

**INTERNATIONAL MONETARY FUND**

**Joint Vienna Institute / Institute for Capacity Development  
Course on Macro-Financial Surveillance (JV16.18)**

**July 25– August 5, 2016**

**READING LIST**

<b>Session</b>	<b>Topic</b>
<b>L-1</b>	<p><b>Motivating Financial Sector Surveillance: Macro-Financial Linkages and Crises</b></p> <p>Reinhart, Carmen and Rogoff, Kenneth, January 2009, “The Aftermath of Financial Crises”, National Bureau of Economic Research, Working Paper 14656, <a href="http://www.nber.org/papers/w14656.pdf">http://www.nber.org/papers/w14656.pdf</a></p> <p>Wyplosz, Charles 2009, The ICMB-CEPR Geneva report: “The future of Financial Regulation, <a href="http://www.voxeu.org/article/financial-regulation-reform-goodhart-report">http://www.voxeu.org/article/financial-regulation-reform-goodhart-report</a></p>
<b>L-2</b>	<p><b>Business Model of Banks and Non-Bank Financial Intermediaries</b></p> <p>Collier, Charles, and others, 2003, “Evaluating the Vulnerability of Banks and Thrifts to a Real Estate Crisis, FDIC Banking Review, Vol. 15, No. 4, pp. 19–36. <a href="https://www.fdic.gov/bank/analytical/banking/2003dec/br15n4full.pdf">https://www.fdic.gov/bank/analytical/banking/2003dec/br15n4full.pdf</a></p> <p>Financial Stability Board, 2015, “Global Shadow Banking Monitoring Report 2015” <a href="http://www.fsb.org/2015/11/global-shadow-banking-monitoring-report-2015/">http://www.fsb.org/2015/11/global-shadow-banking-monitoring-report-2015/</a></p> <p>Drehmann and Juselius, 2013, “Evaluating early warning indicators of banking crises: satisfying policy requirements,” BIS WP 421, <a href="http://www.bis.org/publ/work421.htm">http://www.bis.org/publ/work421.htm</a></p> <p><i>Recommended:</i></p> <p>Lopez, Jose A., 1999, “How frequently should banks be examined?,” Federal Reserve Bank of San Francisco Economic Letter, <a href="https://fedinprint.org/">https://fedinprint.org/</a></p> <p>Sahajwala, Ranjana and Paul Van den Bergh, December 2000, “Supervisory Risk Assessment and Early Warning Systems”, Basel Committee on Banking Supervision Working Paper No. 4, <a href="http://www.bis.org/publ/bcbs_wp04.pdf">http://www.bis.org/publ/bcbs_wp04.pdf</a></p> <p>Jagtiani, J., Kolari, J., Lemieux, C. and Shi, H., 2003, “<a href="#">Early warning models for bank supervision: Simpler could be better,</a>” in Economic Perspectives, Federal Reserve Bank of Chicago</p> <p>Fridson, Martin and Alvarez, Fernando, 2011, “Financial Statement Analysis: A Practitioner's Guide,” <a href="http://www.wiley.com/WileyCDA/WileyTitle/productCd-0470635606.html">http://www.wiley.com/WileyCDA/WileyTitle/productCd-0470635606.html</a></p> <p>Duffie, Darrell, 2010, “Failure Mechanics of Dealer Banks,” Journal of Economic Perspective, Vol. 24, No. 1, pp. 51-72, <a href="http://www.darrellduffie.com/uploads/pubs/DuffieFailureMechanicsDealerBanks2010.pdf">http://www.darrellduffie.com/uploads/pubs/DuffieFailureMechanicsDealerBanks2010.pdf</a></p>

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L-3	<p><b>Market and Interest Rate Risk</b></p> <p>Jorion, Philippe, 2001, "Computing Value at Risk," in Value at Risk, 2nd edition, Ch. 5 (New York: McGraw-Hill), <a href="https://searchworks.stanford.edu/view/10001932">https://searchworks.stanford.edu/view/10001932</a></p> <p>Asset Management Group, Inc., 2011, "ALM Basics: Market Value of Equity," <a href="http://www.bancpath.com/2011/10/alm-basics-market-value-of-equity.html">www.bancpath.com/2011/10/alm-basics-market-value-of-equity.html</a></p>
L-4	<p><b>Credit Risk</b></p> <p>Barisitz, S., 2013, "<a href="#">Nonperforming Loans in CESEE – An Even Deeper Definitional Comparison</a>", OeNB Focus on European Economic Integration Q3/13, Vienna,</p> <p>D'Hulster, Katia, Salomao-Garcia, Valeria, Letelier, Raquel, 2014, "<a href="#">Loan classification and provisioning: current practices in 26 ECA countries - overview paper</a>", World Bank Financial Sector Advisory Center (FinSAC) Working Paper Series</p> <p>Allen, Linda, 2002, "Credit Risk Modeling of Middle Markets," Baruch College, CUNY, <a href="http://fic.wharton.upenn.edu/fic/allenpaper.pdf">http://fic.wharton.upenn.edu/fic/allenpaper.pdf</a></p> <p>Credit Suisse, 1997, "CreditRisk+:A Credit Risk Management Framework," (New York: Credit Suisse), <a href="http://www.csfb.com/institutional/research/assets/creditrisk.pdf">http://www.csfb.com/institutional/research/assets/creditrisk.pdf</a></p>
L-5	<p><b>The IMF's Financial Soundness Indicators</b></p> <p>IMF, Financial Soundness Indicators Compilation Guide, <a href="http://fsi.imf.org/Default.aspx">http://fsi.imf.org/Default.aspx</a></p> <p>V. Sundararajan, Charles Enoch, Armida San José, Paul Hilbers, Russell Krueger, Marina Moretti, and Graham Slack, 2002, "<a href="#">Financial Soundness Indicators: Analytical Aspects and Country Practices</a>", IMF Occasional Paper 212.</p>
L-6	<p><b>Extracting Information from Credit Spreads</b></p> <p>Amato, Jeffrey, and Eli Remolona, 2003, "The Credit Spread Puzzle," in Quarterly Review, December (Bank for International Settlements). <a href="http://www.bis.org/publ/qtrpdf/r_qt0312e.pdf">http://www.bis.org/publ/qtrpdf/r_qt0312e.pdf</a></p> <p>Borri, Nicola, and Adrien Verdelhan, "Sovereign Risk Premia," Working Paper <a href="http://scholar.google.com/scholar?cluster=3190175736234104793&amp;hl=en&amp;as_sdt=0,5">http://scholar.google.com/scholar?cluster=3190175736234104793&amp;hl=en&amp;as_sdt=0,5</a></p> <p>O'Kane, D. and S. Turnbull, 2003, "Valuation of Credit Default Swaps." Lehman Brothers, <i>Fixed Income Quantitative Credit Research</i>. <a href="http://scholar.google.com/scholar?cluster=14907340265134746252&amp;hl=en&amp;as_sdt=0,9">http://scholar.google.com/scholar?cluster=14907340265134746252&amp;hl=en&amp;as_sdt=0,9</a></p> <p>Hull, John, and Alan White, 2000, "Valuing Credit Default Swaps I: No Counterparty Default Risk," <i>Journal of Derivatives</i>, Vol. 8, No. 1, pp. 29–40. <a href="http://scholar.google.com/scholar?cluster=6377621650464317909&amp;hl=en&amp;as_sdt=0,5">http://scholar.google.com/scholar?cluster=6377621650464317909&amp;hl=en&amp;as_sdt=0,5</a></p> <p>Hull, John, Mirela Predescu, and Alan White, 2005, "Bond Prices, Default Probabilities and Risk Premiums," <i>Journal of Credit Risk</i>, Vol. 1, No. 2, pp. 53–60. <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2173148">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2173148</a></p>

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L-7	<p><b>Funding and Liquidity Risk</b></p> <p>Banque de France, 2008, Financial Stability Review – Special Issue Liquidity, <a href="https://www.banque-france.fr/uploads/tx_bdfgrandesdates/rsf_0208_01.pdf">https://www.banque-france.fr/uploads/tx_bdfgrandesdates/rsf_0208_01.pdf</a></p> <p>Drehmann, M., Nikolaou, K., 2010, “Funding liquidity risk: definition and measurement,” BIS Working Paper 316, <a href="http://www.bis.org/publ/work316.pdf">http://www.bis.org/publ/work316.pdf</a></p> <p>Nikolaou, K., 2009, “Liquidity Risk Concepts – Definitions and Interactions,” ECB Working Paper 1008/2009, <a href="https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1008.pdf?e87aba3a52137adea91048bf54801968">https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1008.pdf?e87aba3a52137adea91048bf54801968</a></p> <p>Basel Committee on Banking Supervision, October 2014, “Basel III: the net stable funding ratio, <a href="http://www.bis.org/bcbs/publ/d295.pdf">http://www.bis.org/bcbs/publ/d295.pdf</a>”</p> <p>Basel Committee on Banking Supervision, January 2013, “Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools,” <a href="http://www.bis.org/publ/bcbs238.pdf">http://www.bis.org/publ/bcbs238.pdf</a></p>
L-8	<p><b>Macro Stress Testing of Solvency</b></p> <p>Bunn, P., A. Cunningham, and M. Drehmann, 2005, “Stress testing as a tool for assessing systemic risk,” Bank of England Financial Stability Review</p> <p>IMF, 2012, “Macrofinancial Stress Testing Principles and Practices,” IMF Policy Papers, <a href="https://www.imf.org/external/np/pp/eng/2012/082912a.pdf">https://www.imf.org/external/np/pp/eng/2012/082912a.pdf</a></p> <p>Demekas, Dimitri, “Designing Effective Macprudential Stress Tests: Progress So Far and the Way Forward,” IMF Working Paper 15/146, <a href="https://www.imf.org/external/pubs/ft/wp/2015/wp15146.pdf">https://www.imf.org/external/pubs/ft/wp/2015/wp15146.pdf</a></p>
L-9	<p><b>Sovereign Risk</b></p> <p>Acharya, Viral V., Itamar Drechsler, and Philipp Schnabl, 2014, “A Pyrrhic Victory? Bank Bailouts and Sovereign Credit Risk,” Journal of Finance, Vol. 69, No. 6, 2689–2739, <a href="http://online.library.wiley.com/doi/10.1111/jofi.12206/abstract">http://online.library.wiley.com/doi/10.1111/jofi.12206/abstract</a></p> <p>Borensztein, Eduardo and Ugo Panizza, 2008, “The Costs of Sovereign Default,” IMF Working Paper 08/238, <a href="https://www.imf.org/external/pubs/ft/wp/2008/wp08238.pdf">https://www.imf.org/external/pubs/ft/wp/2008/wp08238.pdf</a></p> <p>Committee on the Global Financial System, 2011, “The Impact of Sovereign Credit Risk on Bank Funding Conditions,” CGFS Papers No. 43, Bank for International Settlements, <a href="http://www.bis.org/publ/cgfs43.pdf">http://www.bis.org/publ/cgfs43.pdf</a></p>
L-10	<p><b>Time Dimension of Systemic Risk</b></p> <p>Mendoza, Enrique G., and Marco E. Terrones, 2008, “An Anatomy of Credit Booms: Evidence from Macro Aggregates and Micro Data,” NBER Working Paper No. 14049 (The National Bureau of Economic Research), <a href="http://www.nber.org/papers/w14049">http://www.nber.org/papers/w14049</a></p> <p>Dell’Ariccia, Giovanni, and others, 2012, “Policies for Macrofinancial Stability: How to Deal with Credit Booms,” IMF Staff Discussion Note 12/06. <a href="http://www.imf.org/external/pubs/ft/sdn/2012/sdn1206.pdf">http://www.imf.org/external/pubs/ft/sdn/2012/sdn1206.pdf</a></p>

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L-10	<p><b>Time Dimension of Systemic Risk (<i>continued</i>)</b></p> <p>Arregui, et al., 2013, “Evaluating the Net Benefits of Macroprudential Policy: A Cookbook,” IMF Working Paper 13/167.  <a href="http://www.imf.org/external/pubs/ft/wp/2013/wp13167.pdf">http://www.imf.org/external/pubs/ft/wp/2013/wp13167.pdf</a></p> <p>Drehmann, M., Juselius, M., 2013, “Evaluating early warning indicators of banking crises: Satisfying policy requirements,” BIS Working Paper 421,  <a href="http://www.bis.org/publ/work421.pdf">http://www.bis.org/publ/work421.pdf</a></p>
L-11	<p><b>Basel Capital Accords Basel I-II: Overview</b></p> <p>BCBS, 2015, “A brief history of the Basel Committee,”  <a href="http://www.bis.org/bcbs/history.pdf">http://www.bis.org/bcbs/history.pdf</a></p> <p>BCBS, 2015, “Progress Report on Basel III Implementation,”  <a href="https://www.bis.org/bcbs/publ/d318.htm">https://www.bis.org/bcbs/publ/d318.htm</a></p> <p>BCBS, (ongoing), “Assessing consistency of implementation of Basel standards,”  <a href="https://www.bis.org/bcbs/implementation/12.htm">https://www.bis.org/bcbs/implementation/12.htm</a></p> <p>Financial Stability Institute, 2015, “FSI Survey - Basel II, 2.5 and III Implementation,”  <a href="http://www.bis.org/fsi/fsiop2015.htm">http://www.bis.org/fsi/fsiop2015.htm</a></p>
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L-13	<p><b>Regulatory and Prudential Framework: Basel III and Beyond</b></p> <p>Asmussen, J., “Building Banking Union”, Speech by Jörg Asmussen, Member of the Executive Board of the ECB, at the Atlantic Council, London, July 2013. Available at: <a href="http://www.ecb.int/press/key/date/2013/html/sp130709.en.html">http://www.ecb.int/press/key/date/2013/html/sp130709.en.html</a></p> <p>European Commission, 2014, “Banking union: restoring financial stability in the Eurozone,” <a href="http://europa.eu/rapid/press-release_MEMO-14-294_en.htm">http://europa.eu/rapid/press-release_MEMO-14-294_en.htm</a></p> <p>Financial Stability Board, 2011, “Key Attributes of Effective Resolution Regimes for Financial Institutions”, <a href="http://www.financialstabilityboard.org/">http://www.financialstabilityboard.org/</a></p> <p>Financial Stability Board, 2014, “Adequacy of Loss-Absorbing Capacity of Global Systemically Important Banks in resolution”, November. Available at: <a href="http://www.financialstabilityboard.org">http://www.financialstabilityboard.org</a></p> <p>BCBS, 2014, “Revisions to the standardised approach for credit risk - consultative document”, December. Available at: <a href="http://www.bis.org/bcbs/publ/d307.htm">http://www.bis.org/bcbs/publ/d307.htm</a></p>

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L-14	<p data-bbox="308 244 639 277"><b>Systemic Liquidity Risk</b></p> <p data-bbox="308 315 1418 421">International Monetary Fund, 2015, “Market Liquidity: Resilient or Fleeting?”, Global Financial Stability Report, <a href="https://www.imf.org/External/Pubs/FT/GFSR/2015/02/pdf/text_v3.pdf">https://www.imf.org/External/Pubs/FT/GFSR/2015/02/pdf/text_v3.pdf</a></p> <p data-bbox="308 461 1378 566">BCBS, 2013, “Liquidity Stress Testing: A Survey of Theory, Empirics and Current Industry and Supervisory Practices,” Working Paper No. 24, <a href="http://www.bis.org/publ/bcbs_wp24.htm">http://www.bis.org/publ/bcbs_wp24.htm</a></p> <p data-bbox="308 607 1442 712">Christian Schmieder, Heiko Hesse, Benjamin Neudorfer, Claus Pühr, and Stefan W. Schmitz, 2012, “Next Generation System-Wide Liquidity Stress Testing,” IMF Working Paper 12/3, <a href="https://www.imf.org/external/pubs/ft/wp/2012/wp1203.pdf">https://www.imf.org/external/pubs/ft/wp/2012/wp1203.pdf</a></p> <p data-bbox="308 752 1369 824">BCBS, 2014, “Guidance for Supervisors on Market Based Indicators of Liquidity,” <a href="http://www.bis.org/publ/bcbs273.htm">http://www.bis.org/publ/bcbs273.htm</a></p> <p data-bbox="308 864 507 898"><i>Recommended:</i></p> <p data-bbox="308 938 1398 1010">IMF, 2011, “How to Address the Systemic Part of Liquidity Risk,” GFSR Chapter 2, <a href="https://www.imf.org/external/pubs/ft/gfsr/2011/01/pdf/chap2.pdf">https://www.imf.org/external/pubs/ft/gfsr/2011/01/pdf/chap2.pdf</a></p> <p data-bbox="308 1050 1362 1155">Brunnermeier, Markus, and Lasse Pedersen, 2009, “Market Liquidity and Funding Liquidity,” Review of Financial Studies, Vol. 22, No. 6, pp. 2201–38, <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1408432##">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1408432##</a></p> <p data-bbox="308 1196 1410 1267">IMF, 2013, “Changes in Bank Funding Patterns and Financial Stability Risks,” GFSR Chapter 3, <a href="http://www.imf.org/external/pubs/ft/gfsr/2013/02/pdf/c3.pdf">http://www.imf.org/external/pubs/ft/gfsr/2013/02/pdf/c3.pdf</a></p>