

Comments and Discussions

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This paper analyzes the Japanese banking policy, especially focusing on the public fund injection into Resona Bank in 2003. The findings of this study should give very important insights regarding the Too-Big-To-Fail policy and the guideline of accounting on the deferred tax assets.

There are so many discussions on the public fund injections, however it is difficult to decide whether or not. Authors find the public fund injections would cause the moral hazard problem, using event study analyses. Also, they successfully demonstrate the relationship between the stock prices and the deferred tax assets.

The implications of this paper present many important points of view, such as the moral hazard problem on the banking policy, accounting rules and the information gap between market participants and policy makers. I am sure that this paper will significantly contribute to the literature and the actual banking policy in Japan.

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