

THE
NOBEL
PRIZE

ECONOMIC SCIENCES PRIZE 2022

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The Role of Banks in
Financial Crises

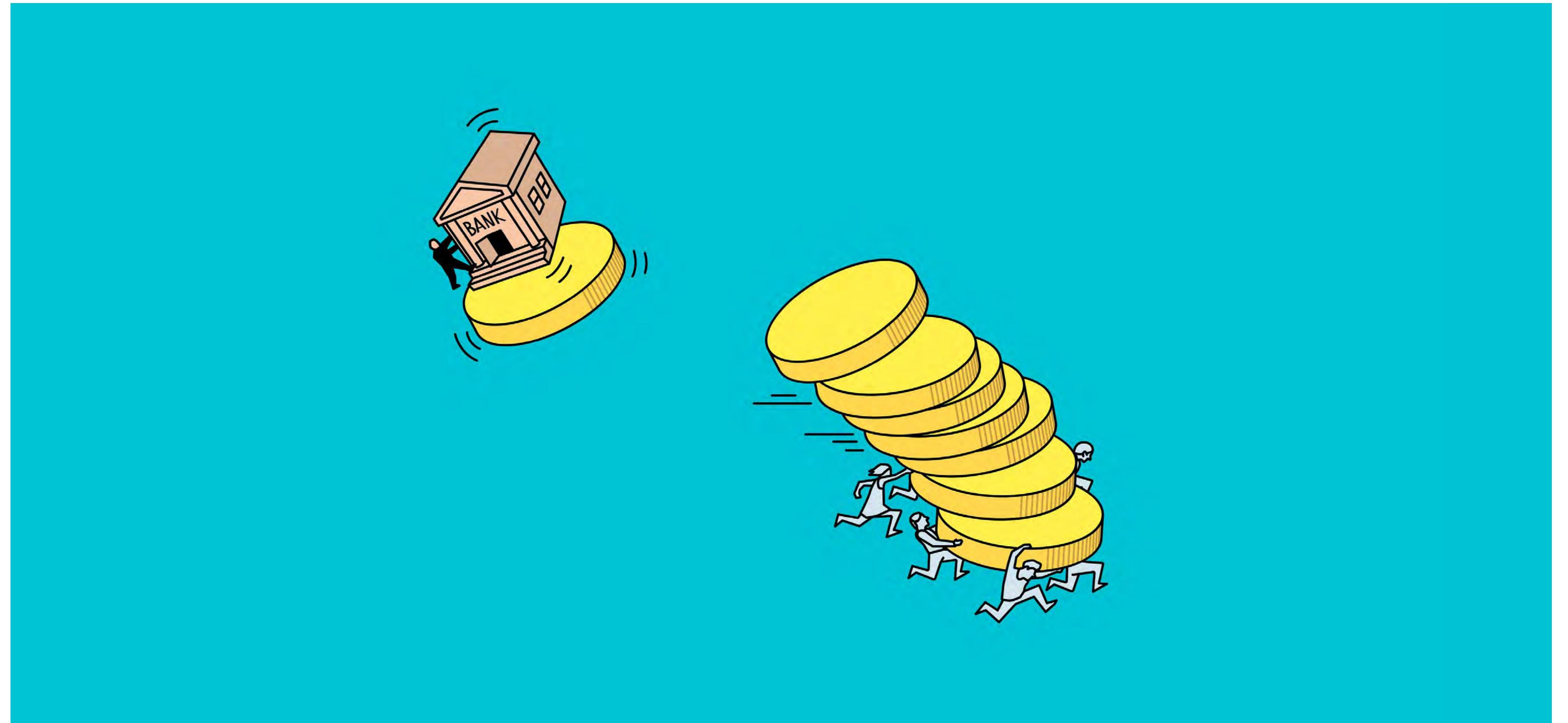
Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel

The prize in economic sciences was established by Sveriges Riksbank, Sweden's central bank.



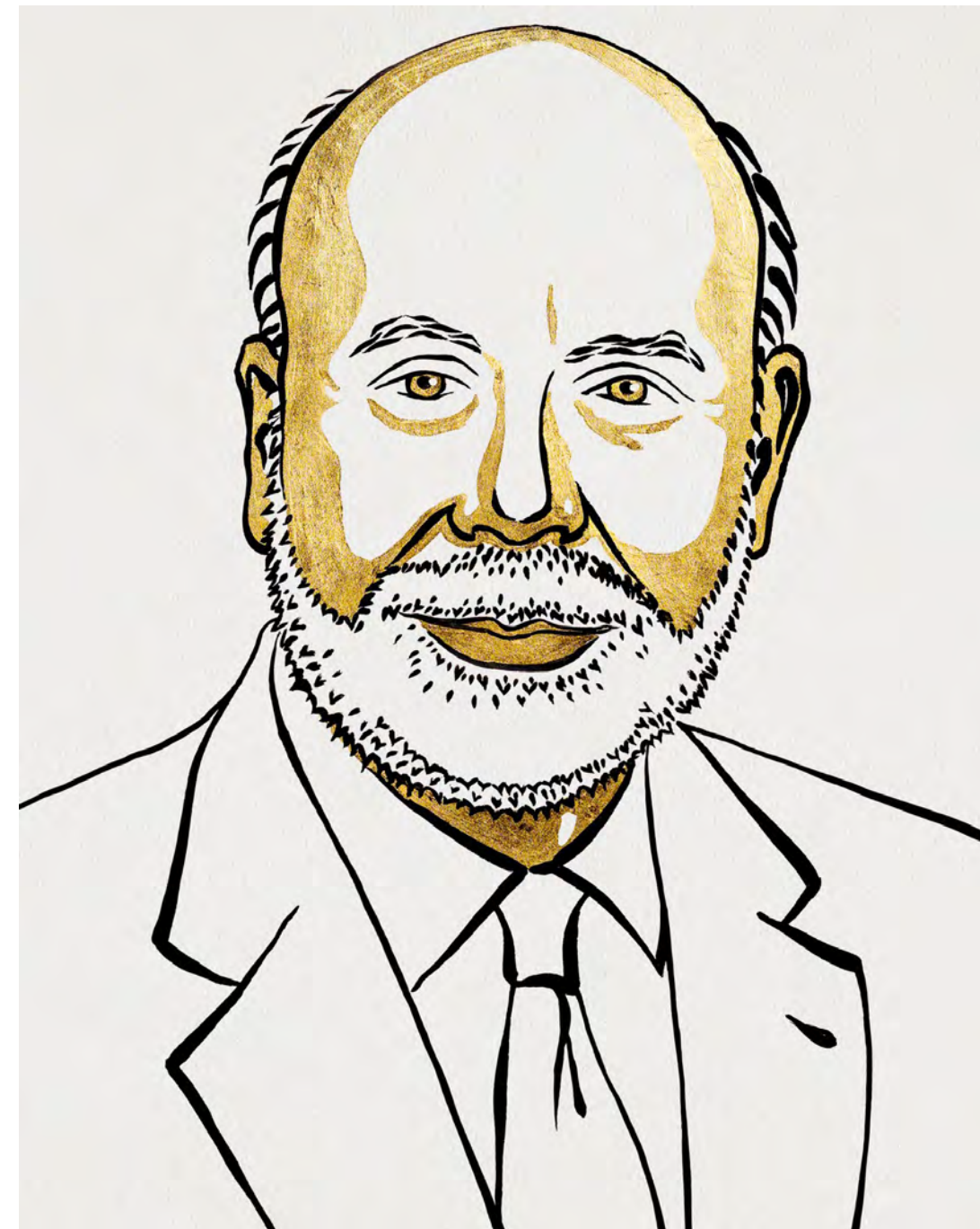
The 2022 prize in economic sciences

This year's laureates have clarified the important role banks play in financial crises. With the help of their work, recent economic crises have not developed into long-term economic depressions.



The 2022 economic sciences laureates

“for research on banks
and financial crises”



Ben S. Bernanke
Born: 1953, USA



Douglas W. Diamond
Born: 1953



Philip H. Dybvig
Born: 1955

Bank crisis led to a depression



Ben Bernanke analysed the Great Depression of the 1930s. His research showed that the collapse of the bank system was the reason why the economic downturn became so deep and long-lasting.

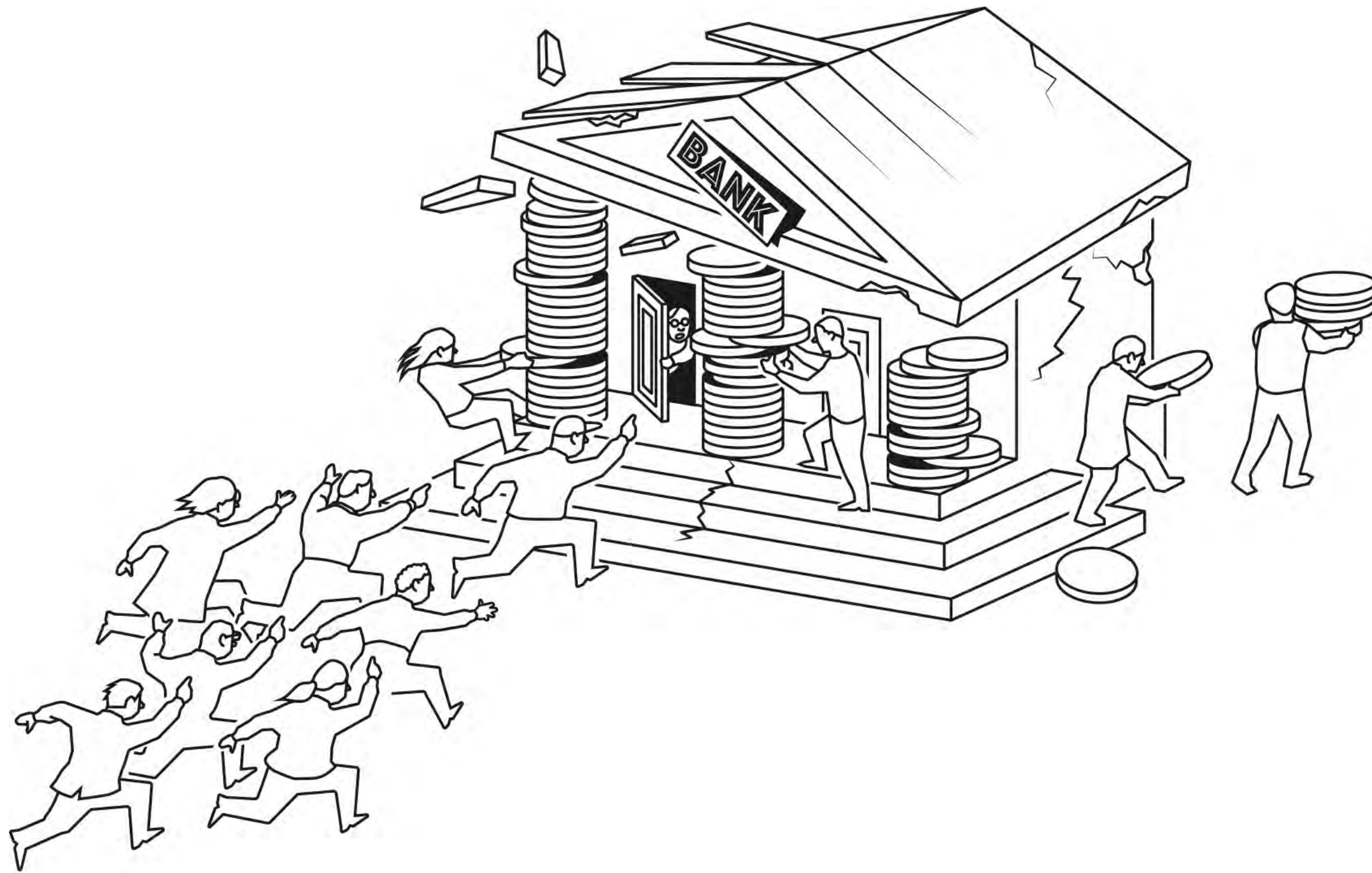
Why do we need banks?



- In order to understand how a bank crisis can have such dire consequences, we have to understand why we have banks in the first place.
- Douglas Diamond and Philip Dybvig have developed theoretical models that explain why we need banks.

Banks are vulnerable to rumours

Douglas Diamond and Philip Dybvig have shown why the role banks play in society makes them vulnerable.



Banks monitor their borrowers, but who's monitoring the banks?



Banks monitor those they lend money to in order to ensure they get paid back. If a bank does this job badly, there's a good chance they'll lose money.

The foundation for modern bank regulations

The work of the three laureates has played a crucial role in our understanding of the best ways to manage financial crises.





PHOTO: ELIZABETH DIAMOND

“The world was incredibly lucky to have Ben Bernanke sitting in the Federal Reserve.”

Douglas W. Diamond, economic sciences laureate 2022

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FOR THE GREATEST
BENEFIT TO
HUMANKIND

Nobel Prize Lessons