

Monograph

Financial Modernization and Regulation

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Financial systems around the world are undergoing a process of modernization. Many forces have contributed to this movement, such as advances in information technology, product and market innovations, and recent regional financial crises. This evolution in the financial sector is leading to larger, more complex financial organizations that call for significant change in current supervisory and regulatory structures. While some changes in regulatory policies already have occurred, the adaptation of supervisory oversight and regulation in the face of these new developments is expected to continue for many years to come.

This volume collects papers originally presented in September 1998 at the conference “Financial Modernization and Regulation,” cosponsored by the Federal Reserve Banks of Atlanta and San Francisco. The papers, which have been revised for publication, seek to identify the reason for changes in the financial services sector and the implications of these changes for financial supervision and regulation. Taken together, the papers offer valuable insights on (1) the forces behind financial modernization, (2) the implications financial modernization poses for corporate structure, market discipline, and financial regulation, (3) how to price deposit insurance to reflect banks’ risk-taking accurately, and (4) balancing private versus public interests and managing potentially conflicting public policy goals.

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