

Competition for Funding and The Role of Capital Markets

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Financing the Industrial Revolution

ICFC

3i

Svenska Handelsbanken

Silicon Valley

Common Features

- Long term commitment of owners
- Industrial as well as financial knowledge
- Delegation of decision to local level
- Aligned incentives

Failures of UK

- Exposure to short-term market pressures
- Absence of industrial knowledge
- Increasing centralization
- Increasingly focused share holder return measures

Bank Regulation and Shadow Banking

Bank Charters and Public Policy

Share Ownership and Large Corporations

The Role of Pension Funds

Hermes

PGGM

The Role of Corporate Boards

Conclusions

- Financial intermediation is key to economic growth
- Common features of successful examples
- Need for long-term ownership, focus on corporate financing, industrial knowledge, delegated local decisions, broad and long-term measures of performance and incentives
- Regulation focused on systemic not prescriptive regulation
- Governance and ownership of large corporations aligned