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Thank you Jean-Claude and good morning. I hate having my name start with an A on occasions like this, because it prevents me from listening to other people first and give more intelligent answers. Having said that, I fully agree with Jean-Claude Trichet's remarks. I think everyone around this table knows that Jean-Claude is probably the first to know what needs to be done. And he has made his views known several times, not only during the financial crisis, but also during the sovereign debt crisis, like shortly before Christmas a year ago. Without the ECB's one trillion liquidity programme, I think a lot of banks would have found it very difficult to fund themselves any longer. And just before this year's summer break, we were again in a very critical situation. Banks were very much relying again on the ECB's support. The risk that came out of that is not today's topic, or certainly not the topic of my introductory remarks, but it will certainly play a big role.

Now, are banks more resilient today?

What first comes to my mind here are the different approaches chosen in the United States and Europe in dealing with the crisis. I remember giving a lecture once at Columbia University. At the time everybody talked about the need for narrow banking. But despite the rhetoric reality is completely different today. US banks have become much bigger, the weaker banks have been absorbed by the stronger ones. In Europe, so far, we have taken another route. With a few exceptions we have bailed out weaker banks and keep them alive. We have not done the restructuring that has taken place in the US system. I think, Europe will have to pay a price for that when it comes to the global competitiveness of its banks. That is my first point.

The second point I would like to make pertains to the main causes of the banks' losses in the crisis and my doubts whether the regulatory responses we have seen so far address these causes and therefore are the right ones to make the system more stable.

The biggest problem banks had resided in the build-up of investment portfolios. Without having to allocate capital, either on balance sheet or off balance sheet, banks built up investment portfolios subsidised by stable deposit bases to some extent. Thereby they increased their return on equity. Then there were the assumptions that liquidity will always be available, that you therefore could always fund these investment portfolios in the market, and that highly-rated assets will always have a price close to 90-100 percent.

Both assumptions were dead wrong. Liquidity can dry up in the markets, and if it does, you will not have the funding base available, unless you have sufficient liquidity reserves. You are stuck with the assets, without being able to fund them. Also, market confidence can evaporate, and if it does, prices, even those of relatively good assets, collapse. The students loans portfolio's value for example was down to 30 percent during the crisis, although normally it always hovers at between 90-100 percent.

Another cause was a mismatch between borrowing short and lending long. This is actually students of banking learn in one of their first lessons, probably. And still, it was gravely violated in the real estate boom.

Acquisitions were a further cause for the crisis. Ill-timed and over-priced acquisitions that destroyed or weakened, in particular, some British banks. Then, in the case of the German Landesbanken you had an excess deposit base, and managers investing in assets with a higher yield, which they probably did not fully understand.

Clearly, the nexus between sovereign risk and bank risk was a problem as well, especially in those countries where, after the so-called private sector involvement agreement regarding Greece, investors started to see that government bonds, even in Europe are no longer risk free. That has brought about a huge change in the perception of sovereign risk. In addition, there was insufficient liquidity in risk and capital management. These were, in my view, the main causes for the great turbulences we have seen in the banking sector over the past years.

Now, what has been the regulators' and the bank's response? The first response was to ask for more and better capital. That is Basel III. The second was to ask for more and better liquidity reserves. The third response was to demand central counterparties, so you eliminate the counterparty risk for certain activities from the system, to some extent. We changed the compensation rules, because we felt that they were too much geared towards incentivizing short-term gains. We reduced leverage. We are working on bailing in bondholders. We are working on resolution regimes. We have the Volcker rule in the US, the Vickers approach in the UK, and the proposals of the Liikanen commission for the EU, all trying to somehow separate investment banking from deposits and money transfer systems.

What is the result of all of that?

I would say that yes, the system has become more resilient. Investment portfolios must be supported by capital, leverage has been reduced, a lot of things have been done which go into the right direction. But there are some caveats.

First, not all of the measures have been enacted just yet.

Second, we have not dealt with shadow banking so far. Certainly, hedge funds did not play a negative role during the financial crisis. Actually, they were probably quite supportive of stability, but today a lot of business is moving into shadow banking and the sector is becoming more important.

Third, money market funds are one of the big issues since they ran into difficulties in 2008 and the US government had to guarantee a huge amount of money. We have not yet solved that problem.

Fourth, we still have the nexus between sovereign risk and bank risk, especially in the big one trillion programme of the eurozone. Banks were encouraged to buy sovereign risk in certain countries. The sovereign risk exposure of Italian and Spanish banks is huge, several hundred billions altogether. That is still, in my view, an unresolved problem.

Fifth, a problem that is particularly amazing:

No-one, to this day, knows the cumulative impact of all the regulatory changes. Neither central banks nor academics nor anyone else can say what it all means for the financial system going forward and whether this financial system can still adequately serve the real economy, when all these regulations will be fully implemented.

Sixth, the operational risk for banks has increased. You would not believe how the definition of risk rate, the definition of Basel III and many other things are so different from jurisdiction to jurisdiction. Unfortunately, we have no level playing field. If I remember it correctly, the Pittsburgh G20 meeting stated the goal of harmonizing accounting standards by the end of 2011. We have moved away from this goal in the meantime instead of getting closer. Talking about leverage for example, the difference between US GAAP and IRFS rules amounts to hundreds of billions in the derivative book. Or talking about depositories: I just came back from a meeting of the international advisory council of the China Banking Regulatory Commission. They have now announced their interpretation of depositories. The US is clearly not yet moving depositories. Europe is, hopefully, continuing with the implementation, but this all makes for an uneven playing field, not even talking about other jurisdictions. That is quite dramatic. It also puts a lot of pressure on banks' management to define their business model. Depending on whether they apply the Volcker Rule, the Vickers Rule, the Liikanen Rule or other recommendations, you get completely different results. The big discussion right now is whether you should proactively change your business model, in particular with regard to investment banking, or stay the course, hope that others do it and that you gain market share from them.

Seventh, banks' balance sheets are still pretty crowded with legacy assets, where valuation is quite a challenge. It is unclear whether there will be enough liquidity in the market and enough demand for some of these products at current price levels. That is something we should not underestimate.

Point number eight is procyclicality; we have reduced procyclicality with Basel III, but it has not completely disappeared. Overall, the policy response, I think, has made banks more resilient, based on the causes of losses I elaborated on in the beginning. The investment portfolios must now be supported by capital. Leverage ratio, especially in the United States.

Number nine: resolution regimes. Everybody is saying that banks should never again be bailed out. 'Too big to fail' should not exist any longer. However, to be frank, no one has found a convincing solution to end it, so far. No one has ever resolved a big bank. To liquidate a big bank, a global bank, with I do not know how many subsidiaries or branches in 60 or 70 or even 100 countries around the world, is quite a challenge. A lot of thought is being put into it and we have certainly made some progress, but we are not here just yet.

My last and tenth point last point is something that never comes up to my surprise: concentration risk. This risk has increased since the financial crisis, not only in the United States, where we have seen significantly fewer but bigger banks. In Europe, the European Commission asked banks to exit certain businesses and to sell certain businesses. In addition, banks have decided to exit certain businesses by themselves and to pull out of countries, because of increased regulatory challenges and operational risks. All this leads to concentration in the big league. The five biggest banks in the world in foreign exchange trading for example today own 60-70 percent of the market. Deutsche Bank, my former employer, alone has over 20 percent market share in this business. You can imagine how vulnerable the system would be, should such a big bank ever get into difficulties.

Banks are certainly more stable today than they were before, but does that automatically mean that the system as a whole has become more stable as well? We should think about it.