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Editorial

Macroprudential regulation: From theory to implementation

1. Introduction

De Nederlandsche Bank, The European Banking Center and the *Journal of Financial Stability*, jointly organized a two-day conference on 29–30 January 2015. The goal of the conference was to fill in the gap between theoretical and empirical research on macroprudential regulation and its implementation in the global financial sphere. After over a year and a half of review and revision, a selection of the papers presented at the conference is here published in this special issue of the *Journal of Financial Stability*.

In “Comparative assessment of macroprudential policies,” [Valentina Bruno et al. \(2017\)](#) consider 12 Asian-Pacific economies in a comparative study that seeks to examine a full complement of macroprudential and capital flow management (CFM) policies before, during, and after the most recent crisis. By extending work based on previous datasets, the authors find that bond/banking CFM policies are associated with bond/banking inflows slowdowns, as well as that there is a possible spillover effect of bond/banking CFM policies. Moreover, bond/banking CFM policies reduce the growth of bond issuances/banking inflows during surge periods in countries with more stringent capital controls and work during low growth periods in countries with less stringent controls. These results notably offer much in the way of additional insight into how macroprudential policies interact with monetary policy.

In “The Use and Effectiveness of Macroprudential Policies: New Evidence,” [Eugenio et al. \(2017\)](#) utilize a new IMF survey to study the deployment of macroprudential policy for 119 countries from 2000 to 2013. Notably, this is the first paper to use the data from this survey. The authors describe 12 kinds of macroprudential policies and examine the relationship between these policies and the changing developments in the credit and housing markets. A number of interesting conclusions are found. Some of these macroprudential policies, notably borrower-based policies and financial-institutions based, are associated with reductions in credit growth and house price increases. These policies seem more effective during credit booms, but less so during busts. The authors also report that the impact of macroprudential policies on credit growth is lower in financially more open and financially more developed economies.

In “Securitization and economic activity: The credit composition channel,” [Ata Can Bertay et al. \(2017\)](#) study a panel of 104 countries during the period 1995–2012 and consider the question of the relationship between country-level securitization and economic aggregates. The authors find a negative correlation between

securitization and economic activity, which seems to be a general feature of securitization and not merely a consequence of the 2008 crisis. The authors propose that this effect is the result of securitization affecting the aggregate composition of credit in the economy, consistent with the credit composition channel.

In “Leading Indicators of Financial Stress: New Evidence,” [Bořek Vašíček et al. \(2017\)](#) consider an understudied and important strain in the finance literature, financial stress indices (FSIs). The authors expand the field of study and examine whether financial stress can be predicted using a broad array of potential leading indicators for a set of 25 OECD countries. The authors find a series of interesting results, perhaps the most notable being that financial stress is hard to predict. Although in-sample the country level models are able to track most of the FSI dynamics, the out-of-sample predictions are not impressive.

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