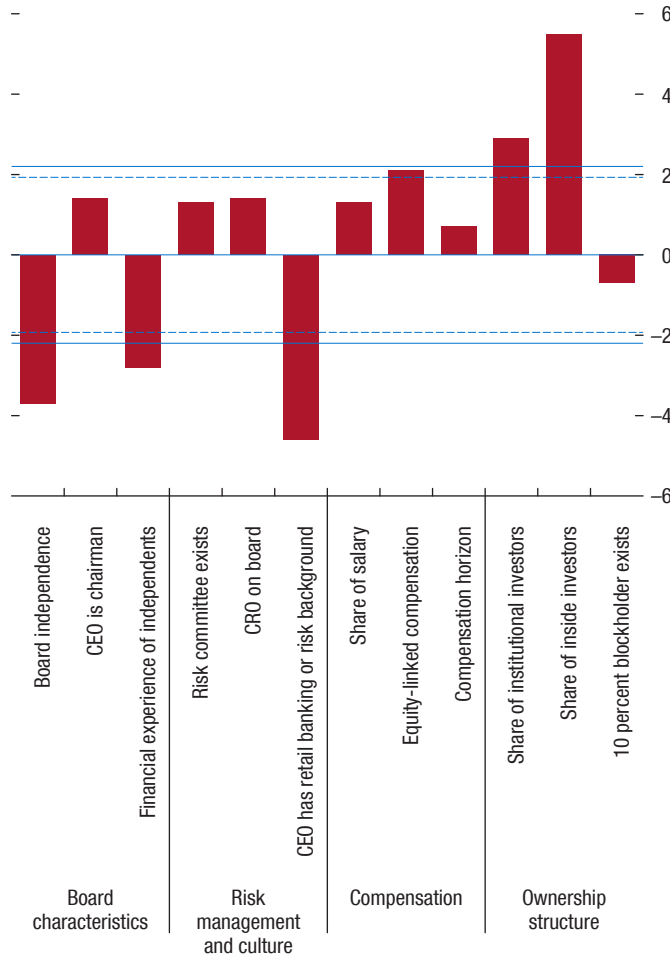


Figure 3.5. Bank Governance and Risk Taking during the Global Financial Crisis
(z-statistics)

Vigilant and experienced boards mitigated measured risk, but institutional and insider ownership show evidence of "gambling for resurrection."



Sources: Bankscope; BoardEx; Standard and Poor's Capital IQ database; Thomson Reuters Datastream; and IMF staff estimates.

Note: The figure shows Stouffer's z-statistics using a cross-section regression of 2008 outcomes on 2007 characteristics. Stouffer's z-statistic is a measure that summarizes the joint statistical significance of a number of *t*-tests having the same null hypothesis. In this case, it gives a statistical indication of the significance of the effect of each explanatory variable on risk as measured jointly by the regressions with the different risk variables on the left side of the equation. The significance levels were adjusted using the Benjamini-Hochberg procedure to account for correlation among dependent variables. Solid and dashed lines indicate 5 and 10 percent levels of significance, respectively. CEO = chief executive officer; CRO = chief risk officer.