

## Accepted Manuscript

Title: The G-20's Regulatory Agenda and Banks' Risk

Authors: Matias Cabrera, Gerald P. Dwyer, Maria J. Nieto

PII: S1572-3089(18)30035-4  
DOI: <https://doi.org/10.1016/j.jfs.2018.09.001>  
Reference: JFS 646

To appear in: *Journal of Financial Stability*

Received date: 15-1-2018  
Revised date: 3-9-2018  
Accepted date: 14-9-2018

Please cite this article as: Cabrera M, Dwyer GP, Nieto MJ, The G-20's Regulatory Agenda and Banks' Risk, *Journal of Financial Stability* (2018), <https://doi.org/10.1016/j.jfs.2018.09.001>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



# The G-20's Regulatory Agenda and Banks' Risk\*

Matias Cabrera<sup>a</sup>

a. BBVA Research

Mailing address: BBVA Research – Ciudad BBVA,  
C/ Azul, 4 - La Vela - 5th Floor, 28050 Madrid Spain  
e-mail: matiasdaniel.cabrera@bbva.com

Gerald P. Dwyer<sup>b</sup>

b. Clemson University

Mailing address: John E. Walker Department of Economics,  
Clemson University, Clemson SC 29634, United States  
e-mail: gdwyer@clemson.edu  
Corresponding author

Maria J. Nieto<sup>c</sup>

a. Bank of Spain

Mailing address: Bank of Spain, Alcala 48, 28014 Madrid Spain  
e-mail: maria.nieto@bde.es

## Highlights

- How are new prudential banking regulations likely to affect banks' risk?
- We measure risk by the realized volatility of banks' stock returns.
- Designation as a G-SIB and securities trading increase risk.
- Government support in the crisis is not associated with higher or lower risk.
- Capital requirements lower banks' risk; liquidity requirements have no effect.

## Abstract

Using international listed banks from the United States, Europe, Japan and China from 2004 to 2014, we analyze the effect on banks' risk of some of the most relevant new elements of the prudential regulatory framework proposed after the Financial Crisis. We measure risk by a market measure, the volatility of banks' stock returns. We also examine the effect of government support during the financial crisis and designation as a G-SIB. We find little support for an association with government support and none for a negative relationship. We find support for a positive effect of designation as a G-SIB on risk. We find a positive association with securities trading and a negative association with capital. Banks' chosen liquidity is unimportant for this measure of risk.

Key words: Banks, Regulation, Financial Crisis

JEL Codes: G21, G38, G01

Download English Version:

<https://daneshyari.com/en/article/11023279>

Download Persian Version:

<https://daneshyari.com/article/11023279>

[Daneshyari.com](https://daneshyari.com)