Introduction
Olivier de Bandt, ACPR, Director for Research

24 March 2016, House of Finance Day
ACPR Chair "Regulation and Systemic Risk"
Introduction: role of research at ACPR

- Contributes to supervision activity, from a cross sectional and horizontal perspective, notably to the definition of supervision priorities
- Analytical capacities to calibrate policy instruments at micro and macro-prudential level
- Data intensive
A few stylized facts: changes in banks’ balance sheet structure

In the last few years, deposits increase, more than loans

Source ECB, euro area banks
A few stylized facts: sovereigns and non-financial companies

Holdings of High Quality Liquid Assets by banks increased significantly

Post-crisis corporate lending spreads are above the level reached before 2008
A few stylized facts: liquidity matters

Fig. 2: Credit exposure of banks to non-financial firms (billion euros, deviation from June 2007 level)

Source: Pessarossi and Vinas (2015)
1. Assessing the Impact of regulation

- Overall impact on credit distribution to NFCs

- Real estate

- Consistency of regulatory requirements
  - How to reach all Basel requirements at the same time? (Birn, Dietsch, Durant, 2016, forthcoming)
  - A DSGE model to assess the post crisis regulation of universal banks (de Bandt, Chahad, 2016, forthcoming)
  - How different are the capital requirement from the economic capital? (Dietsch, Duellman, Fraisse, Koziol, 2016 forthcoming)
2. Low interest environment and higher risk taking?
Changes in the portfolio allocation by insurers

Perimeter: 12 largest French life insurers – Source: quarterly reporting
Smaller lapse rates for life insurers specialised in less well-off customers

- **Motivations principales de détention différentes pour les assurés des différents groupes:** réserve d’argent pour G1 à G7; rendement pour G8 et G9

- **Taux de rachat (abscisse) et patrimoine net médian (ordonnée, en euros)**

3. Analytical tools (1/2)

- Stress testing models

MERCURE : A Macroprudential Stress Testing Model developed at the ACPR (2015)


- Distribution strategy by life insurers

Main determinants of profit sharing by insurers, Borel-Mathurin, Darpeix, Guibert, Loisel (2015)

3. Analytical Tools (2/2): bank and insurance networks

Source: Hauton and Héam, 2015
Conclusion: new research avenues

- Backtesting Stress tests exercises (EBA, ECB, EIOPA)

- Use of the ST tools for macroprudential and microprudential calibration of regulatory instruments

- Profitability of European banks and business models

- Impact of technological changes (Fin Tech)

- Impact of Solvency II on asset allocations