Regulatory Reforms: Achievements and Concerns

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Financial Resilience, Systemic Risk and Moral Hazard
Joint LSE IGA-FMG Conference
30-31 January 2019
Achievements

1. Capital regulation has been improved considerably

2. Stress tests have come to complement capital regulation in an important way

3. Significant macroprudential regulations have been introduced

4. International cooperation improved in many dimensions

5. Central bank FX swaps made permanent among many central banks
Concerns

1. Are asset price bubbles in real estate and stocks back?

2. How effective is macroprudential regulation to prevent bubbles and what are the alternatives?

3. Capital regulation mostly based on accounting information and doesn’t use market information even when it is available

4. Should stress tests focus so much on macroeconomic downturns as opposed to malfunctions in the financial system?

5. Cross border banking resolution still problematic

6. China not in the Fed-ECB-BoJ-BoE-BoC-SNB FX swap arrangement
Nominal housing Prices in Ireland, Spain and the U.S.
Nominal Housing Prices in U.S. and Various European Countries
Real stock market prices in different countries

[Graph showing real stock market prices in different countries, including S&P 500-USA, FTSE-London, SSE-China, Nikkei-Japan, CAC 40-France, and DAX-Germany.]