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How novel are post-crisis international financial reforms?

A text-based analysis

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Abstract

Financial crises are often interpreted as important triggers of financial regulatory change, but does this empirically hold? While an important body of literature has investigated the determinants of international regulatory reforms after a crisis, the empirical analysis informing these studies is mostly limited to individual reforms and against weakly defined benchmarks. We overcome these limitations by leveraging a text-as-data approach to analyzing the novelty of post-crisis international regulatory initiatives against the full population of international bank and securities reforms created between 1983 and 2017. We find that post-Global Financial Crisis (GFC) international bank regulatory initiatives are especially novel, though post-crisis securities rules are not. Further analysis leads us to interpret the post-GFC bank experience as unique, with other post-crisis moments characterized by incremental change. Additionally, we find that post-crisis G20-sanctioned initiatives are, on average, more novel than other post-crisis regulations, implying that external actors – such as the G20 – may help international regulators pass novel reforms. This paper provides unique insights into the collective character of international financial regulatory reforms.