The Bretton Woods Committee
2013 International Council Meeting
October 10, 2013
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In the five years since the financial crisis, governments, regulators, and banking organizations have all worked together to develop appropriate safeguards to stabilize the financial system and prevent future crises.

As a result, the financial system today is safer, significantly better capitalized, and more liquid than prior to the crisis, and funding, certainly for investment banks, is now largely on a secured, term basis.

The improvement in US banks' capitalization and balance sheet liquidity reflects an institutionalized change in model that is significant and continues to evolve, as well as prudent regulatory oversight.

These steps were taken even before implementation of Basel III in the United States. When implemented beginning in 2014, Basel III will further strengthen the capital requirements applicable to, and the systemic resiliency of, US banking organizations.

In addition to imposing higher capital levels and more stringent capital standards, jurisdictions around the world are developing broader reform measures to address areas such as liquidity, central clearing, margin requirements for cleared and non-cleared derivatives, as well as large exposures and concentration risk.

Five years ago, banks operated under a model oriented around revenues and driven by leverage, whereas in the current environment, the model has shifted to one focused on risk-adjusted returns and PBT. This is a huge change in mindset.

However, while much progress has been made to make banks safer, regulation has become a very complex tool. Today's regulatory agenda requires that banks solve for multiple vectors -- risk-based capital, leverage, liquidity, stable funding. And, this is within a myriad of competing legal rules, where the definitions, calculations, and timetables for implementation vary. In my opinion, there is a risk that national regulatory agendas could compromise good global practice and regulatory harmonization. There are a number of examples of this that I would like to highlight:

- Risk-weighted asset calculations which vary across jurisdictions. In July, the Basel Committee conducted a benchmarking exercise comparing the risk-weight calculations across 32 global banks. The results showed considerable variation across banks in calculating the average RWAs for credit risk, indicating that reported capital ratios for banks could vary by as much as 20%. Nevermind the disparity between model approval and self-certification in different jurisdictions.

- The Volcker Rule, Vickers and Liikanen, assuming it is progressed, are driving slightly different permutations of banks which is likely to have an impact on lending to the real economy.

- The revised Basel III Leverage Ratio has raised concerns about consistency. Industry associations have estimated that under the new proposal, the leverage ratio would become the binding constraint in capital management for the majority of US G-SIBs, again potentially impacting business activities that further real economic growth.

    - Some of the potential consequences are:

        - This ratio in isolation could incent banks to hold riskier assets, as leverage rather than risk becomes the binding constraint.

        - Could discourage banks from holding high levels of liquidity. This in itself could conflict with the BCBS Liquidity Coverage Ratio (LCR).

        - Could increase corporate funding costs because credit is not given for netting. This could lead to higher capital charges.

        - And, the proposal requires capital to be held against undrawn facilities, which by definition will lead to a reduction or repricing of credit.

My point is that regulatory regimes should complement and support one another in addressing idiosyncratic and systemic risks, with the goal of promoting a well-designed, consistent and coherent global regulatory framework.

"Too Big to Fail" (TBTF) remains an extremely important policy area as it pertains to the health of the global financial system. TBTF should not necessarily be about an institution's size, but rather recognizing and understanding the magnitude of a potential failure. This can be amplified when markets, firms and regulators do not have time to react in an orderly manner. The key to avoiding taxpayer-funded solutions is to ensure that firms have credible resolution strategies and that regulators cooperate.

Much has been achieved across the spectrum of TBTF, including higher capital, more durable liquidity, and stronger asset quality. Extensive work has been done by Authorities in the US, UK and EU to enhance recovery and resolution planning for large global banks. The US has largely finalized its resolution regime for systemic banks by adopting the Orderly Liquidation Authority (OLA) under the FDIC. The EU is in the process of adopting similar measures under the Bank Recovery & Resolution Directive (BRRD).

However, neat packaging and resolution ignores relevant interdependencies in a global financial institution. Here is an example of where more global regulatory cooperation helps. We fully support the FSB's efforts in driving cooperation and further consistency.

Clearly there is a long road ahead for regulation of the financial industry. The debate around the right degree of stringency, the timing of implementation, and the very detail of each proposal will continue. But while governments, regulators, and banking organizations continue to work together through this complex agenda, we cannot lose sight of our absolute priority to do everything we can to support the global economy.

Part of this "support" comes from the integral role that banking organizations play in the economy. Banks provide products and services to a large and diversified group of clients, including corporations, governments, other financial institutions and individuals. This ranges from loans and cash management services for small businesses to providing access to the global capital markets for corporations to support transformational mergers, acquisitions, and restructurings.

Today, the vast majority of lending in Europe comes via the banks whereas in the US, the vast majority of lending comes via the capital markets. The Eurozone banking system remains in deleveraging mode.

Policy makers, regulators, and legislators need to prioritize the opening up and deepening of capital markets for the long-term funding of infrastructure, project finance, social housing, municipals and the like. In Europe, this is most acute, as Solvency 2 hinders the insurance industry's ability to play more than a niche role in buying long-dated credit assets. Equally, Basel 3 potentially inhibits banks' ability to offer very long-dated finance cost effectively. The recent announcement that securitisation rules may be re-looked at by BCBS is a positive development, but we await clarification.

The global economy is clearly recovering. Developed economies are re-accelerating, emerging market economies are stabilizing, and global growth is expected to trend near 3.5% next year. In the aftermath of a credit bubble, however, growth tends to be sluggish and not without hurdles, resources need to be reallocated between sectors, and the ability to adapt differs greatly across markets and economies. Banks play an important role in facilitating growth, but they must have a more consistent regulatory framework governing their capital and liquidity requirements, as well as policy certainty in which to operate.