

THE FUTURE OF BANK BUSINESS MODELS

NYENRODE FINANCE SEMINAR

CENTER FOR FINANCE, NYENRODE BUSINESS UNIVERSITEIT



NYENRODE
BUSINESS UNIVERSITEIT



FRIDAY, 1 JUNE 2012



Back to relationship banking?

The *raison-d'être* of financial intermediaries is traditionally located in their ability to mitigate problems of information asymmetry and reduce agency costs. Thereby they create value for both borrowers and lenders and benefit the economy. Deregulation, financial innovations and improvements in information technology led to increased use of a new model of financial intermediation: transactions-oriented banking or 'arm's length' finance.

Relationship banking is characterized by close customer relationships, large investments in client-specific information, close monitoring and re-negotiability, implicit long-term agreements and often a strong local presence. In contrast, transaction-oriented banking focuses on independent, often impersonal transactions, whereby financial services are commoditized and marketed. The new model has allowed banks to expand their balance sheets and activities, fundamentally altering the structure of their balance sheets.

The credit crisis has drawn attention to the perceived weaknesses of the transaction-oriented model, such as the quality of information being generated and the systemic vulnerability to liquidity shocks. These funding stability issues are compounded in the Netherlands, where a relatively large mortgage portfolio has contributed to the rise of a structural retail funding gap.

Going forward, which business model is right for banks? Are current business and funding models sustainable? Or has the recent credit crisis exposed the necessity of a fundamental rethink of banks' business models? This conference brings together practitioners, academics and policy-makers to discuss these issues with a focus on the Dutch banking sector.



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Program

- 14:30 - 15:00 **Reception** with coffee, tea, soft drinks
- 15:00 - 15:05 **Welcome** by dr. Dennis Vink, *Director Center for Finance*
- 15:05 - 15:15 **Introduction theme and speakers** by Saskia van Ewijk
- 15:15 - 15:30 **Speaker 1:** prof.dr. Richard Werner, *University of Southampton*
- 15:30 - 15:45 **Speaker 2:** prof.dr. Paul Hilbers, *division director Supervision Policy, De Nederlandsche Bank*
- 15:45 - 16:00 **Speaker 3:** dr. Wim Boonstra, *Chief Economist Rabobank*
- 16:00 - 16:15 **Speaker 4:** Peter Verhaar, *founder Alex Bank*
- 16:20 - 17:00 **Panel discussion** chaired by prof.dr. Ivo Arnold: Speakers 1 - 4
- 17:00 - 18:00 **Drinks**

Location

Koetshuis, Nyenrode Business Universiteit
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