

1. Record Nr.	UNINA9910788415103321
Autore	Sy Amadou
Titolo	Distance-to-Default in Banking : : A Bridge Too Far? // Amadou Sy, Jorge Chan-Lau
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2006
ISBN	1-4623-5181-6 1-4527-7738-1 1-283-51164-9 1-4519-0928-4 9786613824097
Descrizione fisica	1 online resource (19 p.)
Collana	IMF Working Papers
Altri autori (Persone)	Chan-LauJorge
Soggetti	Bank capital - Econometric models Bank failures - Econometric models Default (Finance) - Econometric models Risk - Econometric models Banks and Banking Financial Risk Management Public Finance Banks Depository Institutions Micro Finance Institutions Mortgages Financial Institutions and Services: Government Policy and Regulation Trade Policy International Trade Organizations International Financial Markets Banking Financial services law & regulation Public finance & taxation Economic & financial crises & disasters Finance Capital adequacy requirements Post-clearance customs audit Deposit insurance Asset valuation Banks and banking Asset requirements

Customs administration
Crisis management
Asset-liability management
United States

Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	"September 2006."
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	""Contents""; ""I. INTRODUCTION""; ""II. WHAT HAPPENS BEFORE A BANK DEFAULT?""; ""III. A UNIFIED FRAMEWORK FOR DISTANCE MEASURES : DISTANCE-TO-CAPITAL""; ""IV. CASE STUDY: THE RESONA AND ASHIKAGA BANKS""; ""V. CONCLUSIONS""; ""REFERENCES""
Sommario/riassunto	In contrast to corporate defaults, regulators typically take a number of statutory actions to avoid the large fiscal costs associated with bank defaults. The distance-to-default, a widely used market-based measure of corporate default risk, ignores such regulatory actions. To overcome this limitation, this paper introduces the concept of distance-to-capital that accounts for pre-default regulatory actions such as those in a prompt-corrective-actions framework. We show that both risk measures can be analyzed using the same theoretical framework but differ depending on the level of capital adequacy thresholds and asset volatility. We also use the framework to illustrate pre-default regulatory actions in Japan in 2001-03.
