

Rethinking Regulatory Reforms

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3 Questions and 10 Issues

A. Do benefits outweigh costs?

- 1) Costs on Wall Street and on Main Street
- 2) Relationship banking with SMEs, infrastructure finance, trade finance
- 3) Transmission channels of monetary policy
- 4) Emerging economies

B. Resilient banks, stable system?

- 1) Impact on market conditions in times of stress
- 2) Regulation-driven risk views and potential herd behavior
- 3) Oligopoly in global capital market activities: “too un-substitutable to fail”

C. Have reforms addressed root causes?

- 1) Culture of greed and short termism
- 2) Pro-cyclical effects of bank capital regulation
- 3) Roles of public safety net for tail risk

Proposals

1. Let's think about "growth" as well as "stability".
2. Let's think about the "total picture" as well as "individual parts".
3. Let's think about the "future" as well as the "past".