

A wide-angle photograph of a city skyline, likely New York City, viewed from across a body of water. The foreground shows the water's surface with gentle ripples. In the middle ground, there is a row of older, multi-story brick buildings with dark roofs. Behind these, a dense cluster of modern skyscrapers rises against a clear blue sky. The buildings vary in height and design, including several cylindrical towers and rectangular high-rises. A few construction cranes are visible on the right side of the skyline.

Andreas Krause

Chapter 16.1

Optimal remuneration

Outline

- Problem and model assumptions
- Loan values
- Bank profits
- The effect of bankers and traders
- Efficient wages
- Competitive effects
- Summary

■ Problem and model assumptions

■ Loan values

■ Bank profits

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Bankers and traders

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Number of bankers and traders

- ▶ Ignoring the effect hiring a banker has on the ability of other banks, the optimal number of bankers and traders to hire is given from $\frac{\partial \Pi_B^i}{\partial N_T^i} = \frac{\partial \Pi_B^i}{\partial N_B^i} = 0$
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