



'The Role of Corporate Governance in the Current Financial Crisis'

FINANCE FOCUS BREAKFAST

With

Pedro Matos

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and

Patrick Pearson

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6 October, 2009, 8:15 for 8:30am-10:00am at Bruegel, Brussels

The shortcomings of banks' management, as revealed sometimes catastrophically by the crisis, are often attributed to failures in corporate governance, such as lax board oversight and flawed executive compensation practices that encouraged excessive risk taking. But while reforms are being considered to restore the stability of global financial systems, there is little empirical evidence on the extent to which corporate governance has indeed failed and played a key role in crisis developments.

How much has financial institutions' (under-)performance been influenced by corporate governance mechanisms? Did certain board and ownership structures imply higher risk-taking incentives and subsequently larger accounting writedowns? Is imprudence attributable to executive pay structures? What are the driving forces behind CEO turnover at corporations facing large financial losses? These questions will be addressed by a leading academic expert of corporate governance, and the Commission's point man on banking.

Pedro Matos joined the USC Marshall School of Business in 2005. A PhD graduate from INSEAD, he has studied extensively the behavior of institutional investors and their impact on corporate financial policies. At USC he has received the Marshall Golden Apple Teaching Award. He earlier worked with the Portuguese Ministry of Finance and at the World Bank.

Patrick Pearson has headed the teams that produced the Commission's implementation of the Basel 2 capital accord in Europe and implemented the EU's 1999 Financial Services Action Plan in banking. Before that, he has worked on EU insurance regulation. He worked for the Dutch Finance Ministry prior to joining the European Commission.

The discussion will be moderated by **Nicolas Véron**, Research Fellow at Bruegel.

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