

1. Record Nr.	UNINA9910957410503321
Autore	Scarlata Jodi
Titolo	Procycles and Fair Value Accounting / / Jodi Scarlata, Juan Sole, Alicia Novoa
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2009
ISBN	9786612842610 9781462383023 1462383025 9781452763194 1452763194 9781282842618 1282842617 9781451871876 1451871872
Edizione	[1st ed.]
Descrizione fisica	1 online resource (42 p.)
Collana	IMF Working Papers
Altri autori (Persone)	NovoaAlicia SoleJuan
Disciplina	338.29346
Soggetti	Business cycles Fair value - Accounting Accounting Banking Banks and Banking Banks and banking Banks Depository Institutions Economic growth Finance Finance, Public Finance: General Financial Institutions and Services: Government Policy and Regulation Financial institutions Financial Instruments Financial instruments Financial Markets and the Macroeconomy Financial reporting, financial statements Financial statements General Financial Markets: General (includes Measurement and Data) Industries: Financial Services

Institutional Investors
Investment & securities
Investments: General
Loans
Macroeconomics
Micro Finance Institutions
Mortgages
Non-bank Financial Institutions
Pension Funds
Prices, Business Fluctuations, and Cycles: General (includes Measurement and Data)
Public Administration
Public financial management (PFM)
Public Sector Accounting and Audits
Securities
United States

Lingua di pubblicazione

Inglese

Formato

Materiale a stampa

Livello bibliografico

Monografia

Note generali

Description based upon print version of record.

Nota di bibliografia

Includes bibliographical references.

Nota di contenuto

Contents; I. Introduction; II. Fair Value Accounting Through the Business Cycle; A. Fair Value Accounting And Its Application; 1. Selected U.S. Based Financial Institutions: Change in Level 1, 2, and 3 Assets; 2. Aggregate Fair Value Hierarchy, End-2007; III. Modeling FVA through the business cycle using simulations; A. Data and Modeling Assumptions; Tables; 1. Balance Sheet Representative U.S. And European Financial Institutions; 2. Parameter Values for Each Simulation; B. Simulation Results; 3. Equity-to-Assets Ratio Through The Business Cycle
4. Application of Fair Value by U.S. And European Banks, 2007 Figures; IV. Conclusions and Policy Recommendations; Policy proposals; 3. Simulation Of Full Fair Value; 4. Simulation Of Full Fair Value: Changes In Funding Conditions And Financial Market Distress; 5. Simulation Of Full Fair Value: International versus Retail-Oriented Banks; 6. Simulation Of Partial Fair Value; 7. Simulation Of Smoothing Techniques; 8. Yield Curves and Business Cycles; 9. Simulation Of Full Fair Value With Upward Sloping Yield Curve; V. References

Sommario/riassunto

In light of the uncertainties about valuation highlighted by the 2007-2008 market turbulence, this paper provides an empirical examination of the potential procyclicality that fair value accounting (FVA) could introduce in bank balance sheets. The paper finds that, while weaknesses in the FVA methodology may introduce unintended procyclicality, it is still the preferred framework for financial institutions. It concludes that capital buffers, forward-looking provisioning, and more refined disclosures can mitigate the procyclicality of FVA. Going forward, the valuation approaches for accounting, prudential measures, and risk management need to be reconciled and will require adjustments on the part of all parties.