

# 거시 건전성 관리:

## 정부개입의 이론적 근거와 정책실행의 고려 사항

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*The views expressed are solely the responsibility of the presenter, and should not be interpreted as reflecting the views of the Board of Governors of the Federal Reserve System, or of any other person associated with the Federal Reserve System.*

### Summary of my presentation

- **(I) Macroprudential policy: what and why.**

#### Macroprudential vs. Microprudential

Financial instability vs. consumer protection; System-wide distress vs. individual institutions; Endogenous risk vs. exogenous risk

#### Microfoundations for macroprudential policy

General equilibrium (vs. partial equilibrium); Externalities and information problems;

Price-setter (vs. price-taker); Dynamic analysis and efficient fluctuations

- **(II) How to implement macroprudential policy.**

Discretion (vs. Rules);

Communication;

Coordination with monetary policy;

Governance issue

- **(I) Macroprudential policy: what and why.** (한국적 특수성)

### **Macroprudential vs. Microprudential**

**Financial instability vs. consumer protection**

**System-wide distress vs. individual institutions**

**Endogenous risk (전략적 불확실성) vs. exogenous (원천적) risk**

### **Microfoundations for macroprudential policy: “MM is wrong.”**

**General equilibrium (vs. partial equilibrium)**

**Externalities and information problems**

**Price-setter (vs. price-taker): e.g. fire sale (post-fire vs. forced; 멍처리)**

**Dynamic analysis and efficient fluctuations**

- **(II) How to implement macroprudential policy.**

### **Discretion (vs. Rules)**

**Good because the next crisis will be different**

**Bad because of dynamic inconsistency**

### **Communication**

### **Coordination with monetary policy**

### **Governance issue**

- “(전대미문의) 경제위기”

- 거시경제학과 금융의 연관성

- ◆ 신용제약과 기업투자: Bernanke-Gertler-Gilchrist-Sim

- ◆ 금융시장의 불균형

- System-wide risk: externalities and information problems

- 거시건전성 규제

- ◆ Efficient at the micro; inefficient at the macro.

- Example: high leverage (asymmetric effects)

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- 거시건전성에 대한 최근의 관심

- “we need a new set of macro-prudential policy tools which will enable the authorities more directly to influence the supply of credit” (UK Financial Service Authority)

- “To this microprudential base, policymakers are adding a macroprudential overlay to address systemic risk” (BIS)

- “the enhanced Basel II and the macroprudential overlay form the Basel III framework” (BIS)

- “monetary policy **may have to** go beyond targeting macroeconomic stability” (Bernanke in Atlanta)

- **What is macroprudential policy?**
  - **A policy aimed at supporting the safety and soundness of the financial system as a whole, as well as payment mechanism (Basel Committee on Banking Supervision, 1987)**
  - **Objective: financial stability**
    - ◆ **vs. price stability (for monetary policy)**
  - **No consensus yet**
    - ◆ **Robustness of the financial system to **external** shocks**
    - ◆ **Resilience to shocks that originates **within** the system**

- **A few definitions for macroprudential policy**
  - **BIS General Manager Caruana (2010): “to reduce *systemic* risk by explicitly addressing interlinkages between, and common exposure of, *all* financial institutions, and the *procyclicality* of the financial system”**
  - **Hanson-Kashyap-Stein (2010): comparison**
    - ◆ **Microprudential: to internalize losses on *banks’ assets* to protect deposit insurance funds and mitigating moral hazard (i.e. capital/assets)**
    - ◆ **Macroprudential: to control the *social costs* of a generalized reduction in assets in the financial system (e.g. credit crunches and fire sales)**

- **Theoretical underpinnings (or Microfoundations)**
  - **Alternative definitions of “financial instability”**
    - ◆ **Self-fulfilling equilibria (Diamond-Dybvig)**
    - ◆ **Amplification to shocks (Rochet-Tirole)**
    - ◆ **Endogenous cycle (Minsky and Kindleberger)**
  - **Two issues regarding systemic risk**
    - ◆ **Quantifying financial instability and systemic risk**
      - **Balance sheet; early warning; VAR; macro stress test.**
    - ◆ **SIFI (시스템적으로 중요한 금융기관): CoVaR/VaR**

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- **Theory between finance and macroeconomics**
    - **“in its infancy relative to monetary-policy analysis, e.g. transition to the new equilibrium”**
    - **DSGE modeling (“core” a la Caballero)**
      - ◆ **Credit constraints of non-financial borrowers: BGGS.**
      - ◆ **Role of banks (or shadow banking) in monetary transmission mechanism: BIS Macroeconomic Assessment Group**
    - **Other recent studies (“periphery” a la Caballero)**
      - ◆ **Macro factors into financial cycles; underestimation of risk**
      - ◆ **Relationship between macro and financial variables: Taylor vs. Dokko-Doyle-Kiley-Kim-Sherlund-Sim-Van den Heuvel**
      - ◆ **(very limited) empirical work: Borio-Shim, 오정근.**

- **Macroprudential tools**
  - **No consensus on the roles of different instruments**
    - ◆ **Issue: cross section (構造) and time series (動態)**
  - **Rules vs. Discretion: clear & tough communication**
    - ◆ **Loan loss provisions, capital requirements, LTV, DTI.**
    - ◆ **New crisis, new instrument; speeches and reports; supervisory review and corrective action (e.g. SCAP).**
  - **Prices or quantities?**
    - ◆ **If quantities, then ratios or absolute values?**
  - **SOE (vs. LOE&US): CB swaps, Pigouvian tax, 한국.**

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- **화폐금융정책과의 협력, 그리고 금융감독체계**
    - **Coordination with monetary policy**
      - ◆ **(Old) consensus: only toward price stability**
      - ◆ **Recently, on whether to lean against the wind**
    - **Institutional setup and governance issue**
      - ◆ **Even less consensus**
        - **Blanchard et al. (IMF): CB in charge of both.**
          - **One committee or separate ones?**
        - **견제와 균형: “to communicate with the public”**

## References

- 5 papers in the winter 2011 issue of the *Journal of Economic Perspectives* (as well as 5 papers in the fall 2010 issue)
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