

# Contents

<b>1</b>	<b>Management summary</b>	<b>5</b>
<b>2</b>	<b>Introduction</b>	<b>7</b>
<b>3</b>	<b>Long-term financing and the real economy: the example of the housing market</b>	<b>9</b>
3.1	Residential property financing in Europe	10
3.2	A detailed look at residential property financing in Germany	13
3.3	The effects of different residential property financing systems	15
3.3.1	Interplay between real estate financing, the real estate market and the overall economy	16
3.3.2	The consequences of different financing systems for the housing market	22
3.4	Application to other markets	24
3.5	Reasons for different uses of long-term financing	27
3.6	Interim conclusion	30
<b>4</b>	<b>Provision of long-term financing</b>	<b>31</b>
4.1	Economic function of banks	31
4.2	Funding of banks	33
4.2.1	Deposits	34
4.2.2	Bonds	36
4.2.3	Covered bonds	37
4.2.4	Securitisations	39
4.2.5	Advantages of the mix of funding	40
4.3	Alternative providers of long-term financing	41
4.3.1	Crowdfunding	41
4.3.2	Insurance companies and company pension scheme providers	42
4.3.3	Credit funds	44
4.4	A detailed look at the history of long-term financing by banks	46
4.5	Interim conclusion	53

<b>5</b>	<b>Long-term financing under new rules</b>	<b>53</b>
5.1	Long-term financing and Basel III	54
5.2	Lending by insurance companies in accordance with Solvency II	61
5.3	Regulation of credit funds	63
5.4	Cumulative effects of regulatory requirements	65
5.5	Necessary adjustments to regulations	67
<b>6</b>	<b>Conclusions</b>	<b>72</b>
	<b>References</b>	<b>75</b>
	<b>Abstract</b>	<b>81</b>
	<b>About the authors</b>	<b>82</b>