Financial Advisory Roundtable meeting

November 18 2016

Proposed Agenda

How Are Bank Business Models Adjusting to the New Regulatory Environment?

1. How are banks taking new regulations into account in calculating their cost of capital and conducting capital budgeting?
   a. How do banks take into account the presence of multiple different regulations with overlapping scope?
   b. How do banks take into account higher capital and liquidity requirements vs other regulatory measures that may be more difficult to quantify (e.g., enhanced supervision of large banking firms induced by new regulations).

2. Is regulatory uncertainty having a material effect on bank activities? Is regulatory uncertainty diminishing as new post-crisis regulations are being finalized?

3. Which regulations are having the most significant effects on bank activities? How can we best observe/measure the impact of new regulations?

4. Are there cases in which regulations are causing banks to exit or shrink in particular markets or activities? In such cases, are those activities shrinking in overall size, or instead just shifting to the nonbank sector?

5. Beyond the direct effect of changes in regulations, are bank activities and business models being affected by changes in perceptions of legal risk?

6. In what ways have new regulations been successful in reducing systemic risk? Are there regulations that have had unintended consequences, or given banks perverse incentives?