

The 19<sup>th</sup> Annual Bank Research Conference September 13-14, 2019 Sponsored by Federal Deposit Insurance Corporation's

Center for Financial Research and the Journal of Financial Services Research

L. William Seidman Center • Sheila C. Bair Auditorium 3501 Fairfax Drive, Arlington, VA 22226

## Program Committee

Christa Bouwman, Celso Brunetti, Mark Flannery, Anna Kovner, Bernadette Minton, Justin Murfin, Christine Parlour, and Amiyatosh Purnanandum

## **Organizing Committee**

Haelim Anderson, Rosalind Bennett, Hua Kiefer, Troy Kravitz, Mark Kutzbach, Philip Ostromogolsky, Manju Puri, Jennifer Rhee, George Shoukry, Paul Soto, Jeffery Traczynski, Alex Ufier, Haluk Unal

# Friday, September 13, 2019

8:30-9:00 AM	– Registration & Continental Breakfast –
9:00-9:30	Opening Remarks Jelena McWilliams, Chairman of the FDIC
9:30-10:30	Keynote Address Regulating Banks in the Era of Fintech Shadow Banks Amit Seru, Stanford University
10:30-11:00	– Break and Poster Session* –
11:00-12:30	<u>Price and Quantity Effects of Capital Regulations</u> Session Chair and Discussant: Mark Flannery, University of Florida <u>Presentation</u>
	<b>The Effects of Bank Capital Buffers in Bank Lending and Firm Activity: What Can We Learn from Five Years of Stress-Test Results?</b> Jose M. Berrospide, Federal Reserve Board Rochelle M. Edge, Federal Reserve Board
	<b>Bank Funding Costs and Capital Structure</b> <i>Andrew R. Gimber</i> , <i>Bank of England</i> <i>Aniruddha Rajan, Bank of England</i>
	<b>The Bond Pricing Implications of Rating-Based Capital Requirements</b> <i>Scott Murray</i> , <i>Georgia State University</i> <i>Stanislava Nikolova, University of Nebraska-Lincoln</i>
12:30-1:30	– Lunch –
1:30-3:00	The Impact of Regulation on Banks Session Chair and Discussant: Anna Kovner, Federal Reserve Bank of New York
	<b>Regulators' Disclosure Decisions: Evidence from Bank Enforcement Actions</b> Anna Kleymenova, University of Chicago <b>Rimmy E. Tomy</b> , University of Chicago
	Impact of Higher Capital Buffers on Banks' Lending: Evidence from the Euro Area Experiments
	Giuseppe Cappelletti, European Central Bank Aurea Ponte Marques, European Central Bank

Paolo Varraso, New York University

	<b>Dressing up for the Regulators: Evidence from the Largest-Ever Supervisory Review</b> <i>Puriya Abbassi, Deutsche Bundesbank</i>
	Rajkamal Iyer, Imperial College London
	José-Luis Peydró, ICREA-Universitat Pompeu Fabra
	Paul E. Soto, Federal Deposit Insurance Corporation
3:00-3:30	– Break –
3:30-4:30	Deposit Insurance and Resolution of Failed Banks
	Session Chair and Discussant: Amiyatosh Purnanandam, University of Michigan Presentation
	Deposit Insurance Premiums and Arbitrage
	Edward Kim, University of California at Los Angeles
	Marcelo Rezende, Federal Reserve Board
	Resolving Failed Banks: Uncertainty, Multiple Bidding & Auction Design
	Jason Allen, Bank of Canada
	Robert Clark, Queen's University
	Brent Hickman, Washington University St. Louis
	Eric Richert, Queen's University
4:30-5:30	Fast Track Session
	Designing Central Bank Digital Currencies
	Itai Agur, International Monetary Fund
	Anil Ari, International Monetary Fund
	Giovanni Dell'Ariccia, International Monetary Fund
	Does Increased Shareholder Liability Always Reduce Bank Risk-Taking?
	Haelim Anderson, Federal Deposit Insurance Corporation
	Daniel Barth, U.S. Department of Treasury
	Dong Beom Choi, Seoul National University
	Presentation
	Endogenous Risk-Exposure and Systemic Instability
	Chong Shu, University of Southern California

**Presentation** 

# **Do Distressed Banks Really Gamble for Resurrection?**

Itzhak Ben-David, The Ohio State University Ajay A. Palvia, Office of the Comptroller of the Currency René M. Stulz, The Ohio State University Presentation

## Loan Guarantees and Credit Supply Natalie Bachas, Princeton University Olivia S. Kim, Massachusetts Institute of Technology Constantine Yannelis, University of Chicago

5:30-7:00 – **Reception** –

### Saturday, September 14, 2019

## 8:00-8:30 AM - Continental Breakfast -

8:30-10:00 The Effects of Bank Capital and Liquidity Regulation on Bank Lending and Risk Taking Session Chair and Discussant: Christa Bouwman, Texas A&M University

#### Liquidity Requirements and Deposit Competition

Junho Park, Singapore Management University Kwangwoo Park, Korea Advanced Institute of Science and Technology George G. Pennacchi, University of Illinois

**The Costs and Benefits of Liquidity Regulations: Lessons from an Idle Monetary Policy Tool** Christopher J. Curfman, University of Texas at Austin John Kandrac, Federal Reserve Board

# Tests of the New Intermediary Asset Pricing Theory: The Role of Lead Bank Capital in the Liquidity of Syndicated Loans

Allen N. Berger, University of South Carolina Donghang Zhang, University of South Carolina **Yijia (Eddie) Zhao**, University of Massachusetts

- 10:00-10:30 Break –
- 10:30-11:30 Interconnectedness, Systemic Risk, and Policy Implications Session Chair and Discussant: Celso Brunetti, Federal Reserve Board

# Central Counterparty Default Waterfalls and Systemic Loss

Samim Ghamimi, UC Berkeley Mark Paddrik, Office of Financial Research Simpson Zhang, Office of the Comptroller of the Currency

### Financial Networks over the Business Cycle Alexandr Kopytov, Princeton University

11:30-12:30 **Externalities in New Financing Platforms** Session Chair and Discussant: **Christine Parlour,** University of California, Berkeley

# Can Technology Undermine Macroprudential Regulation? Evidence from Peer-to-Peer Credit in China

Fabio Braggion, Tiburg University Alberto Manconi, Bocconi University Haikun Zhu, Erasmus University Rotterdam

# The Effect of Secondary Market Liquidity on Primary Market Liquidity: A Natural Experiment in Peer-to-Peer Lending

Craig Holden, Indiana University Mingfeng Lin, Georgia Institute of Technology **Kai Lu**, University of Science and Technology of China Zaiyan Wei, Purdue University Jun Yang, Indiana University

12:30-1:30 – Lunch –

## 1:30-3:00 Bank Activities and Risk

Session Chair and Discussant: Bernadette Minton, The Ohio State University

Holding Company Affiliation and Risk: Evidence from the U.S. Banking Sector Radoslav Raykov, Bank of Canada Consuelo Silva-Buston, La Pontificia Universidad Católica de Chile

**Banks as Regulated Traders** 

Antonio Falato, Federal Reserve Board Diana Iercosan, Federal Reserve Board **Filip Zikes**, Federal Reserve Board

**The Information Value of Past Losses in Operational Risk** *Filippo Curti, Federal Reserve Bank of Richmond Marco Migueis, Federal Reserve Board* 

- 3:00-3:30 Break –
- 3:30-4:30 <u>High Yield Debt</u> Session Chair and Discussant: Justin Murfin, Cornell University

Lending Standards and Output Growth Divya Kirti, International Monetary Fund

Securities Laws and the Choice Between Loans and Bonds for Highly Levered Firms Robert Prilmeier, Tulane University René M. Stulz, The Ohio State University

### \*Poster Session

**Regulatory Changes and Bank Equity Risk: The CAPM Cost of Capital and Lending Supply** Anna Kovner, Federal Reserve Bank of New York Peter Van Tassel, Federal Reserve Bank of New York Poster

## Why Do Banks Hide Losses?

**Thomas Flanagan**, University of Michigan Amiyatosh Purnanandam, University of Michigan <u>Poster</u>

<u>Collateral Runs</u> Sebastian Infante, Federal Reserve Board Alexandros P. Vardoulakis, Federal Reserve Board <u>Poster</u>

# **The Profit-Credit Cycle**

Björn Richter, University of Bonn Kaspar Zimmermann, University of Bonn Poster

Liquidity Regulation and Financial Intermediaries Marco Macchiavelli, Federal Reserve Board Luke Pettit, Federal Reserve Board Poster

<u>Unintended Consequences of Post-Crisis Liquidity Regulation</u> Suresh Sundaresan, Columbia Business School Kairong Xiao, Columbia Business School <u>Poster</u>