Costs of crises happening are bigger than costs from regulations

The Financial Regulatory Environment

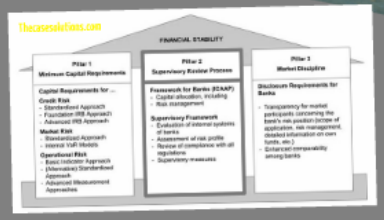
Thecasesolutions.com

BUSINESSES:

Efficiency

http://www.dilbert.com/strips/comic/2011-11-06/

Businesses need a stable environment to operate in, and a sound financial system is a necessary prerequisite.



Risk Management

Thecasesolutions.com

- more common equity - 4.5% (up from 2%)
-additional capital buffers
-sufficient high-quality liquid assets to cover its total net cash flow over 30 days
-higher quality, more transparent and consistent capital
-increased lending spread by about 50%

-Good allocation of capital, manage risks
-Herd behaviour of investors, excess optimism, which aids capital misallocation

The Financial Regulatory Environment

Thecasesolutions.com

Thecasesolutions.com

Thecasesolutions.com

Thecasesolutions.com

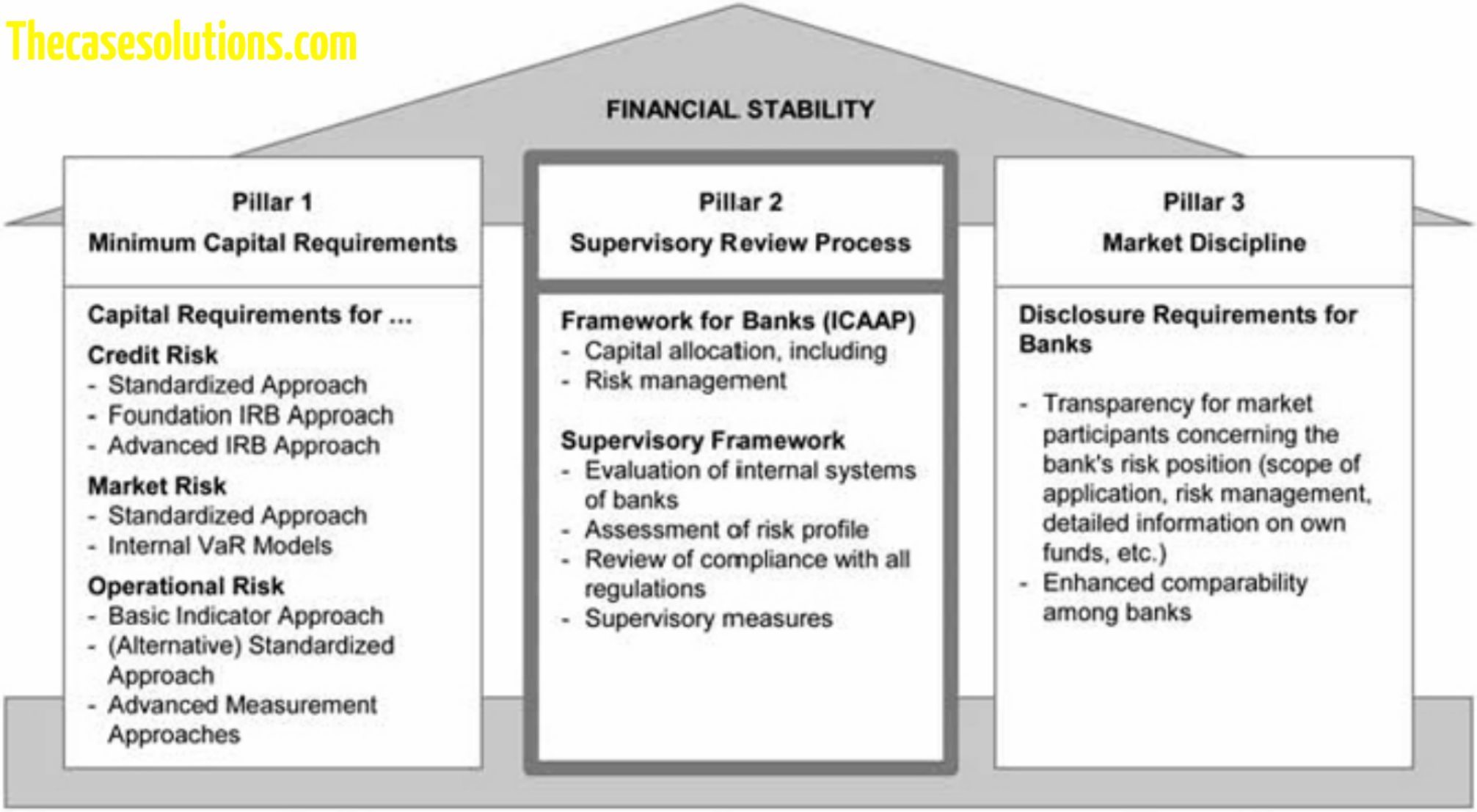
Regulation = Confidence

Thecasesolutions.com

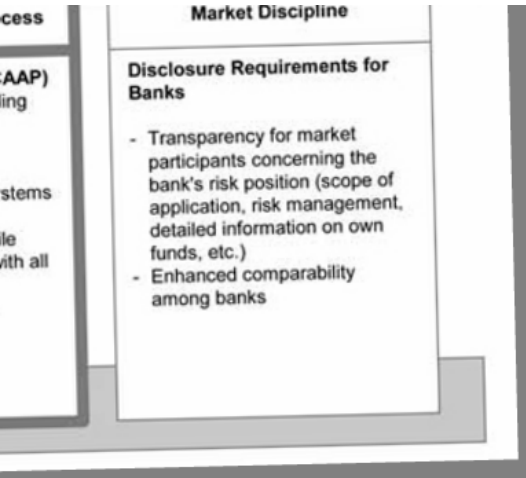
Thecasesolutions.com

Thecasesolutions.com

Thecasesolutions.com



- more common



Thecasesolutions.com

- more common equity - 4.5% (up from 2%)
-additional capital buffers
-sufficient high-quality liquid assets to cover its total net cash flow over 30 days
-higher quality, more transparent and consistent capital
-increased lending spread by about 50%