

The Wolpertinger and «Wolpertinger 2009»

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The article, in an updated and/or revised version, could have been published elsewhere

1 Introduction

It is always a great pleasure to introduce the annual academic conference of the «Wolpertinger Club», whose official title is the «European Association of University Teachers of Banking and Finance». Select papers from the 2009 conference of the Wolpertinger are presented in this special edition of *Bancaria*.

I must begin with sincere thanks to Università di Roma 3 for hosting and organising this conference. Particular thanks go to the conference co-organisers, Professors Franco Fiordelisi and Daniele Prievati, and their most efficient organising team. The many sponsors of the conference, including the Associazione Bancaria Italiana, were also invaluable. To all of the helpers, supporters and sponsors of this conference, we are most grateful.

In the following note, I will outline the nature of the Wolpertinger and why it was founded. The main driver of the club, Professor Jack Revell, had a particular respect for the contributions of Italian scholars to the research domain that he emphasised and for which he acquired an international reputation.

2 The Wolpertinger

The Wolpertinger is an association of European university academics with a common interest in the economics of financial systems and financial institutions. It began in 1982 as a club of professors who shared these common interests and decided to meet once a year to discuss their research, exchange ideas and develop ways to co-operate in the research and teaching of banking, financial institutions and the economics of financial systems.

This «club» began in Bavaria (the «Wolpertinger» is a mythical Bavarian beast) and Professor Jack Revell (Cambridge and Bangor) was an important figure in establishing it. Jack Revell was also responsible for establishing Banking and Finance as major economic disciplines at Bangor University. The University's present Business School, headed by Professor Phil Molyneux, is the product in part of his vision and drive. In the latest UK Research Assessment Exercise (Rae), the Bangor Business School was ranked as the top research group in the UK within its main research discipline.

Other important founding members of the Wolpertinger were Professor Marco Onado (Bocconi), Francesco Cesarini

(Milan), Jean-Paul Abraham (Namur and Leuven) and Leo Schuster (Ingolstadt). The «Italian connection» in the founding of this club speaks for itself!

3 The Wolpertinger's historical focus

The original Wolpertinger members shared a common research interest in the economics of banking and financial systems. In this context, they emphasised the importance of institutions and institutional behaviour in understanding and researching banking and financial systems.

Recognising the importance of institutions is the bedrock of this methodological style and its importance is emphasised *inter alia* by Tobin (1967), commenting on a famous paper by Meltzer (1967) on the regulation of financial institutions: «I have no conclusions or recommendations to offer, only perplexity. I hope that those who continue to work on this fascinating and important subject will not hesitate to take from time to time a fundamental and radical look at the institutions they are appraising».

Sayers (in the UK) adopted this kind of approach during the 1960s and Jack Revell's work at Cambridge and Bangor extended and developed it.

This approach to research became very unfashionable and marginalised during the 1970s and 1980s in mainstream economics. Major theoretical developments and mathematical modelling became more dominant in the post-1970s era of the rise of «scientific method» in economics, and these were undoubtedly important developments. Concern with institutions and real-world institutional behaviour, however, became less emphasised. The present crisis that began in 2007, however, is a reminder that understanding institutions is important and cannot be ignored by economists who seek to influence practical policy.

4 The modern Wolpertinger

The genesis of the Wolpertinger and the interests of the modern Wolpertinger comprise a fascinating journey and insight into how banking and financial economics has developed as a corpus of knowledge. The Wolpertinger was never a collection of economic «Luddites» or any kind of exclusive club that did not respect and use the major research contributions of the whole family of economics. The modern Wolpertinger continues to emphasise the importance of institutions, but also deploys the relevant empirical methodology to derive robust results that can inform policy. Scientific method and institutions are not seen as mutually exclusive «camps», but as co-operative domains.

The «Wolpertinger 2009» conference in Rome illustrates the approach of the «modern Wolpertinger» and this is not just a European phenomenon. Leading US researchers in the field (Berger, Humphrey, Mishkin, Thakor to name but a few) have always been noteworthy exponents of this kind of approach and the recent (Berger *et al*) book is, for me, another good example of it. The following excellent papers from the «Wolpertinger 2009» conference are another good illustration of this same synthesis in understanding the underlying economics of banking and financial systems.

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