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Closing remarks of the Second Conference on Financial Stability” (Banco de España-CEMFI)

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Thank you very much for your interesting contributions. I believe that the discussion of this panel has shown that the optimal design of governance structures for macroprudential policy remains quite an unsettled question, at least for the time being. Current institutional set-ups differ, regarding the number of institutions involved and the distribution of macroprudential tasks among them. Furthermore, decision-making processes are arguably complex, though in some countries more than in others, thus raising concerns, of potential inaction bias.

The role of governments -through finance ministries- in macroprudential policy is prone to trade-offs in terms of greater legitimacy versus lesser independence. In a crisis situation, the balance may tilt towards the former or the later, with opposite results. Against this background, I sense that the next financial systemic crisis, whenever it comes, may provide a “litmus test” of the effectiveness of alternative governance structures.

Before closing the conference, let me thank the members of the Scientific Committee as well as the roster of distinguished speakers that this event has brought together, for the insightful and lively discussions that have taken place over the last couple of days.

If I may say so, this conference is on its way, to become a flagship product for Banco de España. This would certainly be in line with the traditional high importance that Banco de España has devoted to financial stability matters, as evidenced most notably by our research publications and reports, as well as by our well known approach, in place from 2000 to 2016, of dynamic provisioning to try to tackle credit cycles.

The programme of this conference has focused on a remarkable selection of cutting-edge topics of interest to policy-makers and academics alike. Just to mention a few, there have been discussions about the macroeconomic consequences of bank capital buffers, the effectiveness of the so-called “borrower-based measures”, the relation between monetary policy and systemic risk, or the difficulties of incorporating the uncertainty posed by climate change to economic modelling.

I trust you have found the Conference both stimulating and useful, and I look forward greatly to celebrating the next edition in 2021.

Thank you for your attention.