



Université  
de Limoges



Coordinated and hosted by



Université  
de Limoges

Economics Department, LAPE  
Limoges, France

# 2021 LAPE CaLiBank\* PhD Summer School

**25 May – 3 June, 2021**

LAPE, Université de Limoges, Limoges, France

\*We acknowledge support from the ANR (ANR-19-CE26-0002), CaLiBank: “The Post-Crisis Banking Industry: How will banks respond to tighter regulatory constraints?”

# 2021 LAPE CaLiBank PhD Summer School

## Timetable

### Week 1

	Tue, 25 May	Wed, 26 May	Thu, 27 May	Fri, 28 May	Sat, 29 May
AM			<b>PhD Course 1 Iftekhar Hasan Meeting 2</b> 11am-2pm	<b>PhD Course 1 Iftekhar Hasan Meeting 3</b> 11am-1pm	<b>PhD Course 1 Iftekhar Hasan Meeting 4</b> 11am-1pm
PM	<b>2021 AAP/ ANR CaLiBank Workshop</b> 2:20pm - 6:15pm	<b>PhD Course 1 Iftekhar Hasan Meeting 1</b> 1pm-5pm <b>Bank Seminar Iftekhar Hasan</b> 6pm		<b>PhD Course 1 Iftekhar Hasan Meeting 3</b> 2pm-6pm	<b>PhD Course 1 Iftekhar Hasan Meeting 4</b> 2pm onwards

### Week 2

	Mon, 31 May	Tue, 1 June	Wed, 2 June	Thu, 3 June
AM	<b>PhD Course 2 Wolf Wagner Meeting 1</b> 9am-12pm	<b>PhD Course 2 Wolf Wagner Meeting 2</b> 9am-12pm	<b>PhD Course 2 Wolf Wagner Meeting 3</b> 9am-12pm	<b>PhD Course 2 Wolf Wagner Meeting 4</b> 9am-12pm
PM		<b>Bank Seminar Wolf Wagner</b> 6pm		



# 2021 AAP<sup>1</sup>/ANR<sup>2</sup> CaLiBank Workshop

## Prudential regulation and Economic Performance

Tuesday, May 25, 2021

Coordinated and hosted by



**Connection to the Workshop Access Link (2:10pm – 2:20pm)** <https://bbb.unilim.fr/b/tac-hr6-2uf>

**WELCOME ADDRESS (2:20pm – 2:30pm)**

**Amine TARAZI**, Coordinator, ANR CaLiBank & AAP Nouvelle Aquitaine Projects

**SESSION 1 - (2:30pm – 3:30pm)** Chaired by **Iftekhar Hasan**, Fordham University, USA and Bank of Finland

2:30pm – 2:45pm *Machine Learning or Econometrics for Credit Scoring: Let's Get the Best of Both Worlds*

by Elena Dumitrescu (Université d'Orléans), **Sullivan Hué\*** (Université d'Orléans), Christophe Hurlin (Université d'Orléans), and Sessi Tokpavi, (Université d'Orléans)

2:45pm – 3:00pm *Liquidity Regulation and Bank Lending*

by **Foly Ananou\*** (Université de Limoges), Amine Tarazi (Université de Limoges, Institut Universitaire de France), John O. S. Wilson (University of St Andrews) and Dimitris Chronopoulos (University of St Andrews)

3:00pm – 3:30pm General discussion moderated by **Olivier de Jonghe**, National Bank of Belgium and Tilburg University, Netherlands

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<sup>1</sup> Nouvelle Aquitaine Region research grant “Bank Governance, Financial Stability and Macroeconomic Performance” 2017

<sup>2</sup> ANR Research Grant, CaLiBank (ANR-19-CE26-0002), “The Post-Crisis Banking Industry: How will banks respond to tighter regulatory constraints?”

**SESSION 2 - (3:30pm – 4:30pm)** Chaired by **Robert DeYoung**, Kansas University, USA

3:30pm – 3:45pm *The distribution of losses from banking crises*  
by **Mehdi El Herradi\*** (Université d'Aix-Marseille), Aurélien Leroy  
(Université de Bordeaux)

3:45pm – 4:00pm *Measuring Network Systemic Risk Contributions: A Leave-one-out Approach*  
by **Sullivan Hué\*** (Université d'Orléans), Yannick Lucotte  
(Université d'Orléans), and Sessi Tokpavi (Université d'Orléans)

4:00pm – 4:30pm General discussion moderated by **John O.S. Wilson**, University of  
St Andrews, U.K.

4:30pm– 4:45pm Break

**SESSION 3 - (4:45pm – 5:45pm)** Chaired by **Wolf Wagner**, (Rotterdam School of  
Management), Netherlands and CEPR, UK

4:45pm – 5:00pm *The opposite effects of bank tax on the real economy*  
by Cristina Badarau (Université de Bordeaux), Andreea Curmei  
(Bucharest University), and **Alexandra Popescu\*** (Université de  
Poitiers)

5:00pm – 5:15pm *Unexpected deposit flows, off-balance sheet funding liquidity risk  
and bank loan production*  
by **Thierno Barry\*** (Université de Limoges), Alassane Diabate  
(Université de Limoges), and Amine Tarazi (Université de Limoges,  
Institut Universitaire de France)

5:15pm – 5:45pm General discussion moderated by **Christophe Hurlin**, Université  
d'Orléans, France

**CONCLUDING REMARKS (5:45PM – 6:15PM)**

\*Presenting author

## 2021 LAPE CaLiBank PhD Courses

### Instructors

#### **Professor Iftekhhar Hasan**

*Professor of Finance, Fordham University & Bank of Finland*



Iftekhhar Hasan is the E. Gerald Corrigan Chair in Finance at Fordham University's Gabelli School of Business, co-director of the Center for Research in Contemporary Finance, and director of the Ph.D. program. He serves as a scientific advisor at the Bank of Finland. He is the managing editor of the *Journal of Financial Stability*. His research interests are in the areas of financial institutions, corporate finance, capital markets and emerging economies. He has more than 375 publications in print, including 16 books and edited volumes, and more than 280 peer-reviewed articles in finance, economics, international business, management, accounting, operation research, and information systems. Professor Hasan has been a consultant or a visiting scholar for numerous international organizations, including the World Bank, the IMF, the United Nations, the Federal Reserve Bank of Atlanta, the Office of the Comptroller of Currency of the U.S. Treasury, the Banque de France, Development Bank of Japan, and the Italian Deposit Insurance Corporation. He also serves as a research fellow at the Financial Institution Center at the Wharton School as well as at the Halle Institute for Economic Research (IWH), Germany. He is a Fulbright Scholar and holds an honorary PhD from the Romanian-American University in Bucharest. He has held visiting faculty positions at several universities around the world.

#### **Professor Wolf Wagner**

*Rotterdam School of Management, Erasmus University, and CEPR*



Wolf Wagner is a Professor of Finance at the Rotterdam School of Management and a fellow of CEPR. He is also a member of ERIM, EBC and a Senior Member of TILEC. His work has been published in top academic journals, such as the *Journal of Finance*, the *Journal of Financial Economics*, *Review of Finance*, *Management Science*, the *Journal of Money, Credit, and Banking*, the *Journal of International Economics* and the *Journal of Financial Intermediation*.

Wolf Wagner's work focuses on banking and financial markets. Key themes in his research are the wider implications of financial innovation for the efficiency and stability of the financial system, as well as the role of diversity in creating a more resilient economy. Recent interests include the Covid-19 crisis, systemic risk in the insurance sector, and the impact of political capital at banks.

## Bank Seminar

**Prof. Iftekhhar Hasan**

*Professor of Finance, Fordham University & Bank of Finland*

### ***Leadership, Debt, and Finance in U.S. Cities***

Wednesday, 26 May 2021, 6 pm

ONLINE, LAPE, Université de Limoges

By Thomas Krause, Halle Institute for Economic Research; Yaxuan Qi, City University of Hong Kong,;  
**Iftekhhar Hasan**, Fordham University and Bank of Finland

Access link to join the seminar: <https://eur-nl.zoom.us/j/6160839861>

## PhD Course 1

### **Advanced Topics in Financial Institutions and Corporate Finance**

**Prof. Iftekhhar Hasan**

*Professor of Finance, Fordham University & Bank of Finland*

**Meeting 1** – Wednesday, 26 May 2021, 1 pm-5 pm

**Meeting 2** – Thursday, 27 May 2021, 11 am- 2 pm

**Meeting 3** – Friday, 28 May 2021, 11 am-1 pm & 2 pm-6 pm

**Meeting 4** – Saturday, 29 May 2021, 11 am- 1 pm & 2 pm onwards

## Advanced Topics in Financial Institutions and Corporate Finance

Professor Iftekhar Hasan

E-mail: [ihasan@fordham.edu](mailto:ihasan@fordham.edu)

May 26 – 29, 2021

### COURSE OBJECTIVES

The primary course objective is to prepare the students to succeed as researchers in banking, intermediation and finance. To accomplish this objective, there are two main dimensions to the course: (1) to familiarize the students with the key areas of empirical research in banking that are currently popular in the literature. (2) to better understand the corporate finance of banking. Outcome expectations: (1) you will have a good understanding of the important issues in these areas and should be able to apply concepts from banking and corporate finance in developing new research questions. (2) you will learn to understand and critique research designs and causal claims. The goal is to sharpen your skills in empirical research in banking. Focus would be always on the research question, empirical design, interpretation of coefficients, identifying causal mechanisms, test for robustness and sensitivity.

The overall objective is to motivate and prepare students to do high quality research in banking that can be published in the leading finance, economics and management journals. It would be an empirical banking course.

If you want to do your own research in Empirical Banking, this course will be an introduction to some of the recent and important themes that will impact your own academic research in this field. If you want to do research in other fields, the course will help you better understand research related to your own or you would be able to ask your research question through the lenses of financial institutions.

I might not be able to cover all the topics but I am still interested to share with you what I have in mind to teach you, if I had a full-semester or what we can continue to discuss and study beyond the class-time.

As I have mentioned, this seminar provides an exposure to recent research on a number of interesting topics in banking and more generally financial intermediation. In a given full semester, I will cover the following topics:

(1) Corporate Control, Relationship and Bank Lending, (2) Banking and Innovation, (3) Borrower Corporate Governance Effects on Loan and Bond Contracting, (4) Credit Risk, Covenants, and Syndicated Loans, (5) Securitization (6) Political Connections in Banking, (7) International Banking and Lending Activities, (8) Bank Governance and Performance (Risk-Return), (9) Systemic Risk / Interconnectedness / Contagion, and (10) Financial Crisis and Bank Performance.

But for you, I have decided to have a focused reading list that is consistent with your own research. Each of you will be in charge of 3 papers. I am providing you copies of all the papers. Please tell me what is your number one choice of the three papers? You must be ready to present that paper in class and for the other two papers you should be simply discuss them when situation arises. Additionally, you should be prepared to present and discuss you own ongoing research papers. One or two depending on your interest and also based on class time availability.

Name of the Student:

E-mail Address:

**Assigned Paper No:**



## Bank Seminar

**Prof. Wolf Wagner**

*Professor of Finance, Erasmus University Rotterdam & Centre for Economic Policy Research*

### ***Banks, Political Capital and Growth***

Tuesday, 1 June 2021, 6 pm

ONLINE, LAPE, Université de Limoges

*By Thomas Lambert, Rotterdam School of Management, Erasmus University; Eden Quxian Zhang, Monash University, Erasmus University Rotterdam; **Wolf Wagner**, Erasmus University Rotterdam*

Access link to join the seminar: <https://eur-nl.zoom.us/j/6160839861>

## PhD Course 2

### **Advanced Topics in Banking**

**Prof. Wolf Wagner**

*Professor of Finance, Erasmus University Rotterdam & Centre for Economic Policy Research*

**Meeting 1** – Monday, 31 May 2021, 9am-12pm

**Meeting 2** – Tuesday, 1 June 2021, 9am-12pm

**Meeting 3** – Wednesday, 2 June 2021, 9am-12pm

**Meeting 4** – Thursday, 3 June 2021, 9am-12pm

## **Advanced Topics in Banking**

**Professor Wolf Wagner**

**May 31 – June 3, 2021**

### **COURSE OBJECTIVES**

Financial institutions are special. This mini-course is concerned with understanding the reasons for this, as well as deriving the implications for financial stability, regulation and cross-border activities. We will apply the insights to get a better understanding of the risks posed by the Covid-19 crisis.

We will first analyze why financial institutions are prone to instability. Throughout history banks have been subject to runs, while a similar phenomenon is not observed for non-financials. Traditional banking theory offers various explanations for this. Having a clear view on the causes of fragility is important for identifying a rationale for financial regulation. In particular, some theories suggest that banking fragility can be part of an optimal outcome, in which case there would be no scope for public policy.

Next, we turn to the analysis of systemic risk. Society is ultimately not concerned with isolated failures of financial institutions but with situations where a significant part of the financial system becomes dysfunctional. We will review various theories that explain how systemic risk is created. For instance, a panic at one bank may spill over to other banks because depositors rationally update beliefs about the health of their banks. The design of systemic regulation is currently at the forefront of the policy debate and we will critically assess leading initiatives against the background of systemic risk theory. A particular focus will be on how heterogeneity in the financial system can be used to mitigate systemic risk.

We will also deal with cross-border implications of fragility. Many of the problems that we observe at domestic level are compounded at the international context. The incentives of (national) regulators will often diverge, creating problems when it comes to the supervision and resolution of cross-border banks. Higher complexity of global banks in addition means that effective supervision is more difficult to achieve.

In the last part of the course we will analyze risks to banks, and the economy more generally, arising from the Covid-19 crisis. The Covid-19 crisis impacts banks on several fronts. First, governments and central banks around the world have implemented widespread lending programmes to help out firms. These programmes sometimes completely bypass the traditional banking sector, and sometimes are operated in conjunction with banks. Second, banks face heightened credit risk due to the economic recession caused by the crisis. Third, funding needs of firms differ from the ones faced in traditional recessions. This is because many firms face problems that are of temporary nature, but require funding to pay for ongoing cost to remain in business. The Covid-19 crisis thus poses specific challenges to banks.

## **Banking Fragility**

### **Meeting 1 – Monday, May 31, 9am-12pm**

\*Allen, Franklin & Douglas Gale, 2005. "From Cash-in-the-Market Pricing to Financial Fragility," Journal of the European Economic Association, vol. 3(2-3), pages 535-546  
Calomiris, Charles W & Kahn, Charles M, 1991. "The Role of Demandable Debt in Structuring Optimal Banking Arrangements," American Economic Review, vol. 81(3), pages 497-513.  
Diamond, Douglas W & Dybvig, Philip H, 1983. "Bank Runs, Deposit Insurance, and Liquidity," Journal of Political Economy, vol. 91(3), pages 401-19.

## **Systemic Risk and Regulation**

### **Meeting 2 – Tuesday, June 1st, 9am-12pm**

Acharya, Viral V. & Yorulmazer, Tanju, 2007. "Too many to fail -- An analysis of time-inconsistency in bank closure policies," Journal of Financial Intermediation, vol. 16(1), pages 1-31.  
Perotti, Enrico C. & Suarez, Javier, 2002. "Last bank standing: What do I gain if you fail?," European Economic Review, vol. 46(9), pages 1599-1622.  
\*Wagner, Wolf (2010). Diversification at Financial Institutions and Systemic Crises, 2010, Journal of Financial Intermediation, vol. 19, pp. 373-386  
Wagner, Wolf, 2011, Systemic Liquidation Risk and the Diversity-Diversification Trade-Off, Journal of Finance, Vol. 66, p. 1141-1175

## **Cross-border Aspects**

### **Meeting 3 – Wednesday, June 2nd, 9am-12pm**

Claessens, Stijn and Neeltje van Horen, 2014, Foreign Banks: Trends and Impact. Journal of Money, Credit and Banking, 46: 295-326  
\*Beck, Todorov and Wagner (2013) "Supervising Cross-border Banks: Theory, Evidence and Policy", Economic Policy  
Beck, Silva-Buston and Wagner (2018), The Economics of Supranational Bank Supervision, SSRN.

## **Covid-19 Crisis**

### **Meeting 4 – Thursday, June 3rd, 9am-12pm**

Beck, T. and Wagner, W. (2020). National containment policies and international cooperation. Covid Economics: Vetted and Real-Time Papers, 8:120-134.  
Bongaerts, Dion, Mazzola, Francesco and Wolf Wagner (2020), Closed for Business, forthcoming PlosOne (available on SSRN)  
\*Kahn, Charles and Wagner, Wolf, Liquidity Provision During a Pandemic (May 2020), forthcoming Journal of Banking & Finance (available on SSRN).

(\*Asterisk indicates required reading, other papers are background reading)

All sessions will take place through ZOOM. The link to join the sessions is <https://eur-nl.zoom.us/j/6160839861> and the Meeting ID is 616 083 9861

