

Financial Crisis Preparedness

Roi Frayberg

Bar-Ilan University

Abstract

The regulation of the financial system designed after the global financial crisis (GFC) to reduce the likelihood of another financial crisis has not yet been fully implemented by many countries, especially those who have not experienced the global financial crisis. In countries where it has been implemented, a regulatory calibration process has been introduced and applied proportionately to various sectors, in view of the heavy burden of regulation on small entities, particularly in a manner that impairs competition. At the same time, new players have been able to capture market shares in various financial services, with a lower supervisory level as well as regulation arbitrage. The search for yield and a change in the banks' business models created new risks for the financial system. How to prepare to the next financial crisis? Which tools are necessary?