
IMF – Singapore Regional Training Institute (STI)

**Course on Financial Stability, Systemic Risk
and Macro-Prudential Policy (ST16.03)**

April 11 – 20, 2016

READING LIST

Monday, April 11, 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).

Systemic Risk Monitoring in Low Income Countries:

Catalán, Mario, and Dimitri Demekas, 2015, “Challenges for Systemic Risk Assessment in Low-Income Countries,” *Journal of Risk Management in Financial Institutions*, February, Vol. 8 2, pp. 118-129.

(Access provided through Moodle site)

Monday, April 11, L–2: Financial Sector Surveillance

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

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>

Supplementary Reading

———, 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/>

Monday, April 11, L3: Extracting Information from Market Prices and Risk-Adjusted Balance Sheets

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, Dale, A. Jobst, 2011, “Modeling Systemic Financial Sector and Sovereign Risk,” *Sveriges Riksbank Economic Review*, September.

Tuesday, April 12, L–4: Stress Testing—Solvency Stress Testing for Financial Stability Assessment

International Monetary Fund, 2012, “Macrofinancial Stress Testing—Principles and Practices,” Monetary and Capital Markets Department, August.
<http://www.imf.org/external/np/pp/eng/2012/082212.pdf>

International Monetary Fund, 2015, *Guidance Notes on Stress Testing*, Monetary and Capital Markets Department, December.
(Access provided through Moodle site)

Supplementary Reading

Borio, Claudio, Mathias Drehmann, and Kostas Tsatsaronis, 2012, “Stress Testing Macro Stress Testing: Does It Live Up to Expectations?” BIS Working Paper No. 369, January.
<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>

Tuesday, April 12, L–5: 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

<https://bfi.uchicago.edu/research/working-paper/analyzing-real-estate-financial-sector-and-sovereign-risks-and-economic>

Wednesday, April 13 , L–6: Stress Testing—Liquidity and Systemic Liquidity Stress Testing

International Monetary Fund, 2015, “Treatment of Liquidity Risk in Stress Tests,” *Guidance Notes on Stress Testing No. 11*, Monetary and Capital Markets Department, December.
(Access provided through Moodle site)

Supplementary Reading

Basel Committee on Banking Supervision, 2013, “Liquidity Stress Testing: a Survey of Theory, Empirics and Current Industry and Supervisory Practices,” Working Paper No. 24, October.
http://www.bis.org/publ/bcbs_wp24.htm

Basel Committee on Banking Supervision, 2013, “Literature Review of Factors Relating to Liquidity Stress– extended version,” Working Paper No. 25, October.
http://www.bis.org/publ/bcbs_wp25.pdf

Basel Committee on Banking Supervision, 2015, “Making Supervisory Stress Tests More Macroprudential: Considering Liquidity and Solvency interactions and systemic risk,” Working Paper No. 29, November.
<http://www.bis.org/bcbs/publ/wp29.htm>

Bank of England, 2012, “Liquidity Risk, Cash Flow Constraints, and Systemic Feedbacks,” Working Paper No. 456, June.
<http://www.bankofengland.co.uk/research/Pages/workingpapers/2012/wp456.aspx>

Wednesday, April 14, L–7: Systemic and Sovereign Risk Analysis

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

Gray, Dale F., and Samuel Malone, 2008, *Macrofinancial Risk Analysis*, Chapters 7, 13 and 14 (London: Wiley Finance).

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.

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>

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>

Macrofinancial Modeling Group

<https://bfi.uchicago.edu/research/working-paper/analyzing-real-estate-financial-sector-and-sovereign-risks-and-economic>

Wednesday, April 14, L-8: Dealing with Too-Big-To Fail: 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

Thursday, April 14, L-9: Macro-Prudential Policy Framework

Macro-Prudential Policy Framework: (1) Motivation and Analytical Framework; (2) Mandate, Institutional Arrangements, and Instruments:

International Monetary Fund, 2014, “Staff Guidance Note on Macroprudential Policy”.

<http://www.imf.org/external/pp/longres.aspx?id=4925>

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>

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

Supplementary Reading

Noyer, Christian, 2014, “Macroprudential Policy: From Theory to Implementation” in the Financial Stability Review of the Bank of France, April 2014.
www.centerforfinancialstability.org/fsr/fra_fsr_201404.pdf

International Monetary Fund, 2014, “Staff Guidance Note on Macroprudential Policy: Detailed Guidance on Instruments”. <http://www.imf.org/external/pp/longres.aspx?id=4925>

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

International Monetary Fund, 2013, “Key Aspects of Macro-prudential Policy”.
<http://www.imf.org/external/np/pp/eng/2013/061013b.pdf>

International Monetary Fund, 2013, “Key Aspects of Macro-prudential Policy –Background Paper”.
<http://www.imf.org/external/np/pp/eng/2013/061013c.pdf>

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

International Monetary Fund, 2013, The Interaction of Monetary and Macroprudential Policies.
<http://www.imf.org/external/np/pp/eng/2013/012913.pdf>

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>

Supplementary Reading:

Bank of England Discussion Paper, 2011, “Instruments of Macroprudential Policy”.
<http://www.bankofengland.co.uk/publications/.../discussionpaper111220.pdf>

The European Systemic Risk Board, *Annual Report, 2012*.
<http://www.esrb.europa.eu/>

Thursday, April 14, L-10: Austrian Experience with Macroprudential Policies

Thursday, April 14, C-1: Case Studies: Workshop/Case Studies on Systemic Risk, Risk Transmission in an Economy Using CCA

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

Friday, April 15, C-2: Presentation by Selected Participants: Own Country Experiences

No reading required.

Friday, April 15, L-11, L-12: Overview of New ECB SSM and Changing Framework for Bank Regulation

Monday, April 18, O-1 & O-2: Breakout Session: Preparation for Group Presentations: Participant’s Experiences on Macro Prudential Tools

No reading required.

Tuesday, April 19, O-3: Breakout Session and Group Presentation

No reading required.

Wednesday, March 2: Closing session: Main Take-away and Presentation of Certification

No reading required.
