

Banking and the Macroeconomy

ETH Zurich, Switzerland, 19-20 October 2007

The meeting is generously hosted by the ETH Zurich.

Conference Programme

Friday 19 October

- 08:45-09:30 Registration (also possible during first Coffee Break)
- 09:30-09:45 Conference Opening
- 9:45-10:45 **Keynote Speech: Financial Stability**
Richard Portes (London Business School and CEPR)
- 10:45-11:00 Coffee Break
- 11:00–12:45 **Session 1: Interbank Markets and Monetary Policy**
Chair: Thomas Gehrig (University of Freiburg and CEPR)
- The Role of Interbank Markets in Monetary Policy: A Model with Rationing**
*Xavier Freixas (Pompeu Fabra and CEPR)
José M. P. Jorge (University of Porto)
Discussant: Robert Kollman (ECARES, Université Libre de Bruxelles and CEPR)
- Imperfect Competition in the Inter-Bank Market for Liquidity as a Rationale for Central Banking**
*Viral Acharya (London Business School and CEPR)
Denis Gromb (London Business School and CEPR)
Tanju Yorulmazer (Bank of England)
Discussant: Goetz von Peter (Bank for International Settlements)
- 13:00-14:00 Lunch (ETH Dozentenfoyer)
- 14:00–17:15 **Session 2: Bank Regulation**
Chair: Rune Stenbacka (Swedish School of Economics)
- The Welfare Cost of Bank Capital Requirements**
*Skander van den Heuvel (The Wharton School, University of Pennsylvania)
Discussant: Giovanni Dell’Ariccia (IMF and CEPR)
- Capital Regulation and Banks' Financial Decisions**
*Haibin Zhu (Bank for International Settlements)
Discussant: Gianni de Nicolo (IMF)

Coffee Break (approximately 16:00-16:15)

The Procyclical Effects of Basel II

Rafael Repullo (CEMFI and CEPR)

*Javier Suarez (CEMFI and CEPR)

Discussant: Thomas Gehrig (University of Freiburg and CEPR)

19:00-22:00 **Dinner (ETH Dozentenfoyer)**

Saturday 20 October

09:00-10:45 **Session 3: Banks, Financial Innovations and the Macroeconomy**

Chair: Giovanni Dell'Ariccia (IMF and CEPR)

Banking, Capital Markets, and the Macroeconomy

Hans Gersbach (CER-ETH and CEPR)

*Jan Wenzelburger (Keele University)

Discussant: Jörg Blum (Swiss National Bank)

Financial Innovations and Macroeconomic Volatility

Urban Jermann (Wharton School of the University of Pennsylvania)

*Vincenzo Quadrini (University of Southern California)

Discussant: Sudipto Bhattacharya (London School of Economics and CEPR)

10:45 – 11.00 Coffee Break

11:00-12:45 **Session 4: Screening by Financial Institutions**

Chair: Sudipto Bhattacharya (London School of Economics and CEPR)

Information and Incentives Inside the Firm: Evidence From Loan Officer Rotation

*Andrew Hertzberg (Northwestern University)

Jose Maria Liberti (Northwestern University and LBS)

Daniel Paravisini (Columbia Business School)

Discussant: Dimitri Vinogradov (University of Essex)

Decentralized Screening: Coordination Failure, Multiple Equilibria and Cycles

Thomas Gehrig (University of Freiburg and CEPR)

*Rune Stenbacka (Swedish School of Economics)

Discussant: Fausto Panunzi (Bocconi University, ECGI and CEPR)

12.45 Goodbye Coffee