Financial Market Regulation and Reforms in Emerging Markets
Massahiro Kawai 2011-05-01 The rapid spread and far-reaching impact of the global financial crisis have highlighted the need for strengthening financial systems in advanced economies and emerging markets. Emerging markets face particular challenges in developing their nascent financial systems and making them resilient to domestic and external shocks. Financial reforms are critical to these economies as they pursue programs of high and sustainable growth. In this timely volume Masahiro Kawai, Eswar Prasad, and their contributors offer a systematic overview of recent developments and–the latest thinking about—regulatory frameworks in both advanced countries and emerging markets. Their analyses and observations clearly point out the challenges to improving regulation, efficiency of markets, and access to the financial system. Policymakers and financial managers in emerging markets are struggling to learn from the crisis and will need to grapple with some key questions as they restructure and reform their financial markets: What lessons does the global financial crisis of 2007-09 offer for the establishment of efficient and flexible regulatory structures? How can policymakers develop broader financial markets while managing the associated risks? How—or should—they make the formal financial system more accessible to more people? How might they best contend with multinational financial institutions? This book is an important step in getting a better grasp of these issues and making progress toward solutions that strike a balance between promoting financial market development and efficiency on the one hand, and ensuring financial stability on the other.

Reconsidering Bank Capital Regulation: A New Combination of Rules, Regulators, and Market Discipline
Connel Fullenkamp 2014-09-15 Despite revisions to bank capital standards, fundamental shortcomings remain: the rules for setting capital requirements need to be simpler, and resolution should be an essential part of the capital requirement framework. We propose a new system of capital regulation that addresses these needs by making changes to all three pillars of bank regulation: only common equity should be recognized as capital for regulatory purposes, and risk weighting of assets should be abandoned; capital requirements should be assigned on an institution-by-institution basis according to a regulatory (s,S) approach developed in the paper; and a standard for prompt, corrective action is incorporated into the (s,S) approach.

Regulating Market Risk in Banks: A Comparison of Alternative Regulatory Regimes
Constantinos Stephanou 1999 December 1996 Market risk is an increasingly important issue for banks and so for bank regulation. Stephanou compares three approaches to setting risk-based capital adequacy standards: the building-bloc approach, the internal models approach, and the precommitment approach. Regulators have traditionally used simple models to measure banks’ capital adequacy. That is no longer possible as banks face increasing and increasingly opaque, market risk. Stephanou evaluates three approaches to regulating market risk in banks on the basis of efficiency, competitive neutrality, and effectiveness in regulation. Each approach is judged on how well it fulfills the aims of regulation without overburdening the financial system with the cost of regulation. Ideally, all four types of risk–market, credit, legal, and operating risk–should be measured institution-wide before regulators set risk-based capital standards. That time has not yet come. In the meantime, piecemeal capital requirements remain the norm. Stephanou focuses on market risk—any market-related factor that affects the value of a position in a financial instrument or portfolio or instruments. He analyzes the three basic approaches to regulating market risk in banks: (1) The building bloc approach, which has been adopted in the European Union in the form of the Capital Adequacy Directive and also appears in the standardized version of the Basle Amendment to the Capital Accord to incorporate market risks; (2) The internal models approach, incorporated recently in the Basle Amendment; and (3) The precommitment approach, a promising, recently arrived approach that has not yet been officially discussed. The author concludes—given the current inability to develop measures that capture an institution’s overall portfolio risks—that piecemeal regulatory capital requirements (such as the one for market risk) are necessary. Of the approaches he analyzes, the author considers the internal models approach to be, for the time being, the most reliable, market-friendly, and effective method for banks. This paper—a product of the Financial Sector Development Department—is part of a larger effort in the department to study bank regulatory issues.

Banks and Capital Requirements
Benjamin H. Cohen 2014

Global Governance of Financial Systems
Kern Alexander 2006 This book analyses the current international legal and regulatory framework for

Regulating Capital
David Andrew Singer 2015-11-15 Financial instability threatens the global economy. The volatility of capital movements across national borders has led many observers to argue for a reformed “global financial architecture,” a body of consistent rules and institutions to prevent financial crises. Yet regulators have a decidedly mixed record in their attempts to create global standards for the financial system. David Andrew Singer seeks to explain the varying pressures on regulatory agencies to negotiate internationally acceptable rules and suggests that the variation is largely traceable to different domestic political pressures faced by regulators. In Regulating Capital, Singer provides both a theory of the effects of domestic pressures on international regulation and a detailed analysis of regulators’ attempts at international rulemaking in banking, securities, and insurance. Singer addresses the complexities of global finance in an accessible style, and he does not turn away from the more dramatic aspects of globalization; he makes clear the international implications of bank failures and stock-market crashes, the rise of derivatives, and the catastrophic financial losses caused by Hurricane Katrina and the events of September 11.

International Convergence of Capital Measurement and Capital Standards
2004

Financial Regulatory Reform
2009 This report details the proposed reforms by the US Dept of Treasury to meet the following five key objectives: (1) Promote robust supervision and regulation of financial firms, (2) Establish comprehensive supervision of financial markets, (3) Protect consumers and investors from financial abuse, (4) Provide the government with the tools it needs to manage financial crises (5) Raise international regulatory standards and improve international cooperation.

Banks on the Brink
Mark Copelovitch 2009-01-31 International capital flow and domestic financial market structures explain why some countries are more vulnerable to banking crises.

Reconsidering Bank Capital Regulation
Connel Fullenkamp 2014-09-15 Despite revisions to bank capital standards, fundamental shortcomings remain: the rules for setting capital requirements need to be simpler, and resolution should be an essential part of the capital requirement framework. We propose a new system of capital regulation that addresses these needs by making changes to all three pillars of bank regulation: only common equity should be recognized as capital for regulatory purposes, and risk weighting of assets should be abandoned; capital requirements should be assigned on an institution-by-institution basis according to a regulatory (s,S) approach developed in the paper; and a standard for prompt, corrective action is incorporated into the (s,S) approach.
controlling systemic risk in global financial markets. It suggests that current efforts at international regulation are inefficient, fragmented, and lack political legitimacy. The current structure of international financial regulation fails to manage systemic risk in an efficient manner that promotes adequate economic growth and political accountability amongst nations. This book sets forth the economic rationale for international financial regulation and what role, if any, international regulation can play in more effectively managing systemic risk and providing more accountability for states subject to such regulation.

Banking and Effective Capital Regulation in Practice-Sophia Velez 2020-11-20 Due to a historical lack of attention to the importance of modelling, measuring and managing risk, senior bank leaders are struggling to implement unified practices within their financial institutions that could address the gaps posed by risky management behaviour, rogue trading, liquidity crises, prohibited investments in mortgage-backed securities, and default risks aligned with loans. This book discusses the theories at play between bank agents (bank managers) and their principals (shareholders), a topic which has gained importance as a result of the banking crisis, and similarly, governed the need for more efficient risk management and ethical managerial practices. The author worked with a senior bank leadership team to identify and describe effective capital regulation practices that can lead to a reduction in loss and risky management behavioural practices. The book offers consensus on a number of activities that bank managers can implement to address bank risk. It analyses the relevant factors that determine the necessity for banking regulation and the important role of regulation in managing banking crises. The author’s analysis of the important regulatory aspects in developed countries such as the US, offers a useful conceptual framework for creating an adequate banking regulatory environment in developing countries. This book offers an original contribution to the literature in describing that unallocated, students, academics and researchers in use can take a deeper understanding of the constructs at play in the banking industry.

Regulating Financial Services and Markets in the 21st Century-Ellis Ferran 2001-09-11 This book contains a set of high-level essays examining important issues at the forefront of financial services regulation. The contributors, who include lawyers, economists and regulators, address the far-reaching effects of the Financial Services and Markets Act 2000 on the UK financial sector in the context of rapid global change. Using their extensive detailed knowledge of regulatory regimes to provide an authoritative analysis of the underlying issues affecting the broad development of financial services regulation, the contributors also attempt to answer fundamental questions about the objectives of regulation, the responsibilities of the regulated community, the accountability of regulators, the regulation of electronic financial markets and the impact of stock market mergers, regional regulation within Europe, and the development of global financial regulation.

Bank Capital Regulation in Contemporary Banking Theory: a Review of the Literature-João A. C. Santos 2000 This paper reviews the theoretical literature on banking regulation and supervision dating back to the 1980s, with a special emphasis on the approaches to redesigning the 1988 Basle Accords on capital standards. The paper starts with a review of the literature on the design of the financial system and the existence of banks. It proceeds with a presentation of the market failures that justify banking regulation and an analysis of the mechanisms that have been suggested to deal with these failures. The paper then reviews the theoretical literature on bank capital regulation. This is followed by a brief history of capital regulation since the 1988 Basle Capital Accord and a presentation of both the alternative approaches that have been put forward on setting capital standards and the Basle Committee's proposal for a new capital adequacy framework.

Global Financial Regulation-Howard Davies 2013-05-08 As international financial markets have become more complex, so has the regulatory system which oversees them. The Basel Committee is just one of a plethora of international bodies and groupings which now set standards for financial activity around the world, in the interests of protecting savers and investors and maintaining financial stability. These groupings, and their decisions, have a major impact on markets in developed and developing countries, and on competition between financial firms. Yet their workings are shrouded in mystery, and their legitimacy is uncertain. Here, for the first time, two men who have worked on the impact of systemic derangement in clear and accessible terms. Howard Davies was the first Chairman of the UK’s Financial Services Authority, the single regulator for the whole of Britain’s financial sector. David Green was Head of International Policy at the FSA, after spending thirty years in the Bank of England, and has been closely associated with the development of the current European regulatory arrangements. Now with a revised and updated introduction, which catalogues the changes made since the credit crisis erupted, this guide to the international system will be invaluable for regulators, financial market practitioners and for students of the global financial system, where they are located. The book shows how the system has been challenged by new financial instruments and by new types of institutions such as hedge funds and private equity. Furthermore, the growth in importance of major developing countries, who were excluded for far too long from the key decision-making bodies, has led to a major overhaul of the system. The guide is essential reading for all those interested in the development of financial markets and the way they are regulated. The revised version is only available in paperback.


Global Bank Regulation-Heidi Mandonis Schooner 2009-11-24 Global Bank Regulation: Principles and Policies covers the global regulation of financial institutions. It integrates theories, history, and policy debates, thereby providing a strategic approach to understanding global policy principles and banking. The book features definitions of the policy principles of capital regulation, the main justifications for prudent regulation of banks, the characteristics of tools used to regulate firms that operate across all time zones, and a discussion regarding the 2007-2009 financial crises and the generation of international standards of financial institution regulation. The first four chapters of the book offer justification for the strict regulation of banks and discuss the importance of financial safety. The next chapters describe in greater detail the main policy networks and standard setting bodies responsible for policy making. The book also provide information about bank licensing requirements, leading jurisdictions, and bank ownership and affiliations. The last three chapters of the book present a thorough examination of bank capital regulation, which is one of the most important areas in international banking. The text aims to provide information to all economics students, as well as non-experts and experts interested in the history, policy development, and theory of international banking regulation. Defines the over-arching policy principles of capital regulation Explores main justifications for the prudent regulation of banks Discusses the 2007-2009 financial crisis and the next generation of international standards of financial institution regulation Examines tools for ensuring the adequate supervision of a firm that operates across all time zones.

Global Financial Development Report 2019/2020-World Bank 2019-11-22 Over a decade has passed since the collapse of the U.S. investment bank, Lehman Brothers, marked the onset of the largest global economic crisis since the Great Depression. The crisis revealed major shortcomings in market discipline, regulation and supervision, and reopened important policy debates on financial regulation. Since the onset of the crisis, emphasis has been placed on better regulation of banking systems and on enhancing tools available to supervisors to oversee banks and intervene speedily in case of distress. Drawing on ten years of data and analysis, Global Financial Development Report 2019/2020 provides evidence on the regulatory remedies adopted to prevent future financial troubles, and sheds light on important policy concerns. To what extent are regulatory reforms designed with high-income countries in mind appropriate for developing countries? What has been the impact of reforms on market discipline and bank capital? How should countries balance the political and social demands for a safety net for users of the financial system with potentially severe moral hazard consequences? Are higher capital requirements damaging to the flow of credit? How should capital regulation be designed to improve stability and access? The report provides a synthesis of what we know, as well as what is still unknown.


Capital Regulation, Liquidity Requirements and Taxation in a Dynamic Model of Banking-Mr. Gianni De Nicoló 2012-03-01 This paper studies the system design of capital regulation and taxation in a dynamic model with banks exposed to credit and liquidity risk. We find an inverted U-shaped relationship between capital requirements and bank lending, efficiency, and welfare, with their benefits turning into costs beyond a certain requirement threshold. By contrast, liquidity requirements reduce lending, efficiency and welfare significantly. The costs of high capital and liquidity requirements...
represent a lower bound on the benefits of these regulations in abating systemic risks. On taxation, corporate income taxes generate higher government revenues and entail lower efficiency and welfare costs than taxes on non-deposit liabilities.

**Collateralized Transactions**-International Monetary Fund 2020-02-19 In a response to a request from the G20 IPA Working Group, this note provides a framework for public lenders and borrowers to assess collateralized financing practices from a development perspective. The Fund and the IMF and World Bank suggest that the availability of collateralized financing can be beneficial to a developing country borrower under a range of circumstances, but also points to pitfalls.

**Internal Models, Subordinated Debt, and Regulatory Capital Requirements for Bank Credit Risk**-Paul H. Kupiec 2002-09 Shortcomings make credit VaR estimates an unsuitable basis for setting bank regulatory capital requirements. If, alternatively, banks are required to issue subordinated debt that has a minimum market value and maximum acceptable probability of default, banks must set their equity capital in a manner that limits the probability of bank default and the expected loss on insured deposits, largely removing any safety net-related funding cost subsidy and the moral hazard incentives it creates. Required equity capital can be estimated using a modified credit-VaR framework, and supervisors can use external credit ratings to indirectly verify the accuracy of bank internal model estimates.

**The Politics of Accounting Regulation**-Sebastian Botzem 2012-01-01 ‘How and why do transnational regulatory bodies emerge? How do they acquire the authority and confidence to be actors in their own right? These questions preoccupy scholars from many disciplines and Sebastian Botzem’s *The Politics of Accounting Regulation* makes an important contribution to the debates. Focusing on the case of the International Accounting Standards Board over a critical period of its development including the financial crisis Botzem addresses its evolution as an organization which produces accounting standards and whose efforts to be outside politics are inevitably and irredeemably political in nature. This book is essential reading for sociologists, political scientists, accountants and anyone else interested in the organization of global governance.’ Michael Power, London School of Economics, UK *The financial crisis underlines the relevance of accounting standards as much more than instrumental rules for corporate reporting.* This important book outlines the accounting standards that embody societal and professional values and contribute to the distribution of financial benefits that put international harmonization of standards into the limelight. Sebastian Botzem reveals that international standards have emerged after decades of contest and political bargaining which resulted in closely aligned standards, voluntary consultation procedures and a network structure comprising actors mainly stemming from global auditing firms, regulators and international organizations.

**New Perspectives on Regulation**-David A. Moss 2009 As an experiment in reconnecting academia to the broader democracy, this work is designed to invigorate public policy debate by rededicating academic work to the pursuit of solutions to society’s great problems.

**The New Global Rulers**-Tim Büthe 2013-07-21 Over the past two decades, governments have delegated extensive regulatory authority to international private-sector organizations. This internationalization and privatization of global governance has not a function of the economic power of states, but of the ability of domestic standard-setters to provide timely information and speak with a single voice. Büthe and Mattli show how domestic institutions’ abilities differ, particularly between the two main standardization players, the United States and Europe.

**Price Setting and Price Regulation in Health Care**-OECD 2019-06-26 The objectives of this study are to describe experiences in price setting and how pricing has been used to attain better coverage, quality, financial protection, and health outcomes. It builds on newly commissioned case studies and lessons learned in calculating prices, negotiating with providers, and monitoring changes. Recognising that no single model is applicable to all settings, the study aimed to generate best practices and identify areas for future research, particularly in low- and middle-income settings. The report and the case studies were jointly developed by the OECD and the WHO Centre for Health Development in Kobe (Japan).

**Measuring Regulatory Performance A Practitioner’s Guide to Perception Surveys**-OECD 2012-01-16 This guide helps officials use perception surveys for evaluating and communicating progress in regulatory reform. It explains the challenges involved in the design and use of business and citizen perception surveys - and ways to overcome them.

**Islamic Capital Markets and Products**-Simon Archer 2017-10-16 Ensure Basel III compliance with expert analysis specific to Islamic Finance Islamic Capital Markets and Products provides a thorough examination of Islamic capital markets (ICM), with particular attention to the products that they offer and the legal and regulatory infrastructure within which they operate. Since Islamic banks act as asset managers, attention is paid to the regulatory challenges which they face in the light of Basel III, as regards both eligible capital and liquidity risk management. The authors of the chapters are professionals and practitioners, and write from experience. The editors also contributed to none of the chapters. The markets and products covered include Islamic equities, Islamic investment certificates (Suukik) which are Shari’ah compliant alternatives to conventional bonds, and Islamic Collective Investment Schemes. The coverage of legal and regulatory issues includes an examination of the implications for ICM of securities laws and regulations and of Basel III, as well as collateralisation issues. Shari’ah compliance aspects, in terms both of the selection criteria for Islamic equities and of the ‘purification’ of impermissible components of income, are also examined in some detail, as are the implications of Basel III for eligible capital in general and for Shari’ah compliant capital instruments in particular. A similar analysis is also made of the implications of the Basel III requirements for liquidity risk management and high quality liquid assets (HQLA), including Shari’ah compliant HQLA. The book concludes with three case studies, two describing the ICM in Malaysia and Bahrain and a third which describes Sukuk issued as Shari’ah compliant capital instruments, followed by brief concluding remarks by the editors.

G20/OECD Principles of Corporate Governance-OECD 2015-11-30 Since they were issued in 1999, the OECD Principles of Corporate Governance have gained worldwide recognition as an international benchmark for good corporate governance.

**Banking and Finance**-Razali Haron 2020-12-23 The banking and finance industry plays a significant role in the economy of a nation. As such, continuous research and up-to-date feeds are necessary for it to stay competitive and resilient. Due to its revolving and dynamic nature as well as its significance and interlinkages with other industries, a well-functioning banking and finance system is vital in safeguarding the interest of all stakeholders. Banking and Finance covers a wide range of essential topics highlighting major issues related to banking and finance. The book is rich with empirical evidence, scientific researches, best practices, and recommendations, making it a compact yet handy reference for readers, especially those who are in the field of banking and finance.

**International Cooperation to Modernize Financial Regulation**-Kathleen L. Casey 2010-03 Casey is an SEC Commissioner and Chmn. of the Technical Comm. of the International Org. of Securities Comm. She brings the perspective of both a national securities market regulator and a member of the international org. charged with developing the global response to the challenges posed to securities markets by the financial crisis. Topics: Why International Cooperation is Necessary; Mechanisms for International Cooperation in Securities Market Regulation; Key Securities Regulatory Reform Issues and International Cooperation; Joint Forum Cross-Sectoral
that minimize information costs and on the other hand shareholders want ac-counting rules that improve their ability to control and monitor the manager's action. Theoretically, financial accounting and reporting should be objective, neutral and apolitical. However, the standard setting process can be influenced by external groups with different interests.

Reforming the Global Financial Architecture—Yılmaz Akyuz 2002-04-01 Instability has become global and systemic. Strengthening international institutions and arrangements is essential if the threat of crises is to be reduced and if they are to be better managed when they do occur. Yet this book’s review of recent measures shows how little has been done to establish effective global arrangements that address the main concerns of developing countries. There is thus a need to develop a comprehensive regulatory framework on the latest economic thinking while also addressing the concerns of developing countries, and covers: • Rules and institutions to set standards and regulate international capital flows. • The exchange rate system, in particular whether developing countries can both maintain an open capital account and attain exchange rate stability when major reserve currencies are subject to frequent gyrations and misalignments and international capital movements are extremely unstable. • Better mechanisms to resolve the international debt problem. • Reform of the IMF, especially surveillance, conditionality, the provision of international liquidity, and its potential function as a lender of last resort. The book concludes with the question of the management of financial crises when they do occur and burden sharing, including the involvement of the private sector.

Chasing the Tape—Omnig H. Dombalagian 2015-04-03 An examination of regulation and use of information in capital markets, offering comparisons across different jurisdictions, regulated entities, and financial instruments.

Regulating Market Risk in Banks—Constantinos Stephanou 2012 Regulators concerned about the costs of bank insolvency and of systemic risk arising from the volatility of bank trading portfolios have developed three different approaches to setting risk-based minimum capital on the latest economic thinking and financial risks. The author evaluates those three approaches--building blocks, internal models, and precommitment--and assesses their possible implications for bank capital, competition, and pricing decisions.

The Oxford Handbook of Transformations of the State—Stephan Leibfried 2015 This Handbook offers a comprehensive treatment of transformations of the state, from its origins in different parts of the world and different time periods to its transformations since World War II in the advanced industrial countries, the post-communist world, and the Global South. Leading experts in their fields, from Europe and North America, discuss conceptualizations and theories of the state and the transformations of the state in its engagement with a changing international environment as well as with changing domestic economic, social, and political challenges. The Handbook covers different types of states in the Global South (from failed to predatory, rentier and developmental), in different kinds of advanced industrial political economies (corporatist, statist, liberal, import substitution industrialization), and in various post-communist countries (Russia, China, successor states to the USSR, and Eastern Europe). It also addresses crucial challenges in different areas of state intervention, from security to financial regulation, migration, welfare states, democratization and quality of democracy, ethno-nationalism, and human development. The volume makes a compelling case that far from losing its relevance in the face of globalization, the state remains a key actor in all areas of social and economic life, changing its areas of intervention, its modes of operation, and its structures in adaption to new international and domestic challenges.