banking	53
2.4 Measuring the balance of cross-border banking	57
2.5 Empirical results	63
2.6 Conclusions	71
<b>3. Macroeconomic Aspects of Cross-Border Banking</b>	<b>73</b>
3.1 Inflation targeting	74
3.2 Sources and transmission mechanisms of systemic risk	76
3.3 Conclusions	90
<b>4. Policy Implications</b>	<b>91</b>
4.1. The need for European solutions	91
4.2. Macro-prudential and macroeconomic policies	92
4.3. Resolution policies	100
4.4 Summary of recommendations	105
<i>References</i>	<i>109</i>