

The World Conference on Management, Business, and Finance

07-08 December 2023

Dubai, United Arab Emirates

Assessment of Macroprudential Strategies

Prof. Dr. Paweł Smaga

SGH Warsaw School of Economic, Poland

Abstract

Macroprudential policy is still a relatively new policy area (“more art than science”). Unlike monetary policy, it still doesn’t have any tested and robust strategies to follow. Using a novel strategy index we explore and critically review 30 macroprudential strategies published in 2014-2023, with the overall results pointing to fairly high quality of strategies, with low level of heterogeneity in the total score. Most strategies were published by central banks responsible for macroprudential policy. The score for strategies in EU countries is higher and more homogenous than in non-EU countries. Elements least frequently included in the strategies include challenges for macroprudential policy (like cyber or climate risks) and its interactions with other policy areas. Most countries issued macroprudential strategies after the credit boom. The results provide relevant policy implications on future revisions of this kind of document.

Keywords: banking; central bank; crisis; financial stability; prudential supervision