

Financial and Macroeconomic Stability: Challenges Ahead

June 4-5, 2012

Istanbul, Turkey

(Venue: Grand Hyatt Istanbul Hotel)

Conference organized by the Central Bank of the Republic of Turkey (CBRT)
jointly with
the Central Bank of Brazil, the Bank of Finland and the Journal of Financial Stability

Program

Monday, June 4

8:30–9:00 Coffee and Registration

9:00–9:15 **Opening Remarks (Grand Ballroom)**
Erdem Başçı (CBRT)
([In English](#)) ([In Turkish](#))

9:15–10:15 **Keynote Lecture (Grand Ballroom)**
“A Macro Tragedy Waiting to Happen (in a VaR Sense)”
Ricardo Caballero (MIT)
Chair: Mehmet Yörükoğlu (CBRT)

10:15–10:30 Coffee Break

10:30–12:00 **Parallel Sessions**

A. Analysis of Different Aspects of Bank Competition (Grand Ballroom)
Chair: Lokman Gündüz (CBRT)

[The Relationship Between Banking Market Competition and Risk-Taking:
Do Size and Capitalization Matter?](#)

*Benjamin M. Tabak (Central Bank of Brazil); Daniel Cajueiro (UNB);
Dimas M. Fazio (USP)*

[Bank Bailouts, Competitive Distortions, and Consumer Welfare](#)

Cesar Calderon (World Bank); Klaus Schaeck (World Bank)

[Who Bears the Burden of Banking Transformation in Turkey? An
Empirical Analysis of Demand, Competition and Welfare Analysis](#)

*Ahmet Faruk Aysan (CBRT); G. Gülsün Akın (Boğaziçi U.); Şebnem İleri
(Boğaziçi U.); Levent Yıldırım (Boğaziçi U.)*

B. Sovereign Risk and Uncertainty (Bizans-Ephesus Room)

Chair: Murat Özbilgin (CBRT)

Sovereign Defaults and Optimal Reserve Management

*Juan Carlos Hatchondo (Richmond Fed); Javier Bianchi (U. of Wisconsin
and NYU); Leonardo Martinez (IMF)*

Rare Disasters, Risk Sharing and Cross-Country Portfolio Holdings

*Yavuz Arslan (CBRT); H. Çağrı Akkoyun (CBRT); Fatih Fazilet (CBRT);
Necati Tekatlı (CBRT)*

Sovereign Default and Cheap Talk

Yasin Önder (Georgetown U.)

12:00–13:30 Lunch Break

13:30–14:45 Invited Session

Financial Intermediation and Economic Activity (Grand Ballroom)

Chair: Jouko Vilmunen (Bank of Finland)

[Credit Supply Shocks and Economic Activity in a Financial Accelerator
Model](#)

Simon Gilchrist (Boston U.); Egon Zakrajsek (Fed Board)

[Financial Intermediary Capital](#)

Adriano Rampini (Duke U.); S. Viswanathan (Duke U.)

14:45–15:00 Coffee Break

15:00–16:15 Invited Session

***Behavior of Banks During Crisis: Empirical Investigations* (Grand Ballroom)**

Chair: Iftekhhar Hasan (Fordham U.)

[Rescue Packages and Bank Lending](#)

Leonardo Gambacorta (BIS); Michael Brei (U. Paris Ouest); Goetz von Peter (BIS)

[Inside Debt, Bank Default Risk, and Performance during the Crisis](#)

Haluk Ünal (U. of Maryland College Park); Rosalind L. Bennett (FDIC); Levent Güntay (FDIC)

16:15–16:30 Coffee Break

16:30–17:45 Parallel Sessions

***A. Implications of Constraints in the Asset Markets* (Grand Ballroom)**

Chair: Yavuz Arslan (CBRT)

[Interest Rates, House Prices and Mortgage Defaults](#)

Bülent Güler (Indiana U.); Yavuz Arslan (CBRT)

[Margin Requirements and Asset Prices](#)

Michael Grill (Bundesbank); Johannes Brumm (U. of Zurich); Felix Kubler (U. of Zurich and SFI); Karl Schmedders (U. of Zurich and SFI)

[Mortgage Amortization and Amplification](#)

Luisa Lambertini (EPFL-Lausanne); Chiara Forlati (EPFL-Lausanne)

***B. Macro-prudential Policies for Banking* (Bizans-Ephesus Room)**

Chair: Temel Taşkın (CBRT)

Imperfect Information, Lending Standards and Macro-prudential Policies

Pedro Geste (Georgetown U.); Natalie Tiernan (Georgetown U.)

[Banking Bubbles and Financial Crisis](#)

Pengfei Wang (HKUST); Jianjun Miao (Boston U.)

[Required Reserves as a Credit Policy Tool](#)

Enes Sunel (CBRT); Yasin Mimir (U. of Maryland College Park); Temel Taşkın (CBRT)

Tuesday, June 5

9:00–10:00 **Keynote Lecture (Grand Ballroom)**
“[What is Systemic Risk and What Should Be Done About it](#)”
(**LECTURE SLIDES**)

Franklin Allen (U Penn); Elena Carletti (EUI)
Chair: Turalay Kenç (CBRT)

10:00–10:15 **Coffee Break**

10:15–12:00 **Parallel Sessions**

A. Banks, Credits and Output (Grand Ballroom)
Chair: Ryo Kato (Bank of Japan)

[Banking and Trading](#)

Lev A. Ratnovski (IMF); Arnoud Boot (U. of Amsterdam and CEPR)

[Credit Decomposition and Business Cycles](#)

İnci Gümüş (Sabancı U.); Berrak Bahadır (U. of Georgia)

[Banking Crises and Short and Medium Term Output Losses in Emerging and Developing Countries: The Role of Structural and Policy Variables](#)

Davide Furceri (IMF and U. of Palermo); Aleksandra Zdzienicka (IMF)

[Corporate Credit Spreads and Business Cycles](#)

Seon Tae Kim (ITAM)

B. Systemic Risk (Bizans-Ephesus Room)

Chair: Benjamin M. Tabak (Central Bank of Brazil)

[Financial Linkages, Transparency, and Systemic Risk](#)

Co-Pierre Georg (U. Carlos 3 de Madrid); Toni Ahnert (LSE)

[A Proposal for the Resolution of Systemically Important Assets and Liabilities: The Case of the Repo Market](#)

Torun Sabri Öncü (CAFRAL-RBI and NYU), Viral Acharya (NYU)

[Systemic Risk Analysis Using Forward-looking Distance-to-Default Series](#)

Martin Saldias (Bank of Portugal)

[International Coordination for the Regulation of Systemic Risk](#)

Gazi Kara (UNC Chapel Hill)

12:00–13:30 Lunch Break

13:30–14:45 Invited Session

***Performance of Policies and Models during Crisis* (Grand Ballroom)**

Chair: Ahmet Faruk Aysan (CBRT)

[The Failure of Models that Predict Failure: Distance, Incentives and Default](#)

Vikrant Vig (LBS); Uday Rajan (U. of Michigan); Amit Seru (Chicago Booth)

[Policy Options to Deal with Credit Booms](#)

Giovanni Dell’Ariccia (IMF); Deniz Igan(IMF); Luc Laeven(IMF); Hui Tong(IMF); Bas Bakker(IMF); Jérôme Vandenbussche(IMF)

14:45–15:00 Coffee Break

15:00–16:15 *Panel on “How did the crisis challenge the Central Banking as we knew it? What should (not) change?”* (Grand Ballroom)

Moderator: Erdem Başçı, Governor of the Central Bank of the Republic of Turkey

Panel Participants:

- *Erdem Başçı, Governor of the Central Bank of the Republic of Turkey* ([Panel Presentation](#))
- *Luiz Pereira Awazu da Silva, Deputy Governor of the Central Bank of Brazil*
- *Seppo Honkapohja, Board Member of the Bank of Finland*
- *Mattias Persson, Riksbank Head of the Financial Stability Department*

16:15–16:30 Coffee Break

16:30–17:45 Parallel Sessions

***A. Financial Crisis and Policies* (Grand Ballroom)**

Chair: Necati Tekatlı (CBRT)

[Monetary Policy Shocks in a DSGE Model with a Shadow Banking System](#)

Fabio Verona (Goethe U.); Ines Drumond (U. of Porto); Manuel M. F. Martins (U. of Porto)

[Monetary Policy Rules, Asset Prices and Adaptive Learning](#)

Vicente da Gama Machado (Central Bank of Brazil)

[Bank Overleverage and Macroeconomic Fragility](#)

Takayuki Tsuruga (Kyoto U.); Ryo Kato (Bank of Japan)

***B. Effects of Regulations and Monetary Policy on Bank Behavior
(Bizans-Ephesus Room)***

Chair: Meltem Gülenay Chadwick (CBRT)

[Financial Contracting: Banks versus Banks](#)

*Bill Francis (RPI); Iftekhar Hasan (Fordham University);
Liuling Liu (RPI)*

[Increasing Banking Capital for Promoting Financial Stability and Banking
Response to Monetary Policy: Evidence from Indonesia](#)

*Iman Gunadi (Bank of Indonesia); Advis NA Budiman (Bank of
Indonesia); Elis Deriantino (Bank of Indonesia)*

[A Markov Switching Unobserved Component Analysis of the CDX Index
Term Premium](#)

*G. Calice (U. of Southampton); Christos Ioannidis (U. of Bath);
RongHui Miao (U. of Bath)*