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Widen the market, narrow the competition : the emergence of supranational governance in EU capital markets

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APPENDIX: OVERVIEW OF THE INTERNATIONAL EXPANSION OF EUROPEAN BANKS (CONTINUED ON NEXT PAGE)

| Name | Home country | Cross-border expansion | Other indicators of internationalization | Market share in 1986 eurobond bookrunning market ⁴⁴ | Book running market share for euro-denominated equities issued by euro-area resident firms, 2001 ⁴⁵ | Book running market share for euro-denominated bonds issued by euro-area resident firms, 2001 |
|---------------|--------------|---|--|--|--|---|
| ABN Amro | Netherlands | Acquisition of Hoare Govett in 1992, Alfred Berg A/B in Scandinavia in 1995. Joint venture with Rothschild merchant banks in 1996 | 60 per cent of activities abroad by 2000 | 1,9 | 7,9 | 4,8 |
| Deutsche | Germany | Acquisition of Morgan Grenfell in 1989, Bankers Trust and Alex. Brown in 1999 | Decision in 1994 to concentrate all investment banking in London | 9,0 | 7,9 | 9,8 |
| Commerzbank | Germany | | Moved non-DM trading and sales to London in 1994 | 1,5 | 0,4 | na |
| Dresdner Bank | Germany | Acquisition of Kleinwort Benson in 1995 | | 1,2 | 7,5 | 3,1 |
| Barclays | UK | Had bought De Zoete and Wedd Durlacher in the 1980s already. | | 0,5 | na | 2,5 |
| UBS | Switzerland | Bought Swiss Banking Corporation in 1998, which had itself bought S.G. Warburg in 1995 | | 5,8 | 4,1 | 0,9 |
| Credit Suisse | Switzerland | Control over First Boston in 1988; European presence primarily through this US firm | | 11,2 | 9,9 | 7,2 |

⁴⁴ Rounded to one decimal and based on the market shares of the listed firms plus that ones that were later acquired. Data is from Ingo Walter, *Global Competition in Financial Services* (Cambridge, Mass.: American Enterprise Institute/Ballinger, 1988), p. 93.

⁴⁵ 2001 data is from Inês Cabral, Frank Dierick and Jukka Vesala, *Banking Integration in the Euro Area*, December 2002, (Frankfurt: ECB, 2002).

| Name | Home country | Cross-border expansion | Other indicators of internationalization | Market share in 1986 eurobond bookrunning market ⁴⁶ | Book running market share for euro-denominated equities issued by euro-area resident firms, 2001 ⁴⁷ | Book running market share for euro-denominated bonds issued by euro-area resident firms, 2001 |
|---|--------------|---|--|--|--|---|
| BNP | France | Buys Paribas in 1999, which has a strong international investment banking presence | | 1,2 | 2,6 ⁴⁸ | 12,5 ³ |
| Paribas | France | Acquisition of JP Morgan's European custody business in 1995 | Boosted its US investment banking team in 1997 | 3,7 | na | na |
| Société Générale | France | Acquisition of Strauss Turbull, a London securities house, in 1993, Crosby Securities in Hong Kong in 1996, the banking business of Hambros merchant bank in 1997 and two small Wall Street investment banks in 1997 and 1998 | | 0,3 | 9,8 | 8,1 |
| <i>US investment banks, added for comparison and completeness</i> | | | | | | |
| Morgan Stanley | | | | 4,8 | 11,5 | 8,2 |
| Goldman Sachs | | | | 2,0 | 10,4 | 2,6 |
| Merrill Lynch | | | | 3,2 | 9,9 | 2,7 |
| JP Morgan | | | | 5,4 | na | 6,1 |
| Salomon Smith Barney (later part of Citigroup) | | | | 4,6 | 4,2 | 10,0 |
| Cumulative market shares of the firms listed above | | | | 56,3 | 86,1 | 78,5 |

⁴⁶ Rounded to one decimal and based on the market shares of the listed firms plus that ones that were later acquired. Data is from Ingo Walter, *Global Competition in Financial Services* (Cambridge, Mass.: American Enterprise Institute/Ballinger, 1988), p. 93.

⁴⁷ 2001 data is from Intés Cabral, Frank Diertick and Jukka Vesala, *Banking Integration in the Euro Area*, December 2002, (Frankfurt: ECB, 2002).

⁴⁸ Figure is for BNP Paribas.