



Institute For
New Economic Thinking



Interconnectedness:

Building Bridges between Research and Policy¹

May 8-9, 2014

IMF HQ2 Conference Hall 1, Washington, D.C.

May 8, 2014

8:45–9:00am Arrival/Registration

9:00–9:15am **Opening Remarks**

Olivier Blanchard (Economic Counselor and Director, IMF, Research Department)

9:15–9:45am **Interconnectedness and Financial Stability**

Joseph E. Stiglitz (Columbia University and INET)

9:45–10:25am **Session 1: Financial Networks in OTC and Interbank Markets**

Chair: Ben Craig (Deutsche Bundesbank)

Paper: Trading Partners in the Interbank Lending Market

Authors: Gara Afonso (NY Fed), Anna Kovner* (NY Fed), Antoinette Schoar (MIT)

Discussant: Peter Hoffmann (ECB)

10:25–10:50am Coffee Break

¹ Conference organizing committee: Stefano Battiston (University of Zürich), Co-Pierre Georg (Deutsche Bundesbank), Brenda González-Hermosillo (IMF), and Camelia Minoiu (IMF).

10:50am–12:10pm Session 2: Financial Networks in OTC and Interbank Markets

Chair: Stijn Claessens (IMF, Research Department)

Paper: A Network View on Interbank Liquidity

Authors: Silvia Gabrieli (Banque de France) and Co-Pierre Georg* (Deutsche Bundesbank)

Discussant: Robin Lumsdaine (American University)

Paper: Efficiency and Stability of a Financial Architecture with Too-Interconnected-to-Fail Institutions

Author: Michael Gofman* (Wisconsin)

Discussant: Mila Gemansky Sherman (UMass Amherst)

12:10–1:10pm Lunch (By invitation, HQ2 Conference Hall 2)

1:10–3:10pm Session 3: Welfare Implications of Financial Networks

Chair: Giovanni Dell’Ariccia (IMF, Research Department)

Paper: Mandatory Disclosure and Financial Contagion

Authors: Fernando Alvarez (Chicago) and Gadi Barlevy* (Chicago Fed)

Discussant: Tariq Roukny (Université Libre de Bruxelles)

Paper: Intermediation in Networks

Authors: Mihai Manea* (MIT)

Discussant: Fernando Vega-Redondo (Bocconi)

Paper: Bilateral Trading in Networks

Authors: Daniele Condorelli* (Essex) and Andrea Galeotti (Essex)

Discussant: Ben Craig (Bundesbank)

3:10–3:30pm Coffee Break

3:30–5:30pm Session 4: Financial Networks and Systemic Risk

Chair: Ratna Sahay (IMF, Monetary and Capital Markets Department)

Paper: Intermediation and Voluntary Exposure to Counterparty Risk

Authors: Maryam Farboodi* (Chicago Booth)

Discussant: Livio Stracca (ECB)

Paper: Financial Networks and Contagion

Authors: Matthew Elliott (Caltech), Benjamin Golub* (Harvard), Matthew O. Jackson (Stanford)

Discussant: Benjamin Tabak (Universidade Catolica de Brasilia and Federal Senate)

Paper: How Likely is Contagion in Financial Networks?

Authors: Paul Glasserman (Columbia), H. Peyton Young* (Oxford)

Discussant: Brenda González-Hermosillo (IMF, Monetary and Capital Markets Department)

5:30–7:00pm Reception/Dinner (By invitation, HQ2-02B-300G)

May 9, 2014

9:00–10:30am Session 5: Interconnectedness in Policy Work

Chair: Brenda González-Hermosillo (IMF, Monetary and Capital Markets Department)

Paper: Addressing Interconnectedness: Concepts and Prudential Tools

Authors: Nicolas Arregui, Mohamed Norat, Antonio Pancorbo, Jodi Scarlata (IMF)

Presenter: Mohamed Norat (IMF, Monetary and Capital Markets Department)

Paper: Sweden and the Global Banking System: Network Links and Vulnerabilities

Presenter: Eugenio Cerutti (IMF, Research Department)

Paper: Crisis Transmission in the Global Banking Network

Authors: Galina Hale (San Francisco Fed), Tümer Kapan (Fannie Mae), Camelia Minoiu (IMF, Research Department)

Presenter: Camelia Minoiu (IMF, Research Department)

10:30–11:30 am Session 6: The Present and Future Role of Financial Networks

Paper: The Present and Future Role of Financial Networks

Authors: Stefano Battiston (University of Zürich), Co-Pierre Georg (Deutsche Bundesbank), Joseph E. Stiglitz (Columbia University and INET)

Presenter: Stefano Battiston (University of Zürich)

11:30–11:45 am Coffee Break

11:45 –1:00 pm Closing Panel

Chair: José Viñals (Financial Counselor and Director, IMF, Monetary and Capital Markets Department)

Panelists:

Claudia Buch (Halle Institute for Economic Research)

Sujit Kapadia (Bank of England)

Nellie Liang (Board of Governors of the Federal Reserve System)

Patricia Mosser (Office of Financial Research)

Sanjay Sharma (RBC Capital Markets)

Joseph E. Stiglitz (Columbia University and INET)

1:00–2:00pm Lunch (By invitation, HQ2 Conference Hall 2)