

To: The Financial Stability Board (FSB), Secretariat to the Financial Stability Board, Bank for International Settlements, Centralbahnplatz 2, CH-4002 Basel, Switzerland

Re: FSB, 'Proposed Framework for Post-Implementation Evaluation of the Effects of the G20 Financial Regulatory Reforms Consultation Document on Main Elements' (11 April 2017) – Consultation response

Date: 3/5/2017

Dear Sir/Madam,

I welcome the opportunity to offer my input on the proposed framework for the evaluation of the post-implementation effects of the G20 financial regulatory reform. It is important to conduct this type of work and this is a good first step. My remarks below concern certain aspects of the design of the methodological approach.

First, I would like to note that there are different types of evaluation. In particular, a distinction may be drawn among (a) evaluations that seek to measure how well regulators have implemented a regulatory reform, (b) evaluations that seek to assess behavior modification, and (c) evaluations that seek to assess the attainment of certain outcomes. The first type of evaluation focuses on the administration of implementation (e.g., speediness of legal reform, level of adherence of domestic legislation with FSB recommendations etc.). The focus of the second type of evaluation is on behavioral aspects (e.g., market actors adopting to change by downsizing, opting for simpler corporate organizational structures as a response to the implemented reform, abstaining from engaging in certain types of risky financial transactions etc.). Finally, the third type of evaluation focuses on the achievement of the regulatory objectives of the reform such as the mitigation of systemic risk, the improvement of financial resilience etc. The proposed FSB framework seems to be an 'outcome-focused' type of evaluation. Granted that the administration of implementation and behavior modification may bear on assessments about the delivery of the intended regulatory goals (outcomes), it would be helpful to clarify to what extent these are to be considered and, if so, how.

The rationale for including attribution among the three elements of the proposed methodological approach is well understood. Attribution comes with a bold promise. It seeks to demonstrate that a causal link exists between the implemented reform (cause) and the attainment of the intended regulatory goals or other changes (effect). As it is highlighted in the 'FSB Proposed Framework', the empirical research needed to draw causal inferences may prove to be a challenging task due to time, data and other practical constraints. In light of the inherent challenges of this type of work, consideration of a host of methods is wholly appropriate.

Identifying indicators for evaluation purposes is not an easy task. At a minimum, the selection of indicators should take into account regulatory goals, data availability and, arguably, the needs of the primary target

audience of the evaluation in question. Indicators may be grouped into different categories as, for example, on the basis of problems to the solved as these are typically captured in the stated regulatory objectives, on the basis of criteria for evaluation (e.g., impact/effectiveness, cost efficiency, net benefits, distributional fairness), on the basis of other outcomes (e.g., impact on macroeconomic growth employment, innovation) etc.

I am at your disposal, should you wish to discuss any of the above issues in further detail.

Sincerely yours,

Andromachi Georgosouli

Patron: Her Majesty The Queen

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Queen Mary & Westfield College
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