

Teorías monetarias – resumen

Clase 30/05

- Tipos de bonos en los que invierten los bancos comerciales:
 - BANGUAT
 - Ministerio de Finanzas (Estado)
- **Operaciones de mercado abierto (OMA's):** título que el Banco de Guatemala otorga, principalmente a otros bancos o empresas grandes, para poder demandar ese dinero de un período determinado a una tasa de interés (son negociables). Se usan para contrarrestar o intervenir en cambios muy altos en el tipo de cambio; es la compra y venta de bonos del tesoro por parte del gobierno.
- **Reporto:** operación de compraventa con acuerdo de venta-compra; son las operaciones mayormente realizadas en el Banco de Guatemala
- **Corralito:** restricción de la libre disposición de dinero en efectivo de plazos fijos, cuentas corrientes y cajas de ahorro impuesta en Argentina → la gente no podía sacar su dinero de los bancos
- **Productos financieros:** intereses recibidos o cobrados por el dinero que tiene colocado el banco, mayormente en créditos

The Industrial Organization of Banking – chapters 1 & 2

- **Industrial organization of banking:** the study of the structure of individual banks, banking markets, and their interactions

The Bank Balance Sheet

- **Bank asset:** represents a legal obligation by another party to repay principal plus any contracted interest to the bank within a specified period

- **Loans:** they are the predominant category of assets held by commercial banks. Four important loan classifications:
 - **Commercial and Industrial Loans:** loans that banks extend to business enterprises to meet the day-to-day cash need or to finance purchases of plants and equipment. A borrower typically must secure C&I loans with assets pledged as collateral to ensure repayment of the principal and interest on a loan.
 - **Consumer Loans:** finance purchases of automobiles, mobile homes, durable consumer goods through installment credit agreements, under which individual borrowers agree to repay principal and interest in equal periodic payments scheduled over a one to five-year interval.
 - **Real Estate Loans:** loans that banks extend to finance purchases of real property, buildings, and fixtures (items permanently attached to real estate).
 - **Interbank Loans:** banks lend funds to each other directly in markets for interbank loans, such as the U.S. federal funds market in which banks borrow from and lend to each other deposits that they hold at Federal Reserve banks
- **Securities:** treasury bills, notes, and bonds
- **Cash assets:** the most liquid bank assets that function as media of exchange; a key component is vault cash, which is currency that commercial banks hold at their offices to meet depositors' cash requirements for withdrawals on a day-to-day basis. The second type is reserves held with the central bank.
- **Bank Liabilities and Equity Capital:** a liability of a bank is the value of a legal claim on its assets
 - **Transactions deposits:** accounts from which owners may draw funds via checks or debit cards.
 - **Large-denomination time deposits:** certificates of deposit that typically fund a significant portion of banks' short-term lending operations (denominations exceeding \$100,000)
 - **Savings deposits and small-denomination time deposits:** passbook and statement savings accounts with no set maturities and money market deposit accounts usually held in somewhat larger denominations
 - **Purchased funds and subordinated noted and debentures:** purchased funds include interbank borrowings, central bank borrowings, Eurocurrency liabilities, and repurchase agreements. Subordinated notes and debentures are bank debt instruments with maturities in excess of one year; those who hold these, in the event of bankruptcy, would receive no payments from a bank until all depositors at the bank have received the funds from their accounts.
 - **Bank capital:** a commercial bank's equity capital is its net worth, or the amount by which its assets exceed its liabilities

The Bank Income Statement

- **Interest Income:** it is derived from loan interest income
- **Noninterest Income:** obtained from sources other than interest income, such as trading profits and customer service charges

- **Interest Expenses:** banks apply funds raised from issuing deposits and other liabilities to acquisition of income-generating assets; to attract funds, banks must pay interest on these liabilities, and these interest expenses constitute a significant component of bank costs
- **Expenses for Loan Loss Provisions:** banks earmark part of their cash assets as loan loss reserves; this portion of cash assets is held as available liquidity that banks recognize as depleted in the event that loan defaults actually occur.
- **Real Resource Expenses:** the bank must pay wages and salaries to its employees, purchase or lease capital goods, and pay rental fees for the use of land on which its offices are situated
- **Bank Profitability Measures:** for purposes of comparison between banks, researchers use three profitability measures:
 - **Return on assets:** a bank's accounting profit as a percentage of the value of its assets → how capable a bank has been in transforming assets into net earnings
 - **Return on equity:** a bank's accounting profit as a percentage of the value of its equity capital → indicates the rate of return flowing to shareholders
 - **Net interest margin:** difference between a depository institution's interest income and interest expenses as a percentage of total assets → useful indicator of current and future bank performance

Asymmetric Information and Risks in Banking

- **Adverse selection:** the potential that those who desire funds for undeserving projects are most likely to seek credit
- **Moral hazard:** the possibility that a borrower may behave in a way that increases risk after a loan has been made or a debt instrument has been purchased

Risks on the Balance Sheet

- **Credit risk:** the probability that a portion of the institution's assets (loans in particular) will decrease in value
- **Market risks:** one form of market risk is exposure to price risk, or the potential for a sudden drop in securities prices. Another form is interest rate risk, which arises mainly through the potential for interest rates on liabilities to rise more rapidly than increases in interest rates on assets
- **Liquidity risk:** probability of having insufficient cash and borrowing capability to satisfy desired depositor withdrawals, to be able to extend loans to creditworthy borrowers, or to meet other cash requirements
- **Systemic risk:** because payment flows among banks are interdependent, however, risks confronted by individual institutions have the potential to spill over onto others.

Risks Off of Bank Balance Sheets

- **Loan commitments:** a promise by a bank to extend credit up to some prespecified limit under a contracted interest rate and within a given interval
- **Securitization:** it permits a bank to remove loans from a balance sheet; it entails pooling loans with similar risk characteristics and selling this loan pool in the form of a negotiable financial instrument

- **Derivative securities:** securitization addresses a portion of a bank's credit and market risks by moving part of its loan portfolio off its balance sheet; for a number of banks, trading derivatives also has proved to be a significant source of revenues.