



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.

■ REFERENCES

- [Analyzing banking risk: a framework for assessing corporate governance and risk management](#), World Bank
- [The fundamental principles of financial regulation](#), Brunnermeier, Markus K, et al. Geneva London: International Center for Monetary and Banking Studies Centre for Economic Policy Research, 2009.
- [Frontiers of macrofinancial linkages](#), Stijn Claessens and M Ayhan Kose, BIS Papers No 95, January 2018
- [Supervisory and bank stress testing: range of practices](#), Basel Committee on Banking Supervision, December 2017
- [Macroprudential frameworks, implementation and relationship with other policies](#), BIS Papers No 94, December 2017

■ 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 and regulation: Overview**

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 2. Financial soundness indicators**

- Accounting concepts
- Financial soundness indicators

13.00 - 14.00 *Lunch break*

14.00 - 15.30 **Session 3. Banks' risks**

- Taxonomy of bank risks
- Assessing Financial Soundness

15.30 - 16.00 *Coffee break*

16.00 - 17.30 **Session 4. Financial sector regulation**

- Regulation of financial markets
- Regulation of banks

13 FEBRUARY

09.30 - 11.00 **Session 5. Macro-financial linkages**

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

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 6. Financial stability and systemic risk**

- The 2007-2009 Financial Crisis

- Systemic risk: concept
- Systemic risk: measurement

13.00 - 14.00

Lunch break

14.00 - 15.30

Session 7. Bank stress testing

- Current methodologies
- An exercise

15.30 - 16.00

Coffee break

15.30 - 17.30

Session 8. Macro-prudential policy

- Rationale: market failures and externalities
- Instruments