
IMF – Singapore Regional Training Institute (STI)

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

February 9 – 17, 2015

READING LIST

Monday, February 9, 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).

Monday, February 9, L-2: Macro-Prudential Policy: Motivation and Analytical Framework

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>

Dell’Arriccia, G., D. Igan, L. Laeven and H. Tong, 2012, “Policies for Macroeconomic 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

Borio, Claudio, 2003, “Towards a Macroprudential Framework for Financial Supervision and Regulation?” BIS Working Paper No. 128.
<http://www.bis.org/publ/work128.htm>

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

Monday, February 9, 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/>

Tuesday, February 10, L-4: Macro-Prudential Policy Framework: Mandate, Institutional Arrangements, and Instruments, Policy Leakages/Policy Coordination

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

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:

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>

Tuesday, February 10, L–5: Macro Prudential Policy Framework: Interaction of Monetary Policy 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>

Tuesday, February 10, 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/financiaintegrationeurope>

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/>

Wednesday, February 11, L-6 & 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

Thursday, February 12, C-2: Presentation by Selected Participants: Own Country Experiences

No reading required.

Thursday, February 12, L-8: 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, February 12, L-9: Overview of 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>

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.

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>

Billio Monica, Mila Getmansky, Andrew Lo, and Loriana 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>

Friday, February 13, L-10: Outlook for Asian Banks and Corporates; China's Banking System and Shadow Banking (Guest Lecturer, Handouts will be distributed before the lecture)

No reading required.

Friday, February 13, 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, February 16, O–1 & O–2: Breakout Session: Preparation for Presentations: Participant's Experiences on Macro Prudential Tools

No reading required

Tuesday, February 17, O–3: Group Presentation

No reading required.
