



## PRESS RELEASE

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### Publication of the Financial Stability Journal (number 31)

The Banco de España has today published the Financial Stability Journal (number 31) on its website ([www.bde.es](http://www.bde.es)). The Journal comprises four articles on the following issues:

**María José Gómez Yubero** reviews the main measures adopted by the international authorities in response to the G20's mandate to strengthen benchmark indices (such as LIBOR, EURIBOR and TIBOR) and to reduce the possibilities of manipulation. The author specifically focuses on the European Regulation on Indices used as Benchmarks, which was recently approved with the aim of ensuring that the indices produced and used in the European Union are reliable, representative, suited to purpose and not prone to manipulation. The regulation clarifies the responsibilities that may arise from the production of indices and subjects this activity to supervision, along with the institutions involved. The critical indices, such as EURIBOR, are subject to stricter rules. The article concludes setting out the status of the EURIBOR reform under way and the challenges outstanding.

**Henrique S. Basso and James S. Costain** review the academic literature on macroprudential policies, including recent theoretical work analysing the causes of financial instability, its consequences for the macroeconomy and the potential macroprudential response to these causes and consequences. The article focuses on the information asymmetries under which transactions are made on banking and financial markets in general, and on the strategic complementarities between the decisions of agents operating on different markets, as underlying elements common to the causes and consequences of financial fragility. To conclude, the current challenges for macroeconomic modelling and for the design of regulation and public policy in the macroprudential field are discussed.

**Matías Lamas Rodríguez** proposes a non-exhaustive list of indicators proxying the exposure of the Spanish banking system to systemic liquidity risk, understood as institutions' underestimation of the possibility of not being able to obtain funding on the markets or to dispose of a sufficient volume of liquid assets at a fair price. The indicators consider two key elements: aspects of the banks' balance sheets related to the stability of their funding sources and to their buffers of liquid financial assets (funding liquidity risk), and the actual liquidity that Treasury debt can provide as part of the buffer of liquid assets (market liquidity risk). The article concludes that there is fairly sound evidence that bank balance sheets have gained "liquidity" in recent years, while the results of the analysis of market liquidity are still rather inconclusive.

**Itziar Iranzo Marco** proposes a methodology for calculating the net stable funding ratio (NSFR) and estimates, on this basis, the level of this ratio for the main Spanish banks in 2013 and 2015. The results show the gradual increase in the estimated average liquidity ratio across the banks surveyed, from 95% in 2013 to 106% in 2015. In addition, the article shows the analysis of the specific balance sheet rearrangement measures aimed at enhancing the ratio, focusing particularly on those affecting credit supply and the volume of deposits. While a disparity of reallocation methods across banks is observed, the article concludes that adjustment towards the NSFR does not necessarily entail a reduction in lending or increased deposits.

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