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Brief Biographic Description: Nahum Goldmann, President, ARRAY Development, is a leading expert and a lecturer on building and securing ebanking and ecommerce, procurement, financial and governance strategies, Knowledge Process Outsourcing, as well as regulatory and government policy issues.

Keywords: Journal of Internet Banking and Commerce, Book review, Bank directors and the information problem with special regard to subprime markets in *Handbook for Directors of Financial Institutions*, Benton E. Gup (Editor), Júlia Király, Katalin Mérő, Bank directors and the information problem with special regard to subprime markets.

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I have recently had a chance to review for the US banking audience this interesting, action oriented and practical Handbook packed with insightful analysis, stats, case studies, advice and templates (see [http://www.ababj.com/book-reviews/sorting-out-director-liability-and-preventing-it-december-8-2010.html](http://www.ababj.com/book-reviews/sorting-out-director-liability-and-preventing-it-december-8-2010.html)). However, an important chapter was not included in my original review due to its misalignment with the esteemed industrial publication’s focus, the academic character of the material covered and severe limitations on the review’s size. It is my impression, however, that the
material of this chapter might be especially beneficial to JIBC readers.

Written by Júlia Király, Deputy Governor of the National Bank of Hungary and Katalin Mérö, a senior executive of the Hungarian Financial Supervisory Authority, Chapter 9 Bank directors and the information problem with special regard to subprime markets provides a well researched and analyzed regulatory perspective for emerging retail lending markets.

First part of the chapter describes how the lack of reliable customer information facing the boards of directors at most banks (and especially characteristic of the emerging market banking) might result in an inaccurately priced lending risk. During a global financial crisis, i.e., such as was recently caused by the US subprime mortgages, accurate and timely customer information is especially valuable for the emerging markets. On the other hand, strict Hungarian privacy regulations prevent the setup of an essential credit information sharing system required to promote economic growth – by correctly measuring and fairly pricing the landing risk.

In the second part, the authors present an original case study of an average bank in central Europe, which demonstrates that in an atypical economic environment conventional risk analysis might be inadequate for understanding the real risk profile of a commercial bank. Regular revisions of risk strategy and the detailed analysis of the standard risk reports might help directors to monitor the health of their bank. The case study presents an outline of a nontrivial analysis “requested” by the board that could be far more revealing in such a complex situation. In my view it might be used by the graduate schools in their analysis of the banking system and related regulatory environments.