

Response to Basel Committee's Consultative Document of Countercyclical Capital Buffer Proposal from the Perspective of Financial Competitive Regime

Zhen Li^{*}

Kunming Sub-branch of People's Bank of China

- 1. All views in this submission are presented on behalf of the writer, and may not necessarily be construed as those of People's Bank of China.**
- 2. For the writing tradition and reading convenience, this paper is drafted in English and Chinese. The core meaning should be construed as the same.**

For further information, please contact the author freely:

Business Telephone: 0086 871 3212220

Mobile Telephone: 0086 15987109277

Email: leezeng1220@gmail.com

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^{*} Zhen Li is an economic analyst and attorney.

从金融竞争制度角度对巴塞尔委员会 颁布的《逆周期资本缓冲建议》进行评述

李 震*

（中国人民银行昆明中心支行）

- 1、 本文仅代表作者个人观点，并不必然代表中国人民银行观点。
- 2、 考虑到行文传统和阅读方便，文章以英文和中文书写，核心内容一致。

作者的联系方式如下：

工作电话：0086 871 3212220

移动电话：0086 15987109277

电子信箱：leezeng1220@gmail.com

二〇一〇年 九月

* 李震是经济师、律师。

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I. Introduction

It's my pleasure to have this opportunity to provide comments on consultative document of *Countercyclical Capital Buffer Proposal* issued by the Basel Committee in July 2010.

The Basel committee's *Countercyclical Capital Buffer Proposal* will play an important role in the global reform of financial supervisory system, and it will help reduce the possibility of recurrence of financial meltdown in the long term. However, to my disappointment, *the proposal neither pays enough attention to the value of financial competitive regime on the long-term development of finance nor considers the financial market competition thoroughly.*

Integrating *the financial competitive regime*, this comment is submitted along with relevant questions and suggestions. It is hopeful that the Basel Committee can blend them in the final Countercyclical Capital Buffer.

II. Background

1. The four key objectives identified by the Basel Committee were set out in the December 2009 Consultative Document *Strengthening the resilience of the banking sector*.
- 1.1 Analysis: As a matter of fact, the inadequate protection for the financial consumers and the excess financial innovation are the other two main reasons for this recent Financial Crisis. By enforcing financial competitive regime, not only can the competition in financial industry be sustained and the consumers' legal rights be protected, but also financial innovation will be piloted rationally. In addition, from macroprudential supervision perspective, enforcing financial competitive regime is one of the important regulatory measures to keep moderate structure in banking sector and to refrain from moral hazard and "too big to fail".
- 1.2 Suggestion: "***Enforce financial competitive regime and foster sound financial competitive environment***" should be identified by the Basel Committee as the ***Fifth*** objective.

III. Objective and Operation of Proposal

2. There are three key features of the proposal that distinguish it from some other macroprudential tools.

2.1 Analysis: A multinational bank is the irreversible business model in the economic globalization. Before deciding the time to operate the Countercyclical Capital Buffer, in order to avoid distorting financial market competition, the committee should conceive whether a nation with rigorous buffer operation will be placed at a competitive disadvantage compared with other nations that execute the buffer leniently. As a result, preserving the same potency in the execution turns out to be one of the key elements for success in the enforcement of Countercyclical Capital Buffer.

2.2 Suggestion: “*The same potency in the execution of the Buffer*” should be distinguished as the *Fourth* feature.

3. Footnote 3, “The transmission mechanism between required bank capital buffers and the impact on the price and demand for credit is not yet well understood.”

3.1 Analysis: The impact on the price and demand for credit originates from the competition in financial market.

3.2 Suggestion: The transmission mechanism between required

bank capital buffers and the impact arising from *financial market competition on the price and demand for credit* is not yet well understood.

4. Footnote 5, “In addition, one should not underestimate the signaling component of buffer decisions and the associated commentary on macro financial conditions....”

4.1 Analysis: Financial competitive ecology is the prerequisite for the operation in the financial market.

4.2 Suggestion: In addition, one should not underestimate the signaling component of buffer decisions and the associated commentary on macro financial conditions *such as the financial competitive ecology*....

5. National buffer decisions and jurisdictional reciprocity.

5.1 Analysis: To set up a financial holding company, a banking holding company or a universal bank is an effective approach to strengthen the competitiveness of financial institutions. However, these blended banking systems, for instance a universal bank with mixed operation in insurance sector and security investment, bring the challenge to the authority on how to exercise the buffer explicitly and effectively.

5.2 Suggestion: Even though the jurisdictional reciprocity ensures the level playing field for domestic and foreign banks, it is too

abstract to apply to blending banking system. ***The international financial competitive regime is a complement to the Countercyclical Capital Buffer.***

IV. Further Details on Key Elements of the Proposal

6. Selecting the authority to operate the buffer.
 - 6.1 Analysis: Generally speaking, it is difficult to coordinate for authorities with different interests. For example, there are two legally authorized agencies to supervise banks in China, People's Bank of China (PBC) and China Banking Regulatory Commission (CBRC). Such an organizational structure represents a competitive financial supervisory model, in which PBC focuses on macroeconomic aspects and while CBRC concentrates on micro economic matters. PBC and CBRC fulfill their legal duties separately, but macro finance and micro finance interact with each other. As a result this separation brings functional overlaps or supervisory loopholes on some matters. Predictably, without specification of authority which is legally authorized to operate the buffer, the dilemma in the coordination cannot be alleviated; on the contrary the predicament can be further deteriorated.
 - 6.2 Suggestion: Many countries adopt competitive financial supervision and believe that competition can bring more welfare to the society. However, the competitive financial supervision has a negative effect on setting responsibilities of

different bureaucracies, such as overlaps on institutions' accountabilities or loopholes in authorities' duties. ***Regarding to Countercyclical Capital Buffer, who will be the legally authorized authority to operate the buffer in order to prevent the supervision arbitrage? The Basel Committee should identify in the buffer proposal.***

7. It is important that buffer decisions be taken after an assessment of as much of the relevant prevailing macroeconomic, financial and supervisory information as possible....

7.1 Analysis: In practice, assessing competitive information on financial market is beneficial to identify systemic risk. For example, the information on concentration ratio in banking industry can illustrate the potential dangers resulted from homogeneous credit flow.

7.2 Suggestion: It is important that buffer decisions be taken after an assessment of as much of the relevant prevailing macroeconomic, financial, ***competitive*** and supervisory information as possible....

8. Alternative tools ... may be deployed in situations where excess credit growth is concentrated in specific sectors....

8.1 Analysis: A lack of imperative competition leads to high concentration in banking industry, and thus results in high

concentration of excess credit growth in specific sectors finally. In conclusion, enforcement of financial competitive regime mitigates the highly concentration in banking industry, which provides an alternative macroprudential measure employed by authority.

- 8.2 Suggestion: Alternative tools ... may be deployed in situations where excess credit growth *arising from deficient competition in banking industry* is concentrated in specific sectors

V. Miscellaneous

9. Suggestion: In the Countercyclical Capital Buffer Proposal, the Basel committee should fully consider *whether the buffer operation will distort financial market competition, and cause excessive high concentration in banking industry.*
10. Suggestion: In the Countercyclical Capital Buffer Proposal, the Basel committee should fully consider *whether banks will shift the credit cost onto financial consumers by reducing deposit rate or raising loan rate. It will potentially stifle financial consumption and financial innovation, and weaken the economic competitiveness as a whole.*

一、概 述

本人有此次机会就巴塞尔委员会 2010 年 7 月公布的《逆周期资本缓冲建议（Countercyclical Capital Buffer Proposal）》征求意见稿进行评论感到非常荣幸。

巴塞尔委员会公布的《逆周期资本缓冲建议》将在未来全球金融监管制度改革中发挥重要作用，长远来看必有助于避免金融危机的再次发生。但令人遗憾的是，《建议》既未充分关注金融竞争制度在金融业长远发展中的作用，也未深入考虑金融市场的竞争。

本评论结合金融竞争制度就有关问题提出建议。希望巴塞尔委员会在颁布最终的逆周期资本缓冲制度里能够采纳本人的建议。

二、背 景

（一）巴塞尔委员会在 2009 年 12 月公布的《增强银行体系稳健性》征求意见稿中确定了四项主要目标。

分析：事实表明，金融消费者保护不力、金融创新过度是诱发此次金融危机的另外两个主要原因。通过实施金融竞争制度不但可以维护金融业的竞争，保护金融消费者的合法权益，而且还有助于引导金融创新的理性发展。此外，从宏观审慎监管的角度来看，实施金融竞争制度是一项重要的政策工具，它能确保合理的银行业市场竞争结构，抑制金融业的道德风险以及金融机构“大而不倒”问题的发生。

建议：“**实施金融竞争制度，培育良性的金融竞争环境**”应增加作为第 5 项目标。

三、建议的目标与操作

（二）《建议》里提出的 “三个主要特征” 使逆周期资本缓冲制度与其它的宏观审慎工具区别开来。

分析：经济全球化背景下，跨国银行运作成为了不可逆转的商业模式。在确定实施逆周期资本缓冲的时间之前，为了避免金融市场竞争遭受扭曲，巴塞尔委员会应该考虑是否严格实施缓冲的国家与其它实施较为宽松的国家相比将会导致其处于竞争劣势。因此，保持相同的执行力度将是成功实施逆周期资本缓冲要求的关键因素。

建议： “相同的执行力度” 应增加作为第 4 个特点。

（三）原文：脚注 3，“至今尚未充分了解强制的银行资本缓冲对信贷价格和需求是如何影响的。”

分析：金融市场的竞争会对信贷价格和需求产生影响。

建议：“至今尚未充分了解强制的银行资本缓冲对**源于金融市场竞争**的信贷价格和需求是如何影响的。”

（四）原文：脚注 5，“此外，不应低估缓冲决定的信号效应和由此产生的对宏观金融条件的影响……”。

分析：金融竞争生态是金融市场运行的重要前提。

建议：此外，不应低估缓冲决定的信号效应和由此而产生的对宏观金融条件的影响，**例如对金融竞争生态的影响……**。

（五）原文：“国家缓冲决定和管辖互惠主义”

分析：组建金融控股公司、银行控股公司或者全能银行是增强金融机构竞争力的有效手段。但是，这些混业金融模式，例如全能银行在保险和证券投资领域的混业经营，给金融监管机构在如何明确有效地实施逆周期资本缓冲制度方面带来了挑战。

建议：尽管管辖互惠主义能确保内外资银行有相同的竞争平台，但对于混业金融模式而言，此项制度安排过于抽象而难以实施。国际金融竞争制度将是逆周期资本缓冲制度的补充。

四、建议中主要观点的细节论述

（六）原文：选择实施缓冲的部门

分析：总体而言，协调不同利益的监管部门是非常困难的。以中国为例，法定的银行监管部门有中国人民银行和中国银行业监督管理委员会。这一监管结构体现了竞争性金融监管模式。其中，人民银行关注宏观经济状况，而银监会盯住微观事务。两家监管部门依法各司其职，但宏观金融与微观金融却是相互作用的。这种职能分工造成了两家部门在监管某些金融事务时出现了职责重叠或监管盲区。可以预见的是，若没有明确法定执行资本缓冲的监管部门，协调中出现的困境不但不会有所缓解，反而可能愈演愈烈。

建议：许多国家采纳竞争性金融监管模式，认为监管部门之间的竞争可为社会带来福利。但竞争性金融监管模式对不同监管机构的职能设置会产生负面影响，例如机构职责的重叠或者真空。就逆周期资本缓冲而言，为避免出现监管套利，究竟应由谁作为实施缓冲的法定部门？巴塞尔委员会应明确。

（七）原文：重要的是，要尽可能多地评估当前相关的宏观经济、金融和监管信息之后才采取缓冲决定。

分析：现实中，评估金融市场竞争信息有助于确定系统性风险。例如银行业市场集中度信息，可以表明因信贷流向相同而产生的潜在风险。

建议：重要的是，要尽可能多地评估当前相关的宏观经济、金融、**竞争和**监管信息之后才采取缓冲决定。

（八）原文：过度的信贷增长集中于某些特定领域的情况下可供选择的其它工具。

分析：市场竞争不足会导致银行产业高度集中，银行产业高度集中又会导致信贷投向过度集中于某些领域。所以，实施金融竞争制度可以弱化银行产业高度集中，它可作为当局采用的一项宏观审慎工具。

建议：**银行业竞争不足引发的**过度信贷增长集中于某些特定领域的情况下可供选择的其它工具。

五、补 充

（九）建议：在《逆周期资本缓冲建议》中，巴塞尔委员会应充分考虑缓冲的实施是否会扭曲市场的竞争，导致银行业金融市场过度集中。

（十）建议：在《逆周期资本缓冲建议》中，巴塞尔委员会应充分考虑银行是否会通过降低储蓄利率或提高贷款利率转嫁信贷成本给金融消费者。这样可能会遏制消费和创新，最终减弱整体经济竞争实力。