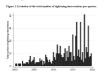
Does national culture affect macroprudential policy? An international investigation of regulatory behavior on macroprudential interventions

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Background data



Key objectives

- assess how the national culture influences the tightness/loosening of macroprudential policy instruments within the banking sector;
- which institutional factors might mitigate the effects of culture on macroprudential policy stance;

Sample: 57 countries

Period: 2000-2020

Main findings (I)

Our empirical findings indicate that regulators are more likely to tighten macroprudential policies in more uncertainly-avoiding and long-herm-oriented countries. In contrast, prudential policies tend to be more relaxed in societies that value power distance, individualism, or masculinity.

The positive effect of uncertainty avoidance on macroprudential policy tightness is enhanced in countries with more independent, multiple, or less forbearing supervisory agencies.

Main findings (II)

Vasiables	(I)		(7)	(4)	(7)	(5)	0
Culture							
Forner distance	-38.004****	4319					
Individualism	-29.473****	(0.440)	-39.96				
Maccilinity	27.298****			-22.249** (8.693)			
Uncertainty avoidance	32.540***				31.825**		
Long-tema orientation	27.146***					876	
Indelgence	-1.433 (7.348)						-13.129* (7.225)
Courtant	22.602* (13.325)	1312 (1421)	11.345* (6.496)	15.693** (5.520)	-29,308 (94,729)	(5.217)	24.254*** (5.473)
Backing sector controld	YES	YES	YES	122	122	125	155
Macroeconomic controls	YES	YES	YES	YES	125	125	125
Logion FI	125	125	125	125	115	115	125
Cluter	Country	Country	Country	Country	Country	Country	Cowley
Observations	2,739	2,989	2,285	2,285	2,299	3,154	3,891
No of countries	49	52	52	52	52	57	25
R-squared croundl	0.354	0.123	0.221	0.145	0.362	0.346	0.304

Policy recommendations

In terms of policy recommendations, our findings suggest that regulators should consider cultural heritage when imposing restlictions aiming to increase banks' resilience or limits that address borrowers' vulnerabilities, and account for supervisory capacity.