

IMF – Joint Vienna Institute (JVI)

**Course on Financial Stability, Systemic Risk, and
Macro-Prudential Policy**

April 22 -30, 2014

READING LIST

Tuesday, April 22, L–1: Causes and Stages of the Financial Crises; Overview of Macrofinancial Risk Analysis; Systemic Risk Monitoring

Acharya, V. 2013, “Understanding Financial Crisis: Theory and Evidence from the Crisis of 2007-08”, NBER report No.1.

<http://www.nber.org/reporter/2013number1/acharya.html>

Brunnermeier, Markus K., 2009, “Deciphering the Liquidity and Credit Crunch 2007-2008,” *Journal of Economic Perspectives* 23(1), 77-100.

http://www.princeton.edu/~markus/research/papers/liquidity_credit_crunch.pdf

Claessens, Stijn, and others, 2010, “Lessons and Policy Implications from the Global Financial Crisis,” IMF Working Paper WP10/49 (Washington: International Monetary Fund).

<http://www.imf.org/external/pubs/ft/wp/2010/wp1044.pdf>

Tobias Adrian and Adam B. Ashcraft, “Shadow Banking: A Review of the Literature” *Federal Reserve Bank of New York Staff Reports*, no. 580, October 2012.

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2175144

Gray, Dale. F., R.C. Merton, and Z. Bodie, 2008, “A New Framework for Measuring and Managing Macrofinancial Risk and Financial Stability,” Harvard Business School Working Paper No. 09/15 (Cambridge).

Blancher, Nicolas, and others, 2013, “Systemic Risk Monitoring “Sysmo” Tool Kit - A User Guide”, IMF Working Paper 13/168.

<http://www.imf.org/external/pubs/cat/longres.aspx?sk=40791>

Supplementary Reading

Raghuram Rajan, 2010, *Fault Lines* (Princeton University Press).

Carmen Reinhart and Kenneth Rogoff, 2009, *This Time Is Different* (Princeton University Press).

Hyun Song Shin, 2010, *Risk and Liquidity* (Oxford University Press).

Tuesday, April 22, L–2: Macro-Prudential Policy: Introduction and Analytical Framework

Borio, Claudio, 2003, “Towards a Macroprudential Framework for Financial Supervision and Regulation?” BIS Working Paper No. 128.

<http://www.bis.org/publ/work128.htm>

Dell’Arriccia, G., D. Igan, L. Laeven and H. Tong, 2012, “Policies for Macrofinancial Stability: How to Deal with Credit Booms,” *IMF Staff Discussion Note* 12/06.
<http://www.imf.org/external/pubs/cat/longres.aspx?sk=25935>

Galati and Moessler, 2011, “Macroprudential Policy – a Literature review”, BIS Working Papers No. 337.
www.bis.org/publ/work337.htm

Supplementary Reading

Jeanne, Olivier and Anton Korinek, 2013, "Macroprudential Regulation Versus Mopping Up After the Crash", *NBER Working Paper* 18675.
<http://www.nber.org/papers/w18675>

Benigno, G., H. Chen, C. Otrok, A. Rebucci and E. R. Young, 2013, "Financial Crises and Macroprudential Policies," *Journal of International Economics* 89(2), pp. 453–470.
<http://ideas.repec.org/a/eee/inecon/v89y2013i2p453-470.html>

Tuesday, April 22, L–3: Financial Sector Surveillance

International Monetary Fund, 2012, “The IMF Financial Sector Surveillance Work Agenda”.
www.imf.org/external/np/pp/eng/2012/041012.pdf

Supplementary Reading

Viñals, José et al, 2010, “Shaping the New Financial System,” IMF Staff Position Note 10/15.
<http://www.imf.org/external/pubs/ft/spn/2010/spn1015.pdf>

International Monetary Fund, *Financial Sector Assessment Program: Frequent Ask Questions*.
<http://www.imf.org/external/np/fsap/faq/index.htm>

———, 2013. *Fact sheet: The Financial Sector Assessment Program*.
<http://www.imf.org/external/np/exr/facts/fsap.htm>

———, *Global Financial Stability Report*, various issues.
<http://www.imf.org/external/pubs/ft/gfsr/>

Wednesday, April 23, L–4: Stress Testing; Stress Testing in Surveillance

Alfaro, Rodrigo, and Mathias Drehmann, 2009, “Macro Stress Tests and Crises: What Can We Learn?” *BIS Quarterly Review*, December.
<http://www.bis.org/publ/work369.pdf>

Basel Committee on Banking Supervision, 2009, “Principles for Sound Stress Testing Practices and Supervision,” Final Paper, May
<http://www.bis.org/publ/bcbs155.htm>

Supplementary Reading:

Bank for International Settlements Committee on Banking Supervision, 2009, “International Framework for Liquidity Risk Measurement, Standards and Monitoring,” Consultative Document, December.
<http://www.bis.org/publ/bcbs165.pdf>

Wednesday, April 23, L–5: Macro-Prudential Policy Framework: Mandate, Institutional Arrangements, and Instruments, Policy Leakages/Policy Coordination

Bank for International Settlements Committee on the Global Financial System, 2012, “Operationalising the Selection and Application of Macroprudential Instruments,” CGFS Paper No. 48, December (Basel: Bank for International Settlements)..

<http://www.bis.org/publ/cgfs48.htm>

International Monetary Fund, 2013, “Key Aspects of Macro-prudential Policy”.

<http://www.imf.org/external/np/pp/eng/2013/061013b.pdf>

Jeanne, Olivier, 2014, “Macroprudential Policies in a Global Perspective”, IMES Discussion Paper 2014-E-1, Bank of Japan.

<http://www.imes.boj.or.jp/research/papers/english/14-E-01.pdf>

Supplementary Reading:

International Monetary Fund, 2013, “Key Aspects of Macro-prudential Policy –Background Paper”.

<http://www.imf.org/external/np/pp/eng/2013/061013c.pdf>

Macroprudential Supervision of the Financial System – Organisation and Instruments, 2012, a working group report by the Norges Bank, the Financial Supervisory Authority of Norway and the Ministry of Finance.

http://www.regjeringen.no/pages/36861944/report_makropru.pdf

Caruana, Jaime, 2010, “The Challenge of Taking Macroprudential Decisions: Who Will Press Which Button (s)?” speech given at 13th Annual International Banking Conference by Federal Reserve Bank of Chicago in cooperation with the IMF, Chicago, September 24.

<http://www.bis.org/speeches/sp100928.htm>

Thursday, April 24, L–6: Interaction of Macro-Prudential Policies and Other Macroeconomic Policies

Bayoumi, T., G. Dell’Ariccia, K. Habermeier, T. Mancini-Griffoli, and F. Valencia, 2014, “Monetary Policy in the New Normal”, IMF Staff Discussion Note. SDN/14/3.

<http://www.imf.org/external/pubs/cat/longres.aspx?sk=41419>

International Monetary Fund, 2013, The Interaction of Monetary and Macroprudential Policies.

<http://www.imf.org/external/np/pp/eng/2013/012913.pdf>

Supplementary Reading:

Cochrane, J.H., 2013, “The New-Keynesian Liquidity Trap”, NBER WP 19476.

<http://www.nber.org/papers/w19476>

Goodhart, et al, 2012, “An Integrated Framework for Multiple Financial Regulations,” Chicago Booth School of Business Working Paper.

<http://www.ijcb.org/journal/ijcb13q0a5.htm>

International Monetary Fund, 2013, The Interaction of Monetary and Macroprudential Policies – Background Paper.

<http://www.imf.org/external/np/pp/eng/2013/012713.pdf>

Thursday, April 24, L-7: Extracting Information from Market Prices; Risk-Adjusted Balance Sheets and Contingent Claims Analysis (CCA) for Risk Analysis with Applications

Gray, Dale, and Samuel Malone, 2008, *Macrofinancial Risk Analysis*, Chapter 2 (London: Wiley Finance).

Gray, Dale F., 2009, "Modeling Financial Crises and Sovereign Risk" in Annual Review of Financial Economics, ed. by Robert Merton and Andrew Lo, *Annual Reviews*, (Palo Alto: California), Vol 1, pp. 117-144.

Gray, Dale F., and Samuel Malone, 2008, *Macrofinancial Risk Analysis*, Chapters 4 and 5 (London: Wiley Finance).

Gray, D., A. Jobst, 2011, "Modeling Systemic Financial Sector and Sovereign Risk," Sveriges Riksbank Economic Review, September.

Macrofinancial Modeling Group

http://www.mfmggroup.org/documents/D_Gray.pptx

Friday, April 25, C-1: Macro-Prudential Policy Case Studies

Bruno and Shin, 2012, "Assessing Macroprudential Policies: Case of Korea".

http://www.princeton.edu/~hsshin/www/korea_macropru.pdf

Lim, et al., 2011 "Macroprudential Policy: What Instruments and How to Use Them? Lessons from Country Experiences," IMF Working Paper WP/11/238.

<http://www.imf.org/external/pubs/ft/wp/2011/wp11238.pdf>

Tressel, Thierry and Jianping Zhou, 2014, "Macroprudential Oversight and the Role of the European Systemic Risk Board," in *From Fragmentation to Financial Integration in Europe*, C. Enoch, L. Everaert, T. Tressel and J. Zhou eds., (chapter 20).

<http://www.elibrary.imf.org/page/financialintegrationeurope>

ESRB, 2014. "ESRB Handbook on Operationalising Macro-prudential Policy in the Banking Sector", <http://www.esrb.europa.eu/pub/html/index.en.html>

Supplementary Reading:

Bank of England Discussion Paper, 2011, "Instruments of Macroprudential Policy".

<http://www.bankofengland.co.uk/publications/.../discussionpaper111220.pdf>

Jácome, L, and others, 2012, "Building Blocks for Effective Macroprudential Policies in Latin America: Institutional Considerations". IMF WP/12/183.

<http://ideas.repec.org/p/imf/imfwpa/12-183.html>

Javier Guzmán Calafell, 2013, "Challenges for macroprudential policy and the Mexican case", Fifth Summit Meeting of Central Banks on Inflation Targeting, Santiago de Chile, November 2013.

<http://www.bis.org/review/r131128g.htm>

The European Systemic Risk Board, *Annual Report*, 2012.

<http://www.esrb.europa.eu/>

Friday, April 25, C–2: Presentation by Selected Participants: Own Country Experiences

No reading required.

Friday, April 25, L–8: Risk Outlook for CCP

ESRB Macroprudential commentary: CCPs and Systemic Risk

http://www.esrb.europa.eu/pub/pdf/commentaries/ESRB_commentary_1311.pdf

D. Duffie, M. Scheicher and G. Vuillemeys (2014) Estimation of collateral demand. ECB WP 1638

<http://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1638.pdf>

BIS (2012) Collateral requirements for mandatory central clearing of OTC derivatives.

www.bis.org/publ/work373.htm

C. Sidanius and F. Zikes (2012) OTC derivatives reform and collateral demand impact. BoE Financial Stability Paper No. 18 – October 2012

http://www.bankofengland.co.uk/publications/Pages/fsr/fs_paper18.aspx

M. Singh (2013) New Regulations and Collateral Requirements- Implications for the OTC Derivatives Market. Swift Institute Working Paper <http://ssrn.com/abstract=2338544>

J. Lin and L. Surti (2013) Capital Requirements for Over-the-Counter Derivatives Central Counterparties. IMF Working Paper 2013/03.

<http://www.imf.org/external/pubs/cat/longres.aspx?sk=40220.0>

Friday, April 25, L–9: ESRB Macroprudential Instruments

Documents on Macro-prudential policy by the European Systemic Risk Board.

<http://www.esrb.europa.eu/>

Friday, April 25, L–10: Question and Answer Session on EU Financial Stability

No reading required.

Monday, April 28, L–11: Systemic Risk Analysis; Sovereign Risk

A Survey of Systemic Risk Analytics, Office of Financial Research Paper #1 2012 Bisias, Flood, Lo, and Valavanis (summary, skim first part).

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1983602

Gapen, Michael T., Dale F. Gray, and others, 2005, “Measuring and Analyzing Sovereign Risk with Contingent Claims,” IMF Working Paper No. 05/155.

<http://www.imf.org/external/pubs/ft/wp/2005/wp05155.pdf>

Gray and Malone Sovereign and Financial Sector Risk: Measurement and Interactions, 2012, Annual Review of Financial Economics 4:9 1–9.

Billio Monica, Mila Getmansky, Andrew Lo, and Liorana Pelizzon, 2012, “Econometric Measures of Connectedness and Systemic Risk in the Finance and Insurance Sectors,” *Journal of Financial Economics*, Vol 104, pp. 535–559.

<http://www.sciencedirect.com/science/journal/0304405X/104/3>

Monday, April 28, C–3: Case Studies: Domestic and International Spillovers; Incorporating Financial Sector into Monetary Policy Models

Gray, Dale F., and Samuel Malone, 2008, *Macrofinancial Risk Analysis*, Chapters 13 and 14 (London: Wiley Finance).

Gray, Gross, Paredes, Sydow, “Modeling Banking, Sovereign, and Macro Risk in a CCA Global VAR” IMF WP 13/218.

<http://www.imf.org/external/pubs/ft/wp/2013/wp13218.pdf>

Garcia, C., Dale F. Gray, L. Luna, and J. Restrepo, 2011, “Incorporating Financial Sector Risk into Monetary Policy Models: Application to Chile”, IMF Working Paper

<http://www.imf.org/external/pubs/ft/wp/2011/wp11228.pdf>

Supplemental Reading:

Chen, Q., D. Gray, P. N’Diaye, and H. Oura, “International Transmission of Bank and Corporate Distress” IMF Working Paper No. 10/124.

<http://www.imf.org/external/pubs/ft/wp/2010/wp10124.pdf>

Gray, Dale F., A. A. Jobst, and S. Malone, 2010, “Quantifying Systemic Risk and Reconceptualizing the Role of Finance for Economic Growth,” *Journal of Investment Management*, Vol. 8, No. 2, pp. 90–110

Monday, April 28, L–12: Incentive Robust Regulations for Dealing with Systemic Risks

Charles W. Calomiris, 2011, “An Incentive-Robust Program for Financial Reforms”, available at:

<http://www.cato.org/pubs/journal/cj31n3/cj31n3-10.pdf>

Zhou, J., V. Rutledge, W. Bossu, M. Dobler, N. Jassaud, and M. Moore, 2012, “From Bail-out to Bail-in: Mandatory Debt Restructuring of Systemic Financial Institutions”.

<http://www.imf.org/external/pubs/ft/sdn/2012/sdn1203.pdf>

Pazarbasioglu, C, J. Zhou, V. Le Leslé, and M. Moore, 2011, “Contingent Capital: Economic rationale and Design Features”, IMF Staff Discussion Notes No.11/1.

<http://www.imf.org/external/pubs/cat/longres.aspx?sk=24504.0>

Financial Stability Board, 2010, “Reducing the Moral Hazard of Systemically-Important Financial Institutions,” in FSB Recommendations and Times Lines, October 20 (Basel: Switzerland).

http://www.financialstabilityboard.org/publications/r_101111a.pdf

Tuesday, April 29, O–1: Breakout Session: Assessing Systemic Risks and Macroprudential Policy Responses

Tuesday, April 29, O-2: Breakout Sessions: Group Preparation (continued)

Wednesday, April 30, O-3: Group Presentation

No reading required.
