Table 1. Matrix of Governance by Sector

Governance by Stakeholder **Subject to influence**	G Government (Finance Min.; Priv.. Agency, Consolid. Bk.)	C Central Bank & Supervisory Authority	B Banks, Investment Privatization Funds, Bank Staff	I Nat. Pproperty & Nat'l Investment Funds, Insurance COs	N Private Non-financial Companies	SOE´s Large State Owned Enterprises	Managers & New Private Investors	D & P Depositors and General Public	F Foreign Multinationals & Investors
g Ggovernment (Min. of Finance, Privatization Agency; etc.)									
c central bank & supervisory authority									
b banks, investment privatization fund bank staff									
i national property funds, nat´l invest- ment funds, insu- rance companies ..									
n private non-financial companies									
SOEs: large state-owned enterprises									
managers / new private investors	not relevant by Balling (1998) ->								
d&p depositors and general public	not relevant by Balling (1998) ->								
f foreign multi-national compa- nies & investors									

Table 2. Possible Gains From Prudent And Non-prudent Banking

Stakeholder	**Possible ains from prudent banking**		**Possible gains from non-prudent banking**		**effects in case of bank failure**
	direct effects(short term)	indirect effects (spillovers)	Direct effects(short term)	spillovers(long term)	
general public	none	highly positiveeconomic and political stability, efficient institution building	None, if dirty money is not reinvested locally	highly negative	highly negative in particular in case of large retail bank
depositors (predominantly small depositors)	small positive interest ratesafe deposits	increasing trust in banking system, increasing propensity to save	Larger interest income	risk of loss of non-insured deposits	sizeable loss
national bank	good reputation for top management	increasing trust in monetary and financial policy making	None, tendency of capital flight	general accusation of insufficient supervision, bail out requirements	general accusation of insufficient supervision, bail out requirements
political circles (individuals close to power)	none	none	Personal access to large credit	repeated recapitalisations foster political connections	loss of high rank post
political parties(organisation)	ruling: stabilityopposition: none	ruling party: good reputation	Access to financial funds, finance for election campaigns	large bank collapse may trigger later loss in elections	with large losses risk of political turmoil
financially sound private owners	easy access to financial funds	safe capital investment	Diversion of own equity to other people's advantage	limited investment opportunities	loss of equity
financially weak private owners	restricted access to new finance	none	Easy access to financial funds	larger investment opportunities	loss of equity likely smaller than open credit
state as owner	none	increasing trust in monetary and financial policy making	None	general accusation of insufficient supervision, bail out requirements	general accusation of insufficient supervision, bail out requirements
privatisation agency	higher privatisation revenue	privatisation faster	Privatisation slower	low privatisation revenue, privatisation not possible	privatisation not possible
managers of a bank	reasonable salary	safe job (but political pressure not excluded)	Easy access to finance and large propertylarge salary, political protection by beneficiaries of non-prudent banking	loss of position in case of severe bank crisis, dependence on political circles (beneficiaries)	loss of position in case of bank failure
employees of a bank	reasonable salary	safe job	Easy access to large credit	loss of position	loss of job

Table 3. Stakeholders Influences

Type of liability	External stakeholders' interest and strength	Power of external stakeholder
Due to credit institutions (inter bank finance)	save deposits, strong position in refinancing the bank, interest of other bank owners	Strong
Due to Central Bank	keeping the bank afloat, permanent threat on bank managers, strategy: to avoid trouble	very strong
Due to private savers	save deposits, reasonable interest, position weak, mostly dispersed and politically not organised. Proof: lack of deposit insurance in some CEEC-10	very modest
Due to companies	save deposits, reasonable interest, strong position only when deposits are significant	modest/strong
Securitised liabilities	save investment, reasonable interest, depending on holder of securities	modest/strong
Subscribed capital	state as owner, strategy: to avoid troubleprivate owners with significant shareprivate owners with dispersed ownership managers as owners employees as owners	very strong very strong very modest strong strong
Reserves	increase leeway of managers and employees	None
Contingent liabilities		
from circulated bills of exchange	position varying by investor and issuer	
from guarantees and collateral	position varying depending on partners	

Type of asset	Stakeholders' interest and strength	Power of external stakeholder
Cash	bank managers' leeway increased	None
Balance with Central Bank	bank managers' leeway increased	Modest
Debt instruments issued by public authorities	government, financing government deficitsreduces power of government, increases leeway of bank mangers	Modest
Claims on credit institutions	strong position of bank management, dependence on good will of other banks	modest/strong
Claims on private customers	small amounts, widely dispersed clients	very weak
Claims on corporations	the larger the amount the weaker the bank management	strong/modest
Own shares	strong position of bank management	None
Shares in other banks and corporations	strong position of bank management with respect to small companies, weak position with respect to large debtor corporations	weak/strong

Source: Fink/Haiss (1997b)

Table 4. Stakeholders Power Base; source: Fink/Haiss/Orlowski/Salvatore (1998)

Stakeholders Power Base	G Government (Finance Min.; Priv. Agency, Consolid. Bk.)	C Central Bank & Supervisory Authority	B Banks, Investment Privatization Funds, Bank Staff	I Nat. Pproperty & Nat'l Investment Funds, Insurance Cos	N Private Non–financial Companies	SOE´s Large State Owned Enterprises	Managers & New Private Investors	D & P Depositors and General Public	F Foreign Multinationals & Investors
(Inter) personal	**Power**								
Legitimate power	position, authority	position					"savior"		"savior"
Reward power	– public procure–ment (i.e. pay bills of prior or current public sector) – "friendly" privati-zation – jobs – debt writeoffs, rescheduling etc.	– supply/revoke funds – merger approval – keep foreigners out – jobs – bailouts	– keep lines of credit open – low interest rates – information sharing – investments – finance election campaigns, media, lobbying – proper, timely reporting	– grant high degrees of freedom to managers – cut former workers councils rights – keep lins of credit open – match supply/demand w/inconglomerate group – ins: honor claims, low premiums	– pay interest – repay credit – bring deposits (small amounts, however)	– pay taxes – provide jobs – take out more credit or repay – use capital markets – bring deposits (large amounts) – support lobbies – participate in privatization	– pay taxes – provide jobs – increase or repay credit – use capital markets – new deposits (large sums) – help lobbies – participate privatization	– deposit – vote – use domestic currency	– become client – public support for banks, government etc. via media – provide technology & industry knowledge
Coercive power	– hire & fire – taxes – degree of rule enforecement – change rules of the game – no debt relief	– revoke licence, funds etc. – bring foreigners in – reporting require-ments & troops – restrict lines of business – exchange rate – compete banks	– lender/bondholder – shareholder (investment book) – proxies – board seats – divestments (trading book) – twisted, delayed reporting	– lender/ bondholder – shareholder – divestments – one–on-one´s – leakage to rating agencies – take management hostage – reject claims		– delay tax/run up high arrears – circumvent bank system – halt interest & credit payment –w/draw deposits – circumvent privatization	– circumvent bank system – delay inte–rest & credit repayment – divest from investment funds	– withdraw deposits – start a "run" on banks – outvote politicians – use foreign currency	– divest (may be even at loss or to stop further losses) – sit and wait on the board
Expert power	– connectivity – budget games	– macroeconomics – internationals	– macroeconomics – microeconomics	– companies´ real value – connections	industry knowledge	– connectivity – budget games	privatization process & managers	–	technology and industry knowledge
Structural and	**situational power**								
Resources	money, jobs, media	Licences, jobs	connections, money, information, jobs	Connections, money, access to informa–tion on survivability		jobs, taxes, media, money, connections, information	connections, money, media, information	vote, single small amounts of deposits	investments, technology, money
Decision making	how, what, when (process management)	timing of implementation of laws	yes/no	Yes/no	____	process delays		?	
Information	– access – disbursement	– macroeconomics – real status of banks debts	insider information from within companies	Insider information from within companies	industry knowledege?	relationships, industry knowledge	privatization process	?	international experience & comparisons

Table 5. Degree of Financial Intermediation Through Banks

Country	1996 Bank Assets in bn $	In % of line above	In % of USA	1996 GDP in bn $	Assets in % of GDP
Japan	12,625.086	100.0%	211.44%	4,623.92	273%
USA	5,971.100	47.3%	100.00%	7,576.10	79%
Germany	3,918.369	65.6%	65.62%	2,352.47	167%
Italy*	1,392.322	35.5%	23.32%	1,141.00	122%
Spain	777.689	55.9%	13.02%	581.56	134%
Austria	392.259	50.4%	6.57%	242.40	162%
Portugal	158.259	40.3%	2.65%	90.40	175%
Poland	59.346	37.5%	0.99%	134.43	44%
Czechia	59.090	99.6%	0.99%	54.89	108%
Hungary*	20.216	34.2%	0.34%	44.31	46%
Slovakia	14.731	72.9%	0.25%	18.96	78%
Slovenia	11.352	77.1%	0.19%	18.56	61%
Romania	11.049	97.3%	0.19%	35.53	31%
Latvia	1.840	16.7%	0.03%	1.38	133%
Lithuania	1.605	87.2%	0.03%	2.15	75%
Estonia	1.516	94.5%	0.03%	4.35	35%

Bank	Bank Assets (1996) in bn$	in % of Czech Banks	in % of US Banks
Citicorp	281.018	475.6%	4.7%
ING Bank	178.614	302.3%	3.0%
Bank Austria*	69.228	117.2%	1.2%

Source: Fink/Haiss (1997b)
Data: IFS 6/97 and The Banker 7/97
*Note: Latest figures for Hungary and Italy: Bank Austria (1996); prior to acquisition od Creditanstalt.