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EXTRAORDINARY MEASURES IN EXTRAORDINARY TIMES

PUBLIC MEASURES IN SUPPORT OF THE FINANCIAL SECTOR IN THE EU AND THE UNITED STATES

by Stéphanie Marie Stolz
and Michael Wedow



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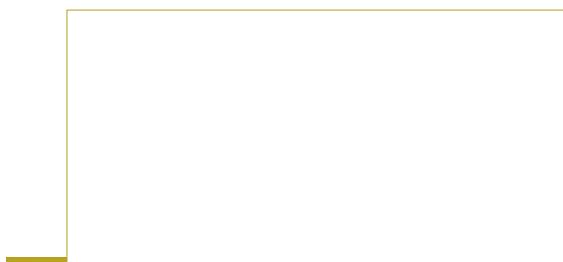
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EXTRAORDINARY MEASURES IN EXTRAORDINARY TIMES

PUBLIC MEASURES IN SUPPORT OF THE FINANCIAL SECTOR IN THE EU AND THE UNITED STATES¹

by Stéphanie Marie Stolz
and Michael Wedow²

NOTE: This Occasional Paper should not be reported as representing the views of the European Central Bank (ECB). The views expressed are those of the authors and do not necessarily reflect those of the ECB.



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ABBREVIATIONS

ABSTRACT

ABSTRACT

SUMMARY

3 DISCUSSION OF SUPPORT MEASURES

Box 1

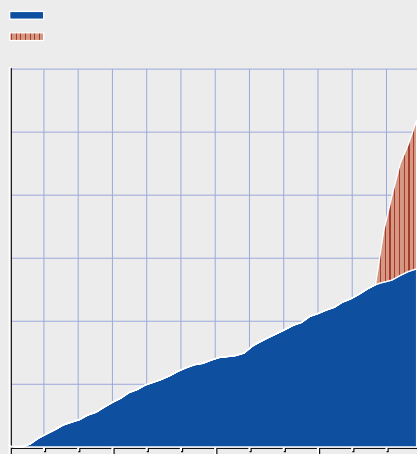
THE ING RESCUE PACKAGE

3.1 CENTRAL BANK MEASURES



3.1.1 THE EUROSISTEM⁹

Chart 1 Securities held by the Eurosystem for monetary policy purposes



3.1.2 THE BANK OF ENGLAND

3.1.3 THE FEDERAL RESERVE SYSTEM

3.1.4 COMPARISON BETWEEN THE EUROSISTEM, THE BANK OF ENGLAND, AND THE FEDERAL RESERVE SYSTEM

Chart

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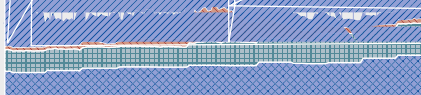
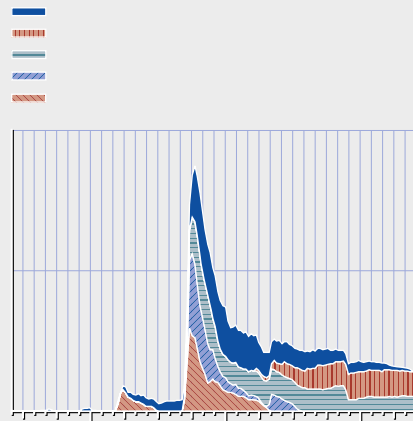


Chart 2 Balance sheets of the Eurosystem, the Bank of England, and the US Federal Reserve System (cont'd)

US Federal Reserve System:



3.2 GOVERNMENT MEASURES

AD HOC MEASURES VS NATIONAL SCHEMES

3.2.1 GENERAL ASPECTS

INSTITUTIONS INVOLVED, ELIGIBILITY, AND CONDITIONALITY

Box 2

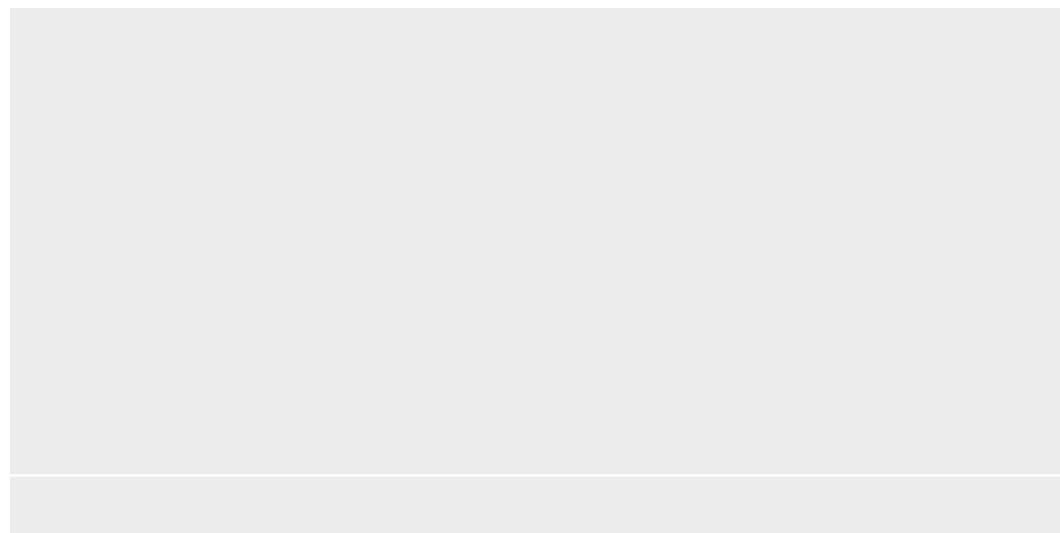
THE CONCERTED EUROPEAN APPROACH

Box 3

STATE AID CONTROL IN THE EUROPEAN UNION

Box 4

CROSS-BORDER BANK RESCUES IN EUROPE



3.2.2 MEASURES ADOPTED

Table 1 Government support measures to financial institutions since October 2008, as of end-May 2010

Chart 3 Take-up rates within national support schemes

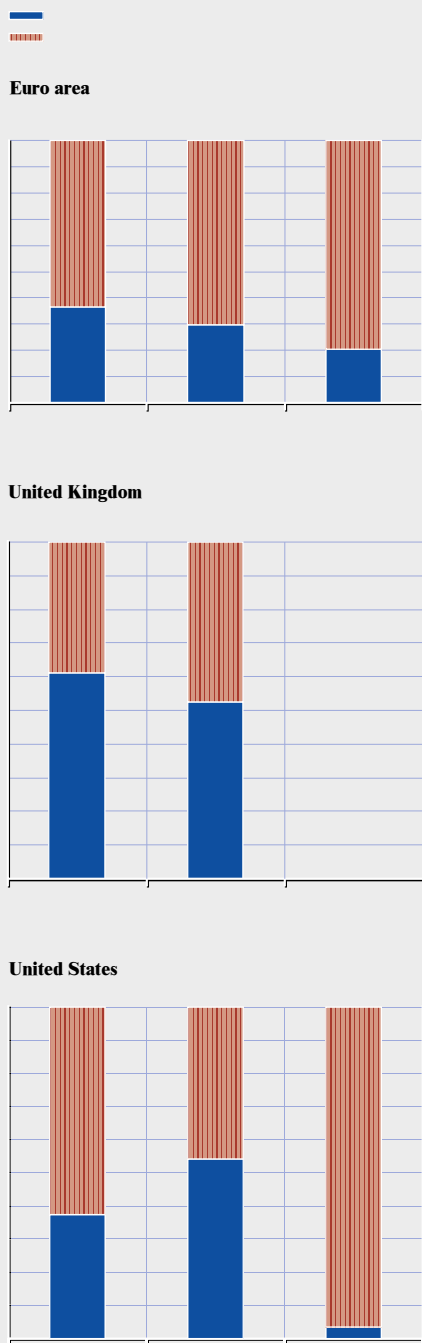
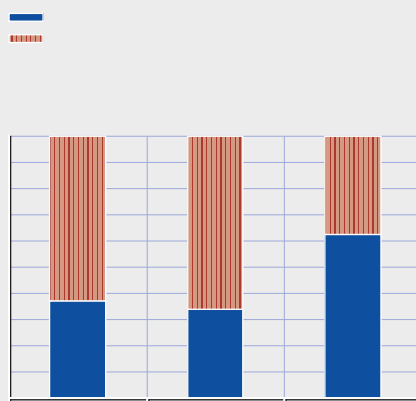
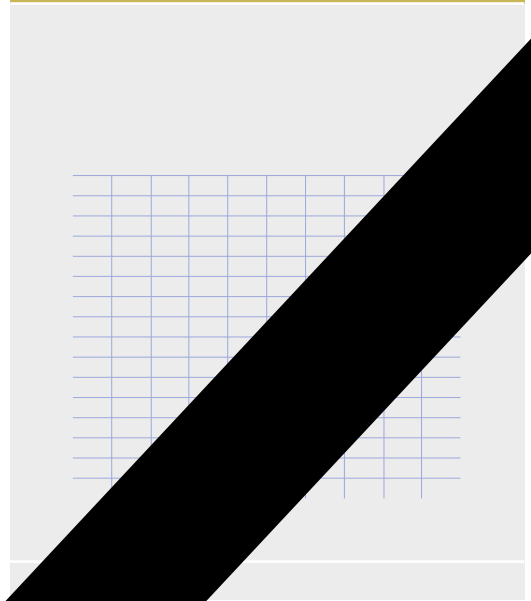


Chart 4 Concentration ratio of implemented measures in the euro area



ENHANCED DEPOSIT INSURANCE

Chart 5 Volume of outstanding government guaranteed bank bonds by region



ON BANK BONDS

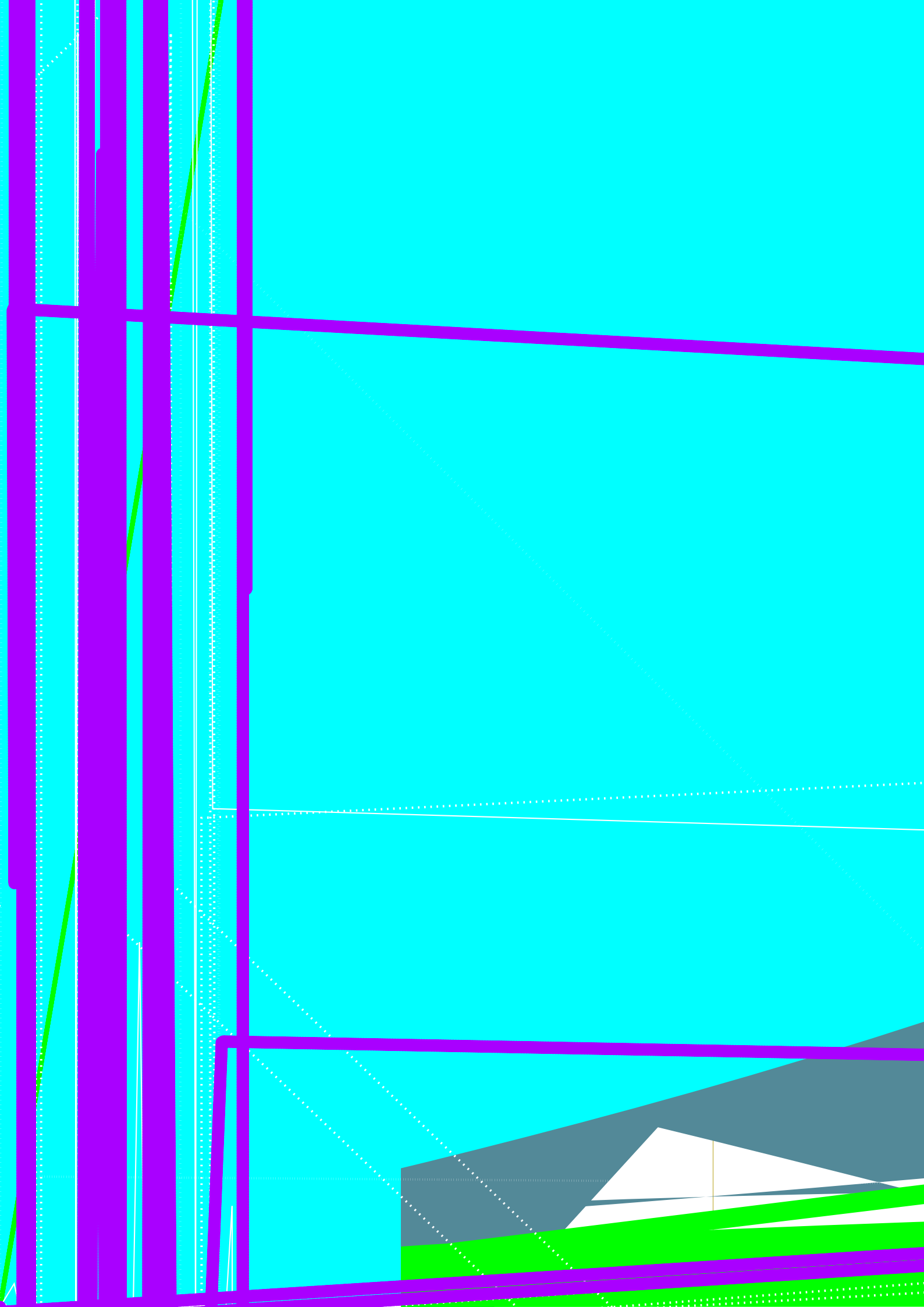


Chart 8 Issued and matured senior bank bonds in the euro area

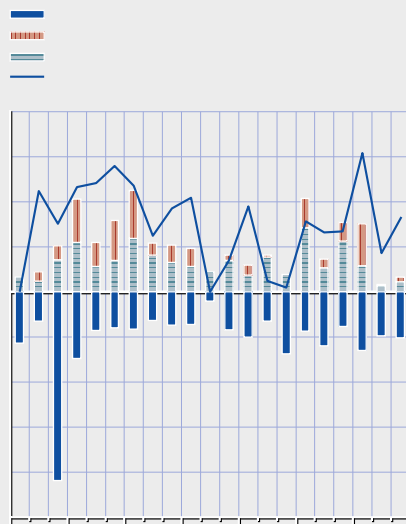
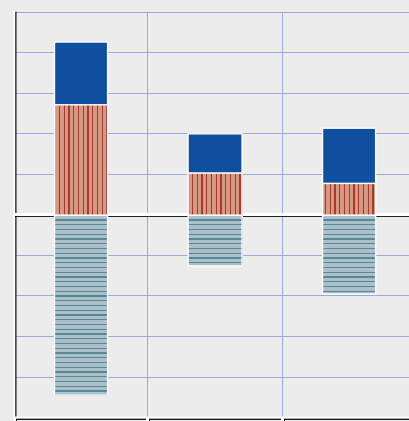


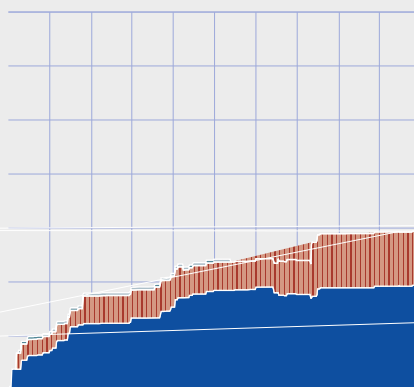
Chart 9 Issued and matured senior bank bonds cumulative for 1 October 2008 through 24 June 2010



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RECAPITALISATIONS

Chart 10 Government capital injections
since October 2008

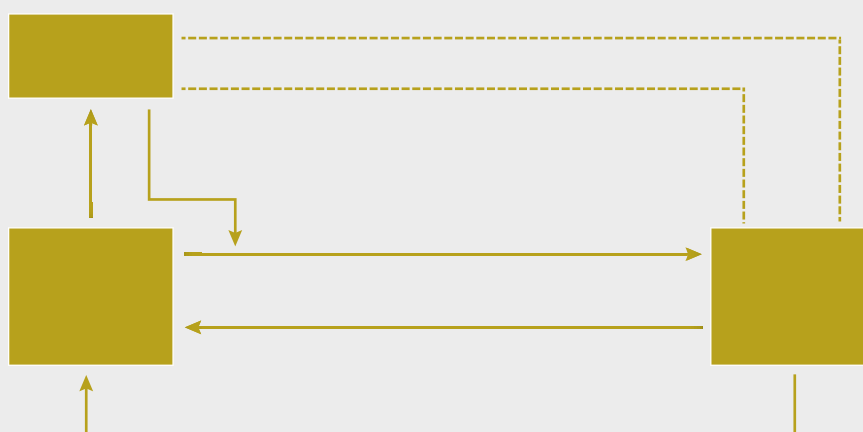


ASSET SUPPORT

Box 5

THE GERMAN SPECIAL PURPOSE VEHICLE SCHEME

The German special purpose vehicle scheme

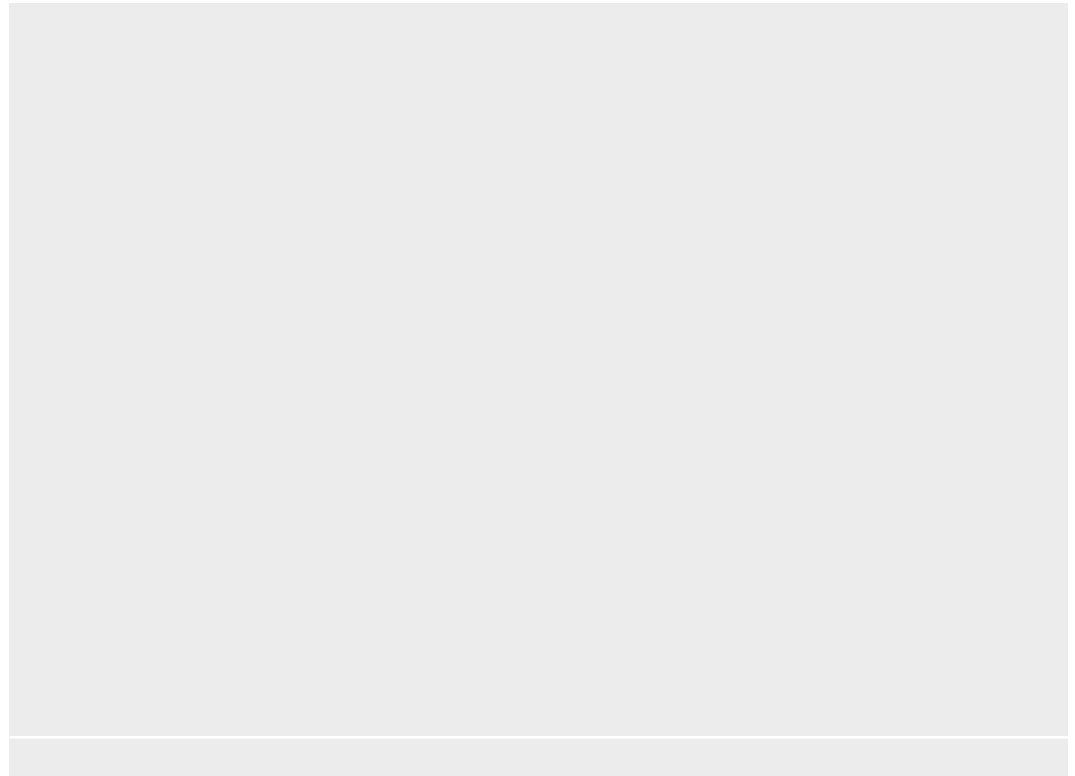


3.2.3 EXIT FROM GOVERNMENT MEASURES

3 DISCUSSION OF SUPPORT MEASURES

Box 6

INTERNATIONAL COORDINATION OF EXIT



EXIT FROM ENHANCED DEPOSIT INSURANCE

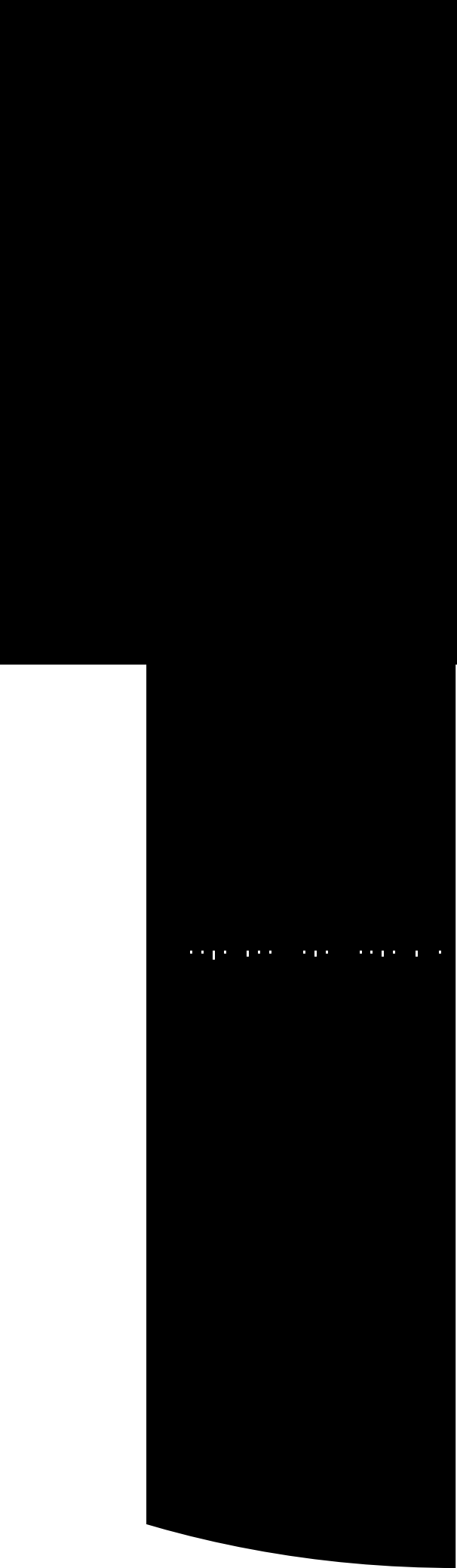
EXIT FROM GUARANTEES ON BANK BONDS

Chart 12 Stock prices for euro area large and complex banking groups

a) with public capital injections

b) without public capital injections





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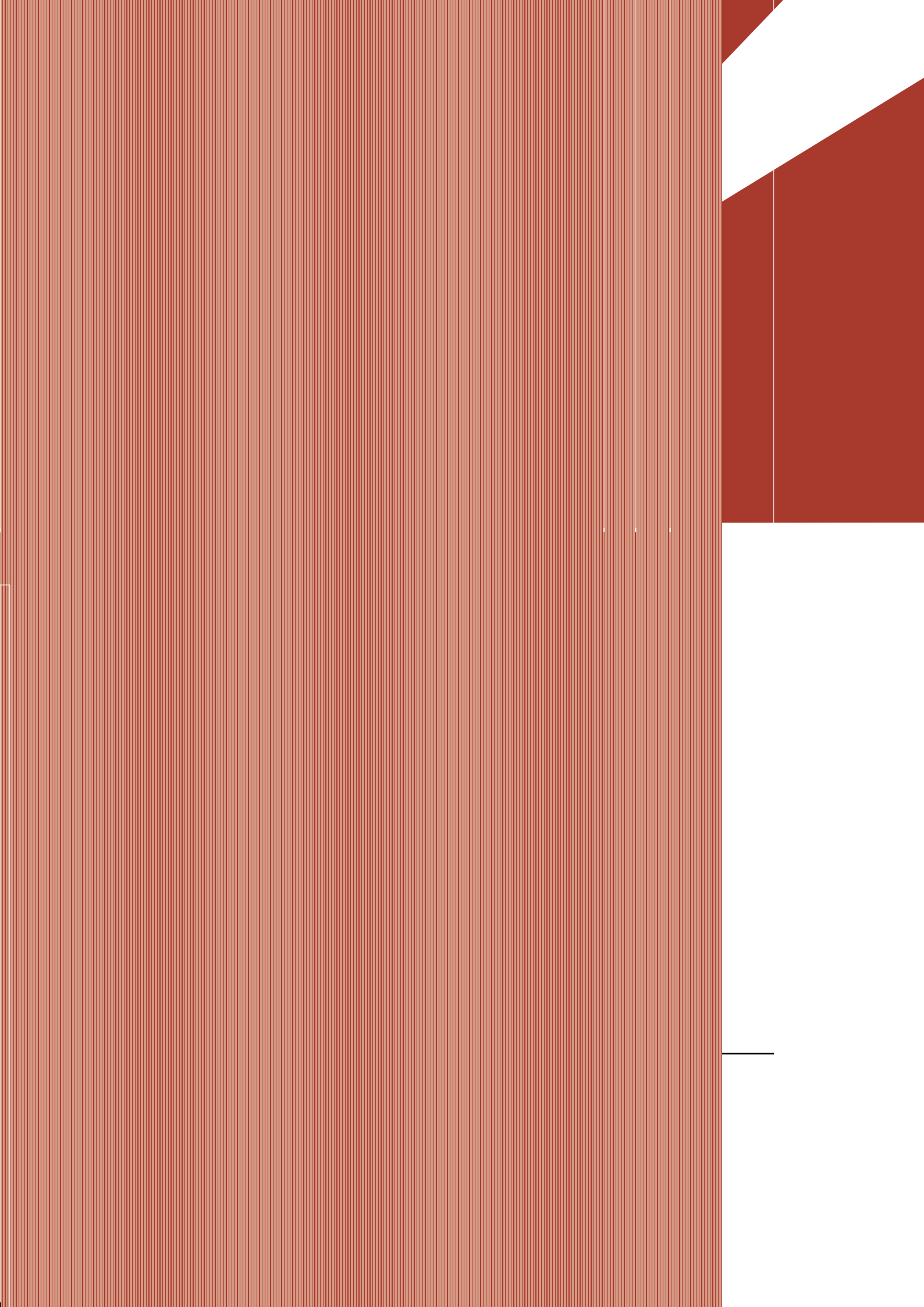


Chart 18 Loan growth in the euro area

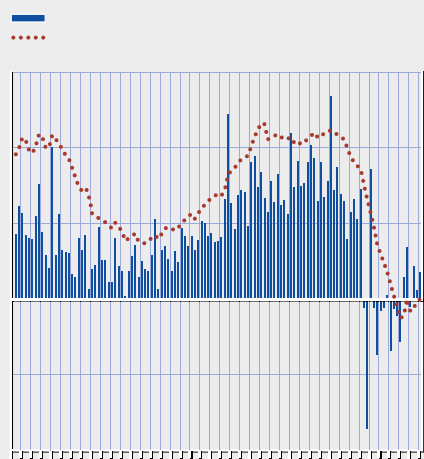
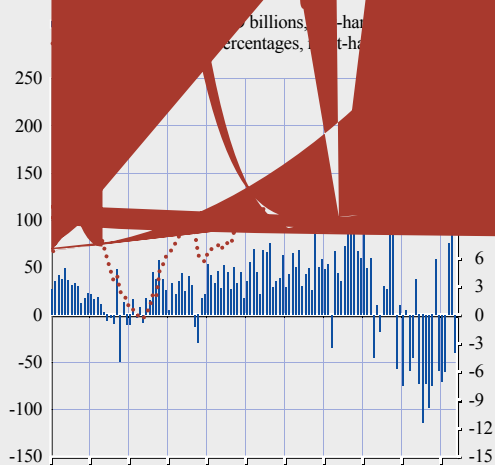


Chart 19 Credit growth in the euro area



4.2 RESTORING THE PROVISION OF CREDIT AND LENDING TO THE ECONOMY

4.3 RESTORING THE LONG-TERM VIABILITY OF THE BANKING SECTOR

**4.4 THE IMPACT ON PUBLIC FINANCES
AND THE PUBLIC COST**

Box 7

THE COST OF FAILED BANKS IN THE UNITED STATES

Chart A Assets and deposits of failed and assisted US banks since 1940

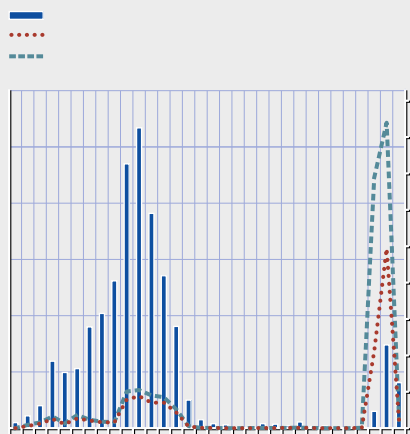
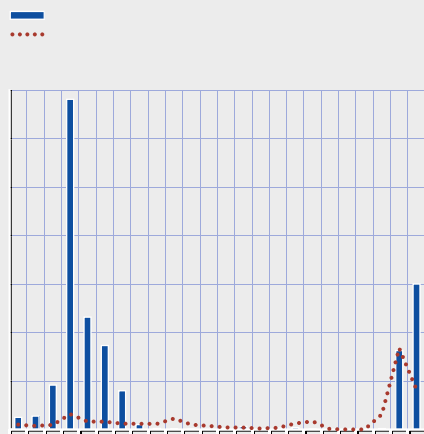
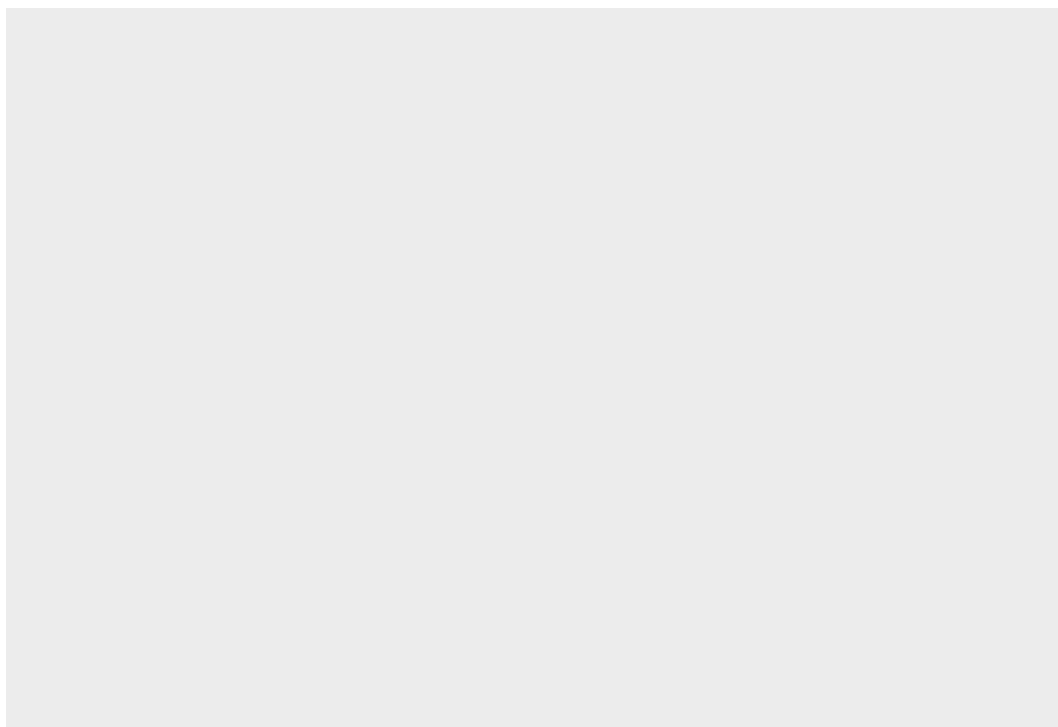


Chart B Estimated losses of failed and assisted US banks





5 CONCLUSION AND OUTLOOK

5 CONCLUSION AND OUTLOOK

APPENDIX I

THE SUPPORT MEASURES IN THE UNITED STATES

DESCRIPTION OF MEASURES

FDIC measures

TARP/Financial Stability Program

Fed measures

Measures targeted at government sponsored entities

Table I Measures adopted by the US administration

fi								

Table I Measures adopted by the US administration (cont'd)

Table 2 Treasury measures under the Troubled Asset Relief Program (TARP)

Table 2 Treasury measures under the Troubled Asset Relief Program (TARP) (cont'd)

[illegible]

Table 3 FDIC measures under the Temporary Liquidity Guarantee Program

[illegible]

Table 4 The Fed's non-standard measures

Table 4 The Fed's non-standard measures (cont'd)

INSTITUTIONAL SET-UP ACROSS COUNTRIES

APPENDIX 3

DATA COLLECTION METHODOLOGY

REFERENCES

REFERENCES

