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Opening remarks by Deputy Governor of the Banco de España

XIII Germán Bernácer Prize Ceremony

Fernando Restoy

Deputy Governor

Ladies and Gentlemen,

It is for me a great pleasure to welcome you all and to participate in the Award Ceremony for the 13th Germán Bernácer Prize at the CEMFI premises, under the presidency of Vítor Constâncio, Vice-President of the ECB, and chairman of the Selection Committee for this award.

I would like to start by expressing my gratitude to Vítor, for honouring us with his presence today, on the eve of a historic day in the process of the European construction; namely, the beginning of the oversight activities of the Single Supervisory Mechanism (SSM). We have devoted much of our time in the last few months preparing the comprehensive assessment –including a stress test– for European banks, an extremely absorbing exercise which, in my view has achieved its objectives. You obviously deserve much credit for that. You would agree with me that after all that stress it is particularly pleasant now to be able to take part in an activity relating to the world of intellectual creation such as the recognition of the research of young economists.

Naturally, I want to praise the initiative launched by the “Observatorio del Banco Central Europeo” –chaired by Guillermo de la Dehesa– to institute this award for outstanding researchers on macroeconomics and finance under the age of 40. I also acknowledge the sponsorship of Banco Santander and welcome Ana Botín to CEMFI and to this ceremony, in her new capacity as Chair of Banco Santander.

Let me also thank CEMFI –a foundation created and sponsored by the Banco de España– and its Director, Rafael Repullo, for hosting this ceremony. I could not think of a better place to recognise the work of young economists.

The organisation of this event here shows the continued support of the Banco de España to this initiative as well as our long-standing commitment to high-quality research and education in economics, such as those conducted by CEMFI’s faculty.

The Bernácer Prize commemorates a distinguished Spanish economist, the first director of the Research Department of the Banco de España. Bernácer was arguably a pioneer of modern monetary theory with seminal contributions that encountered serious difficulties in gaining the national and international recognition they deserved. It is somewhat ironic – and also a fortunate decision by the Observatorio– that a prize specifically created to recognise excellence in research should bear his name.

Finally, let me convey my congratulations to the winner of this edition, Professor Thomas Philippon, who will be introduced by Guillermo de la Dehesa in a few minutes. Thomas Philippon, from NYU Stern School, has developed interesting research on the efficiency of the financial sector, among other areas.

By way of example, I was struck by the findings of his recent paper on the matter (forthcoming in AER), which show that not many efficiency gains –measured by the cost of intermediation– can be identified in the financial industry despite technological progress. As a banking sector supervisor, I can assert that any work that helps us better understand the dynamics of efficiency deserves much attention, particularly in a context in which the banking sector is facing significant challenges associated with low margins and profitability.

We are therefore looking forward to your further contributions on the matter. Following the protocol, I believe it is now the turn of Ana Botín, Chair of Banco Santander, to take the floor.