

Plenary Discussion Session

Summary of Main Challenges &
Proposed Solutions

Summary

- Need to codify the macro-prudential framework
 - ‘bias of inaction’ and ‘free-riding’
 - ‘prediction of crisis may be self-fulfilling’
 - financial stability vs. macro-prudential reg.
- Power to use macro-prudential tools
 - issue ‘warnings and make recommendations’
 - ‘comply and explain’ mechanism
 - no consensus on macro-prudential tools (CCB)
 - rules vs discretion?

Summary

- Power to collect information
 - aggregate is not enough (map interconnectedness)
 - shadow banking (credit unions, SDs)
 - need to work with statistical agencies (h/hs, firms)
 - real estate indices
 - absence of markets
- Technical assistance and commitment
 - Basel II/III
 - consolidated supervision
 - crisis management and resolution
 - FSR preparation and stress testing