



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Financial disintermediation and the role of monetary policy and financial regulation

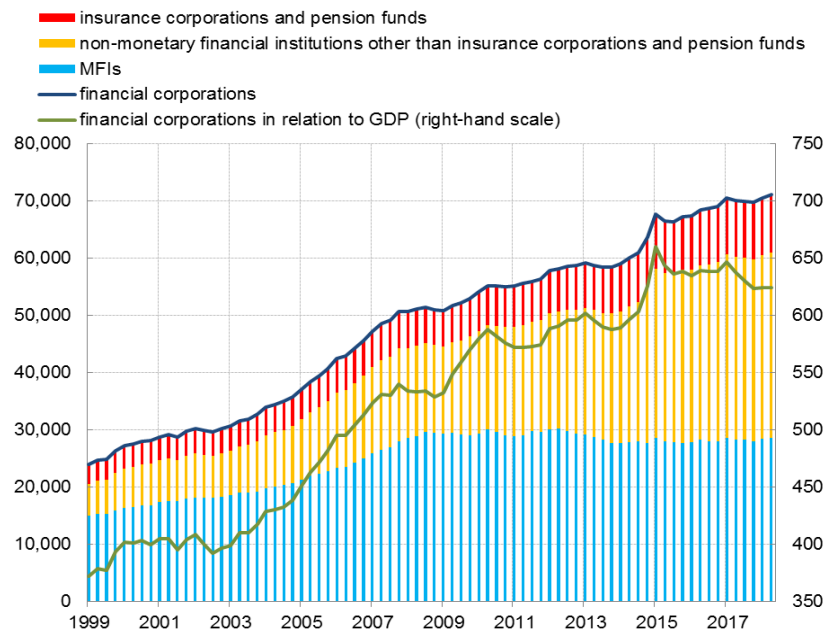
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Bank disintermediation is happening!

Total financial assets held by euro area financial corporations

(outstanding amounts; lhs: EUR bn; rhs: percent of nominal GDP)



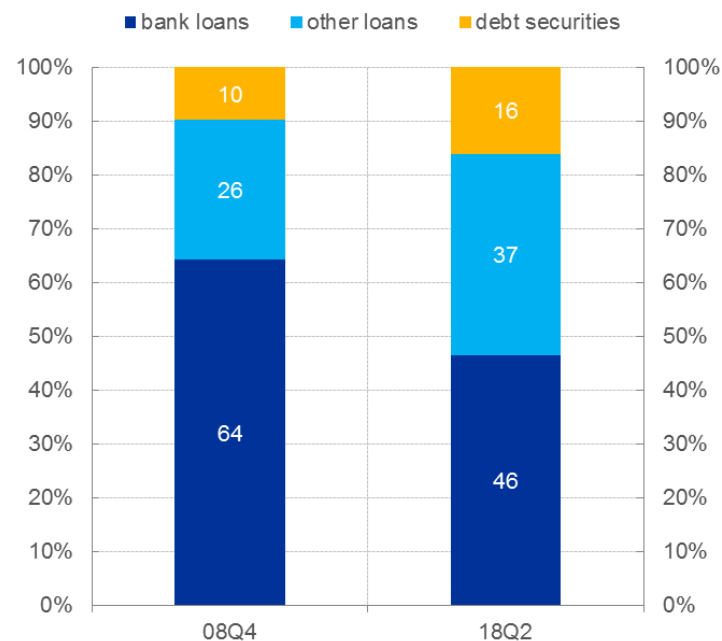
Sources: Eurostat, ECB.

Notes: Financial corporations and MFIs excluding the Eurosystem.

Last observation: Q2 2018.

Debt financing of euro area NFCs

(outstanding amounts; percentages)



Source: ECB.

Notes: Inter-company loans have been excluded.

Bank disintermediation and monetary policy

Impact of monetary policy on intermediation structure

- Is the low level of yields fostering disintermediation?
- Are non-banks better able to manage a tighter margin environment?
- Incentives for firms to issue market debt

Impact of intermediation structure on monetary policy transmission

- “Waterbed” effect:
 - Originate and distribute model
 - Non-bank lenders and bond markets
- Distributional effects: firms with no access to debt capital markets

O. Arce and
co-authors



Bank disintermediation and regulation

Impact of regulation on intermediation structure

- Impact of bank capital requirements on bank lending
- Asymmetric regulation and regulatory arbitrage

S. Ongena and
co-authors



Impact of intermediation structure on regulation

- Effectiveness of macroprudential policy and “leakages”
- Design of regulation given different implications of bank vs. non-bank finance on growth

L. Gambacorta

