

The challenge of hybridity: Making sense of banking and financial regulatory failures

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Abstract

Since 2008, new regulations have been implemented at the international level to mitigate adverse effects caused by financial innovations mixing the economic functions assigned to banking institutions and financial intermediaries. In this paper, we show that these regulatory initiatives reproducing a ‘siloe approach’ are doomed to failure. In a context where hybridity has become the new normal, an effective monitoring of financial innovation requires new ways for thinking about regulation. We make proposals on how regulation should be rearranged by taking into account the hybrid nature of financial innovation on the one hand, and the social and political dimensions often let aside by the dominant perspective on the other hand.