

RIDGE / BANCO CENTRAL DEL URUGUAY

WORKSHOP ON FINANCIAL STABILITY

2019 RIDGE DECEMBER FORUM

Montevideo, Uruguay / December 11-12, 2019

Conference venue: Banco Central del Uruguay, located at Diagonal Fabini 777, Montevideo

Scientific Committee

Xavier Freixas (Universitat Pompeu Fabra)
Donato Masciandaro (Università Bocconi)
Jorge Ponce (Banco Central del Uruguay)
Rafael Repullo (CEMFI)
Jean-Charles Rochet (Université de Genève and Swiss Finance Institute)

Keynote Speakers

Gastón Gelos (International Monetary Fund)
Dimitrios Tsomocos (University of Oxford, Saïd Business School)

**The Financial Stability and Development (FSD) Network of the IDB is
co-organizer of the policy panel**

WORKSHOP PROGRAM

DECEMBER, Wednesday 11th

9:45 Registration

Session 1 – Bank Regulation and Resolution

10:00 – 11:30 • **Capital and Liquidity Interaction in Banking**

Jonathan Smith, Bank of England (co-authors: Arnould Guillaume, Kristoffer Milonas, Quynh-Anh Vo)

• **Trade-offs in Bank Resolution**

Igan Deniz, International Monetary Fund (co-authors: Giovanni Dell'Ariccia, Maria Soledad Martinez Peria, Damiano Sandri)

11:30 – 12:00 Coffee Break

Keynote Speaker

12:00 – 13:00 **Leaning Against the Wind: an Empirical Cost-Benefit Analysis**

Gastón Gelos, International Monetary Fund

13:00 – 14:30 Lunch

Session 2 – Macro and Financial Fragility

14:30 – 16:00 • **The Zero Lower Bound and Financial Stability: A Role for Central Banks**

Dimitrios Tsomocos, University of Oxford, Saïd Business School (co-author: Tatjana Schulze)

• **Housing Finance, Boom-Bust Episodes, and Macroeconomic Fragility**

Carlos Garriga, Federal Reserve Bank of St. Louis (co-author: Aaron Hedlund)

16:00 – 16:30 Coffee Break

16:30 – 18:00

Integrated Policy Frameworks for Financial and Price Stability

(Co-organized with the Financial Stability and Development Network of the IADB)

Problems in financial systems not only disrupt financial intermediation, but they can also undermine the effectiveness of monetary policy, exacerbate economic downturns, trigger capital flight and exchange rate pressures, and create large fiscal costs related to rescuing troubled financial institutions. Also, relatively long periods of accommodative monetary policy could settle the basis for future financial trouble. In addition to that, financial troubles could be triggered by changes in monetary policy conditions. Moreover, with increasing connectivity among financial institutions and with tighter financial and trade linkages between countries, monetary and financial shocks in one jurisdiction can quickly spill across financial sectors and national borders. Therefore, resilient institutional frameworks for monetary policy and financial stability are deemed necessary. The objective of this policy table is to bring insights about these issues in general and, in particular, about the pros and cons of designing integrated frameworks for price and financial stability.

Chair: **Victoria Nuguer**, Inter-American Development Bank

Participants:

- **Eduardo Borensztein**, Borensztein Consulting
- **Pamela Cardozo**, Banco de la República, Colombia
- **Markus Kirchner**, Banco Central de Chile
- **Alexandre Tombini**, Bank for International Settlements

DECEMBER, Thursday 12th

Session 3 – Risk and Financial Fragility

10:00 – 11:30

• **Sovereign Risk and Bank Fragility**

Kartik Anand, Deutsche Bundesbank (co-author: Jochen Mankart)

• **Risk to Control Risk**

Fernando Mendo, Banco Central de Chile

11:30 – 12:00

Coffee Break

Keynote Speaker

12:00 – 13:00

A Dynamic Model for Macroprudential and Monetary Policy Analysis

Dimitrios Tsomocos, University of Oxford, Saïd Business School

13:00 – 14:30

Lunch

Session 4 – Asset Markets

14:30 – 16:00

• **Search for Yield in Large International Corporate Bonds: Investor Behavior and Firm Responses**

Mauricio Larrain, Catholic University of Chile (co-authors: Charles Calomiris, Tomas Williams, Sergio Schmukler)

• **Fire Sales in Frozen Markets**

Ehsan Ebrahimi, International Monetary Fund

16:00 – 16:30

Coffee Break

Session 5 – Transmission Mechanisms

16:30 – 18:00

• **The Transmission Mechanisms of Macroprudential Policies on Bank Risk**

Regis A. Ely, Federal University of Pelotas (co-authors: Benjamin M. Tabak, Anderson M. Teixeira)

• **The Transmission of Shocks in Endogenous Financial Networks: A Structural Approach**

Jonas Heipertz, Paris School of Economics (co-authors: Romain Ranciere, Amine Ouazad)