**Banking Stability and Financial Conglomerates in European Emerging Countries**

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**Video abstract**

The financial sector in Central and Eastern European countries is dominated by banks. Commercial banks are the leading financial intermediaries and manage most of the financial assets. In addition, commercial banks are owned by large share by foreign financial institutions and conglomerates. Another typical feature of the banking sector in CEE countries is a high level of concentration. Everything I mentioned makes the banking sectors in the region of Central and Eastern Europe an interesting subject for analysis of banking stability.

**What is the big issue you have addressed in this Element?**

The issue of financial stability is addressed by an innovative approach and the construction of a new aggregate index. Special attention is paid to the affiliation of banks from European emerging countries with pan-European financial conglomerates such as Erste Group, KBC, Raiffeisen, Société Génerale, or Unicredit. We bring the financial stability of the parent company into the index and evaluate the effect of the parent company on the financial stability of commercial banks and national financial sectors.

**How might this Element be used in teaching a graduate level course?**

Besides the empirical part, the Element contains a chapter providing a theoretical background of financial stability of banks including the overview of measures of financial stability and the current knowledge in this area. We also provide an extensive description of development of banking sectors in Central and Eastern European countries with special focus on the role of financial conglomerates. Therefore, the Element can be effectively used in graduate courses in Management of banks, Financial intermediation or Financial regulation and supervision as a source of theoretical knowledge as well as case studies.

**How might your Element generate interest outside your key academic community?**

Although the Element is focused on banking sector it can generate interest among experts in business economics and econometrics or statistics. The book analyses the effect of corporate structures and impact of parent company which is the issue that might be interesting in any business sector and business economics in general. The book develops a brand new aggregate index and uses it in empirical estimations. This feature of the Element might be interesting for a broad range of researchers that employ empirical techniques in their research. I hope that the book will be beneficial to a wide range of readers, and I, together with my co-authors, look forward to their feedback.