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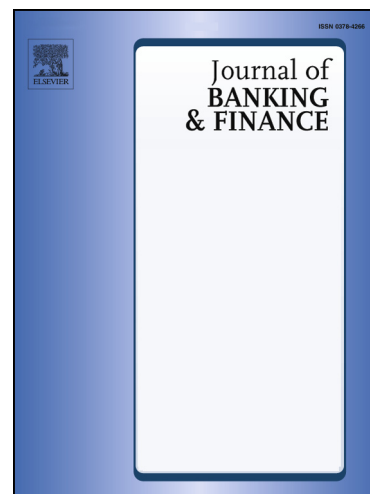
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Bank Size, Capital, and Systemic Risk: Some International Evidence

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Abstract

This paper studies the significant variation in the cross-section of standalone and systemic risk of large banks during the recent financial crisis to identify bank specific factors that determine risk. We find that systemic risk grows with bank size and is inversely related to bank capital, and this effect exists above and beyond the effect of bank size and capital on standalone bank risk. Our results contribute to the ongoing debate on the merits of imposing systemic risk-based capital requirements on banks.

JEL classification: G01; G21; G28

Keywords: Banking crisis; Bank performance; Bank fragility; Systemic risk; Financial regulation

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