EIEF - Einaudi Institute for Economics and Finance (may 2016)

Topics in Banking and Banking Regulation

Syllabus

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Lecture 1. The Great Mortgaging

1. Banks and the Great Financial Crisis: an overview.

Three phases – a real estate crisis, a liquidity crisis, a sovereign debt crisis – each with critical bank involvement.

2. Real estate: what do banks do (i)? The great mortgaging
3. What else do banks do? Beyond real estate
4. The new banking reality: open questions
5. Implications for growth, welfare and financial stability

Lecture 2. Banks are fragile!

1. Banks' intrinsic fragility
2. Why did we let them be so fragile (Basel 2)?
3. Why were they willing to be even more fragile?
4. Lessons learned (and not learned): Basel 3
5. The European sovereign debt crisis – external banking flows – the internationalization of banking - the bank- sovereign vortex
6. What are the benefits of international banking flows?

Lecture 3. Liquidity

1. Bank runs and the freezing of the Interbank market in the GFC
2. What do banks do (ii)? Trade with each other!
3. Liquidity provision: central banking in bad times
4. The LOLR function of CB's – the view before and the view after
5. Complementing the LOLR: regulatory liquidity requirements
6. LOLR in action: UBS case study

Lecture 4. TBTF

1. The problem and its consequences - When is big too big?
2. Measure of the implicit subsidy
3. Tackling TBTF at the root:
    a. Recovery and resolution plans
    b. TLAC etc.. (Cocos and bail- in -able debt)
4. TBTF in practice
5. Ringfencing and narrow banking?

Lecture 5. Central Banks and Financial Stability

1. Central banks and financial stability before …
2. And after the crisis
3. Systemic risk and macroprudential policy
4. Should central banks be involved?
5. Leaning against the wind: the pros and cons
6. The financial cycle
7. Macropru: a first experience

References

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Comment:
Kay, King and Turner are three general audience books providing a fascinating and provocative background for studying and questioning modern banking after the GFC.
The starred references are the most appropriate pre-reading for Topics 1 (Jorda et al.), 2 (Baldwin and Giavazzi), 3 (Gorton) and 5 (Borio).

Bank regulation is a form of government regulation which subjects banks to certain requirements, restrictions and guidelines, designed to create market transparency between banking institutions and the individuals and corporations with whom they conduct business, among other things. As regulation focusing on key actors in the financial markets, it forms one of the three components of financial law, the other two being case law and self-regulating market practices.[1].Â The Fed Explains Bank Supervision and Regulation. How can banks mitigate regulatory compliance risks? The Forum: After the Fall: How Should Financial Institutions Be Regulated? Should Government Bail Out Big Banks? How Banks Create Money and the Money Multiplier- Macro 4.8. Transcription. Bank, an institution that deals in money and its substitutes and provides other money-related services. In its role as a financial intermediary, a bank accepts deposits and makes loans. It derives a profit from the difference between the costs (including interest payments) of attracting and.Â Central banks, in contrast, deal mainly with their sponsoring national governments, with commercial banks, and with each other. Besides accepting deposits from and extending credit to these clients, central banks also issue paper currency and are responsible for regulating commercial banks and national money stocks. Large foreign banking organizations (Large FBOs) are FBOs with combined U.S. assets of $100 billion or more. With respect to regulation, Large FBOs are subject to prudential requirements set forth in the Boardâ€™s regulations, including Regulation YY. See Key Regulations for more information. The enhanced prudential standards in Regulation YY include liquidity standards and requirements for overall risk management of the combined U.S. operations of a Large FBO. In addition, Regulation YY requires FBOs with U.S. non-branch assets of $50 billion or more to form a U.S. intermediate holding company Latest Banking regulation articles on risk management, derivatives and complex finance.Â The Asia Risk Awards return in 2021 to recognise best practice in risk management and derivatives use by banks and financial institutions around the region. 06 Sep 2021 - 10 Sep 2021. Singapore, Singapore. Energy Risk Asia Awards. Energy Risk Asia Awards 2021 submissions are now open! The Energy Risk Asia Awards recognises excellence across Asian commodities market as well as providing a unique opportunity for companies acrossÃ¢Â€Â¦. 22 Sep 2021 - 23 Sep 2021.