The research on the existing frameworks has shown that the criteria enlisted in them target a holistic approach whose core objective is to safeguard financial stability (Fell and Schinasi 2005, 107). There is also an accord that prudential regulation in combination with effective supervision is the best way to ensure that the financial institutions and systems are the most resilient possible (Barth et al. 2004, 28; Rochet 2008, 21; The World Bank 2013, xi).

Methodology and Approach

The methodology employed was a comparative study between the three countries. There is a consensus that there is no universally adopted framework to assess and monitor a bank’s health and resilience that guarantees financial stability (Armour et al. 2016, 617; Fell and Schinasi 2005, 102; Trapanese 2009, 7). However, the framework employed combines aspects of several different frameworks, such as the FSIs, Basel frameworks, CAMELS, as well as the findings of several authors, such as Barth et al. (2006), Downing (2019) and Fight (2014), mirroring a holistic approach. The Analytical Framework is split into micro-prudential regulations for banks and supervision of banks which each contain several sub-criteria taken from the respective frameworks and authors.

Main Facts

Micro-Prudential Regulations for Banks

**Entry Requirements**
- Requirements for Entry into the Banking System
- Limitations on Foreign Entry and Ownership of Domestic Banks
- Percentage of Foreign Entries Rejected

**Accounting Standards**
- What (international) accounting standard does the country adhere to?

**Ratios**
- Capital Adequacy
- Asset Quality
- Liquidity
- Buffer Requirements
- Capital Conservation Buffer
- Countercyclical Capital Buffer
- Deposit Insurance
- Does a deposit insurance exist?
- How high is the amount insured?

**Supervision of Banks**

**Supervising Authority**
- Single or Multiple Authorities
- Central Bank as Supervisor
- Accountability

**Disclosure Requirements**
- Official Disclosure Requirements
- On-Site and Off-Site Supervision
- Required Data Disclosure

**Results**

An overall convergence of regulatory requirements for banks and their supervision can be identified among the countries in question, with certain slight differences. Based on the empirics and on the public interest approach, 13 implications for policy makers could be singled out. These include implications for more transparency, compliance with international standards and unification of standards across the countries in order to overcome regulatory arbitrage.

This Master Thesis attempted to compare the different regulations for banks in China, Japan and South Korea. Subsequent research on the topic of the ratios would be beneficial to understand how differences among them lead to different outcomes in different countries, as well as including more of the ratios listed in the frameworks. Further qualitative research would be beneficial in the areas of policy making regarding banks in the three countries, as well as a comparison over time. This would help to understand how the ideal regulatory framework looks like.

References

All references can be found in the full version of the MA thesis available at [http://othes.univie.ac.at](http://othes.univie.ac.at).

About the Author

Valérie Helbling obtained her B.A. in Sinology and Arabic Studies at the University of Geneva, including an exchange year at the Renmin University in Beijing and exchanges in Morocco and Oman, before starting her Master at the University of Vienna. She currently is pursuing her second Master at the IMC Kremes on the topic of International Business and Economic Diplomacy.

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Monitoring the Health and Resilience of Banks in China, Japan, and South Korea