

**Martin, R. and Pollard, J. (eds.): Handbook on the Geographies of Money and Finance.** Cheltenham–Northampton, Edward Elgar, 2017. 656 p.

Financial geography or the geography of finance has become a current research field during the last decades. This subdiscipline of economic geography deals with the flows and transformation of money, and the spatial, institutional and regulatory structures of financial capital (LEYSHON, A. 1997). One can access many articles from different domains of this subdiscipline from the location of banking activities to national financial regulations to international financial flows, global financial centres and so on (AVETISYAN, S. 2018). The Edward Elgar “Handbook on the Geographies of Money and Finance”, edited by Ron MARTIN and Jane POLLARD, makes an attempt to summarise this field. The four parts and 25 chapters of the handbook discuss different geographical aspects of financial flows and institutions from 39 different contributors.

The five chapters of Part I (*The Case for a Geography of Money*) summarise some conceptual issues of the geographical features of money and finance. Gary A. DYMSKI and Mimoza SHABANI discuss in Chapter 2 (*On*

*the Geography of Bubbles and Financial Crises*) the features and different approaches of asset bubbles in the scientific literature. According to their results, the REINHART and ROGOFF thesis must be discarded, because time and place, along with historical factors, play an important role in asset bubbles and financial crises.

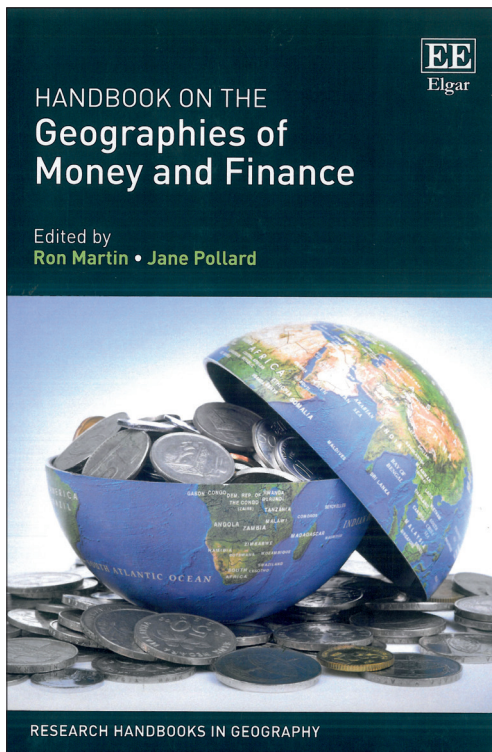
Brett CHRISTOPHERS shows in Chapter 3 (*The Geographical Political Economy of Money and Finance after the Great Crisis: Beyond ‘Market Discipline’*) the changes of political economy framework after the last financial crisis (2007–2008) and the reactions of three different institutions: commercial banks and other financial institutions, central banks, and states. One cause of the last crisis was that these actors did not play their roles well. States invariably played a more active role than they should have played. The banking systems were oligopolistic, so they manipulated the market. Central banks were more closely involved in the policy-making of banking and finance as one would expect from an independent organisation.

In Chapter 4 (*The Territorial Governance of the Financial Industry*), José CORPATAUX, Olivier CREVOISIER and Thierry THEURILLAT examine the relations and spatialities of the banking sector and the companies. The emergence of global cities and banking centres resulted in a growing distance between investors and their investments, as well as in the centralisation and concentration of financial decision-making processes. This tendency causes uneven geographical development and spatial disparities.

Dick BRYAN, Michael RAFFERTY and Duncan WIGAN develop in Chapter 5 (*The Map and the Territory: Exploring Capital’s New Financialised Spatialities*) the argument that the consequences and results of global crisis are transforming the times and spaces of modern finance, and they are directly challenging former spatio-temporal concepts of finance. One of their analytical points is the changing scale of finances, and they are exploring how financial derivatives deconstruct the relative and relational modalities of capital.

According to Michael PRYKE (Chapter 6: *‘This Time it’s Different’... and Why it Matters: The Shifting Geographies of Money, Finance and Risks*), the space plays an active role in financial market practices and the people better understand the flows of money and finance since the last global financial crisis. He shows with case studies that financial innovations (both products and methods) help realise the geographical aspects of finance. Financial innovations are central to the new forms of connectivity and network interactions, and these networks have their own topologies.

Part II (*Money, the Spatial Organization of Financial Systems and Uneven Geographical Development*) consists



of nine chapters that are centred around the geographies of socio-economic development as shaped by the operation of financial systems. In Chapter 7 (*The Spatial Structure of the Financial System and the Funding of Regional Business: A Comparison of Britain and Germany*), Britta KLAGGE, Ron MARTIN and Peter SUNLEY contrast the functioning of decentralised and centralised financial systems through the examples of Germany and the United Kingdom. The authors offer some theoretical comments on whether and how the spatial structure of capital markets might effect the provision and distribution of finance to businesses across regions. This chapter concludes that in times of accelerating globalisation, geography does matter and a decentralised financial system (with regional capital markets specialising in local firms) can be advantageous for the better spatial allocation of capital and the accessibility of financial instruments and products in the real economy.

Chapter 8 turns to Italy to analyse “The Geographical Network of Bank Organizations.” Luca PAPI, Emma SARNO and Alberto ZAZZARO discuss the role of geographical distance between the key actors of the credit market in bank–firm relationships and interbank competition, which they supplement with a network analysis of the Italian banking industry. This chapter reaffirms that in the new millennium, geographical and cultural distances among actors in credit markets and the spatial organisation of banks are still critical competitive strategic factors and major determinants of credit allocation, credit access and conditions.

Dariusz WÓJCIK investigates the relationship between firms’ innovativeness and their participation in stock markets in Chapter 9 (*Innovation and Stock Markets: International Evidence on Manufacturing and Services*). Two important contributions of this research are that it analyses both manufacturing and services, and it combines financial economics, economic geography and innovation studies. The results highlight the possibility that the development of stock markets may positively affect (certain types of) innovation in the economy.

Chapter 10, written by Peter O’BRIEN and Andy PIKE, discusses “The Financialization and Governance of Infrastructure” on basis of empirical research, which examines the governance of local and urban infrastructure funding and financing. The authors find that ‘financialisation is an uneven, negotiated and messy process’ (p. 223) and, at the same time, the role of the state at different scales has rather been reinforced than reduced in the context of the financialisation of infrastructure.

The book provides a deeper insight into “The Geography of Local Public Finance” in Chapter 11. Enid SLACK explores the ways of tackling with local fiscal disparities in taxing and spending within countries and metropolitan regions. The author investigates the

nature of disparities, the role of the different models (describing the extent of central versus local control over expenditures and revenues) in terms of efficiency, accountability, citizen participation, economic stability, etc., and the extent of fiscal decentralisation. There are two broad approaches to address inequalities: equalisation and municipal reorganisation. With the help of five case studies on countries, SLACK studies the equalisation transfers provided by the central government (in a unitary country) or a province-level/regional government (in a federal country), as well as the horizontal equalisation practices. Finally, he reviews alternative governance structures that can address inequities among local governments within a metropolitan area.

In Chapter 12 (*The State as Institutional Investor: Unpacking the Geographical Political Economy of Sovereign Wealth Funds*), Adam D. DIXON scrutinises the rise of sovereign wealth funds (state-sponsored institutional investors), their place in the global political economy, and their role in national and regional economic development. SWFs can be a power source as they provide a tool for states to engage with global market capitalism and also a way for resisting the pressures of the market. However, there is insufficient information to conclude that SWFs are a viable vehicle for fostering economic development.

Chapter 13 offers an insight into the “Geographies of Mortgage Markets.” Manuel B. AALBERS explains that the patterns and structures of mortgage lending reflect uneven socio-economic geographies, and also contribute to reproducing uneven development at different scales (in international terms, as well as within countries and cities). AALBERS shows that the crisis brought together the urban and international geographies, and the mortgage market was the driving force of the housing bubble which affected the economy through the financial markets. It seems likely that the ‘business as usual’ condition before the crisis cannot be restored, and the author calls for a de-commodified housing alternative.

Beverley A. SEARLE and Stephan KÖPPE discuss the “Geographies of Assets and Debt” in Chapter 14, focusing on individual and household debt, and present how the mortgage crisis is directly linked to the issue of household debt. The authors discuss the shift towards the approach of asset-based welfare (as a supplement or replacement of state welfare provision), due to which the rise of ‘credit capitalism’ becomes a new major mechanism of uneven regional development.

The last chapter in Part II investigates “The Financial Legacy of Pension Fund Capitalism,” written by Gordon L. CLARK (Chapter 15). The author presents a comparative institutional analysis encompassing the Anglo-American system and the continental Europe, investigating the rise of ‘financialisation’. In the context of ‘pension fund capitalism’, the author takes

a firm-centred perspective in order to better understand the trends and future prospects of the nature and value of corporate benefit systems. This chapter seeks to explain the individualisation of income and future well-being in terms of the transformation of the modern corporation.

Financial regulation has a long and well documented history. Independent states have created and developed their own national laws and acts, and these were the foundations of international financial standards, monetary cooperation and other global processes. Part III (*Spaces of Financial and Monetary Regulation*) and its five chapters investigates these topics with national and global cases studies.

In Chapter 16 (*Regulatory Space and the Flow of Funds across the Hierarchy of Money*), David S. BIERI focuses on the US banking sector and shows how the geographies of the flows of funds have changed due to the new political economy of financial regulation after the crisis of 2008–2009. He is emphasising the link between functional aspects of regulation and their spatial consequences that range from the integration of financial markets and financial agglomeration to the process of suburbanisation.

In the last few decades, the global financial system has transformed significantly (in terms of technical development, shadow banking, offshore centres and so on), and these changes require new regulatory systems from the nation-states and global financial institutions. In Chapter 17 (*Regulatory Spaces in Global Finance*), Sabine DÖRRY introduces the definition of regulatory space, and how such spaces interact with the evolving nature of financial systems, institutions and practices. She is arguing for a supranational regulatory system and space, but this is a challenge of the future rather than a reality.

Thomas WAINWRIGHT (Chapter 18, *Emerging Onshore-Offshore Services: The Case of Asset-Backed Finance Markets in Europe*) examines the convergence of offshore and onshore through the emergence of European onshore-offshore spaces, which became established in existing financial centres in the 2000s. His main results are that the growth of asset-backed securities markets stimulated the emergence of new professional service providers and tax spaces through new legislation. In addition, he argues that European governments promoted their tax planning virtues to develop competitive advantages over other European onshore-offshore financial centres. Chapter 19 (*Banking Reform in China: A Balancing Act between Financial Viability and Financial Security*) by Godfrey YEUNG shows the case of China's financial restructuring. According to him, the financial reform and the new regulatory institution (China Banking Regulatory Commission, established in 2003) help the long-term viability of the banking sector and the financial security of the public. But, after the economic reforms, the Chinese banking and financial sector in-

cludes some features of a market economy and some features of a planned economy.

In Chapter 20 (*Credit Rating Agencies are Poorly Understood and the Rules Developed for Them Will Not Work*), GINEVTA MARANDOLA and TIMOTHY J. SINCLAIR write about the roles and space of the credit rating agencies during the recent crisis. These organisations are poorly understood institutions and, thus far, efforts to govern them through rule-making have been inefficient. The authors argue that paying attention to rules that govern behaviour is actually mistaken when it comes to finance and rating agencies. The global financial crisis occurred not because of rule-breaking, but because some crucial social relationships came apart and prevented market actors from transacting with each other, as they had done prior to the crisis.

Part IV is devoted to the “New and Emerging Money Spaces,” comprising six chapters. First, Janelle KNOX-HAYES takes a closer look on environmental finance in Chapter 21 (*Alternative Circuits of Capital: Parallel Economies of Environmental Finance*). Her starting point is that the crises of capitalism and the crises of the natural environment have the same roots in a crisis of spatial and temporal production and representation of value. The author's main arguments are based on the concepts of use value and exchange value, and the idea of a parallel economy (parallel to the economy of production that internalises externalities), which seeks to use environmental finance as a means of balancing productivity in space and time through pricing externalities. Finally, the author suggests some ways in which the parallel economy can be made more successful.

In Chapter 22, Peter NORTH describes the “Geographies of Alternative, Complementary and Community Currencies” that indeed exhibit a “bewildering diversity” (p. 518). He explains the rationales for creating alternative currencies, reviews some contemporary alternative currencies (including Local Exchange Trading Schemes, Time Banks, Ithaca and other hours, Transition Currencies and BerkShares, currencies of city regions or regions), and analyses the strengths and weaknesses of the different models.

Chapter 23 (*‘Mainstreaming’ the ‘Alternative’? The Financialization of Transnational Migrant Remittances*) by Kavita DATTA scrutinises the geographies of remittance flows from an empirical and a conceptual perspective. In one respect, remittances can be regarded as an informal internationalised welfare system. In another respect, they are a source of development funding utilised to fund macroeconomic development initiatives. Along with this, remittances have become progressively formalised and financialised, that is, ‘mainstreamed.’ After analysing this process, the chapter tries to take account of the diverse practices of migrants’ remitting.

Chapter 24 drives the readers further into the topic of the global financial crisis and presents “The Imaginary Landscapes of Islamic Finance.” The author, Lena RETHEL emphasises the role of Islamic finance, which is a rapidly growing segment of international financial markets, to provide an alternative to the existing global financial order. First, the chapter identifies three competing images of Islamic finance: Islamic finance as ‘business as usual’, emphasising its similarity with conventional finance, Islamic finance as ‘other’, highlighting its alterity, and Islamic finance as ‘socio-economic project’ that seeks to reconnect finance to its social relations. Then, the author employs these images to assess the transformative impact of the crisis.

Chapter 25, written by Mia GRAY and Bryan ZHANG, discusses crowdfunding (*Crowdfunding: Understanding Diversity*) that allows individuals to pool resources in order to provide capital to firms, ideas, places and projects by-passing the traditional banking sector. The authors introduce a taxonomy of the different models emerging in the crowdfunding sector, as well as the background, the history, the diversity and the spatial patterns of crowdfunding. GRAY and ZHANG conclude that each model may either challenge or reinforce the status quo, and may provide different financial circuits, but they are not always alternative.

Finally, in Chapter 26, we arrive at one of the latest novelties in the financial markets: Marc PILKINGTON introduces “*Bitcoin Through the Lenses of Complexity Theory*.” He first analyses the technological, socio-economic, and political-regulatory context of the emergence of this crypto-currency. Then, he draws on complexity theory to analyse Bitcoin as a complex system. The author shows that Bitcoin is not a placeless phenomenon, therefore, he sums up some important consequences for the new geography of money and finance.

One of the important merits of the volume is that its chapters are easy to read and informative both for those who are familiar with financial geography and those who are just starting to explore this domain. Speaking about ourselves, Part IV has the most links to our research field, i.e. geography of financial inclusion and exclusion. Our main goal is to map the negative outcomes of financial exclusion and offer some innovative solutions to a more inclusive financial environment, for example. From this perspective, Part IV provides us with some remarkable findings: 1) the development and spread of FinTech modes should be encouraged; 2) local complementary currencies increase financial inclusion within poor neighbourhoods; 3) sustainable and green finances should be promoted and developed.

The four parts of the handbook summarise well the main geographical aspects of the financial system and sector. Yet, we would have liked to read more in-

depth analyses on Eastern Europe (including issues like dependent financialisation, foreign ownership, social and spatial aspects of financial exclusion, rural finance system, etc.) and some information on the geographical characteristics of SME lending in different parts of the world.

**Acknowledgements:** This book review has been made with the support of the National Research, Development and Innovation Office (NKFIH) grant number 120007 (program: K\_16).

SÁNDOR ZSOLT KOVÁCS<sup>1</sup> and ZSUZSANNA ZSIBÓK<sup>1</sup>

## REFERENCES

- AVETISYAN, S. 2018. *Financial geography: The geographical nature of the financial economics*. Working Paper. Available at <http://dx.doi.org/10.2139/ssrn.3231903>
- LEYSHON, A. 1997. Geographies of money and finance II. *Progress in Human Geography* 21. (3): 381–392.

<sup>1</sup> Institute for Regional Studies, Centre for Economic and Regional Studies, Hungarian Academy of Sciences, H-7601. Pécs, Papnövelde u. 22. E-mails: kovacs.sandor@rtk.mta.hu, zsibok.zsuzsanna@rtk.mta.hu