

DOI: 10.19275/RSEP070

Received: 21.08.2019

Accepted: 25.11.2019

## FINANCIAL REGULATION WITHOUT GLOBAL ECONOMIC GOVERNANCE: CAN IT WORK?

**Athanasios Kolliopoulos**

*Postdoctoral Researcher at Economic University of Athens, Greece*

*kolliopoulosth@gmail.com*

### Abstract

The literature on the crisis-reform nexus has documented the relationship between governments' interventions and banking crisis explained by the mass public demand. Nonetheless, the determinant of a global economic governance and coordination for an effective regulatory regime is lacking. In this context, the trade-off effect between regulatory burden for banks and shadow banking ballooning poses crucial questions on the post crisis regulations' effectiveness. The paper argues that the financial reform policy relies on its interaction with a minimum of global governance and domestic regulations. Studying shadow banks' development, we show that (a) without a minimum multilateral governance, controlling global imbalances limiting global leverage and financial interconnectness is hardly possible. At the same time, shadow banks' multiple-causes development in the biggest financial centers tell us that (b) global banking regulations don't fit all due to uneven financial development and varieties of financial capitalism at the national level. Following the conventional approaches for a new governance regime, the contribution focuses on the governance-regulations nexus involved and sketches out a middle way prospective towards a "flexsecure" global governance.

**Keywords:** Governance, financial regulation, multilateralism, shadow banking, regulatory burden

**JEL Classification:** F3; F5; G010.

**Citation:** Kolliopoulos, A. (2019). Financial Regulation without Global Economic Governance: Can it Work?, Review of Socio-Economic Perspectives, Vol 4(2), pp. 63-80, DOI: 10.19275/RSEP070.