

## Announcement: Call for papers

### Banking and regulation: the next frontier

### A joint workshop by the Research Task Force of the Basel Committee on Banking Supervision, the Centre for Economic Policy Research and the Journal of Financial Intermediation

Bank for International Settlements, Basel, Switzerland,  
22-23 January 2015

Six years after the 2007–8 financial crisis, the Basel Committee is completing its “post-crisis reform agenda”, with among others more and better capital, a simple leverage ratio to complement the risk-based capital ratio, liquidity requirements, as well as macroprudential measures, ranging from G-SIB surcharges to the countercyclical capital buffers. These complement other initiatives such as recovery and resolution (including bail-in provisions), structural reforms (à la Volcker, Vickers, Liikanen, etc), compensation, central counterparties and shadow banking.

This workshop aims to contribute to the analysis of these reforms and help answer the following questions:

- (i) Given the evidence gathered in the last crisis, how successful has this reform agenda been in addressing these problems?
- (ii) How useful is the reform agenda in addressing potential future crises, namely can we hope it will dampen or exacerbate them? Or, to put it differently, will Basel III and these additional measures represent a robust new regulatory frontier, or do we need to extend this frontier, and how?

We invite (empirical as well as theoretical) contributions on any topic that can help address these issues. Potential questions of interest could include:

- What would be the value-added to the solvency of banks of having both a risk-weighted capital ratio and a leverage ratio? What are the complementarities and possible overlappings? What is the best way of formulating a simple, yet risk sensitive, solvency framework? More generally, what is the net value of simplicity?
- How will banks change their businesses in response to new liquidity regulations? Might some of these changes produce unintended consequences, and how might these be overcome?
- Will the new macroprudential measures significantly address procyclicality and banking crises? Are additional measures needed, eg automatic stabilisers to fight procyclicality?
- Is the current emphasis on “bail-in and no more bailouts” warranted, in light of the 2008 “Lehman experiment”? What can we say about the impact of bailouts versus financial instability on public finances?

- How will structural reforms make a difference to bank, and banking system, stability? How have these reforms affected competition and the connections between financial institutions? Have they also altered the structure of financial institutions, creating even bigger, more complex institutions?
- How consistent are the various pieces of the regulatory architecture (quality of capital versus bail-in instruments, fighting moral hazard versus protecting banks against macroeconomic shocks, etc)?
- How costly are the various regulatory initiatives for the banking sector? What are the implications for credit provision, financial system stability and/or the development of the shadow banking sector?
- “Shadow banking” comes in various shapes and forms. Are some forms better than others, and should they be actively encouraged?
- Are we insisting too much on recapitalising banks as opposed to inducing “orderly exit”?
- How to reward/punish bank managers? What is the cost of rewarding them on the basis of stocks/stock options rather than the total value of the bank when leverage is so high in the banking sector?

### Keynote speakers

- Xavier Freixas, Universitat Pompeu Fabra
- Hyun Song Shin, Bank for International Settlements

Interested parties should submit their draft papers and any queries to Tamara Gomes of the Basel Committee’s Secretariat at [Tamara.Gomes@bis.org](mailto:Tamara.Gomes@bis.org). **The submission deadline is 30 September 2014.** Contributors will be notified by 30 November 2014.

The workshop aims to bring together leading academics, representatives of the Basel Committee member organisations and other central bankers and bank supervisors as well as market participants. The Basel Committee will contribute toward the cost of academic speakers’ travel and accommodation expenses.

The Programme Committee for the workshop consists of: Franklin Allen (Imperial College), Mathias Dewatripont (National Bank of Belgium), Douglas Gale (Imperial College), Diana Hancock (Board of Governors of the Federal Reserve System), Fabrizio López Gallo Dey (Bank of Mexico), Janet Mitchell (National Bank of Belgium), Thilo Pausch (Deutsche Bundesbank), Rodney Ramcharan (Board of Governors of the Federal Reserve System), and Jesus Saurina (Banco de Espana).

### Submissions to the Journal of Financial Intermediation

Authors of accepted papers may submit their paper to a special edition of the Journal of Financial Intermediation.