BANKING SUPERVISION AND FINANCIAL STABILITY IN EURO-MEDITERRANEAN COUNTRIES: PARTICIPANTS’ ANSWERS TO QUESTIONNAIRE

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DATA AND STATISTICS CONTAINED IN THIS DOCUMENT ARE CALCULATED FROM PARTICIPANTS’ RESPONSES TO A QUESTIONNAIRE CIRCULATED PRIOR TO THE CONFERENCE. NO ATTEMPT HAS BEEN MADE TO VERIFY ACCURACY.

DEFINITIONS AND METHODOLOGIES DIFFER ACROSS JURISDICTIONS. THESE COULD EXPLAIN SOME RESULTS.
1. **Main Risks**
**What are the main risks factors in your jurisdiction?**

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<thead>
<tr>
<th>Factor</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
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<tbody>
<tr>
<td>E.g. increase in NPA</td>
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<td>2.2</td>
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<tr>
<td>Leverage of borrowers</td>
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<td>2.0</td>
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<tr>
<td>Impact of low economic growth</td>
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<tr>
<td>Large Exposures</td>
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<td>1.8</td>
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<tr>
<td>Excessive maturity mismatch</td>
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<td></td>
<td>1.7</td>
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<tr>
<td>Market illiquidity</td>
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<td>1.6</td>
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<td>E.g. too big to fail</td>
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<td>1.5</td>
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<tr>
<td>Misaligned incentives</td>
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<td>1.4</td>
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<tr>
<td>E.g. Housing markets</td>
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<tr>
<td>Currency mismatches in borrowers</td>
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<td>1.4</td>
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<tr>
<td>Foreign currency risks</td>
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<td>E.g. short term wholesale funding</td>
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<td>1.3</td>
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<tr>
<td>Business conduct</td>
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<td>1.3</td>
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<tr>
<td>Excessive credit growth</td>
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<td>1.2</td>
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<tr>
<td>Maturity mismatches in banks’ FX book</td>
<td>1.0</td>
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</table>
2. Monitoring Macro-Financial Conditions
HOW DO YOU MONITOR MACRO-FINANCIAL CONDITIONS?

- Stress tests: 100.0%
- Synthetic indicators (constructed by aggregating granular indicators mapped to the risk factors): 80.0%
- Experts group surveys from financial and real sectors: 73.3%
- Models: 53.3%
3. **MACRO-PRUDENTIAL INSTRUMENTS**
Which macro-prudential instruments are already stated your regulation (or by 31/12/2015)?

- Large exposures restrictions: 86.7%
- Provisioning: 66.7%
- Liquidity charges: 60.0%
- Counter cyclical capital: 60.0%
- Loan to value: 53.3%
- Debt to income: 50.0%
- Net stable funding ratio: 33.3%
- Funding restrictions (Eg: Systemic risk buffer): 33.3%
- Sectorial risk weights: 33.3%
- Leverage ratio: 33.3%
- Loan-to-Deposit ratio: 20.0%
- Capital flow management/controls on financial account: 13.3%
- Time-varying risk weights: 13.3%
4. INSTRUMENTS USED SO FAR
### Which instruments have you used so far?

**Large exposures restrictions**: 60.0%
- **Provisioning**: 60.0%
- **Liquidity charges**: 46.7%
- **Loan to value**: 46.7%
- **Debt to income**: 40.0%
- **Counter cyclical buffer**: 33.3%
- **Sectorial risk weights**: 26.7%
- **Other**: 13.3%
- **Systemic risk buffer**: 13.3%

**Capital flow measures and management capital framework**: 13.3%
- **Loan-to-Deposit ratio**: 13.3%
- **Stable funding restriction (Eg)**:
  - **Leverage ratio**: 13.3%
  - **Net stable funding ratio**: 6.7%
  - **Time-varying risk weights**: 6.7%
5. INTERACTIONS BETWEEN MICRO, MACRO, AND MONETARY POLICIES
Has your institution conducted research on interactions between micro, macro-prudential and monetary policies?

Would macroprudential policies come before microprudential policy in dealing with [a systemic risk]?

Has your institution identified possible negative effects of monetary policy regarding your country financial stability?

Does your research show that monetary policies could be combined with macro prudential policies? under which conditions?
6. Institutional Set Up
WHAT IS YOUR NATIONAL INSTITUTIONAL SET UP FOR MACRO-PRUDENTIAL POLICY?

- Central Bank: 60.0%
- Systemic risk council/Board: 53.3%
- Supervisor: 20.0%
- Government: 6.7%

Board are chaired by Central Banks (75%) or Government (25%)
7. CHALLENGES
**What are the main challenges going forward?**

- Activating and calibrating instruments: 86.7%
- Developing an analytical framework for selecting risk factors: 86.7%
- Closing data gaps: 73.3%
- Implementing macroprudential policies in good times: 66.7%
- Ensuring policies consistencies: 66.7%
- Implementing international coordination: 53.3%
- Other: 6.7%
8. PARTICIPATING COUNTRIES TO SURVEY

ALBANIA, ALGERIA, CROATIA, EGYPT, FRANCE, GREECE, ITALY, JORDAN, LEBANON, MONTENEGRO, MOROCCO, MALTA, PALESTINE, SLOVENIA, TUNISIA