

Table 9: Summary of Pros and Cons of Integrating Financial Sector Supervision

Potential Pros	Potential Cons
Easier to achieve efficiency in supervising financial conglomerates	If objectives not clearly specified, may be less effective than sectoral supervisors
Possible economies of scale	Possible diseconomies of scale if too large an organization that is difficult to manage
Possibly improved accountability	If objectives not clearly communicated, possibility to extend moral hazard problems across the whole financial sector
Easier to eliminate duplicities, turf wars	Process of integration may lead to politically or special interest motivated changes in supervisory framework
Easier to ensure level playing field across market segments	Process of integration, if not managed properly, may lead to loss of key staff or to other problems

Source: Čihák and Podpiera (2006), Table 3.