Training Course

Global Banking

Florence School of Banking and Finance

Cappella

Villa Schifanoia, Via Boccaccio 121 - Florence

8-10 November 2017

Introduction

The global financial system has grown increasingly integrated over the last two decades, and the globalization of banking has represented a major contributing factor to this process. Is the increased internationalization of banks a good development or a bad one? On the one hand, banking globalization can promote harmonization in institutional and regulatory environments and the efficiency of the financial system in directing capital to its most productive uses. Yet on the other, international banking linkages may be important vectors in the transmission of real and financial shocks across borders. The course will explore the evolution in global banking, the impact on banks' business model and the consequences for bank clients and the macroeconomy.

Course Instructor

Nicola Cetorelli | Federal Reserve Bank of New York

References

Bank for International Settlement, Committee on the Global Financial System, 2010, Funding patterns and liquidity management of internationally active banks, No. 39, May

Bruno, V. and H. Shin, 2012, Capital Flows, Cross-Border Banking and Global Liquidity, NBER WP 19038

Cetorelli, N. and L. Goldberg. 2011. "Global Banks and International Shock Transmission: Evidence from the Crisis." *IMF Economic Review*, 59(1), 41-76.

Cetorelli, N. and L. Goldberg. 2012a. "Banking Globalization and Monetary Transmission." *Journal of Finance*, 67(5), 1811-1843.

Cetorelli, N. and L. Goldberg. 2012b. “Follow the Money: Quantifying Domestic Effects of Foreign Bank Shocks in the Great Recession.” American Economic Review, 102(3), 213-218.

Cetorelli, N. and L. Goldberg. 2012c. “Liquidity Management of U.S. Global Banks: Internal Capital Markets in the Great Recession.” *Journal of International Economics,* 88(2), 299-311.

Cetorelli, N. and L. Goldberg. 2014. “Measures of Global Bank Complexity.” Federal Reserve Bank of New York *Economic Policy Review*, 20(2), 107-126.

Goldberg, Linda, 2009, Understanding banking sector globalization, International Monetary Fund Staff Papers 56, 171-197.

Kashyap, Anil, and Jeremy Stein, 2000, What do a million observations on banks say about the transmission of monetary policy?, American Economic Review 90, 407-428

Peek, Joe, and Eric Rosengren, 1997, The international transmission of financial shocks: The case of Japan, American Economic Review 87, 495-505.

Peek, Joe, and Eric Rosengren, 2000, Collateral damage: Effects of the Japanese bank crisis on real activity in the United States, The American Economic Review 90, 30-45.

Ivashina, V., Scharfstein, D. and J. Stein (2012), “Dollar Funding and the Lending Behavior of Global Banks ,” Finance and Economics Discussion Papers 2012-74 (Washington: Board of Governors of the Federal Reserve System, October

McCauley, R. P McGuire and V. Sushko, 2015, “Global dollar credit: links to US monetary policy and leverage”, BIS WP 483

Programme

8 November

09.15 - 09.30 Welcome and presentation of the school

09.30 - 11.00 **Session 1. Trends in Global Banking**

- Dynamics in international capital flows
- Drivers of bank globalization
- Branches vs subsidiaries

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 2. Evolution in Banks’ Business Model**

- The bank balance sheet
- Internationalization and funding models
- Liquidity management
- Off balance sheet exposures

13.00 - 14.00	*Lunch break*
14.00 - 15.30	**Session 3. Workshop: International banking statistics. Global and cross sectional trends**
15.30 - 16.00	*Coffee break*
16.00 - 17.30	**Session 4. Workshop: Cross border exposures and contagion mechanisms**
18.30 - 21.00	*Social activities*

9 NOVEMBER

09.30 - 11.00 **Session 5. Follow the money. The international lending channels**

- Global banks and monetary policy transmission
- Traditional and international lending channel
- Internal capital markets

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 6. International transmission of the financial crisis**

- European banks and US lending
- Reverberation in emerging market economies
- Efficient use of US emergency liquidity facilities

13.00 - 14.00	*Lunch break*
14.00 - 15.30	**Session 7. Workshop: Balance sheet dynamics. Applications to US global banks**
15.30 - 16.00	*Coffee break*
16.00 - 17.30	**Session 8. Workshop: Estimating global shock transmission**

10 NOVEMBER

09.30 - 11.00 **Session 9. Global financial conglomerates**

- Transformation in business scope
- Measuring bank complexity
- Role of conglomerate complexity for global banking activity

11.00 - 11.30 *Coffee break*

11.30 - 13.00	**Session 10. Policy challenges** • Domestic instruments in a global environment • Revisiting the “lender of last resort” function • Global SIBs and ring fencing • Regulatory arbitrage and “shadow” financial intermediation
13.00 - 13.15	Closing remarks