



## **TRAINING COURSE**

### **FLORENCE SCHOOL OF BANKING AND FINANCE**

# ***FINANCIAL STABILITY AND REGULATION: BASIC CONCEPTS AND APPLICATIONS***

**Course Instructor: Gianni De Nicoló** | Programme Associate, Florence School of Banking and Finance and IMF

Teatro

Badia Fiesolana, Via dei Roccettini, 9 - San Domenico di Fiesole

**12-13 FEBRUARY 2018**

## ■ **INTRODUCTION**

This course offers an overview of bank risks and banking stability, linking sources of risk to the macroeconomic and financial environment of a country. It will focus on analysis and interpretation of micro and macro bank data useful for policy analysis using extensive country case studies.

The sessions will explain how to understanding bank vulnerabilities by analyzing measures of financial risks, financial soundness indicators, stress testing methodologies, and will overview key elements of the current bank regulatory framework.

## ■ PROGRAMME

### 12 FEBRUARY

09.15 - 09.30 Welcome by **Pierre Schlosser** | Florence School of Banking and Finance

09.30 - 11.00 **Session 1. Financial Stability: Overview**

- What is financial stability?
- Financial systems' risks

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 2. Taxonomy and measurement of bank risks**

- Credit risk
- Market risk
- Liquidity risk and systemic liquidity risk
- Operational risk
- Financial soundness indicators

13.00 - 14.00 *Lunch break*

14.00 - 15.30 **Session 3. Banks' financial ratios**

- Capitalization
- Asset quality
- Management quality
- Earnings
- Liquidity

15.30 - 16.00 *Coffee break*

16.00 - 17.30 **Session 4. Bank stress testing**

- Taxonomy of bank risks revisited
- Assessing financial soundness: stress testing

## **13 FEBRUARY**

09.30 - 11.00

### **Session 5. Bank regulation**

- Regulation and supervision of banks
- Capital and liquidity requirements

11.00 - 11.30

*Coffee break*

11.30 - 13.00

### **Session 6. Macro-financial linkages**

- Financial Stress and Economic Downturns
- Financial Cycles and Business Cycles
- Financial Amplification and amplifiers

13.00 - 14.00

*Lunch break*

14.00 - 15.30

### **Session 7. Financial stability**

- The 2007-2009 Financial Crisis
- Systemic risk: concept
- Systemic risk: measurement

15.30 - 16.00

*Coffee break*

15.30 - 17.30

### **Session 8. Macro-prudential policy**

- Macro-prudential policy: rationale
- Instruments