

The FINESS Project

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Project Partners

German Institute for Economic Research	DE
Centre d'Etudes Prospectives et d'Informations Internationales	FR
University of Cambridge	UK
Ifo Institute Munich	DE
Ghent University	BE
University of Tuebingen	DE
ICEG European Center	HU
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FINESS



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<http://www.finess-web.eu>



FINESS

Financial Systems, Efficiency and
Stimulation of Sustainable Growth



Project funded under the Socio-Economic
Sciences and Humanities

Objectives

The main purpose of FINESS is to get a clear understanding of the implications of ongoing financial market integration in Europe on economic growth, employment and competitiveness, to identify likely future paths of the development and to draw policy relevant conclusions.

The role of financial systems and their relationship with economic growth are analysed for a wide number of old and new EU member states - and the community as a whole – at the macro, meso and micro economic levels. Various advanced econometric tools, new indicators and unique datasets are used.

On the macroeconomic level, the role of financial systems and their transmission channels on growth is explored by innovative and tailor made econometric techniques, taken dynamic interactions between financial, product and labour markets into account. By exploring the impacts of financial systems from the perspective of heterogeneous agents, new insights into the working of financial systems and for the optimal policy design in integrated financial markets are provided on the microeconomic level. In particular, the project investigates the role of the financial structure - for example, the banking sector, markets for private equity and venture capital - for improving efficiency and sustainable growth of start ups and established firms. Specific issues regarding the transition period of the new member states and the gender dimension in turning impulses from the financial system into efficiency and growth are also addressed.

The comprehensive approach undertaken by FINESS is especially useful to uncover catalysts and bottlenecks in the architecture of financial systems. By fulfilling its goals, FINESS will provide in-depth knowledge on the relationship between financial systems and sustainable economic growth in a changing economic environment.

Project Structure

The work in FINESS is organised in nine working packages.

WP1	Advances in Financial Market Integration
WP2	Banking Systems and the Performance of Firms
WP3	Private Equity, Venture Capital and the Performance of Firms
WP4	Financial Systems and Household Portfolio Decisions
WP5	Financial Market Integration in the New Member States
WP6	Gender and Financial Markets
WP7	Financial Market Integration and Policy Efficiency

WP1 is devoted to the development and likely future paths of financial market integration and its impact on efficiency and growth.

The next three packages explore the impulses of changing financial systems on growth. Specifically, WP2 and WP3 discuss the role of the financial structure for start-ups and firms' innovation and expansion.

The main focus in WP4 is on the impact of financial systems on portfolio decisions of households within increasingly integrated financial markets.

As they are in the period of economic transition and catching up, the role of a changing financial system is analysed separately for the New EU Member States in WP5.

FINESS also stresses the relevance of the gender for turning impulses from the financial system into changes in the real sector. This topic is addressed in WP6.

The implications of financial system development and financial market integration for the optimal design of economic policy are investigated in WP7. This WP also benefits from all other WPs, as policy relevant conclusions are obtained throughout the entire project.

Project Publications

FINESS attaches great importance to an early dissemination of its research results and policy relevant conclusions.

Research results are immediately published as **FINESS Working Papers** on the project's website at: <http://www.finess-web.eu/publications.htm>

Once in four months the project produces and distributes to more than 2000 addresses its **electronic Newsletter**. All newsletters can be found at: <http://www.finess-web.eu/newsletter.htm>

FINESS Policy Briefs summarise in a non-technical form the most important policy-relevant conclusions from the research. They are published bi-annually at: <http://www.finess-web.eu/policy.htm>

To subscribe to the FINESS e-Newsletter and the Policy Brief please contact the FINESS Managing Coordinator Tatjana Ribakoff at: tribakoff@diw.de