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“Second Conference on Financial Stability” (Banco de España-CEMFI)

Opening remarks of the panel “Governance structures for macroprudential policy”

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Deputy Governor

Good afternoon. It is a pleasure to chair the closing panel of this second biennial Conference on Financial Stability, jointly organised by the Banco de España and the Centro de Estudios Monetarios y Financieros –CEMFI–.

The topic chosen for this last panel –“*Governance structures for macroprudential policy*”– will bring a fundamentally different and, in my view, enriching perspective to this conference. I believe the design of the institutions, and in particular their governance structures, is actually key to understand some of the main challenges faced in different jurisdictions.

It is clear that following the Great Financial Crisis, substantial attention has been devoted to the development of analytical methodologies for measuring systemic risk. In addition, the statistical data available had to be broadened to meet new demands.

However, the formalization of this new macroprudential policy function has also brought far-reaching changes to institutional settings. This is an area of no lesser importance which, however, appears to have been somewhat overlooked.

Within the EU, we have a particularly complex architecture. We can actually distinguish three layers in the institutional setting:

- (i) the EU-wide level, where the European Systemic Risk Board (ESRB) was established in 2010,
- (ii) the euro area/Banking Union level, where the SSM Regulation assigned specific macroprudential responsibilities to the ECB in 2014, and
- (iii) the national level. In this regard, after a significant delay, a Spanish inter-sectoral authority, the AMCESFI was finally created in March this year.

The articulation of the macroprudential policy with this, rather complex setting, as well as the governance arrangements of these authorities in general, are very relevant topics in my view. To shed light into it, we have next to me, as speakers, Sergio Nicoletti Altimari, Benjamin Weigert and Xavier Vives.

Let me briefly introduce each of them.

Sergio Nicoletti Altimari is the Director General for Macroprudential Policy and Financial Stability of the European Central Bank. I have the pleasure to know Sergio since 2015 when we worked together in Frankfurt. He has previously served as Deputy Director for Market Operations of the Banca d'Italia, Economic Adviser to Italy's Minister of Economy and Finance and Deputy Head of the Monetary Policy Strategy Division of the ECB, which he first joined in 1998. He holds a PhD from the University of Pennsylvania. I shall note that Sergio currently has two prominent roles within the central banking and supervisory community, as he is the Chair of the FSC of the ECB, and also co-chairs the Macroprudential Supervision Group of the Basel Committee on Banking Supervision.

Our second speaker, who is also visiting us from Frankfurt, is **Benjamin Weigert**. Benjamin is the Director General for Financial Stability of the Deutsche Bundesbank since 2016. Prior to joining the Bundesbank, he spent six years at the German Council of Economic Experts, based in Wiesbaden, first as an Economist and lately, from 2011 to 2015, as Secretary General of this advisory body of academics to Germany's Federal Government. Benjamin holds a PhD in International Economics from the University of Konstanz.

Last but not least, **Xavier Vives**, is professor of Economics and Finance, titular de la cátedra Abertis/ Chair of Regulation, Competition and Public Policy, and academic director of the Public-Private Research Center at IESE Business School of the Universidad de Navarra. He holds a PhD. in Economics from University of California, Berkeley. He is a board member in Caixabank being the Lead Independent director there. Throughout his prolific career, Professor Vives has held a large number of visiting and consultancy positions in top-ranking universities and institutions. His main research interests include industrial organization, information and financial markets, banking competition, crises and regulation including corporate governance– areas on which he has authored an extensive list of publications.

Without further delay, I would like to hand over the discussion to our guest speakers. To this end, let me throw one question at each of you:

Sergio, I would be interested in hearing your views regarding the added value that, on account of its powers, the ECB can bring to macroprudential policy in the multi-country setting of the euro area.

Benjamin, Germany established in 2013 a Financial Stability Committee for macroprudential oversight of the national financial system. This committee comprises the Bundesbank, BaFin and the Federal Ministry of Finance. What are the main lessons that can be drawn from its first six years of operations?

Xavier, what are the main or more promising avenues for research in the field -if I may call it that way- of macroprudential policy governance?

The floor is yours.