



28th SUERF Colloquium

The Quest for Stability

Jointly organized and hosted by Utrecht University School of Economics,
Janskerkhof, Utrecht, the Netherlands



Sponsored by:



NIBESVV

3/4 September, 2009

Preliminary Programme

Notes on the theme of the Colloquium:

In the intrinsically dynamic environment that characterises modern market economies, economic agents are constantly seeking for reliable signals that help them to make informed decisions. It is in this sense that most investors, consumers, producers and financial institutions prefer stability to instability. In ever-changing market economies stability, however, spans several dimensions and has several meanings. A stable macro-economic environment characterised by, among other things, a properly functioning price mechanism and stable prices is one of these dimensions. Price stability however should not be interpreted to mean that all individual prices should be kept constant, as price flexibility is pivotal to an efficient allocation of resources. A second dimension along which stability is sought is reflected in the development of markets for the transfer of risk. Providers of derivatives, insurance and pension products exist because their clients want to stabilize their cash flows, income and wealth, or insure these flows against the negative financial consequences of accidents, illness, unemployment, old age or unexpected movements in asset prices such as interest rates and exchange

rates. The existence of these insurance products and markets often is taken for granted. However, these instruments can only exist when there is confidence in the soundness of the instrument, in the institution providing it and in the sector of which the institution is part of. This brings us to the second and third dimensions of stability. The second or micro dimension is based on prudent behaviour of institutions. Legislation, regulation and supervision are designed to induce institutions to exhibit prudent behaviour. This provides the “raison d’être” for capital adequacy rules, deposit insurance and investment diversification rules. The third or meso dimension is based on the premise that, due to the special nature of financial institutions, i.e. they are based on trust and operate under asymmetric information, stability of its constituent parts does not automatically render the system stable.

These three dimensions of stability - the macro, meso and micro perspective – are interdependent in that the one cannot exist without the other. This interdependency is reflected in the structure of the 28th SUERF Colloquium, which is organised in three commissions. The focus of the commissions is reflected in the headlines.

General Information

Location

The Colloquium will be held at the Utrecht University School of Economics in the historic centre of Utrecht.

Plenary sessions will be held at St. Jans Church, Janskerkhof 26, NL-3521 BN Utrecht, while the commission work sessions will be held in classrooms of Utrecht University School of Economics also in the Janskerkhof.



Colloquium Secretariat before/after the event

Michael Bailey, SUERF Executive Secretary
Gabiella Szendrei, SUERF Secretary

SUERF Secretariat
c/o Osterreichische Nationalbank
Otto Wagner-Platz 3
A-1090 Vienna, Austria

michael.bailey@oenb.at
gabiella.szendrei@oenb.at

www.suerf.org
Tel: +43 1 40420 7206
Fax: +43 1 40420 7298



Costs for Members and Non-Members of SUERF

Non-members of SUERF may decide to join SUERF to take advantage of the very much reduced Colloquium participation fees that are offered to members. Being a member of SUERF does not only mean qualifying for the reduced Colloquium participation fee, but also being invited to attend all other SUERF events (such as Conferences, Annual Lecture and Seminars) that are free of charge to members. **Therefore: the earlier you subscribe for this year, the more you will benefit in 2009 from your membership.** Members also receive our publications: three Newsletters and a minimum of four *SUERF Studies* per year. Members are provided with a password to download all *SUERF Studies* from our website at www.suerf.org. New Corporate Members of SUERF are entitled to send one participant who is exempted from paying the Colloquium participation fee and additional staff members qualify for the reduced fee for staff members of Corporate Members. Please see the Subscription Forms attached to this Newsletter. If you wish to take advantage of this offer, you are asked to complete the subscription form and to return it to the SUERF Secretariat together with your registration form.

If you do not wish to become a SUERF member, but wish to attend the Colloquium, you are requested to pay the full amount of EUR 2,500.

Colloquium Registration Fees

	Discounted fee for early registration until 30 June 2009‡	Registrations after 30 June 2009†
Students (with proof of student status)	EUR 50	EUR 60
Staff members of SUERF AIMs	EUR 100	EUR 120
Personal Members	EUR 250	EUR 300
Staff members of Corporate Members	EUR 550	EUR 660
Non-members not wanting to join SUERF	EUR 2,500	EUR 2,500

† Payments must be received by 15 August 2009

‡ Only for payments by American Express, Visa or MasterCard

Cancellation policy: No cancellation fee for cancellations made by 15 August; 50% of the participation fee applies for cancellations made after 15 August 2009. Alternatively, a participant unable to attend may arrange for a colleague to attend in their place.

Registration

- Participants should return the completed Registration Form to the SUERF Secretariat.
- Please make your hotel reservation directly with the conference hotel using the Hotel Reservation Form to obtain special conditions. The hotel will confirm your booking with you. Please note that the preferential rates obtained can only be guaranteed until **1 July 2009**, thereafter bookings made at the Colloquium hotels are subject to availability.

Note: The SUERF Secretariat will confirm your registration. No invoices will be sent! The amount due for Registration is to be paid into the SUERF account (as per the registration form) before 15th August 2009, or you should allow us to charge your credit card (either American Express, Visa or Master Card) by returning the completed form to the SUERF Secretariat. Early booking bonus is only applicable for registrations made until 30 June 2009 and paid by credit card.

Corporate Members that have joined SUERF since the 27th Colloquium (held in June 2008) are entitled to send one participant free of charge, with additional participants paying the normal rate for staff members of Corporate Members.

Hotel Accommodation

Arrangements have been made with three hotels at different price levels. All hotels are located in the vicinity of the venue and one another. For detailed information on special rates and addresses, see below:

Grand Hotel Karel V 5* Booking Code: 47899 Geertebolwerk 1 NL-3511 XA Utrecht T +31 30 233 7555 F: +31 30 233 7500 E info@karelv.nl • www.karelv.nl	Single rooms Double rooms Breakfast	€ 165.00/night € 185.00/night € 20.00/person
Cancellation conditions: More than 60 days in advance at no charge, up until 30 days in advance - 85% of total amount due; up until 14 days in advance - 90% of total amount due; thereafter 100% of amount due		
NH Hotel 4* Booking Code: 90302562 Jaarbeursplein 24 NL-3521 AR Utrecht T: +31 30 297 7988 F: +31 30 297 7999 E: nhutrecht@nh-hotels.com • www.nh-hotels.com	Standard room incl. breakfast Car Park	€ 145.00/night for nights of 2.9.09 and 3.9.09 € 117.50/night for night of 4.9.09 € 24/24 hrs
Booking conditions: Booking can be cancelled up to 16:00 on the day of due arrival. In the event of a no show, the cost of one night's accommodation will be charged to your credit card.		
NH Centre Hotel 3* Booking Code: 85362542 Janskerkhof 10 NL-3512 BL Utrecht T: +31 30 231 3169 F: +31 30 231 0148 E: nhcentreutrecht@nh-hotels.com • www.nh-hotels.com	Standard room incl. breakfast	€ 142.50/night
Booking conditions: Booking can be cancelled up to 16:00 on the day of due arrival. In the event of a no show, the cost of one night's accommodation will be charged to your credit card		

Procedure for the Colloquium

The official Colloquium language is English. After the opening plenary session, participants will divide into three separate discussion groups – the Commissions. In commission work sessions, presenting authors will give a short presentation of their papers and there will then be general discussion. Papers presented at the commissions will be made available to participants via download from the SUERF website in a password-protected section of the site. No papers will be distributed at the colloquium! After the final session of commission work, the chairmen of the commissions will summarise the findings of their respective commissions with further opportunity for discussion.

The 28th Colloquium will be brought to a close on Friday afternoon with a further two keynote addresses, followed by the Marjolin Lecture to be delivered by John Lipsky, who will then present the Marjolin Prize to round off the colloquium.

The Marjolin Lecture and the Marjolin Prize

The *Prix Marjolin* (EUR 2,000) will be awarded to the author(s) of the paper selected by the SUERF Council of Management as having made the best contribution to the Colloquium. The award is restricted to author(s) below the age of 40 on the 4 September, 2009 (all authors of the chosen paper must fulfil this restriction).

Robert Marjolin (1911-1986) was one of the most distinguished European economists of his generation and a leading architect of post-war Europe. From 1948 until 1955 he was the first Secretary General of the OEEC (Organization for European Economic Co-operation). This organization was established to channel US Marshall Aid into the reconstruction of Europe. Marjolin was a leading negotiator of the Treaty of Rome for France and Vice President of the European Commission for Finance and Economics for ten years. He served as a Professor of Economics at the University of Paris and the University of Nancy, and in the private sector as advisor to leading European and US Companies.

In awarding the *Prix Marjolin*, SUERF wishes to honour his memory by supporting a young outstanding author's publication.

The *Prix Marjolin* will be presented by the Marjolin Lecturer 2009, **Mr John Lipsky**, First Deputy Managing Director of the International Monetary Fund. The awarded contribution will be published by SUERF.

John Lipsky, First Deputy Managing Director, IMF



Biography

John Lipsky assumed the position of First Deputy Managing Director of the International Monetary Fund on 1 September, 2006.

Before coming to the Fund, Mr. Lipsky was Vice Chairman of the JPMorgan Investment Bank. In this position, he advised the firm's principal market risk takers, published independent research on the principal forces shaping global financial markets, was actively engaged with JPMorgan's key clients, and represented the firm around the world with senior public and financial sector decision makers.

Previously, Mr. Lipsky served as JPMorgan's Chief Economist, and as Chase Manhattan Bank's Chief Economist and Director of Research. He served as Chief Economist of Salomon Brothers, Inc. from 1992 until 1997. From 1989 to 1992, Mr. Lipsky was based in London, where he directed Salomon Brothers' European Economic and Market Analysis Group.

Before joining Salomon Brothers in 1984, he spent a decade at the IMF, where he helped manage the Fund's exchange rate surveillance procedure and analyzed developments in international capital market. He also participated in negotiations with several member countries and served as the Fund's Resident Representative in Chile during 1978-80.

In 2000, he chaired a Financial Sector Review Group, established by former Managing Director Horst Köhler, to provide the IMF with an independent perspective on the Fund's work on international financial markets.

Mr. Lipsky's current professional activities include serving on the Board of Directors of the National Bureau of Economic Research. Prior to joining the IMF as First Deputy Managing Director, Mr. Lipsky served as a Director of several corporations and non-profit organizations.

A graduate of Wesleyan University, Mr. Lipsky earned a bachelors degree in economics. Subsequently, he was awarded an M.A. and a Ph.D. in economics from Stanford University.

PRELIMINARY PROGRAMME

Wednesday, 2 September, 2009

17.00 – 20.00 Welcome reception and guided tour of the Geldmuseum,
Leidseweg 90, 3500 Utrecht

Thursday, 3 September, 2009

Venue: **St. Jans Church**
Janskerkhof 26
NL-3521 BN Utrecht

9.30 Registration

10.00 Opening Session at St. Jans Church

Welcome Addresses **Catherine Lubochinsky**, SUERF President and Professor of Economics, Université Paris 2

10.30 Plenary Sessions

Keynote Speakers **Clemens Kool**, Dean of Economic Faculty,
Utrecht University School of Economics*

Willem Buiter, Professor of European Political Economy,
London School of Economics and Political Science*

Gillian Tett, Capital Markets Editor and Assistant Editor,
Financial Times*

Discussion

12.30 *Buffet Lunch in St. Jan's Church*

Venue: **Utrecht University School of Economics**
Janskerkhof
NL-3521 BN Utrecht

Commission Work in three parallel sessions in three seminar rooms

13.45 Session 1

15.15 *Coffee break*

15.45 Session 2

17.15 *Coffee break with snack*

17.30 Session 3

19.15 *End of first day's Commission Work*

19.15-20.00 SUERF General Assembly

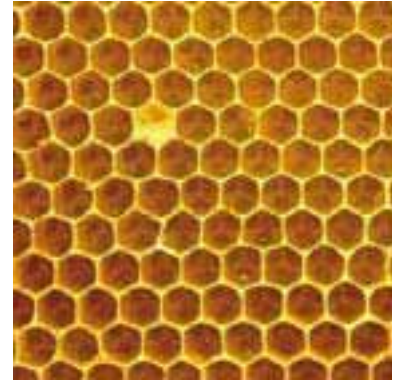
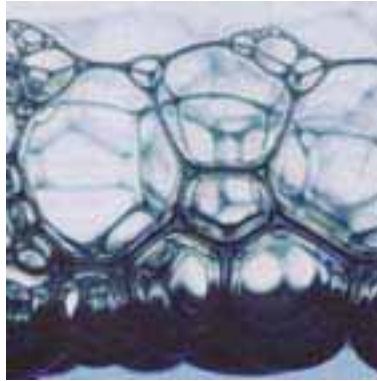
20.30 *Colloquium Dinner at the Karel V Hotel,
Geertebolwerk 1, Utrecht*

* confirmed

Friday, 4 September 2009

- Venue:** **Utrecht University School of Economics**
 Janskerkhof
 NL-3521 BN Utrecht
- 8.45 *Welcome coffee*
- Commission work** in three parallel sessions in three seminar rooms
- 9.15** **Session 4**
- 10.45 *Coffee break*
- 11.15** **Summary of the Commission Work** by the Chairmen
 Discussion
- 12.30 *Buffet lunch*
- Venue:** **St. Jans Church**
 Janskerkhof 26
 NL-3521 BN Utrecht
- PLENARY SESSION**
- 13.30 **Bert Bruggink**, Chief Financial Officer, Rabobank*
- 14.15 **Henk J. Brouwer**, Executive Director, De Nederlandsche Bank*
- 15.00** **MARJOLIN LECTURE**
John Lipsky*, First Deputy Managing Director,
 International Monetary Fund, Washington DC
- 16.00 *End of the Colloquium*

* *confirmed*



COMMISSION WORK:

In addition to the plenary sessions, the commissions reporting session, and the **Marjolin Lecture**, Thursday afternoon and part of Friday morning are reserved for presentation and discussion of some 36 papers in three parallel commissions.

► COMMISSION I: The End of the Great Moderation? – The Macro View

Chairpersons: Jan Marc Berk

Director Statistics and Information,
De Nederlandsche Bank
j.m.berk@dnb.nl

Gabriele Galati

Senior Economist,
Economics and Research Division,
De Nederlandsche Bank
e.b.g.galati@dnb.nl

Speakers Commission I

Thursday, 3 September, 2009

Session 1 – 13:45–15:15

Risk-taking, the business cycle and monetary policy

Uncertainty, risk-taking and the business cycle

Frank Smets⁺, Director General Research, European Central Bank

Monetary Policy, Risk-Taking and Pricing: Evidence from a Quasi-Natural Experiment

Vasso Ioannidou, CentER - Tilburg University, **Steven Ongena**, Professor in Financial Banking, CentER – Tilburg and CEPR, and José Luis Peydró, European Central Bank

Does Monetary Policy Affect Bank Credit Standards? Evidence from the Euro Area Bank Lending Survey

Angela Maddaloni, Senior Economist, José Luis Peydró and Silvia Scopel, European Central Bank

⁺ invited speakers

Session 2 – 15:45–17:15

Monetary policy and asset prices – Exchange Rate as a relevant Asset Price

Optimal Monetary Policy and Asset Price Bubbles in a Continuous-time Model

Alexander Mislin, Monetary Policy and Analysis Division, Economics Department, Deutsche Bundesbank

Credit market Distortions, Asset Prices and Monetary Policy in a Two-Block World Economy

Damjan Pfajfar, CentER – Tilburg University, **Eric Schaling**, University of Pretoria, University of St. Andrews and CentER – Tilburg University, and Emiliano Santoro, University of Copenhagen

Evaluating Exchange Rate Objectives in Monetary Policy Rules: An Application to Korea

David Parsley, Owen Graduate School of Management, Vanderbilt University, and **Helen Popper**, Associate Professor, Department of Economics, Santa Clara University

Session 3 – 17:45–19:15

The role of inflation expectations

Short memories and cycles in inflation volatility

Tony Yates⁺, Manager and Senior Advisor, Monetary Assessment and Strategy Division, Bank of England

Anchors for Inflation Expectations

Maria Demertzis, Senior Economist, Research Department, De Nederlandsche Bank, Massimiliano Marcellino, European University Institute and CEPR, and Nicola Viegi, University of Cape Town

Did the anchor of inflation expectations in the euro area turn adrift?

Gabriele Galati, Steven Poelhekke and **Chen Zhou**, Economist, Economic Policy and Research Division, De Nederlandsche Bank

Friday, 4 September, 2009

Session 4 – 09:15–10:45

Risk, Uncertainty and the Great Moderation

Uncertainty, Risk and Risk Management after the Great Moderation

Lex H. Hoogduin⁺, Executive Director, De Nederlandsche Bank and University of Amsterdam, and Hans Blommestein, OECD and University of Tilburg

Systemic Risk, Banking Regulation and Monetary Policy

Ethan Cohen-Cole, Financial Economist, Federal Reserve Bank of Boston, Enrique Martinez-Garcia, Federal Reserve Bank of Dallas and Jonathan Morse, Federal Reserve Bank of Boston

Great Moderation at the Firm Level? Unconditional versus Conditional Output Volatility

Claudia Buch, University of Tübingen, Jörg Döpke, University of Applied Sciences, Merseburg and **Kerstin Stahn**, Senior Economist, Economics Department, Deutsche Bundesbank

⁺ invited speakers

► COMMISSION II: Managing Financial Institutions in an Unstable World – The Practitioners' View

Chairpersons: **Frank Lierman**
Chief Economist
Dexia Bank, Brussels
frank.lierman@dexia.com

Hans Groeneveld
Senior Vice President Corporate Strategy,
Rabobank Nederland, Utrecht
j.m.groeneveld@rn.rabobank.nl

Speakers Commission II

Thursday, 3 September, 2009

Session 1 – 13:45–15:15

Detecting and managing a financial crisis

Monitoring banking sector risks: an applied approach

Veronica Vallés, Analyst, Deutsche Bank Research, and Christian Weistroffer, Centre for Financial Studies and Deutsche Bank Research

Stress tests in service of anti-cyclical movements and stability

László Madar, Consultant, ITCB Consulting

The strategic behaviour of banks during a financial crisis: Evidence from the syndicated loan market

Ralph de Haas, European Bank for Reconstruction and Development, and **Neeltje van Horen**, Senior Economist, De Nederlandsche Bank

Session 2 – 15:45–17:15

A cross-roads for financial innovations?

Do multiple CDO Ratings impact Credit Spreads?

Stefan Morkötter, Swiss Institute of Banking and Finance, University of St. Gallen, and **Simone Westerfeld**, Assistant Professor, Swiss Institute of Banking and Finance, University of St. Gallen

Are Banks Different? Evidence from the CDS Market

Burkhard Raunig, Economist, Economic Studies Division, Oesterreichische Nationalbank, and Martin Scheicher, Financial Research Division, European Central Bank

The pricing of subprime mortgage risk in good times and bad: evidence from the ABX.HE indices

Ingo Fender, Bank for International Settlements (BIS), and **Martin Scheicher**, Senior Economist, Financial Research Division, European Central Bank

Session 3 – 17:45–19:15

Practical lessons to be learnt - the risk managers' view

Institutional transmutations to cope with systemic risk

Xavier Freixas⁺, Professor, Universitat Pompeu Fabra

+ invited speakers

Panellists

Lidwin van Velden⁺, Deputy Director Risk Management, Nederlandse Waterschapsbank

Philippe Theus⁺, Operational Risk Manager, KBC Group

Rudolf Sneyers⁺, Deputy Chief Risk Officer, Dexia Group

Friday, 4 September, 2009

Session 4 – 09:15–10:45

Are asset prices responsible for bank crises?

Asset Price Fluctuations, Financial Crises and the Stabilizing Effects of a General Transaction Tax

Stephan Schulmeister, Senior Research Fellow, Austrian Institute of Economic Research (WIFO)

Measurement and Determinants of High and Low Frequency Banking Risks

Lieven Baele, Department of Financial Economics, Tilburg University, **Valerie De Bruyckere**, PhD Student, Department of Financial Economics, Ghent University, Olivier De Jonghe and Rudi Vander Venet, Department of Financial Economics, Ghent University

Distress in European Banks: An Analysis Based on a New Data Set

Martin Cihák, International Monetary Fund, and **Tigran Poghosyan**, PhD Student, Faculty of Economics and Business, University of Groningen

► COMMISSION III: Risk, Shocks and Spill-overs – The Financial Stability View

Chairpersons: **David T. Llewellyn**

Professor of Money and Banking
Loughborough University
d.t.llewellyn@lboro.ac.uk

Jacob A. Bikker

Professor of Banking and Financial Regulation, Utrecht University School of Economics and Senior Researcher, Supervisory Policy Division, De Nederlandsche Bank
j.a.bikker@uu.nl and j.a.bikker@dnb.nl

Speakers Commission III

Thursday, 3 September, 2009

Session 1 – 13:45–15:15

Measuring threats to financial stability

Measuring and Addressing Threats to Financial Stability

Claudio Borio⁺, Monetary and Economics Department, Bank of International Settlements (BIS)

An Empirical Analysis of the Impact of the Credit Default Swap Index Market on Large Complex Financial Institutions

Giovanni Calice, Research and Teaching Associate in Finance, School of Management, University of Bath and Christos Ioannidis, School of Management, University of Bath

The Dark Side of Bank Wholesale Funding

Rocco Huang, Federal Reserve Bank of Philadelphia and **Lev Ratnovski**, Economist, North American Division, International Monetary Fund

⁺ invited speakers

Liquidity Hoarding and Interbank Market Spreads: The Role of Counterparty Risk

Florian Heider, **Marie Hoerova**, Economist, and Cornelia Holthausen, Financial Research Division, European Central Bank

Session 2 – 15:45–17:15

Banks' risk taking and required regulation and supervision

The Accelerating Integration of Banks and Markets: Implications for Regulation and Supervision

Arnoud W.A. Boot⁺, Professor of Corporate Finance and Financial Markets, Faculty of Economics and Business, University of Amsterdam

Bank risk taking under Basel II Capital Requirements

Jukka Vauhkonen, Economist, Financial Markets and Statistics, Financial Stability Division, Bank of Finland

Bank risks during the Crisis

Glenn Schepens, PhD Student, Department of Financial Economics, Ghent University, and Rudi Vander Vennet, Department of Financial Economics, Ghent University

Session 3 – 17:45–19:15

Regulation and supervision on financial stability

How to bring in systemic risk considerations into financial regulation and supervision?

Jukka Vesala⁺, Deputy Director General, Finnish Financial Supervisory Agency (FFSA)

Financial System Architecture and Systematic Risk

José Jorge, Centre for Macroeconomic and Forecasting Studies (CEMPRE), Faculty of Economics, University of Porto

Assistance to financial institutions in distress: Implications for central banks

Nicola Brink, Head, Financial Safety Net Division, South African Reserve Bank and Michael Kock, South African Reserve Bank

Friday, 4 September, 2009

Session 4 – 09:15-10:45

Financial stability in an international perspective

The Quest for Financial Stability in Europe

Dirk Schoenmaker⁺, Dean, Duisenberg School of Finance, Amsterdam

Cross-Border Coordination of Prudential Supervision and Deposit Insurance

Daniel C. Hardy, International Monetary Fund and **María J. Nieto**, Adviser to the Director General of Banking Regulation, Banco de España

A Market-Based Measure of Credit Quality and Banks' Performance during the Subprime Crisis

Martin Knaup, PhD Student, CentER – Tilburg University and Wolf Wagner, European Banking Center, Tilburg University