

FLORENCE SCHOOL OF BANKING AND FINANCE

STRESS TESTING THE FINANCIAL SECTOR

Instructors

John Fell | European Central Bank

Til Schuermann | Oliver Wyman

Mario Quagliariello | European Banking Authority

Martin Scheicher | European Central Bank

Klaus Düllmann | Single Supervisory Mechanism

Theatre

8 - 10 APRIL 2019

■ PROGRAMME

8 APRIL

Welcome and presentation of the course

14.00 - 15.30

Session 1. Introduction and history: stress test in the US and EU (Instructors: Til Schuermann and Mario Quagliariello)

- Stress testing in risk management
- Stress tests during the crisis
 - CCAR, DFA
 - EU-wide stress test
 - UK
- Stress testing from crisis to peace time

15.30 - 16.00

Coffee break



- 16.00 - 17.30 **Session 2. Risk narrative and scenario design for authorities and financial institutions (Instructors: Til Schuermann and John Fell)**
- Identification of key risks and vulnerabilities
 - Designing a scenario

17.30 *Social activities outside the EUI (TBD)*

9 APRIL

- 09.30 - 11.00 **Session 3. Risk coverage (Instructor: Til Schuermann)**
- Overview of risks covered and key methodological aspects
 - Credit
 - Market
 - Liquidity
 - Nonfinancial risks: Conduct & compliance, cyber, other

11.00 - 11.30 *Coffee break*

- 11.30 - 13.00 **Session 4. Deep dive: credit risk and the impact of prudential and accounting standards (Instructor: Mario Quagliariello)**
- Key metrics for assessing banks in stress testing
 - How to deal with changing regulation
 - The impact of accounting rules
 - Simplifying complexity

13.00 - 14.00 *Lunch*

- 14.00 - 15.00 **Session 5. Case study: the EU wide stress test (Instructor: Mario Quagliariello)**
- Key features of EU wide stress test
 - Presentation of 2018 results
 - Tools for exploiting stress test data

15.00 - 15.30 *Coffee break*

15.30 - 17.15 **Session 6. Practical exercise: design your scenario (Instructors: Til Schuermann and Mario Quagliariello)**

- Introduction of the exercise
- Team work and presentation
- Follow up

17.15 *Social activities outside the EUI (TBD)*

10 APRIL

09.30 - 11.00 **Session 7. Quality assurance in stress testing (Instructors: Til Schuermann and Klaus Düllmann)**

- Quality assure bottom up models
- Benchmarking
- Top down models

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 8. Case study: Beyond banks: CCP stress testing (Instructor: Martin Scheicher)**

- CCP stress testing

13.00 - 14.00 *Lunch*