

Risk-sensitive Deposits, Market Risk, and Banking Crises

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報告要旨

Banks increasingly undertake short-term borrowing from institutional financiers by providing a place for them to deposit their cash. In contrast to the traditional retail depositors, these financiers, as we denote the institutional depositors, are professional traders in the market. Because the institutional depositors' gains from the bank are influenced by the market risk, they transfer the market risk to the bank by adjusting the required rate of return. We show that the risk sensitivity of the institutional depositors makes the bank fragile to the interbank borrowing conditions. In particular, because the institutional depositors can transfer the risk that does not affect the fundamental value of an asset held by the bank, we show the possibility of the early liquidation of the asset, even though its fundamental value is constant. Our results suggest that banks are not immune from the crisis regardless of their asset choice, to the extent that they borrow from the risk-sensitive institutional depositors.