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**IMF – Singapore Regional Training Institute (STI)**

**Course on Financial Sector Surveillance (ST17.07)**

**Singapore**

**June 19 – 30, 2017**

**READING LIST**

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**Monday, June 19: Motivating Financial Sector Surveillance: Macro-Financial Linkages and Crises**

Reinhart, Carmen and Rogoff, Kenneth, January 2009, “The Aftermath of Financial Crises”, National Bureau of Economic Research, Working Paper 14656.

<http://www.nber.org/papers/w14656.pdf>

Wyplosz, Charles 2009, The ICMB-CEPR Geneva report: “The future of Financial Regulation”.

<http://www.voxeu.org/article/financial-regulation-reform-goodhart-report>

**Monday, June 19, L–1: Business Model of Banks and Non-Bank Financial Intermediaries**

Van Greuning, Hennie, and Sonia Brajovic Bratanovic, 2009, Analyzing Bank Risk, World Bank.

<http://openknowledge.worldbank.org/.../482380PUB0Anal101OFFICIAL0USE0ON>

European Commission, 2012, Non- bank financial Institutions, Economic papers No. 472, November.

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Financial Stability Board, 2015, “Global Shadow Banking Monitoring Report 2015”.

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**Tuesday, June 20, L–2: Market and Interest Rate Risk**

Conroy, Robert M., 1998, “Duration and Convexity,” Darden Graduate School of Business Administration, University of Virginia.

<http://faculty.darden.virginia.edu/conroyb/Valuation/Val2002/F-1238.pdf>

**Tuesday, June 20, L–3: Value at Risk**

Manganelli, Simone, and Robert F. Engle, 2001, “Value-at-Risk Models in Finance,” ECB Working Paper no. 75.

<https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp075.pdf?...>

### **Wednesday, June 21, L–4: Credit Risk: Main Concepts and L–5: Credit Risk: Provisioning**

Barisitz, S., 2013, “[Nonperforming Loans in CESEE – An Even Deeper Definitional Comparison](#)”, OeNB Focus on European Economic Integration Q3/13, Vienna.

D'Hulster, Katia, Salomao-Garcia, Valeria, Letelier, Raquel, 2014, “[Loan classification and provisioning: current practices in 26 ECA countries - overview paper](#)”, World Bank Financial Sector Advisory Center (FinSAC) Working Paper Series.

JP Morgan, 2007, [CreditMetrics Technical Document](#).

JP Morgan, 1997, [Introduction to CreditMetrics](#).

Allen, Linda, 2002, “Credit Risk Modeling of Middle Markets,” Baruch College, CUNY. <http://fic.wharton.upenn.edu/fic/allenpaper.pdf>

Avesani, Renzo, Alin T Mirestean, Jean Salvati, and Kexue Liu, 2006, "[Review and Implementation of Credit Risk Models of the Financial Sector Assessment Program \(FSAP\)](#)", IMF Working Paper No. 06/134.

Credit Suisse, 1997, [CreditRisk+—A Credit Risk Management Framework](#) (New York: Credit Suisse).

### **Thursday, June 22, L–6: The IMF’s Financial Soundness Indicators**

Andrle, M., A. Berg, E. Berkes, R. A. Morales, R. Portillo, and J. Vlcek, 2013, “Money Targeting in a Modern Forecasting and Policy System: An Application to Kenya,” IMF Working Paper 13/239 (Washington: International Monetary Fund). <http://www.imf.org/external/pubs/ft/wp/2013/wp13239.pdf>

Beneš, J., A. Berg, R. Portillo, and D. Vavra, 2013, “Modeling Sterilized Interventions and Balance Sheet Effects of Monetary Policy in a New Keynesian Framework,” IMF Working Paper 13/11 (Washington: International Monetary Fund). <http://www.imf.org/external/pubs/ft/wp/2013/wp1311.pdf>

Ostry, J., A.R. Ghosh and M. Chamon, 2012, “Two Targets, Two Instruments: Monetary and Exchange rate Policies in Emerging Market Economies,” IMF Staff Discussion Note SDN/12/01 (Washington: International Monetary Fund). <http://www.imf.org/external/pubs/ft/sdn/2012/sdn1201.pdf> [Advanced readings]

### **Thursday, June 22, L–7: Extracting Information from Credit Spreads**

Amato, Jeffrey, and Eli Remolona, 2003, “The Credit Spread Puzzle,” in Quarterly Review, December (Bank for International Settlements). [http://www.bis.org/publ/qtrpdf/r\\_qt0312e.pdf](http://www.bis.org/publ/qtrpdf/r_qt0312e.pdf)

O'Kane, D. and S. Turnbull, 2003, "Valuation of Credit Default Swaps." Lehman Brothers, *Fixed Income Quantitative Credit Research*.  
[http://scholar.google.com/scholar?cluster=14907340265134746252&hl=en&as\\_sdt=0,9](http://scholar.google.com/scholar?cluster=14907340265134746252&hl=en&as_sdt=0,9)

Hull, John, and Alan White, 2000, "Valuing Credit Default Swaps I: No Counterparty Default Risk," *Journal of Derivatives*, Vol. 8, No. 1, pp. 29–40.  
[http://scholar.google.com/scholar?cluster=6377621650464317909&hl=en&as\\_sdt=0,5](http://scholar.google.com/scholar?cluster=6377621650464317909&hl=en&as_sdt=0,5)

Hull, John, Mirela Predescu, and Alan White, 2005, "Bond Prices, Default Probabilities and Risk Premiums," *Journal of Credit Risk*, Vol. 1, No. 2, pp. 53–60.  
[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2173148](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2173148)

### **Friday, June 23, L–8: Funding and Liquidity Risk**

Banque de France, 2008, Financial Stability Review – Special Issue Liquidity.  
[http://www.banque-france.fr/uploads/tx\\_bdfgrandesdates/rsf\\_0208\\_01.pdf](http://www.banque-france.fr/uploads/tx_bdfgrandesdates/rsf_0208_01.pdf)

Drehmann, M., Nikolaou, K., 2010, "Funding liquidity risk: definition and measurement," BIS Working Paper 316.  
<http://www.bis.org/publ/work316.pdf>

Nikolaou, K., 2009, "Liquidity Risk Concepts – Definitions and Interactions," ECB Working Paper 1008/2009.  
<http://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1008.pdf>

### **Friday, June 23, L–9: Macro Stress Testing of Solvency**

Demekas, Dimitri, "Designing Effective Macroprudential Stress Tests: Progress So Far and the Way Forward," IMF Working Paper 15/146.  
<http://www.imf.org/external/pubs/ft/wp/2015/wp15146.pdf>

Henry, Jérôme, and Christoffer Kok, 2013, "A Macro Stress Testing Framework for Assessing Systemic Risks in the Banking Sector," ECB Occasional Paper no. 152, October.  
<http://www.ecb.europa.eu/pub/pdf/scpops/ecbocp152.pdf>

### **Monday, June 26, L–10: Sovereign Risk**

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.  
<http://onlinelibrary.wiley.com/doi/10.1111/jofi.12206/abstract>

Borensztein, Eduardo and Ugo Panizza, 2008, "The Costs of Sovereign Default," IMF Working Paper 08/238.  
<http://www.imf.org/external/pubs/ft/wp/2008/wp08238.pdf>

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.  
<http://www.bis.org/publ/cgfs43.pdf>

### **Monday, June 26, L–11: Time Dimension of Systemic Risk**

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).  
<http://www.nber.org/papers/w14049>

Dell’Ariccia, Giovanni, and others, 2012, “Policies for Macrofinancial Stability: How to Deal with Credit Booms,” IMF Staff Discussion Note 12/06.  
<http://www.imf.org/external/pubs/ft/sdn/2012/sdn1206.pdf>

Arregui, et al., 2013, “Evaluating the Net Benefits of Macroprudential Policy: A Cookbook,” IMF Working Paper 13/167.  
<http://www.imf.org/external/pubs/ft/wp/2013/wp13167.pdf>

Drehmann, M., Juselius, M., 2013, “Evaluating early warning indicators of banking crises: Satisfying policy requirements,” BIS Working Paper 421.  
<http://www.bis.org/publ/work421.pdf>

### **Tuesday, June 27, L–12: Cross-Sectional Dimension of Systemic Risk**

Adrian, T. and Brunnermeier, M. (2011). CoVaR. NBER Working Papers 17454, National Bureau of Economic Research.  
<http://www.nber.org/papers/w17454.pdf>

Acharya, V., Pedersen, L., Phillipon, T. and Richardson, M., 2010, “Measuring Systemic Risk,” New York University.  
<http://pages.stern.nyu.edu/~tphilipp/papers/Systemic.pdf>

IMF, 2009, “Assessing the Systemic Implications of Financial Linkages,” GFSR Chapter 2.  
<http://www.imf.org/external/pubs/ft/gfsr/2009/01/>

### **Wednesday, June 28, L–13: Systemic Liquidity Risk**

BCBS, 2013, “Liquidity Stress Testing: A Survey of Theory, Empirics and Current Industry and Supervisory Practices,” Working Paper No. 24.  
[http://www.bis.org/publ/bcbs\\_wp24.htm](http://www.bis.org/publ/bcbs_wp24.htm)

Christian Schmieder, Heiko Hesse, Benjamin Neudorfer, Claus Puhr, and Stefan W. Schmitz, 2012, “Next Generation System-Wide Liquidity Stress Testing,” IMF Working Paper, WP/12/3.  
<http://www.imf.org/external/pubs/ft/wp/2012/wp1203.pdf>

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<http://www.bis.org/publ/bcbs273.htm>

IMF, 2011, “How to Address the Systemic Part of Liquidity Risk,” GFSR Chapter 2.  
<http://www.imf.org/external/pubs/ft/gfsr/2013/02/pdf/c3.pdf>

Brunnermeier, Markus, and Lasse Pedersen, 2009, “Market Liquidity and Funding Liquidity,”  
Review of Financial Studies, Vol. 22, No. 6, pp. 2201–38.

IMF, 2014, “Changes in Bank Funding Patterns and Financial Stability Risks,” GFSR Chapter 3,  
<http://www.imf.org/external/pubs/ft/gfsr/2013/02/pdf/c3.pdf>