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Countercyclical Capital Buffer, Quo Vadis? Determinants of CCyB Decisions

Some comments

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Institutional and operational framework for macroprudential policies and tools in Europe

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The message of the paper

- There was a "*structural shift in the association between systemic risk and the implementation of the CCyB before and after the pandemic*"

- a change in the "nature" of the CCyB? → *from countercyclical to structural?*

1) Inadequacy of the credit-to-GDP gap

- other variables were more relevant

- is the CRD flexible enough? See Article 136(2) CRD

- What to do? Two suggestions:

- *decide what CCyB should be used for*

- *do not insert the indicators into the CRD*

2) "*one-year time-lag between indicator signals and policy activation*"

- "*tendency to only decide after risk signals have been confirmed in following quarters*" (page 18)
- difficulty of using a countercyclical tool on such a short-term, regular basis (quarterly)
- Should the CCyB be assessed on a semi-annual basis?

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3) CCyB and SyRB

- The paper takes the SyRB into consideration
- as the SyRB is provided in the CRD, its implementation depends upon the way CCyB is designed
- Will there still be room for the SyRB in the future?

4) Role of the ECB

- additional information might be needed
- alignment among analyses carried out by the ECB and by national Authorities