



## 29<sup>th</sup> SUERF Colloquium

# *New Paradigms in Money and Finance?*

jointly organized with the Belgian Financial Forum,  
in association with the Brussels Finance Institute  
and Centre for European Policy Studies (CEPS)  
and sponsored by Dexia, BNP Paribas Fortis, KBC and Larcier

11/12 May, 2011



At the National Bank of Belgium, Brussels, Belgium

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## Call for Papers

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### Notes on the theme of the Colloquium:

The global banking and financial crisis 2007-2010, the factors that led up to it, and the way that governments and central banks have responded, have forced a re-think of many of the dominant paradigms that have governed the analysis of money and finance. Some of these are fundamental and might produce a new set of paradigms concerning monetary policy, government and central bank responses to crises, crisis management procedures, the theory of banking, the theory of financial markets, the role of derivatives and other risk-shifting instruments, incentive structures, and the strategy and conduct of financial regulation and supervision. Is it warranted that new paradigms are required?

In order to get well documented answers to this important question, the SUERF Council of Management has decided to invite researchers at universities, central banks, private financial institutions and international organizations to submit papers for discussion at the 29<sup>th</sup> SUERF Colloquium “*New Paradigms in Money and Finance?*” in Brussels on 11-12 May 2011.

In accordance with the SUERF tradition, the Colloquium will be organized as a mix of plenary sessions with keynote speeches, commission reporting sessions and a Marjolin lecture session. We expect to select some 36 papers to be discussed in three parallel commissions. SUERF is interested in contributions from academics and members of the central bank, banking and insurance communities who have ideas for improvements of the analytical framework concerning monetary policy, management of financial institutions, financial markets, and financial regulation and supervision. Priority will be given to applications and policy oriented papers.

## Commissions and Research Questions:

### Commission 1: New paradigms in monetary theory and policy?

#### Chairpersons:

##### **Morten Balling,**

Professor of Finance Emeritus,  
Aarhus School of Business,  
University of Aarhus, Denmark  
[mb@asb.dk](mailto:mb@asb.dk)

#### Submitted papers may address inter alia the following issues:

- Does the crisis undermine traditional monetary theory paradigms?
- Which new paradigms are available?
- How transparent should the principles of central bank intervention in periods of financial market turbulence be?
- Do market imperfections and asymmetric information play too small a role in monetary economics?
- What role do global imbalances play for financial markets and monetary policy?
- Did inflation targeting fail as a basis for monetary policy?
- Can small countries base their monetary policy on exchange rate targeting?
- Does increasing bank concentration affect the modelling of the behaviour of the financial sector?
- In which ways should the risk exposure of private banks be taken into consideration by central banks?
- What is the appropriate role of asset prices in monetary policy strategies?
- Are central banks able to determine when asset prices are misaligned?
- How much relevance does the EU Growth and Stability Pact have after the 2007-2010 financial crisis?

### Commission 2: New paradigms in banking and financial markets?

#### Chairpersons:

##### **Frank Lierman**

Chief Economist  
Dexia Bank Belgium  
Brussels  
[frank.lierman@dexia.com](mailto:frank.lierman@dexia.com)

#### Submitted papers may address inter alia the following issues:

- How have banking models changed in recent years and what are the implications?
- Should limits be placed on the types of business conducted by banks?
- Will narrow banking re-emerge?
- Is it on an empirical basis possible to rank different bank governance models according to their performance?
- Does bank ownership structure affect risk-taking behaviour? How active can we expect bank shareholders to be in corporate governance?
- How important are conflicts of interest in banking?

- How should government-appointed board members act in the transition period with Government bank share ownership?
- How can we ensure a level playing field among privately owned and Government owned banks?
- What should be the incentive structure for bank managers after the “Big Bail Out”?
- Is the “Efficient Market Paradigm” completely obsolete?
- In what respects can “Behavioural Finance” contribute to our understanding of financial markets?
- What will be the future role of derivatives markets?
- What will be the future of securitisation?
- How useful are rankings of finance and economics journal to practitioners in the financial sector?
- How should bank managers and bank board members formulate their demands to analysts who present quantitative models to support strategic decisions?
- How can we ensure that bank board members have the best possible qualifications for their jobs?
- How can confidence in rating agencies be restored?
- Is it irrational to assume “rational expectations”?
- Are the 2004 OECD Corporate Governance Principles directly relevant to financial institutions or are special governance recommendations needed?
- Is it still respectable to run a bank in the interest of the private shareholders?

### **Commission 3: New paradigms in financial regulation and supervision?**

#### **Chairpersons:**

##### **David T. Llewellyn**

Professor of Money and Banking

Loughborough University

United Kingdom

[d.t.llewellyn@lboro.ac.uk](mailto:d.t.llewellyn@lboro.ac.uk)

#### **Submitted papers may address inter alia the following issues:**

- What are the optimal institutional structures for regulation and supervision?
- How should crisis management structures be?
- How should Governments and Central banks coordinate their intervention strategies?
- What should bank ownership regulation aim at and how should it be designed?
- How should Too-big-to-Fail issues be handled?
- Do we have an appropriate model framework for assessing systemic risk?
- To what extent should private investors and depositors be protected against risk?
- In which ways should the Basel II framework be strengthened in order to prevent financial crises in the future?
- What are the most important new recommendations in the 2009 de Larosière Report?
- How much power should the European Systemic Risk Council have?
- Should regulation be concerned about banking models?
- How should the trade-off be between lower probability of bank failure versus limiting potential costs of failure?
- How much regulatory scope should there be for the “originate-to-distribute” model of bank credit?
- Which are the appropriate links between the conduct of monetary policy and prudential regulation?
- How should the role of central banks in the area of financial stability be defined?
- Should financial advisors be required to explain the fragility of the model basis of their investment advice to the customers?
- How should the costs of regulation and financial safety nets be divided between the private financial sector and the tax-payers?
- What are the optimal response strategies in financial crises?

The overall objective of the Colloquium is to consider the extent to which the financial crisis has an impact on theoretical and policy paradigms in monetary economics and policy, banking, financial markets, and regulation and supervision.

## Submissions to the Call for Papers

The SUERF Council of Management invites prospective authors to submit an abstract of 2-3 pages (or the full paper, if available) **before the end of October 2010**. Papers published prior to the Colloquium are not eligible. We only accept submission by e-mail using the completed form contained on our website.

Submissions should be submitted to:

**Michael Bailey**  
SUERF Executive Secretary  
c/o OeNB, Otto Wagner-Platz 3  
A-1090 Vienna, Austria.

e-mail: [michael.bailey@oenb.at](mailto:michael.bailey@oenb.at)  
[www.suerf.org](http://www.suerf.org)

Notification of acceptance or non-acceptance will be provided **before 15 December, 2010**. The **final draft version** of the accepted paper must be received by **30 March 2011**.

The Colloquium registration fee for the presenter (one only per paper) is waived. SUERF will pay for the accommodation costs of the presenting author during the Colloquium, if the presenter's institution is not in a position to cover these costs. However, the norm has been established that speakers from commercial/financial institutions pay their costs in full.

A small number of grants to partially reimburse speakers' travel costs are available with decisions being made on a case-by-case basis. Applications for such grants, indicating the reasons for need, must be received by **15 February, 2011**.

## The Marjolin Prize

The author(s) of the paper selected by the SUERF Council of Management for having made the best contribution to the Colloquium will be awarded the *Prix Marjolin* (EUR 2,000). The award is restricted to authors (also co-authors) below the age of 40 on the first day of the 2011 Colloquium.

## General Information

**Venue:** Auditorium of the National Bank of Belgium (NBB) and 3 meeting rooms, Brussels

## Hotel Accommodation

Arrangements will be made with 3 hotels at different price levels in easy walking distance of the Colloquium venue. Detailed information on prices and addresses and the registration form will be given in due course.

# Preliminary Programme

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**Wednesday 11 May, 2011**

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**Venue: National Bank of Belgium**

09:30 Registration and Coffee – Reception Area

**10:00 Opening Session – Auditorium**

Welcome Address - SUERF President

**10:15 Plenary Session - Auditorium**

12:00 *Walking Sandwich Lunch – Reception Area*

**13:00 Commission Work – Session 1 – Rooms A1, A2 and B**

14:30 *Coffee Break – Reception Area*

**15:00 Commission Work – Session 2 – Rooms A1, A2 and B**

**16:30 Marjolin Lecture - Auditorium**

17:45 *End of first day's proceedings*

**18:00 SUERF General Assembly – Room B**

19:00 Reception/ Walking or sitting dinner

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**Thursday 12 May, 2011**

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**Venue: National Bank of Belgium**

08:30 *Coffee – Reception Area*

**09:00 Commission Work – Session 3 – Rooms A1, A2 and B**

10:30 *Coffee Break – Reception Area*

**11:00 Commission Work – Session 2 – Rooms A1, A2 and B**

12:30 *Walking Sandwich Lunch – Reception Area*

**13:30 Conclusions Commissions – Auditorium**

**14:00 Panel Discussion – Auditorium**

**15:45 Presentation of the Marjolin Prize**

16:00 *End of the Colloquium*