



Borradores de Economía - **Macro-prudential assessment of Colombian financial institutions' systemic importance**

Descargar (sólo en inglés) Tenga en cuenta

La serie Borradores de Economía, de la Subgerencia de Estudios Económicos del Banco de la República, contribuye a la difusión y promoción de la investigación realizada por los empleados de la institución. Esta serie se encuentra indexada en Research Papers in Economics (RePEc).

En múltiples ocasiones estos trabajos han sido el resultado de la colaboración con personas de otras instituciones nacionales o internacionales. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

Autores y/o editores León-Rincón, Carlos Eduardo Machado-Franco, Clara Lía Murcia-Pabón, Andrés Fecha de publicación Jueves, 26 de diciembre 2013

This document presents an enhanced and condensed version of preceding proposals for identifying systemically important financial institutions in Colombia. Three systemic importance metrics are implemented: (i) money market net exposures network hub centrality; (ii) large-value payment system network hub centrality; and (iii) an adjusted assets measure. Two complementary aggregation methods for those metrics are implemented: fuzzy logic and principal component analysis.

The two resulting indexes concur in several features: (i) the ranking and remoteness of the top-two most systemically important financial institutions; (ii) the preeminence of credit institutions in the indexes; (iii) the appearance of a brokerage firm in the top-six; (iv) the skewed nature of the indexes, which match the skewed (i.e. inhomogeneous) nature of the three metrics and their approximate scale-free distribution.

The indexes are non-redundant and provide a comprehensive relative assessment of each financial institution's systemic importance, in which the choice of metrics pursues the macro-prudential perspective of financial stability. The indexes may serve financial authorities as quantitative tools for focusing their attention and resources where the severity resulting from an institution failing or near-failing is estimated to be the greatest. They may also serve them for enhanced policy and decision-making.