
Universal Banking and Shadow Banking in Europe

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Résumé

The financial crisis revealed the existence of a parallel funding system outside of regular banking, the so-called shadow banking system (SBS). Different features specific to continental Europe make it difficult to simply copy and apply the analysis of the US SBS to a reality that is different on the old continent. In this paper we argue that the shadow banking system in Europe is not a parallel system, but in fact finds itself at the center of the banking system. We examine this question in five sections. We begin by introducing the different definitions of the shadow banking system, the activities it performs, the entities involved, and its size. In the first section (1) we analyze the distinctive features of continental European banks and their regulatory situations. We proceed (2) to take up how the financialization of universal banks gave rise to "market-based banking," corresponding to a new form of financial intermediation. This may help us understand in section three (3) the differences and similarities between the shadow banking systems in the US and Europe. In section four (4) we concentrate on understanding the crucial character of the interconnections within the shadow banking system as well with the rest of banking. Finally, we examine (5) how European shadow banking has been "hybridized" by certain innovations borrowed from US finance (such as securitization) and grafted onto an already receptive model.

Mots-Clés: Shadow banking, universal banking

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