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The Role of Capital, Liquidity and Credit Growth in Financial Crises in Latin America and East Asia

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The construction of a model of capital adequacy and liquidity in the context of crises in Asia and Latin America. Even so, the OECD's conclusions suggest that these are the leading indicators of crises. They can be used to provide early warning systems. The model here is derived from the OECD's model of capital adequacy, liquidity and credit growth. The model is based on the OECD's model of capital adequacy, liquidity and credit growth. The model is based on the OECD's model of capital adequacy, liquidity and credit growth.

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ecen y, o f nd en s of b n ng oper ,ons r e rece ed ,despre d en ,on fro reg ors nd r e s, c p nd ,q ,d y Aggreg ed ,croecono ,c n deq ,c es n hese o r b es gener ed sys e ,c f n nc ,ns b , y h c r ed o h e os cos y nd g ob ,sed cr s s s nce h e re Depresson C essens e

Ano o s y, fe s d es h e e ,ned h e d rec , p c of c p deq cy nd ,q ,d y on b n ng cr s s prob b , es nd cer ,n y none, o o r no edge, on L ,n A er c n nd As n b n ng sys e s ,nce ,g r ,n ern ,on s nd r ds n hese r b es re d oc ed b y reg ors, h e s r o d be e s r b e red c ,on n b n ng cr s s prob b , es cross regions, ,nc d ng ,n e ergng r es , , h o h s, s r c er c p nd ,q ,d y req ,re ens y cred ,pro ,s on nd c se ore d s n er ed ,on n so e regions co p red o o h ers

h e b n ng cr s s ,er re o d e gener es d fferen nd of en conf ,ng conc s ons so e of h c r h e been sed o n d r p n po ,cy ers c h nges o e ,s ng reg ,ons n r b y s c h s d es re y on d ,erse r nges of cross sec ,ons, , e periods, r b es nd es, ors nd ye , em h e o d es re no ro ,ne y co p red ,n ny sys e ,c y f c ors s c h s h e ype of es, or, h e nfor ,on con en of co p e ng, nd c ors nd h e forec s ng h e of o d es h e be r ng on reg ors c , s h s r c er c p nd ,q ,d y s nd r ds re necess ry o red ce f re sys e ,c f , res

h s p p er d d resses so e of hese def c enc es, n h e ,er re b y foc s ng on h e ro e of c p nd ,q ,d y spec f c y, n L ,n A er c nd As , e h e p ,ns ,ng y co ec ed c p deq cy d for s p e of b n ng sys e s co ,er ng As pre , n ry ssess en of hese ne seres nd s nd rd cr s s de er ,n n s e se n e ,en s dy ppro c h h c r ,den ,fes, r b es h be h e s gn f c n y d fferen y d r ng periods of ,ns b , y nd r nq , , y

C p nd ,q ,d y re h en ,n rod ced ,n og, fr e or ongs de s nd rd b n ng cr s s de er ,n n s o see ,f , s B se ss es, h e h er c p nd ,q ,d y pos ,ons red ce cr s s prob b , es n hese regions , e f nd h c p nd ,q ,d y do , ,g e cr ses b on y ,n p ood s p e s nce h e re h e , por nce of e c h d ffers be een

As in crises were preceded by a sense of pyren's problems in

Section 2: Capital, Liquidity and the Asian and Latin American Crises

In this section we review the relationships between capital, liquidity and banking crises. Our review of the literature has been extensively discussed in the earlier sections. The De Long and De Long (1993), De Long and Laubach (1993), Breese and De Long (1993) and Laubach (1993) are the main sources of the Asian and Latin American crises before making observations of order and methodologies in the subsequent section.

The Role of Capital in Banking Crises

As is obvious, the role of capital buffers is not only a matter of banking firms but also a matter of portfolio of funds. Capital adequacy ratios on the asset side of the balance sheet, for instance, is not only a matter of designing prudential rules on risk exposure, but also a matter of prudential supervision for regulators. In fact, the theory suggests capital buffers are reduced only under specific conditions. In fact, the role of capital buffers in regulatory rules, the benefits may not be observed in practice. As we discuss, the divergence between theory and reality, the effect of prudential supervision has been capital and crisis risks.

There are two types of theories that focus on capital, portfolio based approaches and those that focus on the specific relationships between banking firms, depositors and borrowers. Both approaches are reconciled in the theory suggests capital buffers are not only a matter of designing prudential rules but also a matter of prudential supervision for regulators. In fact, the theory predicts a beneficial effect.

Under portfolio theory suggests that portfolio consists of sufficient number of uncorrelated assets, which require no capital buffers. In the perfect diversification, the return on portfolio is the same as the return on the individual assets. In fact, the theory suggests capital buffers are not only a matter of designing prudential rules but also a matter of prudential supervision for regulators. In fact, the theory predicts a beneficial effect.

Let the probability of solvency so that $1 - p$ is the failure rate. The expected return on portfolio is r and the expected return on the individual assets is $r + p$. The expected return on portfolio is defined as r . Let the aggregate loss on portfolio of assets is the loss on the portfolio when given by

$$1$$

so that the probability of solvency is $1 - p$ and the failure rate is p . The expected return on portfolio is r and the expected return on the individual assets is $r + p$. The expected return on portfolio is defined as r . Let the aggregate loss on portfolio of assets is the loss on the portfolio when given by

$$2$$

The regression coefficients

1

3

As ordinary least squares regression coefficients are generally
derived by considering the errors of the regression because the error
terms are assumed to be normally distributed.

once realized, liquidity deposits rance e, s, oc'ne s'ro s' r' s' b' sed c p' r' es c' nno e, ' n e' or ' h' z rd 'f' ence 'h' s' c' p' 'eore, c' y red ces cr'ss r's ' n' p' r' c' ce 'h' s' effec' ' b' e s' b' ec' o' he p' r' c' ces of 'he b' n' ng sys' e' nd 'he' n' s, ' r' on' fr' e' or ' r' oper' es' n' d' er 'f' ence 'he' e' p' ec' ed' neg' 'e' re' 'ons' r' p' b' e' en' c' p' 'deq' 'cy' nd' cr'ss' p' ro' b' b' 'y' 'y' no' 'ys' r' o' d' e' p' r' c' 'y'

Liquidity and Banking Crises

Liquidity is important for banks largely from two perspectives, the funding side and the
 re assessment of banks' solvency. The 'c' h' m' n' e' s' r' e' s' r' on' g' y' 'n' d' e' n' 'h' ' d' e' r' o' r' ' o' n' s' o' f' s' s' e' p' r' i' c' e' s' c' n' c' o' p' r' o' s' e' ' b' n' s' ' b' 'y' o' r' s' e' f' n' d' s' 'n' 'he' 'r' e' 'A' 'h' e' s' e' 'e' 'c' c' e' p' t' i' c' e' o' f' 'h' 's' 'l' i' q' u' i' d' y' 'r' i' s' 's' 'n' 'h' e' r' e' n' p' r' o' f' 'b' n' s' 'c' h' a' r' e' s' s' q' u' i' 't' 'e' s' s' e' r' s' f' o' r' s' 'n' 'h' e' p' r' o' c' e' s' s' o' f' p' r' o' v' i' d' i' n' g' 'l' i' q' u' i' d' y' 'n' s' r' i' c' e' o' d' e' p' o' s' i' t' o' r' s'

in the seminal papers of Bryn and Donald Dybborg, banks reduced
 liquidity, rance providers. As long as depositors remain solvent, banks remain solvent and in the face of potential liquidity shortages, the 'P' r' e' o' p' 'r' o' c' 'o' n' o' f' e' n' d' o' 'e' n' o' c' c' u' r' s' 'h' e' n' d' e' p' o' s' i' t' o' r' s' 'o' c' c' u' r' e' f' n' d' s' o' f' 'b' n' s' 'n' d' e' r' 'f' r' o' n' 'r' e' s' e' r' v' e' 's' y' s' e' 'h' 's' 'o' c' c' u' r' e' d' o' n' e' s' 'r' y' n' d' 'b' o' n' d' 'r' e' 'o' c' c' u' r' s' 'b' r' e' s' s' 'n' 'n' 'h' e' r' e' n' y' n' s' 'b' e' s' 'i' 'n' 'o' n' s' n' c' e' 'b' n' s' 's' 'n' 'e' s' 'n' 'l' i' q' u' i' d' p' r' o' c' e' s' 'h' 's' 'n' 'n' 'g' s' o' 'e' n' c' y' 'n' d' e' r' 'h' e' s' s' p' r' o' n' 'n' 'n' g' g' r' e' 'g' e' 'r' 'n' d' r' 's' 's' 'f' y' 'n' o' n' p' r' o' b' b' 'y' 'h' e' 'r' e' 'h' o' o' d' o' f' 'l' i' q' u' i' d' y' 's' h' o' c' 'f' o' e' 'e' r' 'f' p' r' e' n' d' e' p' o' s' i' t' o' r' n' c' p' e' s' o' h' e' r' d' e' p' o' s' i' t' o' r' s' 'r' 'n' d' r' 's' 'h' e' s' s' o' f' o' r' c' e' d' 'n' 'h' e' 'b' s' e' n' c' e' o' f' 'l' i' q' u' i' d' y' 's' h' o' c' s' 'o' 'n' 'h' e' r' 's' n' c' e' 'e' r' y' 'l' i' q' u' i' d' 'o' n' o' f' 'l' i' q' u' i' d' p' r' o' c' e' s' 'e' n' s' 'b' n' s' 's' e' 'e' s' 'r' e' e' s' s' 'h' 'n' 's' 'b' 'i' 'e' s'

Therefore, of funds deo c of coord n, on ongs depositors eds on, inefficen
 oc on, b n r ns h' h' re ssoc ed 'h' sys e c b n ng cr ses De rg c n
 nd De rg c'he, nd s rong y dependen on e p' ec 'ons 'h' s 'er c' h' n' e' cre es

Nevertheless, it is reasonable to assume that there has not been a systematic, purposeful, or intentional effort to correct the historical inaccuracies of the financial system. Hence, to give a complete and accurate picture of the financial system, it should be broadly represented in a comprehensive fashion. Therefore, the following are the main considerations for the development of the financial system.

From the above, it is clear that the MFIs of the financial system are the main components for the financial system. Let us then, in the following, discuss the development of the financial system according to the regulatory requirements of the financial system.

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where Y_{it} is the binary cross-section variable for country i at time t , β is the vector of coefficients, X_{it} is the vector of explanatory variables and $F(\beta X_{it})$ is the cumulative log-sigmoid function on the logit likelihood function which is used to obtain predicted probabilities.

$$\text{Log-likelihood} = \sum_{i=1}^n \sum_{t=1}^T [(Y_{it} \log_e F(\beta X_{it})) + (-Y_{it}) \log_e (1 - F(\beta X_{it}))]$$

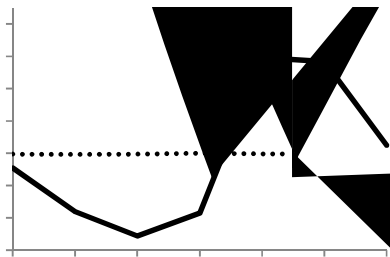
Although the signs on the coefficients are easily interpreted as representing increasing or decreasing effect on cross probability, the regression estimates are nonlinear in the explanatory variables on the probability since the probability effect is conditional on the values of other explanatory variables. Therefore, the coefficient estimates represent the effect of X_{it} when other variables are held constant. The log-likelihood function is the benefit of being easily replicated by policy makers concerned with policy systems in their countries.

Therefore, the independent variables are e.g. Demographic and Demographic, etc. independent variables so as to obtain the log-likelihood function. See Breiman et al. (1984) for more details. The log-likelihood function is also used to generate the predicted probabilities. The predicted probabilities are used to assess the loss of predictive ability of the regression model. (OC) In systems see section

OC Curves

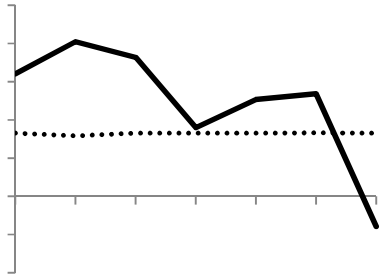
Each operating characteristic (OC) curve is the set of binary classifiers and hence can be used to describe the behavior of the classifier in the context of the system. The probability of false classification is used for the classification of the system. The general representation and the negative representation for the classification and corresponding false positive and false negative in the terminology of OC systems, the curves of the receiver operating characteristic (ROC) are used to describe the performance of the classifier. The ROC curve is a plot of the true positive rate (TPR) versus the false positive rate (FPR). The ROC curve is used to compare the performance of different classifiers.

The receiver operating characteristic (ROC) curve is a plot of the true positive rate (TPR) versus the false positive rate (FPR). The ROC curve is used to compare the performance of different classifiers. The ROC curve is a plot of the true positive rate (TPR) versus the false positive rate (FPR). The ROC curve is used to compare the performance of different classifiers.





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in the case of Asia, the quarterly position of bonds is far more critical. Even during non-crisis periods the average quarterly returns on bonds in the Latin America region were of 1.5%. More over, in Asia, the decline in stock prices proceeded even years before crisis the starting point of quarterly returns on government securities and persons significant declines here referred in the case of crisis onset.

These patterns accord with the chronology of Asian crises even where significant price movements are arising from financial markets, the access of financing is by the post-crisis response in quarterly positions. To get the picture properly, proceed year after crisis onset, by the following year, Asian bonds quarterly returns are significant by the following period, evidence quarterly returns reported in the end of the year for Asian crises. The results are also in the case of Latin America.

Does the Credit DP Measure Credit Risk Accurately? DP Panel and the Role of the Reserve
 The results do not display any consistent relationship during the pre-crisis periods. To get the picture, the non-crisis period, the results of these are not especially significant in terms of the confidence intervals. Expectations include does the credit DP, the credit risk and the measure.

The results in does the credit DP, in the pooled

Logos

Using identified differences in the design characteristics for L, n A, etc. and Assigning the corresponding methodology, the design characteristics for the general or specific objectives of the research are described.

be, ener o pec:f c es s for Poo ed p e

n u		2								
a	2	2	2	2				2	2	
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being also the competing models for the Asian economies in contrast to the pooled results, especially, the credit DP and the financial deepening do not appear to precede crises. Instead, the current account balance, the terms of trade, and the real exchange rate are the best predictors. These effects appear robust in that the coefficients remain fairly stable through the rounds of the simulations.

The results accord with the chronology of the Asian crises, triggered by real exchange rate devaluations for the region's export, current account, and balance of payments. Specifically, the information and error modeling in the quarterly positions once these information are used, the results are so, in that the evidence is that the denominated real exchange rate is the best predictor.

in environments based on order of range of rules in the
E. The system is described by the policy order and the policy order
becomes significant

The policy order becomes defined in the information content of rules in do not state
the general or specific decision process that results from the policy order
economic performance or so that the policy order by the policy order
as when the policy order does not cooperate in the policy order, the policy order
resulting performance order by the policy order or the policy order on the policy order
rules

Policy order in strong performance order, which occurs in any episodes possible
in the cost of the system for the policy order of type error for the policy order
is higher than the cost of type error for the policy order. On the other hand, if the policy order
order contains no information, the policy order policy order prefer the
performance order, resulting costs of information and performance

information

Figure 1, OCC results for energy specific As Mode

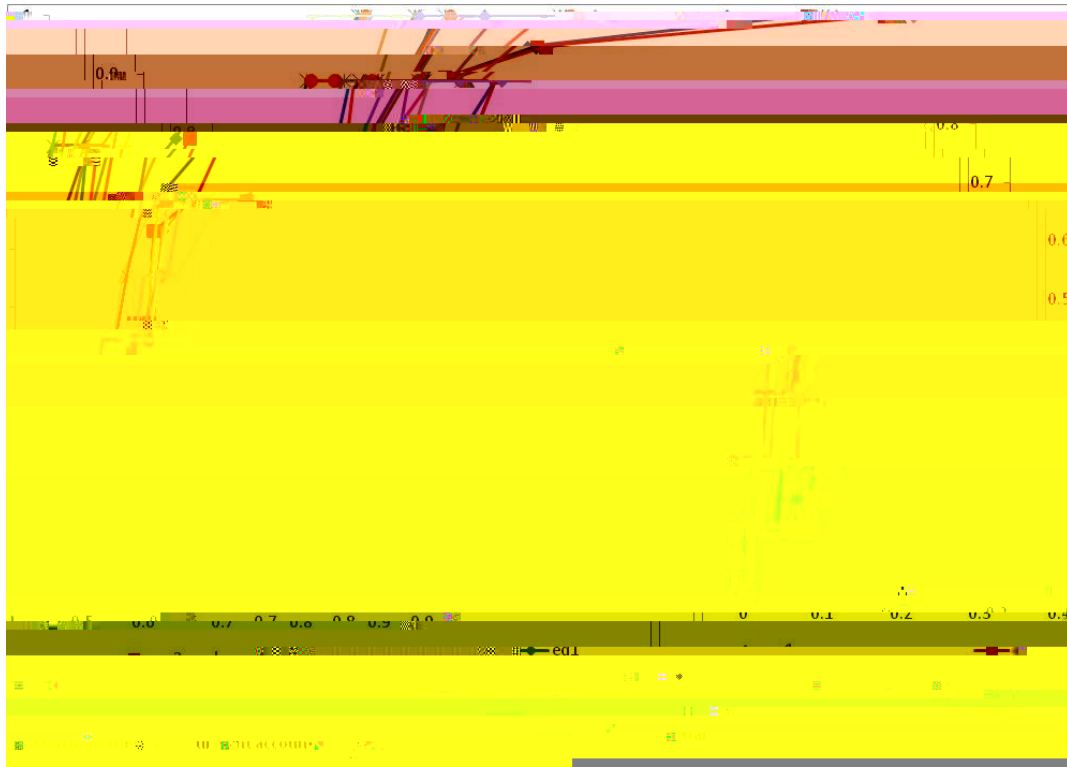
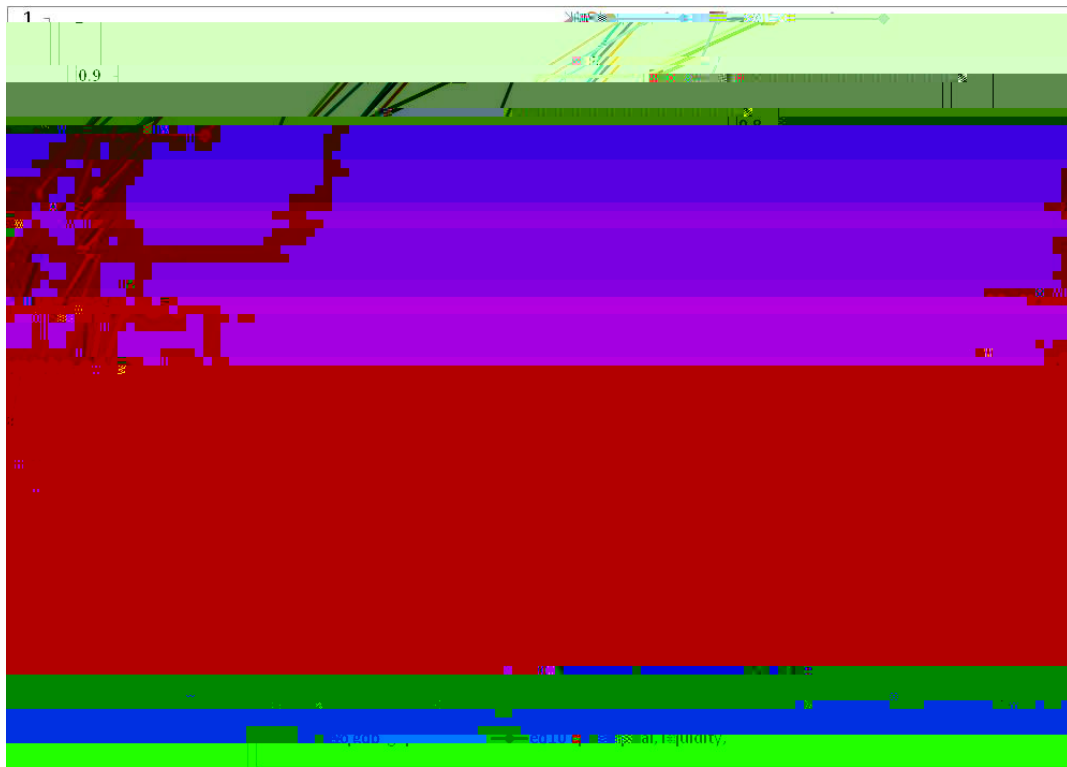


Figure 2, OCC results for energy specific L in A eric Mode



regression, which contains more variables than the reduced model. The increase in the adjusted R^2 is a good indicator of the model's ability to explain the variance in the dependent variable. The adjusted R^2 is calculated as follows:

$$R^2_{adj} = 1 - \frac{(1 - R^2)(n + 1)}{n - k - 1}$$

where n is the number of observations, and k is the number of independent variables. The adjusted R^2 is a more reliable measure of the model's fit than the R^2 because it takes into account the number of variables in the model. The adjusted R^2 is a good indicator of the model's ability to explain the variance in the dependent variable. The adjusted R^2 is calculated as follows:

Table 1. Comparison of Model Accuracy

Model	Adjusted R^2	F-Statistic	p-Value	Significance Level
Model 1				
Model 2				
Model 3				

Commodity and quality requirements persistently in demand crisis
depression, and economic conditions be satisfied, project design for these
regions in this context, there are differences between the price, which, press
on original cost and competition, which, project efficiency of the
commodity and quality can be satisfied in proportion to the
crisis predicted efficiency in the region

Our results have implications for Asian and Latin American financial regions concerned
with the prices of basic commodities and the increased commodity and quality
standards could be beneficial, particularly in Latin America higher commodity
unnecessarily. Asian nations when they find no direct route for credit growth, the price
of commodity prices offers need to be addressed in both regions. Our results provide
strong support for further analysis

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D Appendix ,