

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

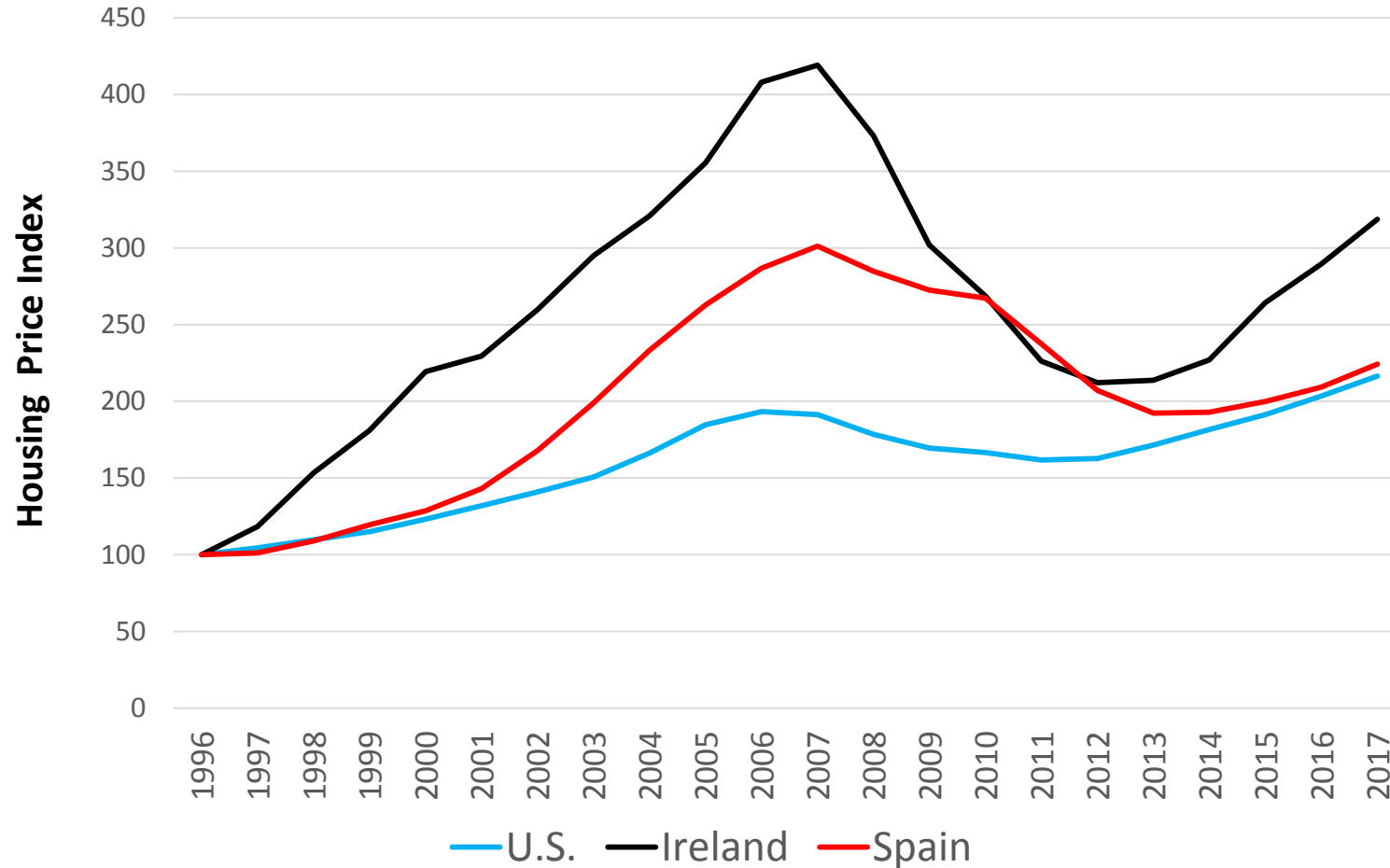
Achievements

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

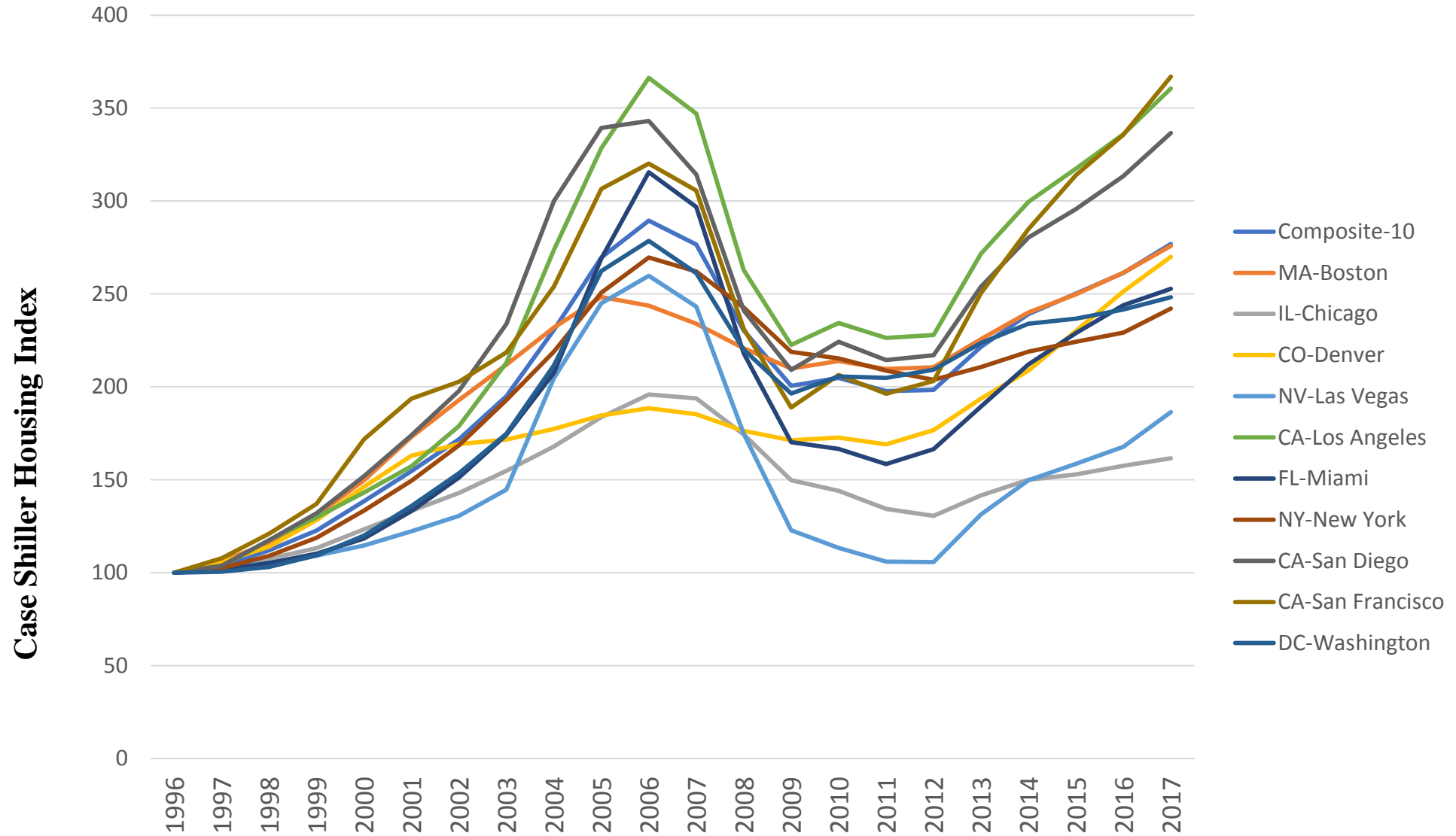
Concerns

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

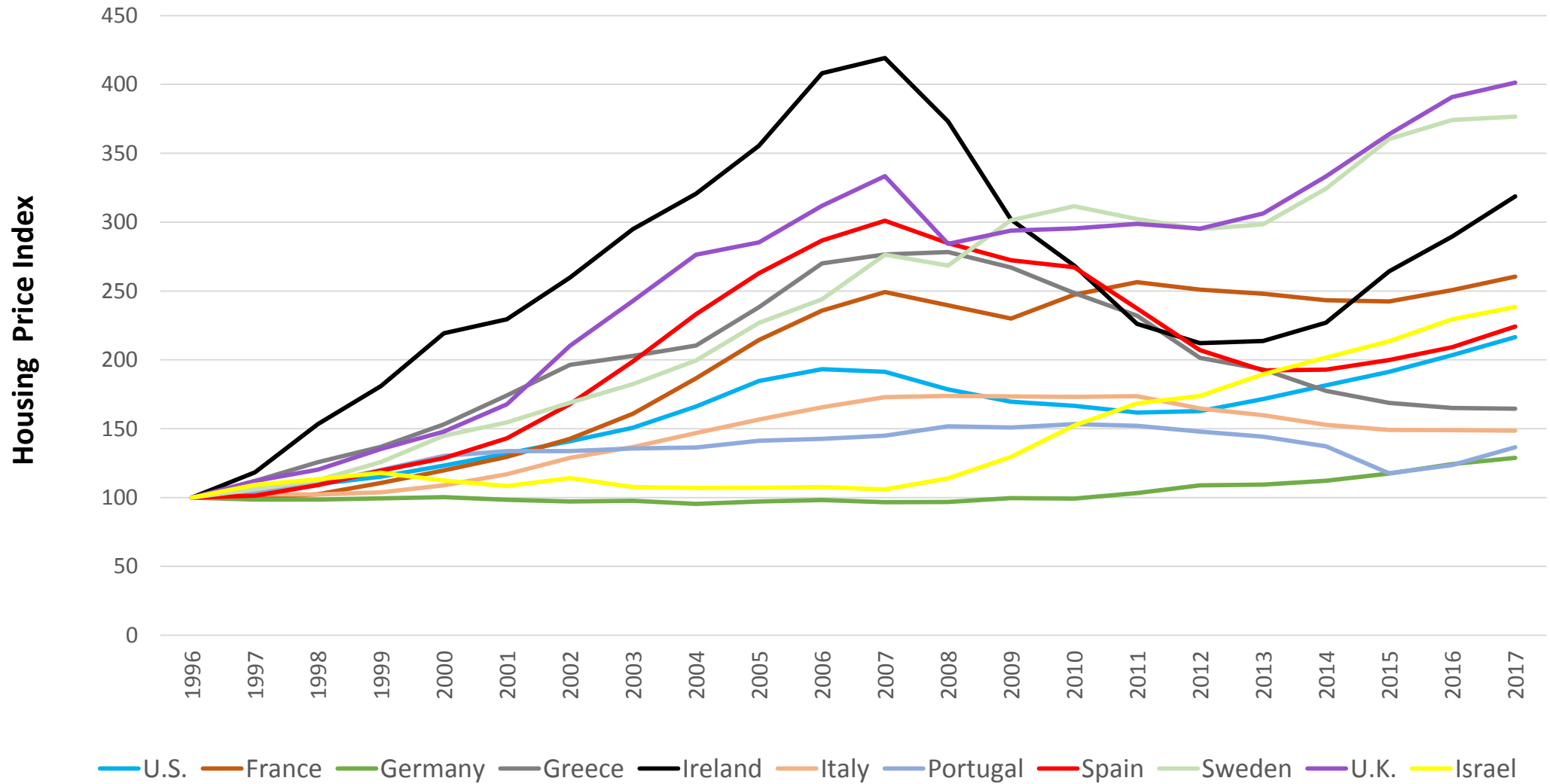
Nominal housing Prices in Ireland, Spain and the U.S.



Nominal Housing Prices in Different U.S. Cities



Nominal Housing Prices in U.S. and Various European Countries



Real stock market prices in different countries

