Counter-cyclical capital requirements with a scheme of capital distribution restraint: A DSGE approach

佐藤嘉晃（名古屋大学大学院生）

Abstract

We assess the effects of the introduction of the time-varying capital requirements on the financial sector and the economy during a simulated recession. We consider the time-varying capital requirements which respond to the changes in the credit-to-GDP ratio. The simulation results provide the evidence that the time-varying capital requirements work to mitigate the severity of a recession. Our results also indicate that a scheme which discourages financial intermediaries from distributing their capital during a recession significantly enhances the stabilizing effects of the time-varying capital requirements. These results partly provide support for new macro-prudential capital requirement regimes proposed in Basel III reforms.