



Market influence on EU bank managers' decisions

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Abstract: The present work examines market participants influence on bank managers' decisions. Equity holders can monitor managers either through the board of directors or through stock prices. Likewise, large debt holders can adjust risk premiums depending on a bank's perceived risk or demand collateral that will ensure their funds. Lastly, depositors exert MD either through withdrawing their funds or through asking higher interest rates.

Key words: EU banks, EU banks' managers decisions, stock prices, interest rates.