Banco de la República | Colombia
Somos el banco central de Colombia

The Cyclical Behavior of Bank Capital Buffers in an Emerging Economy: Size Does Matter

Borrador de Economía, núm. 650 Tenga en cuenta
La serie Borradores de Economía, de la Subgerencia de Estudios Económicos del Banco de la República, contribuye a la difusión y promoción de la investigación realizada por los empleados de la institución. Esta serie se encuentra indexada en Research Papers in Economics (RePEc).

En múltiples ocasiones estos trabajos han sido el resultado de la colaboración con personas de otras instituciones nacionales o internacionales. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

Autor o Editor Andrés Felipe García , José Eduardo Gómez, Andrés Murcia, Fernando Tenjo Autores y/o editores García-Suaza, Andrés Felipe Gómez-González, José Eduardo Murcia-Pabón, Andrés Tenjo-Galarza, Fernando
The Cyclical Behavior of Bank Capital Buffers in an Emerging Economy: Size Does Matter The Cyclical Behavior of Bank Capital Buffers in an Emerging Economy: Size Does Matter* Andrés Felipe García-Suaza**
ften-joga@banrep.gov.co José E. Gómez-González***
jgomezgo@banrep.gov.co Andrés Murcia Pabón****
amurcipa@banrep.gov.co Fernando Tenjo-Galarza*****
ften-joga@banrep.gov.co Abstract Using a panel of Colombian banks and quarterly data between 1996:1 and 2010:3, we study the relationship between short-run adjustments in bank capital buffers and the business cycle. We follow a partial adjustment framework and control for several variables that have been identified as important determinants of bank capital buffers in previous studies, and find that bank capital buffers vary over the business cycle. We are able to identify a negative co-movement of capital buffers and the business cycle. However, we also find that capital buffers of small and large banks behave asymmetrically during the business cycle. While the former appear to be constant over time, once the appropriate set of control variables is used, the latter present a countercyclical behavior. Our results suggest the possible need of the implementation of regulatory policy measures in developing countries. Keywords: Bank capital buffers,Credit risk, Regulation, Colombia, JEL Classification: C26, G21,G28. *Disclaimer: The findings, recommendations, interpretations and conclusions expressed in this paper are those of the authors and not necessarily reflect the view of the Banco de la República or its Board of Directors, or the Department of Economics of the Universidad del Rosario. **Assistant Professor, Economics Department, Universidad del Rosario. ***Senior Research Economist, Banco de la República (Central Bank of Colombia). ****Senior Economist, Monetary and Reserves Affairs Office, Banco de la República (Central Bank of Colombia). *****Member of the Board of Governors, Banco de la República (Central Bank of Colombia).

Fuente: https://d1b4gd4m8561gs.cloudfront.net/es/cyclical-behavior-bank-capital-buffers-emerging-economy-size-does-matter