

***Discussion -- Effectiveness and  
impact of regulation on permitted  
bank activities***

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*Whither regulatory reform?*  
2017 “Challenges for the Future of Banking”  
conference

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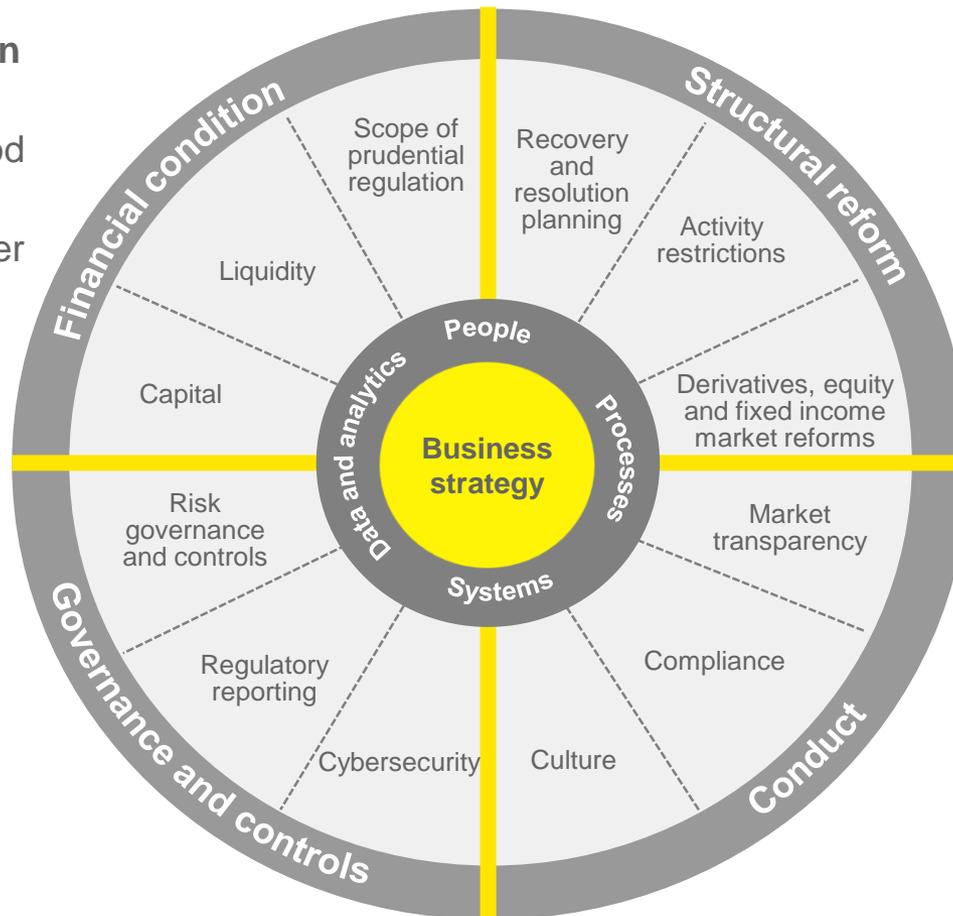
# The objectives of the regulatory reform agenda have been shaped by perceived drivers of the crisis

## Improve the financial condition of institutions:

- ▶ Reduce likelihood of failure
- ▶ Expand perimeter of prudential regulation

## Improve the governance of institutions:

- ▶ Increase accountability
- ▶ Strengthen controls



## Simplify the structure of institutions and strengthen oversight of key markets:

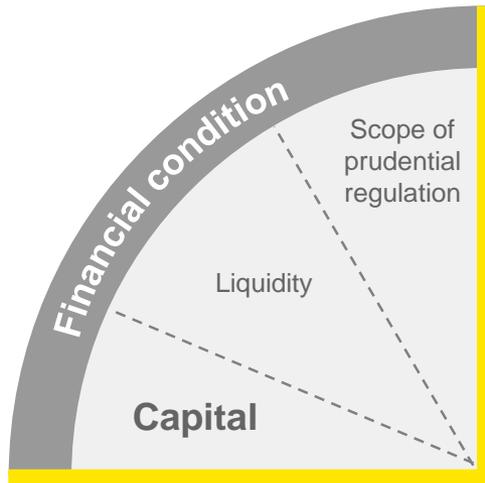
- ▶ Make institutions more resilient
- ▶ Improve the resiliency and transparency of markets

## Improve the conduct of institutions and outcomes for consumers and investors:

- ▶ Develop the “right” culture at institutions
- ▶ Verify firms treat customers fairly and do not manipulate markets

# Deregulating Wall Street evaluates the tradeoff between regulation of scope and capital (aka COICE Act vs DFA)

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VS



## ► Potential considerations:

- How should regulation account for **uncertainty**?
- What is the right mix of **economic incentives and limits** for effective and efficient (systemic) risk management?
- How should we assess the **costs and benefits** of reducing the likelihood and impact of highly uncertain outcome?

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