



# 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

# **AAP/ANR Workshop**

## **2017 AAP Nouvelle Aquitaine Project**

This project aims to provide a rigorous investigation into the expected responses of banks to the tightening of bank capital and liquidity mandated by Basel III and the identification of SIFIs and the estimation of their systemic risk contribution. The expected responses might indeed be critical for the economy as a whole and reshuffle financing flows towards emerging economies. Such developments will build on an approach focusing on differences in governance structures within banks themselves and on the institutional environment in Europe, Asia and the U.S. Specifically, we analyze the reactions of banks with different ownership structures to changes in regulatory requirements in a low interest rate environment where banks, in general, might be inclined to hold riskier assets. We assess not only changes in their risk-taking behavior but also variations in their capital structures and their lending behavior. This project mobilizes four research teams from the Nouvelle Aquitaine region: LAREFI and GREThA (Université de Bordeaux), CRIEF (Université de Poitiers) and LAPE (Université de Limoges) as well as a team from outside the region (LEO, Université d'Orléans) and foreign researchers recognized worldwide for their expertise and actively collaborating with the teams from the region. By bringing together complementary skills in various fields of specialization (Economics, Banking, Corporate Finance, Market Finance...), this project will hence contribute to a better understanding of failures of the financial system and can also enhance our understanding of how to monitor and curb bank risk-taking behavior without jeopardizing lending. Moreover, how the implications of the changes in bank lending behavior at the macroeconomic level and how the interaction of micro and macro prudential tools and non-conventional monetary policies impact equilibrium is another challenge of this project.

## **2020 ANR CaLiBank Project**

The global financial crisis of 2007-09 uncovered many inadequacies in existing banking system regulations. In response to the severe malfunctioning of mainly Western banking institutions, the Basel Committee on Banking Supervision redesigned and tightened the regulatory requirements under which banks must operate (Basel III). Basel III introduces for the first time, minimum liquidity requirements to ensure that banks hold enough liquid assets to withstand creditor runs during financial crises. These rules are added to existing capital requirements that are also stricter than before especially for the world's largest and most 'systemically important' banks. The CaLiBank project aims to provide a rigorous investigation into the expected responses of banks to the tightening of bank capital and liquidity rules mandated by Basel III. Will banks reduce lending? Will they pursue less risky or riskier activities? The project will assess the extent to which the new regulatory rules could affect the intermediation role of banks, which is vital for firm innovation and growth. CaLiBank will also highlight the particular response of systemically important banks to the changes in capital requirements in the presence of the new regulatory liquidity constraints. Such giants can pose a real threat to the world economy and hence, require special attention. CaLiBank gathers researchers with a strong background in the fields of banking, finance and financial econometrics, from two French research centers (LAPE, Université de Limoges and LEO, Université d'Orléans), augmented by experts in Banking from Europe and the U.S.. Beyond its scientific objectives, CaLiBank aims at promoting a reproducible research in finance. Finally, the CaLiBank project also includes a doctoral training program and two summer schools in the fields of banking, finance and financial econometrics for the PhD students of the two partners.

