



The Role of Finance in Stabilizing the Past, Present, and Future Real Economy

June 9 - 10, 2011, Berlin

Conference organized by the German Institute for Economic Research (DIW Berlin), Deutsche Bundesbank, Finance Center Münster, Boston College, and the *Journal of Financial Stability*

Thursday, June 9, 2011

08:15 - 09:15 Registration

09:15 - 09:30 Welcome Address, Introduction
Georg Weizäcker
(Vice-Chairman of DIW Berlin)

09:30 - 11:00 Session I: **Financial Sector and Real Economy Risk** (Chair: Andreas Pfingsten)

Presentation 1 (20 minutes):

Systemic Real and Financial Risks: Measurement, Forecasting, and Stress Testing
Gianni De Nicolò (IMF Research Department and CESifo) and Marcella Lucchetta
(European University Institute Firenze, Italy)

Discussant (10 minutes) tba

Presentation 2 (20 minutes):

The Impact of Banking Sector Stability on the Real Economy
Pierre Monnin (Swiss National Bank) and Terhi Jokipii (Swiss National Bank)

Discussant (10 minutes): Andrea Schertler (University of Groningen, Netherlands)

11:00 - 11:30 Coffee break

11:30 - 12:30 Keynote Speech with discussion:
Title tba (Chair: Georg Weizäcker)

Keynote Speech (30 - 40 minutes)
Wolfgang Schäuble
German Minister of Finance

Discussion (up to 30 minutes)

12:30 - 13:45 Lunch

13:45 - 15:15 Session II: **Default Modelling and Estimation** (Chair: Edward Kane)

Presentation 1 (20 minutes):

Systematic Risk and Parameter Uncertainty in Mortgage Securitizations

Daniel Rösch (Institute of Banking and Finance, University of Hannover, Germany) and **Harald Scheule** (Department of Finance, Faculty of Business and Economics, University of Melbourne, Australia)

Discussant (10 minutes): **Joseph Mason** (Louisiana State University, USA)

Presentation 2 (20 minutes):

A Regime Switching Unobserved Component Analysis of the CDX Index Term Premium

Giovanni Calice (University of Southampton, UK), Christos Ioannidis, RongHui Miao (both: University of Bath, School of Management, UK)

Discussant (10 minutes) tba

15:15 – 15:45 Coffee break

15:45 - 17:15 Session III: **Lessons from Alternative Lending** (Chair: Dorothea Schäfer)

Presentation 1 (20 minutes):

Skin in the Game: Evidence from the Online Social Lending Market

Thomas Hildebrand (ESMT Berlin), Manju Puri (Duke University and NBER) and Jörg Rocholl (ESMT Berlin)

Discussant (10 minutes): **Benjamin Klaus** (Banque de France)

Presentation 2 (20 minutes):

Of Religion and Redemption: Evidence from Default on Islamic Loans

Lieven Baele (Netspar and CentER – Tilburg University), Moazzam Farooq (CentER – Tilburg University) and **Steven Ongena** (CentER – Tilburg, University and CEPR)

Discussant (10 minutes): **Eva Terberger** (University of Mannheim)

19:15

Conference Dinner

Keynote Speaker: NN

(Member of the Board of Deutsche Bundesbank)

Friday, June 10, 2011

09:00 – 10:30 Session IV (invited papers): **Banks and the Real Economy** (Chair: Thilo Liebig)

Presentation 1 (25 minutes):

Quantifying the Too-big-to-fail Subsidy

Kenichi Ueda (IMF) and **Beatrice Weder di Mauro** (University of Mainz)

Discussant (10 minutes): **Jörg Rocholl** (ESMT Berlin)

Presentation 2 (25 minutes):

Macroeconomic Shocks and Risks in Banking

Claudia Buch (University of Tübingen)

Discussant (10 minutes): **Eva Söbbecke** (Deutsche Bundesbank)

10:30 - 11:00 Coffee break

11:00 – 12:30 Session V: **Consequences of Leveraging** (Chair: Christopher F. Baum)

Presentation 1 (20 minutes):

Pricing Haircuts: Do Markets Punish Low Recovery Values in Sovereign Restructurings?

Christoph Trebesch (FU Berlin and Hertie School of Governance) and Juan Cruces (Universidad Torcuato Di Tella, Argentina)

Discussant (10 minutes): **Mustafa Caglayan** (University of Sheffield, UK)

Presentation 2 (20 minutes):

Minsky's Financial Instability Hypothesis and the Leverage Cycle

Sudipto Bhattacharya (London School of Economics), Charles A.E. Goodhart (London School of Economics), Dimitrios P. Tsomocos (University of Oxford) and **Alexandros P. Vardoulakis** (Banque de France)

Discussant (10 minutes): **Julia Darby** (University of Strathclyde, UK)

12:30 - 13:45 Lunch



13:45 – 15:15 Session VI: **Monetary Policy and Real Economy** (Chair: Ansgar Belke)

Presentation 1 (20 minutes):

A Theory of the Non-Neutrality of Money with Banking Frictions and Bank Recapitalization

Zhixiong Zeng (Department of Economics, Monash University, Australia)

Discussant (10 minutes): **Ulrike Neyer** (Department of Economics, University of Düsseldorf)

Presentation 2 (20 minutes):

Stock Returns and Monetary Policy: Are There Any Ties?

Hafedh Bouakez, Badye-Omar Essid and **Michel Normandin** (Department of Economics, HEC Montréal, CIRPÉE)

Discussant (10 minutes): **Giovanni Urga** (Faculty of Finance, Cass Business School, UK)

15:15 – 15:20 **Farewell** (Dorothea Schäfer)

16:45 ***Start of boat trip around the center of Berlin (3.5 hours),
Departure/Arrival: Jannowitz-Brücke***

Programme Committee

Christopher F. Baum (Boston College and DIW Berlin)

Christian Dreger (DIW Berlin and Viadrina Universität, Frankfurt/Oder)

Thilo Liebig (Bundesbank)

Edward Kane (Boston College)

Andreas Pfingsten (Finance Center Münster and DIW Berlin)

Dorothea Schäfer (DIW Berlin and Jönköping International Business School (JIBS))

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