

25th SUERF Colloquium

Competition and Profitability in European Financial Services: Strategic, Systemic and Policy Issues

14–16th October, 2004 in Madrid, Spain
jointly organized with IESE Business School
in association with Banco de España



Sponsors:

BANCO DE ESPAÑA



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General Information

Location

The Colloquium will be held at the:
IESE Business School
Camino del Cerro del Águila 3
E-28023 Madrid

As the venue is located in the outskirts of Madrid (there are no hotels in the vicinity of the IESE Business School) there will be a bus transfer organized to pick up Colloquium participants from the hotel in the morning and bring them back to the hotel in the evening.

Costs and Registration

The Registration fee for SUERF Members will be:

- 50.- € for **Students** sending a confirmation of their student status
- 100.- € for the first 3 participants (**each**) of **AIM*) Members**
- 200.- € for each subsequent participant from **SUERF Academic Institution Members**
- 250.- € for **SUERF Personal Members**
- 550.- € for staff of **SUERF Corporate Members** – New Corporate Members are entitled to send one participant free of charge!
- 2.500.- € for **non-members**, not wishing to become a member

*) AIM stands for SUERF Academic Institution Membership. To qualify, participants of this group must be exclusively employed by a non-profit organization such as a university institute or similar, holding the AIM membership. This fee is applicable for up to 3 persons; over and above that the fee is €200 per additional person.

If you **decide to become a SUERF member**, the reduced registration fee (+ membership fee) is applicable. A Subscription Form is attached (see ANNEX A-C) and is available on our website: www.suerf.org

For organizational reasons (bus transfer to the Thyssen Museum, written invitations for dinner by the Banco de España) **participants (and partners) wishing to attend the evening receptions on Thursday and Friday are requested to register for this with the SUERF Secretariat.**

Please return the completed:

- Registration Form to the **SUERF Secretariat (ANNEX G) by 6th September, 2004**
- Hotel Reservation Form and application form for the Social Excursion and Partner Programmes must be sent to **AFID CONGRESOS S.L.L.** directly **by 29th September, 2004 (ANNEX H).**

Please note that you will receive a confirmation for your registration from the SUERF Secretariat confirming the dues which have to be paid to SUERF. No invoices will be sent!

The amount due is to be paid before 6th September, 2004 into the **SUERF Colloquium account:**

Iban code: BE03 439794700784, BIC / SWIFT Code: KREDBEBB, at KBC Bank, Arenbergstraat 7, B-1000 Brussels, Belgium

- or you let us **charge your VISA or MASTERCARD by returning the completed form (see ANNEX G).**

Members of SUERF will, as in the past, have priority over non-members, if there is any need to restrict the number of participants. Corporate members or other institutions which support SUERF are invited to send one or more delegates at the aforementioned fee.

Hotel Accommodation

Arrangements have been made in four hotels at different price levels – they are all located in the city centre. As there are no hotels in the vicinity of the IESE Business School, there will be a bus transfer organized to pick up Colloquium participants in the morning and bring them back to the hotel in the evening.

Intur Palacio San Martin (4*) Plaza de San Martin 5 E-28013 Madrid www.intur.com DRSU €120.00 DRDU €146.00 breakfast € 15.00 p.p.	Conde Duque (4*) Plaza del Conde Valle Suchill 5 E-28015 Madrid www.hotelcondeduque.es DRSU €136.75 DRDU €156.50 breakfast € 12.36 p.p.	Hotel Orense (4*) Pedro Teixeira 5 E-28020 Madrid www.hotelorense.com DRSU €115.00 DRDU €147.00 breakfast € 12.00 p.p.	Hotel Emperador (4*) Gran Vía 53 E-28013 Madrid www.emperadorhotel.com DRSU €135.00 DRDU €165.00 breakfast € 18.00 p.p.
All prices excluding VAT (7%) · DRSU = Double Room, Single Usage · DRDU = Double Room, Double Usage			

Please fax the reservation form (see ANNEX H) to AFID CONGRESOS S.L.L.,
by 29 September, 2004 at the latest:

AFID CONGRESOS S.L.L. Tel.: +34 942318180 • Fax: +34 942318653 • tc@afidcongresos.com

Social Programmes

The official conference excursion has been arranged to take place on **Saturday 16th October, 2004 (afternoon/evening)**. A partner programme will be organised for **14th and 15th October**. For details please see the last two pages of the programme.

The Marjolin Prize

The author(s) of the paper selected by the SUERF Council of Management for having made the best contribution to the Colloquium will be awarded the **Prix Marjolin** (EUR 2000). The award is restricted to authors below the age of 40 on 14th October, 2004.

The Marjolin Lecture

The Marjolin Lecture *The Changing Pattern of Payments in the United States* will be delivered by **Anthony M. Santomero**, President, Federal Reserve Bank of Philadelphia in the morning of **Saturday, 16th October, 2004**. Mr Santomero will also present the **Prix Marjolin**. SUERF wishes to honour Marjolin's memory by supporting a young outstanding author's publication. The awarded contribution will be published in the Colloquium volume.

Robert Marjolin

Robert Marjolin (1911–1986) was one of the most distinguished European economists of his generation and a leading architect of post-war Europe. From 1948 until 1955 he was the first Secretary General of the OEEC (Organization for European Economic Co-operation). This organization was established to channel US Marshall Aid into the reconstruction of Europe. Marjolin was a leading negotiator of the Treaty of Rome for France and Vice President of the European Commission for finance and economics for 10 years. He served as a Professor of Economics at the University of Paris and the University of Nancy, and in the private sector as advisor to leading European and US Companies.

Notes on the theme of the Colloquium

SUERF is organising its 25th Colloquium on “*Competition and Profitability in European Financial Services: Strategic, Systemic and Policy Issues*” in Madrid, Spain on 14–16th October, 2004.

Ever increasing competition and the need to raise profitability dominate strategies of firms in the European financial sector. Competition is not only increasing but also emanating from a more diverse set of market participants as new entrants challenge the traditional ascendancy of incumbents. At the same time we observe marked differences in profitability between financial service providers within countries and among European countries.

In this context it is argued that the growing discipline of the capital market will intensify pressure on European banks to focus increasingly on the rate of return on equity (RoE) and economic value added (EVA). There are many alternative strategic models being adopted raising the issue of convergence versus diversity. The US experience might provide an instructive example of how to lift profitability.

A key issue to consider is the extent to which it is appropriate to focus on banks as firms or the sub-markets in which they operate. Another central issue is whether there is a specifically European dimension to competition and this raises many questions about the single market in financial services.

Yet, is competition always effective in the market place? If the answer is yes, we have to presuppose that customers have all the necessary information to make rational choices at reasonably low transactions costs.

These developments have important strategic, macro-economic, regulatory, supervisory and systemic dimensions. They also have implications for the conduct and impact of monetary policy in EMU. We are also particularly interested in research contributions which supplement our understanding of these areas.

The issues are of interest to academics, practitioner bankers and others in the finance sector, central banks, consumers, regulators, financial consultants, and the suppliers of services to banks and their competitors. According to the SUERF tradition, the work at the Colloquium is organised in three commissions:

Commission I: *Trends in Competition and Profitability*
Chairmen: **Morten Balling** and **José Manuel Campa**

Commission II: *Competitive Strategies*
Chairmen: **Jordi Gual** and **Frank Lierman**

Commission III: *Macro-policy and Financial Stability Implications*
Chairmen: **Ryszard Kokoszczynski** and **Fernando Restoy**

Conference Secretariat during the Colloquium

IESE Business School

Camino del Cerro del Águila 3, E-28023 Madrid
suerf@iese.edu · Tel. +3491-211 3166 · Fax +3491-135 72913

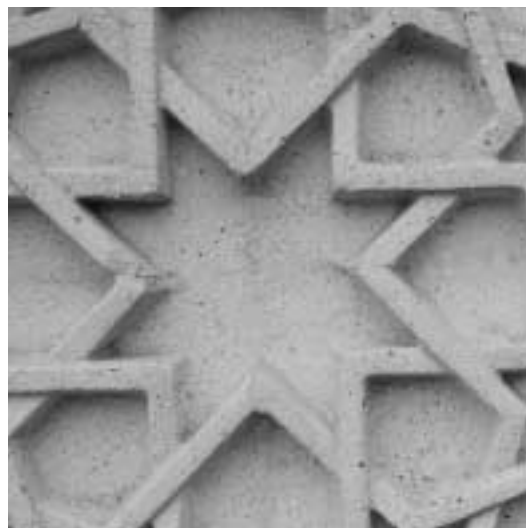
Organisation (before and after the Colloquium)

SUERF – The European Money and Finance Forum

Beatrix Krones, Executive Secretary
Michael Bailey, Assistant
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Programme of the Colloquium

Thursday, 14 Oct., 2004 – morning

- 8.45 am** *Bus pick-up from the Hotels*
- Venue:** **Auditorio at the IESE Business School**
Camino del Cerro del Águila 3,
E-8023 Madrid
- 9.15–9.45 am** **Registration**
- 9.45 am** **Opening Session**
- Welcome** **David T. Llewellyn**
Addresses President of SUERF
Professor in Economics and Finance
Loughborough University
- José Manuel Campa**
Professor of Finance and Director of
Research, IESE Business School
- Keynote** **Plenary Sessions**
Speakers:
- 10.10 am** **Jordi Canals**
Dean, IESE Business School
Professor of Economics and
General Management, IESE Business
School, *Strategic and Organizational
Challenges in European Banking*
- 11.00 am** *Coffee Break**
- 11.15 am** **Jaime Caruana**
Governor, Banco de España, Madrid
*Regulatory Capital Requirements and
Financial Stability*
- 12.10 pm** **Malcolm D. Knight**
General Manager
Bank for International Settlements, Basel
*Markets and Institutions: Managing the
Evolving Financial Risk*

- 1.00 pm** **Pre-luncheon Speech**
Guillermo de la Dehesa
Vice-Chairman Goldman Sachs Europe,
Chairman CEPR
*The Future of the
European Banking Industry*
- 1.15 pm** *Lunch at the IESE Business School**

Thursday, 14 Oct., 2004 – afternoon

Commission work in three parallel sessions in three seminar rooms

- Venues:** **IESE Business School**
Camino del Cerro del Águila 3,
E-28023 Madrid
- Aula East** Commission I
Aula West Commission II
Aula Rafael Termes Commission III

- 2.30 pm** **First Session** of three parallel
Seminar rooms Commissions
- 4.15 pm** *Coffee Break**
- 4.45 pm** **Second Session** of three parallel
Seminar rooms Commissions
- 6.30 pm** *End of Commission Work*
- 6.40 pm** *Bus pick-up, return to the Hotels*
- 8.30 pm** *Bus pick-up for the evening reception
from the hotels Conde Duque,
Emperador and Orense – for guests
staying at the hotel Intur Palacio see
please the box below!*
- 9.00 pm** *Invitation for dinner at the Casino
sponsored by BANCO DE ESPAÑA*
Dress code: formal (jacket and tie!)
Return to the hotels by bus

PLEASE NOTE!

Daily bus pick-ups according to the schedule in the programme are arranged from the hotels Conde Duque, Emperador and Orense – participants staying at the Intur Palacio San Martín are requested to take the bus from the hotel Emperador which is 2 minutes walking distance away!

PLEASE BE ON TIME – THE BUS WILL NOT WAIT!!!

* All coffee breaks, lunches and bus transfers from the hotel to the venue and back are sponsored by

Friday, 15 October, 2004 – full day

Commission work in three parallel sessions in three seminar rooms

Venues: **IESE Business School**
Camino del Cerro del Águila 3,
E-28023 Madrid
Aula Aristrain Commission I
Aula Escámez Commission II
Auditorio Commission III

8.30 am *Bus pick-up at the hotels*
See also box, p. 5

9.15 am **Third Session** of three parallel
Seminar rooms Commissions

11.00 am *Coffee Break**

11.30 am **Fourth Session** of three parallel
Commissions

1.00 pm *Lunch at IESE Business School**

2.40 pm **Fifth Session** of three parallel
Seminar rooms Commissions

4.25 pm *Coffee Break**

4.50 pm **Sixth Session** of three parallel
Seminar rooms Commissions

6.30 pm *End of Commission Work*

6.40 pm **General Assembly of SUERF**
Auditorio

7.30 pm *Bus pick-up at the IESE Business*
School for evening reception

8.00 pm–
approx.
12.00 am *Cocktail reception and private visit to*
the Thyssen Museum (for all
participants and partners) sponsored by
CECA - Confederacion Española de
Cajas de Ahorros



Saturday, 16 Oct., 2004 – morning

Venue: **IESE Business School**
Camino del Cerro del Águila 3,
E-28023 Madrid
Auditorio

8.15 am *Bus pick-up at the hotels*
See also box, p. 5

9.00 am **Plenary Session**
Concluding panel discussion

Chairman **David T. Llewellyn**, President of
Panel SUERF
Members **Three Chairmen** of the Commissions

10.00 am
Keynote **Josef Christl**, Executive Director,
Speech Oesterreichische Nationalbank
Macroeconomic Consequences of
Financial Market Regulation

10.30 am *Coffee Break**

11.00 am **Marjolin Lecture**
Lecturer **Anthony M. Santomero**, President
Federal Reserve Bank of Philadelphia
The Changing Pattern of Payments in
the United States

Robert
Marjolin
Prize Award for the best contribution to the
Colloquium given by author(s) below
the age of 40.

approx. *End of the Colloquium*
12.00 pm

approx. *Bus pick-up, return to the Hotels*
12.10 pm

2.30 pm **OFFICIAL CONFERENCE**
EXCURSION
Bus pick-up from the hotels – full
details follow later in the programme
Advanced booking necessary!

* All coffee breaks, lunches and bus transfers from the hotel to the venue and back are sponsored by

On the Commissions

In addition to the plenary sessions, the commissions reporting session, and the Marjolin Lecture, one and a half days are reserved for presentation and discussion in three parallel commissions.

Commission 1

Trends in Competition and Profitability

Chairmen: Morten Balling

Professor at the Department
of Accounting, Finance & Logistics
The Aarhus School of Business
mb@asb.dk

José Manuel Campa

Professor of Finance and Director of
Research
IESE Business School
jcampa@iese.edu

Speakers Commission I:

Thursday, 14 October, 2004

Session I – from 2.30–4.15 pm

Jacob A. Bikker*, J.W.B. Bos, De Nederlandsche Bank, Amsterdam: *Trends in Competition and Profitability: A Basic Framework*

Raquel Lagos, Banco de España and Vicente Salas, Universidad de Zaragoza and Banco de España: *The Inference of Market Power from Pricing Behaviour of Banks*

Esther Jeffers, Université Paris 8, CEPN-CNRS: *Concentration and Profitability in the European Banking Industry*

Session II – from 4.45–6.30 pm

Marko Kořak, University of Ljubljana and Peter Zajc, European Investment Bank, Luxembourg: *The East-West Efficiency Gap in European Banking*

Malgorzata Pawlowska, National Bank of Poland: *Competition, Concentration, Efficiency and their Relationship in the Polish Banking Sector*

Laurent Weill, LARGE, Université Robert Schumann, Strasbourg: *The Evolution of Efficiency in European Banking during the 90s*

Friday, 15 October, 2004

Session III – from 9.15–11.00 am

Robert Bichsel, Christian Spielmann, Swiss National Bank: *State-owned Banks as Competition Enhancers, or the Grand Illusion*

Wojciech Rogowski, National Bank of Poland: *Ownership and Control Structures in Banking Sector in Central European Accession Countries*

Martin T. Bohl, Olena Havrylchuk, European University of Viadrina Frankfurt, and **Dirk Schiereck***, European Business School, International University, Oestrich-Winkel: *Foreign Acquisitions and Industry Wealth Effects of Privatisation: Evidence from the Polish Banking Industry*

Session IV – from 11.30–1.00 pm

Santiago Carbó Valverde, University of Granada, **David B. Humphrey**, Florida State University, and Rafael Lopez del Paso, University of Granada: *Electronic Payments and ATMs: Changing Technology and Cost Efficiency in Banking*

Hans Degryse, Katholieke Universiteit Leuven and CentER, Tilburg, **Mark Van Achter** and Gunther Wuyts, Katholieke Universiteit Leuven: *Dynamic Order Submission Strategies with Competition between a Dealer Market and a Crossing Network*

Session V – from 2.40–4.25 pm

Margarida Abreu, Instituto Superior de Economia e Gestão – CISEP, Lisbon and Victor Mendes, Comissão do Mercado de Valores Mobiliários – CMVM, Lisbon: *Do Macro-Financial Variables Matter for European Bank Interest Margins and Profitability?*

Moshe Kim, University of Haifa, Eirik Gaard Kristiansen, Norwegian School of Economics and **Bent Vale***, Norges Bank: *Time Span and Severity of Asymmetric Information for Borrowing Firms*

* = invited speaker

Session VI – from 4.50–6.30 pm

Juan Ayuso and **Jorge Martínez Pagés**, Banco de España: *Competition and Technological Advances in the Market for Bank Deposits in Spain*

Stéphanie Stolz, Institute for World Economics, Kiel: *Does Charter Value Matter for Banks' Capital Buffer? Evidence for the EU*

Michael Koetter, Utrecht School of Economics: *The Magnitude of Distortions when Measuring Bank Efficiency with Misspecified Input Prices*

Commission 2

Competitive Strategies

Chairmen: Jordi Gual

Professor of Economics
Head of Department of Economics
IESE Business School
gual@iese.edu

Frank Lierman

Chief Economist
DEXIA BANK BELGIUM
frank.lierman@dexia.be

Speakers Commission II:

Thursday, 14 October, 2004

Session I – from 2.30–4.15 pm

Colin P. Mayer*, Saïd Business School, Oxford University: *Integration in European Banking*

Rym Ayadi, CEPS and Georges Pujals, OFCE, Paris: *Banking Consolidation in the EU: Overview, Assessment and Prospects*

Session II – from 4.45–6.30 pm

Bankers Panel:

Retail banking strategies in Europe

Wim Boonstra*, Chief Economist, Rabobank, Utrecht

Rosa-Maria Gelpi*, Vice-President, Cetelem (BNP Paribas), Levallois Perret

Juan Rodríguez Inciarte*, Director General, Grupo Santander, Madrid

José Manuel Oliver Martínez*, General Manager, and Global Head of Retail Financial Services, BBVA, Madrid

Vivek Ramachandran*, Head of Group Strategy, LloydsTSB plc, London

Friday, 15 October, 2004

Session III – from 9.15–11.00 am

Michael H. Grote, Dirk Halboni, Florian Hoppe, Michael Schmidt, Tughan Talaysuem, J.W. Goethe-University, Frankfurt/Main: *Do Retail Banks Still Need Branches?*

Johannes M. Groeneveld* and Wim Boonstra, Rabobank Nederland: *Competition in a Highly Concentrated Banking Sector – Theoretical, Empirical and Practical Considerations for the Netherlands*

Céline Gondat-Larralde and **Erlend W. Nier**, Bank of England: *The Economics of Retail Banking – An Empirical Analysis of the UK Market for Personal Current Accounts*

Session IV – from 11.30–1.00 pm

Jean Dermine*, INSEAD, Fontainebleau: *Strategic Management in Banking: In Medio Virtus*

Javier Delgado, Ignacio Hernando, and **María J. Nieto**, Banco de España: *Do European Primarily Internet Banks Show Scale and Experience Efficiencies?*

Michael Bozanic, André Thibeault, Nyenrode University, and Kurt Verweire, Vlerick Leuven Ghent Management School: *Market vs. Accounting Based Performance Measurement in the European Financial Service Industry (1998–2003)*

Session V – from 2.40–4.25 pm

Santiago Carbó Valverde, Francisco Rodríguez Fernández, Universidad de Granada and Funcas-CECA: *Pricing Strategies in European Banking: Specialization, Technology and Intertemporal Smoothing*

Shelagh Heffernan, Cass Business School, City University, London: *Bank Services for Small Business: Evaluating Policy Recommendations*

Santiago Carbó Valverde, Universidad de Granada and Funcas, Juan Fernández de Guevara, IVIE, Valencia,

* = invited speaker

David Humphrey, Florida State University, and **Joaquín Maudos**, Universidad de Valencia and IVIE: *Estimating the Intensity of Price and Non-Price Competition in Banking*

Session VI – from 4.50–6.30 pm

Rudi Vander Vennet*, Olivier De Jonghe, Ghent University, and Lieven Baele, Tilburg University: *Bank Risks and the Business Cycle*

Andy W. Mullineux and Victor Murinde, The Birmingham Business School, University of Birmingham: *The Evolving Role of Banks and Other Financial Institutions in Corporate Governance*

Commission 3

Macro-policy and Financial Stability Implications

Chairmen: **Ryszard Kokoszczynski**
 Director, Bureau of
 Macroeconomic Research
 National Bank of Poland
 ryszard.kokoszczynski@mail.nbp.pl

Fernando Restoy
 Director of Monetary and Financial
 Studies
 Banco de España
 frestoy@bde.es

Speakers Commission III:

Thursday, 14 October, 2004

Session I – from 2.30–4.15 pm

Panel Discussion

The Organisation of Financial Supervision in Europe

Chairman: **José Luis Malo de Molina***,
 Director General, Banco de España,
 Madrid

Discussants: **Jan Brockmeijer***,
 Division Director Financial Stability,
 De Nederlandsche Bank, Amsterdam

Igor Chalupiec*,
 Undersecretary of State, Ministry of
 Finance and Banking Supervision
 Commission, Warsaw, Poland

Xavier Vives*,
 Professor of Economics and Finance,
 INSEAD, Fontainebleau

Session II – from 4.45–6.30 pm

Claudio E.V. Borio* and W. White, Bank for International Settlement, Basel: *Whither Monetary and Financial Stability? The Implications of Evolving Policy Regimes*

John P. Calverley, American Express Bank, London: *House Prices and Consumer Lending*

Peter Haiss and **Stefan Marin**, Vienna University of Economics and Business Administration: *Financial Stability Implications of Developing Bond Markets – Lessons for Central Europe from Asian Efforts*

Friday, 15 October, 2004

Session III – from 9.15–11.00 pm

Alfredo Martín Oliver, Banco de España, Vicente Salas Fumás, Universidad de Zaragoza and Banco de España, Jesús Saurina, Banco de España: *Interest Rate Dispersion in Deposit and Loan Markets*

Francesca Carapella, Università LUISS Guido Carli, Rome and University of Minnesota (G.S.) and **Giorgio Di Giorgio**, Università LUISS Guido Carli, Rome and Columbia University: *Deposit Insurance, Institutions and Bank Interest Rates*

Harald Sander, University of Applied Sciences Cologne and Stefanie Kleimeier, Maastricht University: *Interest Rate Pass-Through in an Enlarged Europe: The Role of Banking Market Structure for Monetary Policy Transmission in Transition Countries*

Session IV – from 11.30–1.00 pm

Arturo Estrella*, Federal Reserve Bank of New York: *Banks and Monetary Transmission in the Current U.S. Environment*

Birgit Schmitz, Centre for European Integration Studies, University of Bonn: *What Role do Banks Play in*

* = invited speaker

Monetary Policy Transmission in EU Accession Countries?

Session V – from 2.40–4.25 pm

Enisse Kharroubi, Banque de France: *Banks, Foreign Competition and Credit Crunches*

David G. Mayes, Bank of Finland: *Handling Cross-Border Banks*

Jacques Vanneste, A. Van Poeck, M. Veiner, University of Antwerp: *CEEC's Vulnerability to Financial Crises and the Role of the Exchange Rate Regime*

* = invited speaker

Session VI – from 4.50–6.30 pm

Philipp Hartmann*, Cyril Monnet, Simone Manganello, ECB, *Capital Markets and Financial Integration in Europe*

Lúcio Vinhas de Souza, Institute for World Economics, Kiel: *Financial Liberalization and Business Cycles: The Experience of the New EU Member States*

Ellen Vanassche, Katholieke Universiteit Leuven: *The Impact of International Financial Integration on Industry Growth*

Official Colloquium Excursion

16th October, 2004 – Visit to Toledo and Dinner



2.30 pm. Bus pick-up from the hotels Conde Duque, Emperador and Orense – Participants staying at the Intur Palacio San Martin are requested to get on the bus at the Emperador hotel. Trip to Toledo.

Toledo is a museum city of great artistic beauty and was formerly the country's capital and is one of the oldest cities in Europe. Magnificent architectural examples from different epochs survive: from the Arab, Jewish and Catholic eras. Toledo is one of Spain's leading artistic cities, which has led to it being declared a **UNESCO HERITAGE OF MANKIND TOWN**.

We will visit the most important monuments, such as: **Cathedral, St. Tomé Church** (The Burial of Lord Orgaz, El Greco's masterpiece), **Santa María La Blanca Synagogue** and the **Church of S. Juan de los Reyes**.

On the return trip there will be a guided tour to "**Bodega Osborne**", a typical Spanish winery. The journey will end with a **dinner** in the "**SALA BARRICAS**".

Return to the hotels at approx. 10 pm.

PRICE: 86 €/ Person (dinner, official tour guide, tickets and bus trip are included).

(For registration please use ANNEX I)

All applications for the excursions must be sent to
AFID CONGRESOS well in advance – see ANNEX I (www.suerf.org)
PLEASE BE ON TIME – THE BUS WILL NOT WAIT!!!

Partner Programmes



14th October, 2004 – Madrid Sightseeing, Royal Palace and Prado Museum visit

10.00 am. Bus pick-up from the hotels Conde Duque and Orense. Participants staying at the Intur Palacio hotel are asked to walk to the Emperador hotel that is in 2 minutes walking distance. The guided city walk will start from the Emperador hotel! We will show you various different and interesting views of **Madrid**, from **Borbones, Austrias, Isabelino** and **contemporary quarters**, as well as seeing the **historic architecture of old Madrid**.

The **Royal Palace** is a beautiful example of 18th century baroque architecture and one of the best preserved royal palaces in Europe, and is a symbol of Madrid being made the capital of Spain. Official royal functions are still held inside the palace.

Lunch will be served in a typical “*madrileño restaurant*” Bus pick-up at the restaurant followed by a visit to **The Prado Museum**. At the end of the visit, return to the hotel.

PRICE: 75 €/Person (includes lunch, official tour guide, tickets and bus trip)
(For registration please use ANNEX I)

15th October – San Lorenzo del Escorial and Segovia

9.30 am. Bus pick-up at the hotels Conde Duque, Orense and Emperador (participants staying at the Intur Palacio are requested to join at the Emperador hotel which is 2 minutes walking distance away!). Trip to **San Lorenzo del Escorial** for a guided visit to the **15th Century Monastery**. We will visit: the **Royal Palace**, the **Royal Pantheons**, the **Infantes Pantheons** and the **Chapter-house** as well as the **Basílica**.

Lunch in a typical restaurant in the village of San Lorenzo del Escorial.

Leaving for Segovia:

Segovia’s impressive Roman aqueduct has become the icon of this historical city, although the city is also renowned for its walls, main square, cathedral, Romanesque churches, convents, narrow streets and splendid mansions. It has been the meeting point of Roman, Arabic, Jewish and Christian cultures over the course of the last two millennia.

At the end of the visit, return to the hotel (arriving back around 7.00 pm).

PRICE: 80 €/Person (includes lunch, official tour guide, tickets and bus trip).

(For registration please use ANNEX I)

**PLEASE BE ON TIME –
 THE BUS WILL NOT WAIT!!!**

