

Date of the event:

On Wednesday 24th February 2010
From 1:00pm to 2:00pm

Location:

Luxembourg School of Finance
University of Luxembourg
4 Rue Albert Borschette
2nd Floor
Modigliani Miller Auditorium (E02-003)
L-1246 Luxembourg

Registrations:

- Free seminar (with lunch included)
- Registrations by email before February 22nd 2010
- At the following address : lsf-events@uni.lu

Information:

Ms Caroline Herfroy
Tel : +352 46 66 44 6335

<http://www.lsf.lu/eng/Research/Seminars-and-Conferences/Seminars-Workshops>



The LSF is pleased to invite you to the following
lunch seminar:

Supervisory Effectiveness and Bank Risk-Taking

By Professor Manthos Delis

*University of Ioannina
Greece*



Wednesday 24th February 2010
From 1:00pm to 2:00pm

Supervisory Effectiveness and Bank Risk-Taking

By Manthos Delis

The **Luxembourg School of Finance**

Is pleased to invite you to the

LSF Seminar

This paper investigates the role of banking supervision in controlling bank risk-taking, where banking supervision is measured in terms of enforcement outputs (i.e., on-site audits and sanctions). Our results show an inverted U-shaped relationship between on-site audits and bank risk, while the relationship between sanctions and risk appears linear and negative. We also consider the combined effect of efficient supervision and banking regulation (in the form of capital and market discipline requirements) on bank risk. We find that effective supervision and market discipline requirements are important and complementary mechanisms in reducing bank fragility. This is in contrast to capital requirements, which are proven rather futile in controlling bank risk, even when supplemented with a higher volume of on-site audits and sanctions.