U.S. Fed official cautions complacency on managing big banks

WASHINGTON, April 17 (Xinhua) -- The United States has achieved some early accomplishments on managing systemically important financial institutions (SIFIs), but more work needs to be done, U.S. Federal Reserve Governor Jeremy Stein said here on Wednesday."We've made considerable progress with respect to SIFIs since the financial crisis. And we're not yet at a point where we should be satisfied," Stein said at a seminar hosted by the International Monetary Fund (IMF) before the upcoming Spring Meetings of the IMF and World Bank scheduled to kick off on Friday.Higher and more robust capital requirements, new liquidity requirements and stress testing should help to materially reduce the probability of a SIFI in the United States finding itself at the point of failure, he noted."We are quite a way from having fully solved the policy problems associated with SIFIs. For one thing, the market still appears to attach some probability to the government bailing out the creditors of a SIFI," Stein added.Some big U.S. banks and insurance companies were on the verge of failure in 2008 after the outbreak of the global financial crisis.The U.S. government had to use tens of billions of tax-payer money to bail them out because they were so big and intertwined with each other that their failure could lead to a total mealtdown of the finanical system and send the economy into a severe recession.Many U.S. citizens were angry at that time that the tax-payers had to pay the cost of saving the big financial institutions when their reckless operations went wrong.Since then, fiancial regulators in major economies around the world have worked to identify a list of so-called systemically important financial institutions and tried to impliment major financial regulatory overhaul to rein in their speculative activities.