Research Proposal For Coleman Fung Risk Management Center

“Macro Risk Management And The Credit Channel”

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Summary

I propose a new methodology that can be applied in practice to isolate supply-side driven credit channel effects in the aggregate economy. The methodology can be implemented by central banks around the world to monitor credit cycles, and gain a better understanding of whether there is justifiable evidence for intervention. The core purpose of my proposal is thus to help central banks and bank supervision authorities in better managing macro credit risks.

I plan to implement the proposed methodology and test its robustness using two large scale data sets. The first uses credit registry data on all loans given out by the Spanish banking sector between 2000 and 2009. The second data covers a similar period, but uses information from the U.S. Thus on the empirical side, my work should deliver new insights on the importance of credit channel effects (if any) during the most recent global credit cycle.