Dear Directors:


My compliments for the comprehensiveness yet also clarity of the proposed framework, and more importantly for the direction suggested. The proposed framework is useful and promises to be very informative in regard to analyzing the reforms to date. It is strong in highlighting the time- and structural dimensions of the potential analytical actions, and in the strength of the various techniques when coupled with micro data with respect to attribution, heterogeneity-recognition and aggregation. The direction taken by this framework is more than a promising step forward in regard to analyzing the effects of reforms. This is even more so because the proposed analyses seem more than doable in principle, given the wide availability of high-quality micro data in many countries, the established techniques in financial and economic research, and the established practice of evaluation in other areas of policy making.

Besides offering encouragement to conduct rigorous type of evaluation in this area, I would like to offer some constructive suggestions. Admittedly as an empirical banking researcher for the past 20
years, I have always been surprised to find out that the rich microdata painstakingly collected and carefully kept in repository at a variety of public institutions had not been mobilized more to help formulate and evaluate policy, financial regulation in particular, in many countries. The available micro data (seems to me) are a public good which can be used successfully to advance not only research in this domain, but also the evaluation of reforms, all to enhance social welfare. Although there clearly are some incremental costs to its more intensive usage (in terms of processing and training of staff, as well as potential confidentially issues, for example), these costs should not be overestimated and surely pale in comparison to the economic, social and political costs of a major financial crisis. As a long-time researcher in this area, I can attest that the incremental costs for such analyses are small: Much of the data collection has been going on for a longer time period in many countries; the techniques are well established; and now there are many existing training opportunities for those that need to get better versed in these techniques (e.g., courses at the Florence School of Banking & Finance, the Barcelona Banking Summer School, and the CEMFI Summer School). As such, I think the analysis of micro data can be very valuable as it can provide for a solid basis with respect to attribution, heterogeneity-recognition and aggregation.

One another point of constructive criticism maybe: Potentially the document could be even more specific when it comes to the various techniques. For example, why not mention difference-in-difference and its main elements explicitly. It could also provide some informative examples of applications in other fields of policy evaluation (as present in published papers or policy documents). Adding these would help entice academics to engage with you on this important effort.

Feel free to contact me if you need more information.

Yours sincerely,

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