CBA - Cones

A framework for cost-benefit analysis

^ new

MAR 2020

I. Motivation

- Manuals provide 'to-do lists'

  instead of 'how to do lists'

  ↳ Ref EN: SCoH, OECD, FCA UK

  TH: NESDC, TDRI, OCS

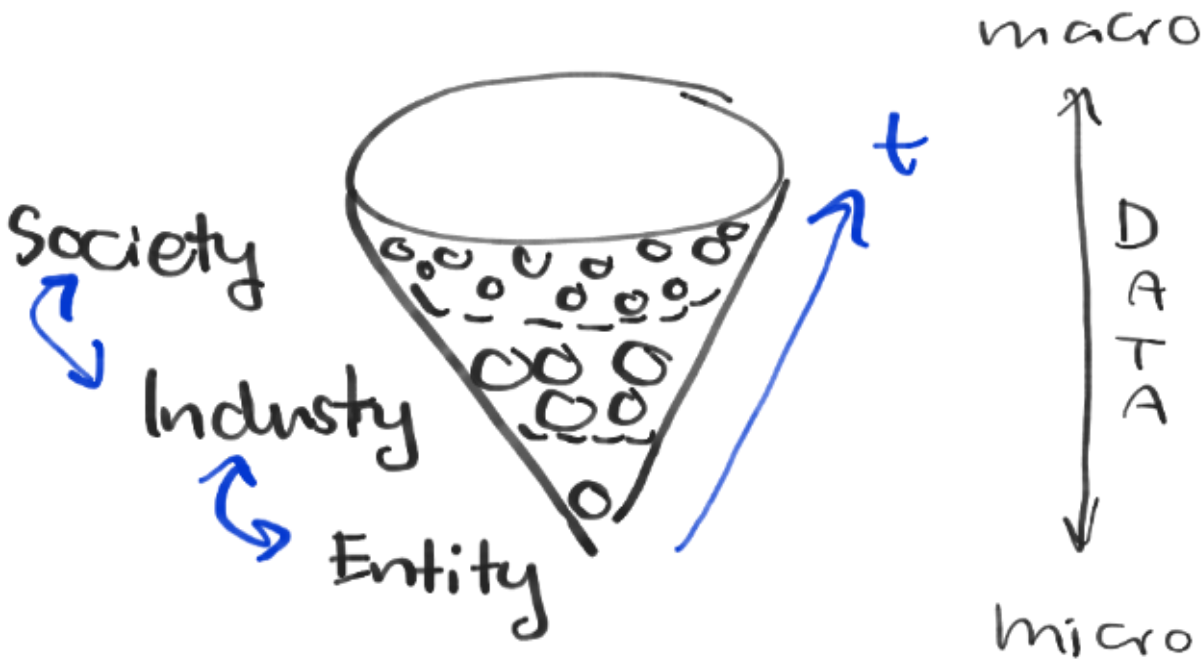
- Lack micro → macro perspective
- Time horizon absent

Before we begin!

1. RIA doesn't ensure 'best' policies.
2. CBA highly inaccurate.
3. Minimum req. vs. BOT's aspiration

→ Best-effort basis

II. Cone concept



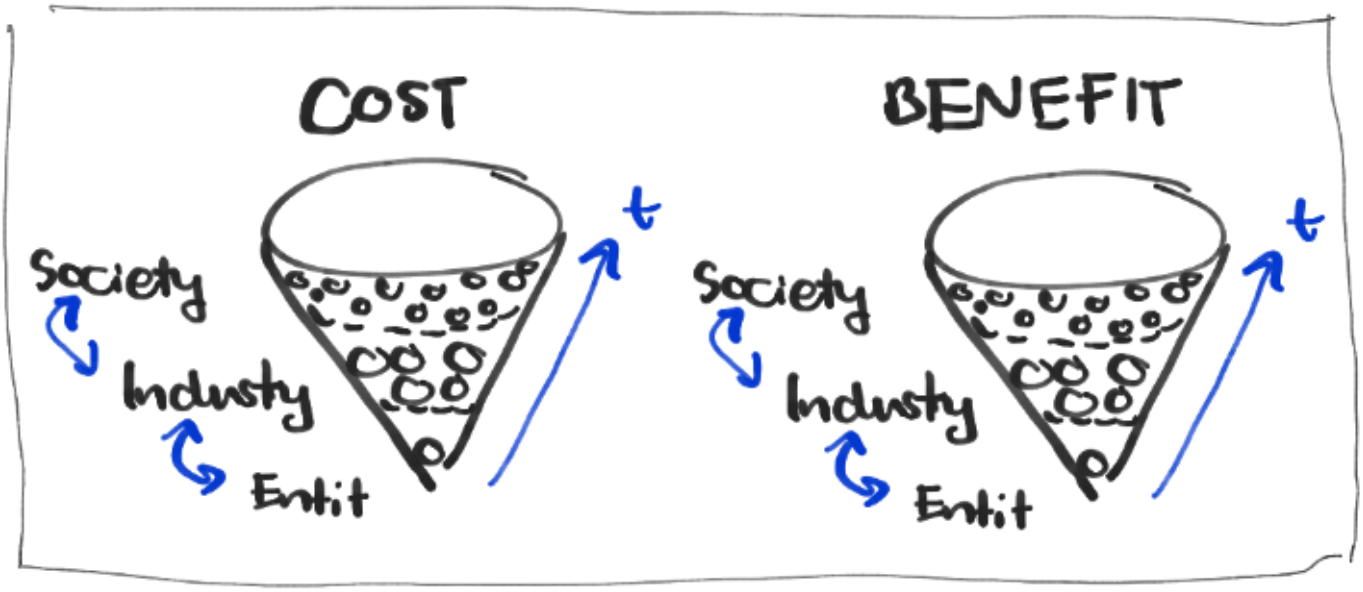
↝ : interaction / pass-trough

→ : passage time

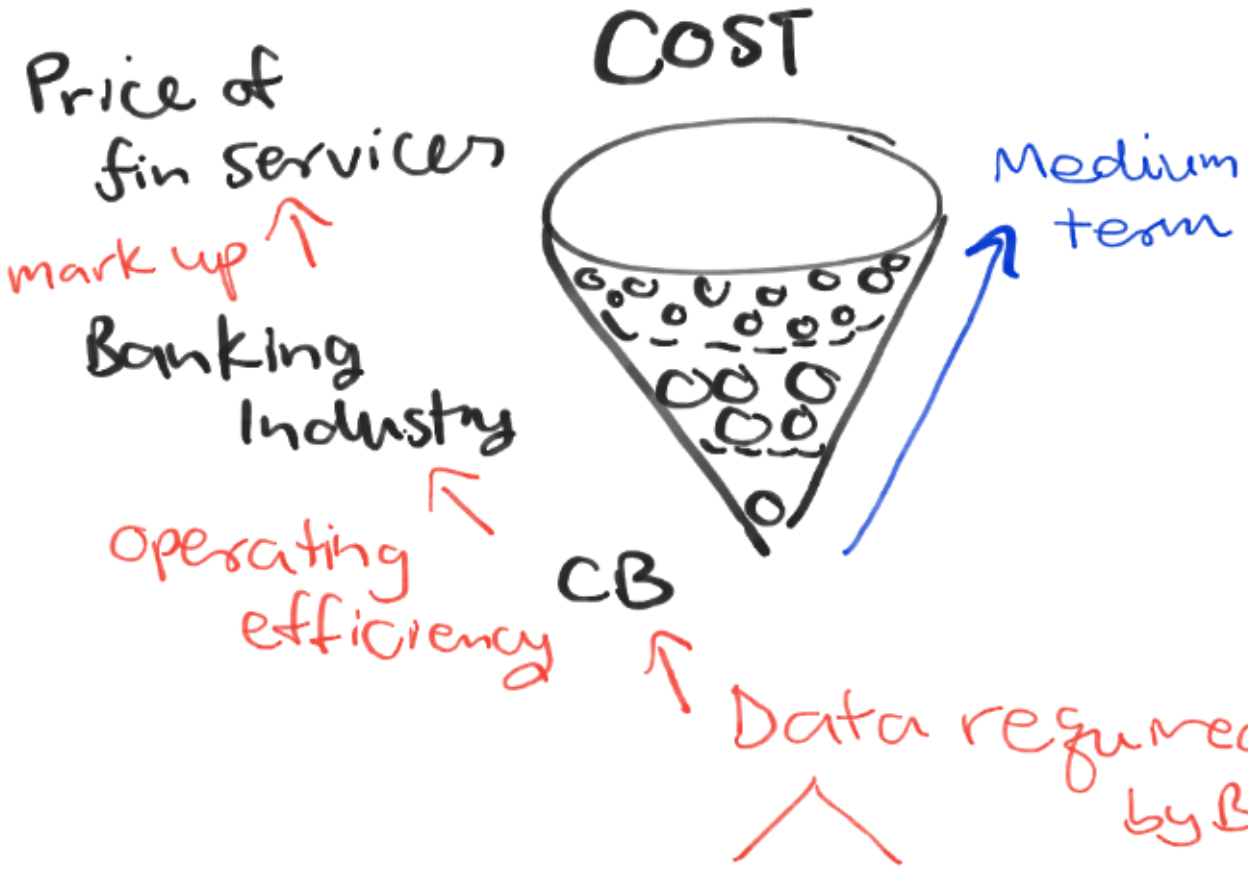
[Technical spec. [A] Underlying assumptions
[I] Interactions
[P] Severity parameter]

SYSTEMATIC yet SIMPLE

III : Cone system



Example : Data Reporting

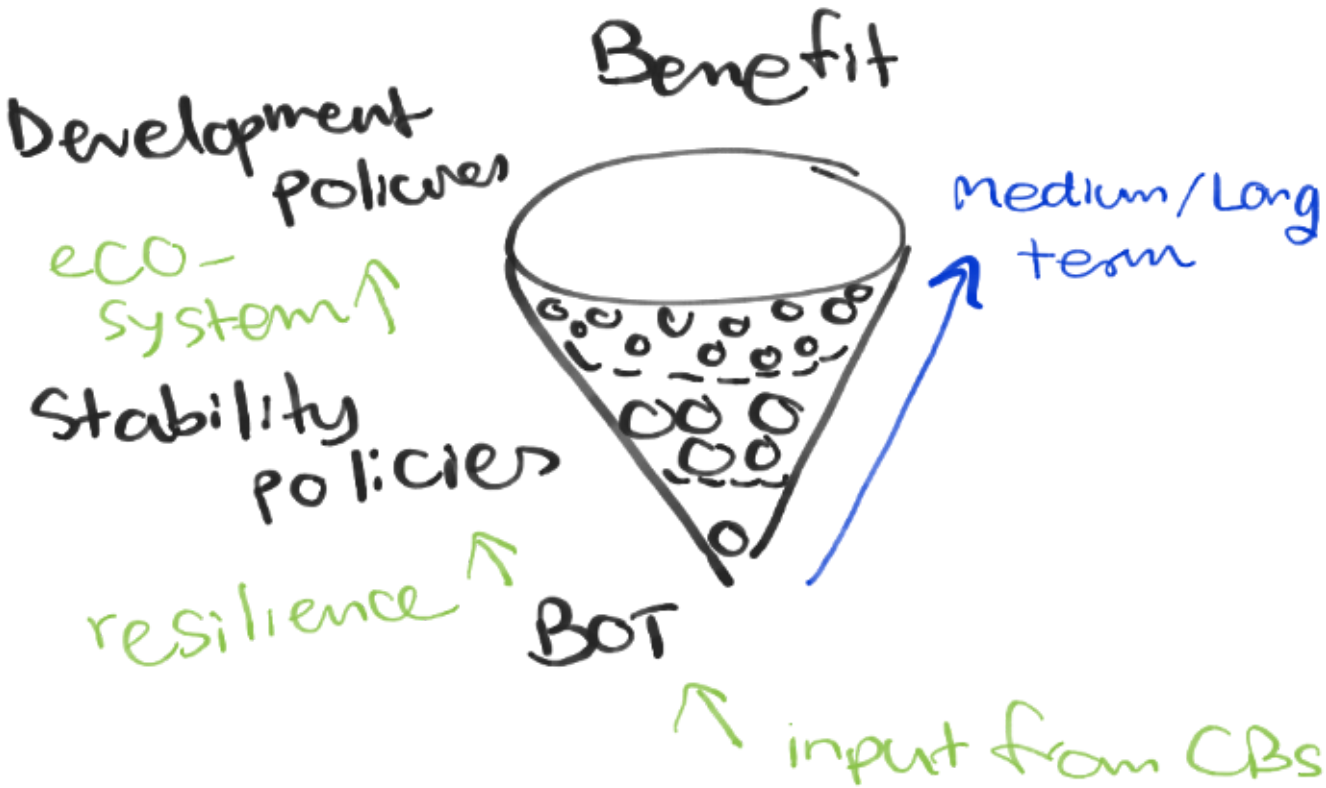


Trivial Significant

[A] Oligopolistic competition
Static technology

[I] Full / Almost-full pass-through

[P] Trivial vs. Significant



NB: Alternative layering to demonstrate flexibility

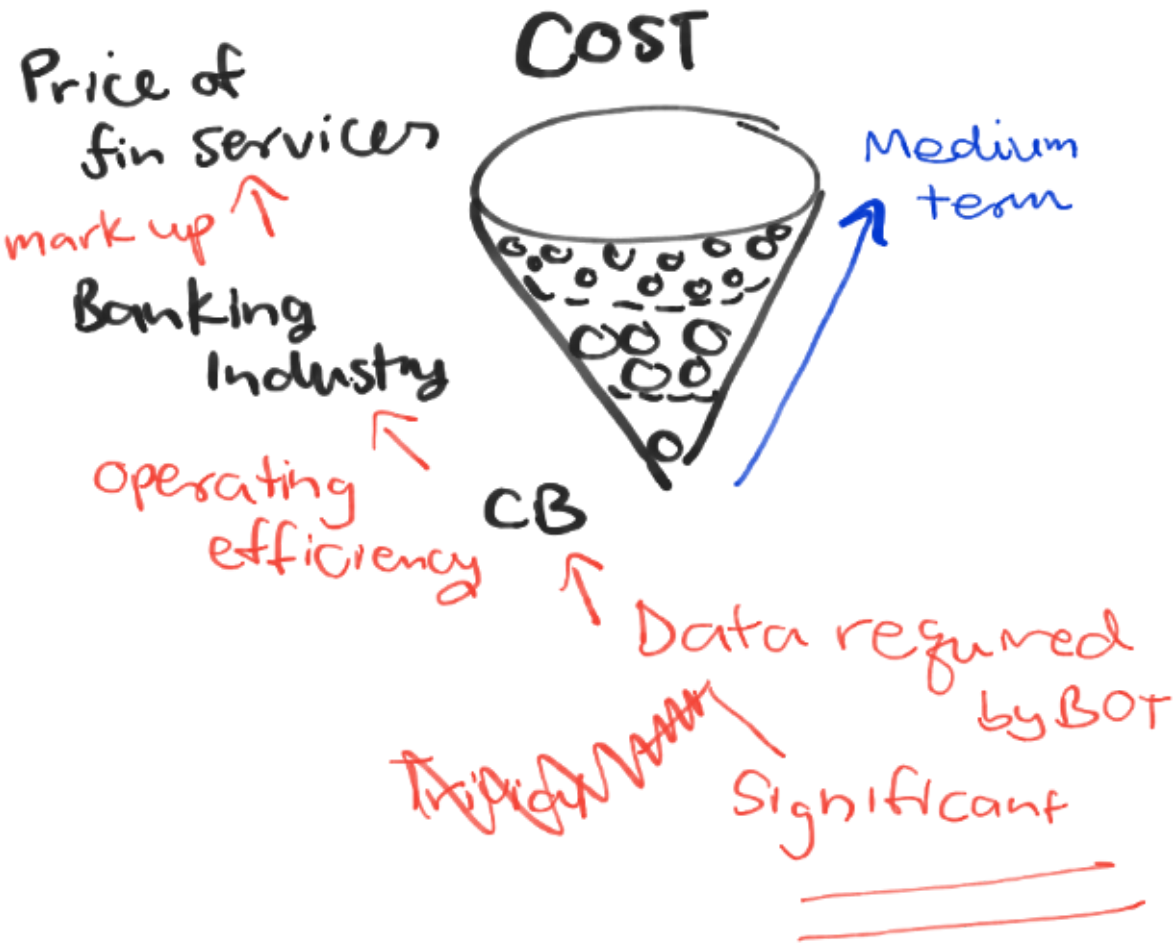
Baseline analysis:

The currently frequent & fragmented data request practice could stay

as long as it doesn't require significant alteration to the IT infrastructure.

IV. Introducing Scenarios

VUCA+ → Larger demands from regulators



Under Advarse scenario:

The cenrent system is no longer justified as it cauld have a persistent effect on the banking sector's effiCiency.

Not 100% correct thaugh
- if expected benefits remain commensurate to increased costs.

Remedial Actions

RIA data ('cost centre') Improved usages

(ลดลง)

Multi-criteria: Efficancy, Effectiveness

Prioritization: Urgency, Impact

aka. gathering evidence

V. Improving estimation

Micro – Consultation, Survey

→ SCM eg. SEC (2541BE)

Macro – Macro model

Cross-Country analysis

→ Empirical macro research

▽ costs of CBA itself should be proportional to the potential impact

VI. Conclusions

- CBA-Cones = A simple yet comprehensive tool for CBA.

→ Current practice focuses almost exclusively on 'micro'.

→ RIA ≠ hearing

- Could also strengthen other steps in the RIA process
- 'Best-effort' basis ('mechanism design')

↓

doesn't ensure, but does influence

BEST OUTCOME

Q&A

DISCUSSION