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

November 3, 2017
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- 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

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

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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