A DSGE Model to Assess the Post-Crisis Regulation of Universal Banks

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Discussion

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Main aim:

- To study the interactions between banking regulation and the macroeconomic environment
- Investigate stylized facts of the post-crisis banking system
- Addressing related issues that are only little discussed in the literature:
  - Calibration of liquidity requirements
  - Interaction between capital and liquidity requirements
  - Interaction between LCR and NFSR

Main findings:

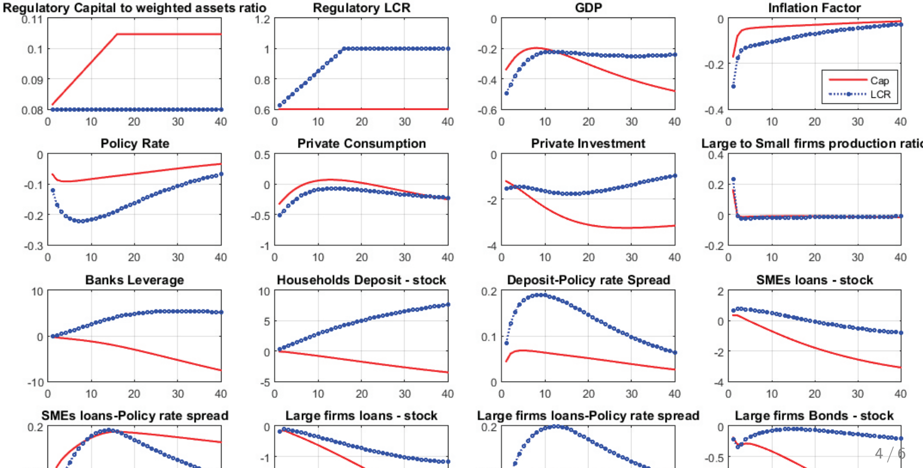
- Liquidity regulation has a less persistent effect than solvency regulation
- Assessment to what extent LCR induces banks to rather invest in sovereign debt than business loans
- Liquidity and solvency regulation appear to be complementary
- LCR has qualitatively similar effects as the NSFR

General comments & questions:

- Calibration vs. estimation
- Model validation (e.g. moment comparison)
- Solving of model

Specific comments & questions:

- Long-term effect: Transitory shocks or permanent change (i.e. steady state change, see your reference Angelini & Gerali)?
- LCR effect on GDP



Specific comments & questions:

- What are the exogenous shocks and their relative contribution?
- What is the main policy implication and how could one relate the results to aspects of financial stability?

Minor Remarks:

- Complete overview of calibrated parameters
- Additional reference: Bonner & C Eijffinger (2016), Review of Finance