

## Report on DNB Research programme 2011

In 2011 59 DNB working papers were published. Working papers can be downloaded at: <http://www.dnb.nl/publicatie/publicaties-dnb/dnb-working-papers-reeks/dnb-working-papers/index.jsp>.

Appendix 1 provides an overview. DNB Working papers are now also included in SSRN, which has increased the number of downloads substantially; see:

[http://papers.ssrn.com/sol3/JELJOUR\\_Results.cfm?form\\_name=journalbrowse&journal\\_id=1934271](http://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalbrowse&journal_id=1934271).

The most downloaded working papers as published in 2011 were numbers 278 (with 343 downloads) and 337 (247 downloads).

Appendix 2 provides an overview of the status of the projects included in the 2011 DNB research programme. In 2011 the DNB Research programme had 5 thematic themes:

1. *Monetary strategy and price stability*
2. *Central bank transparency and communication*
3. *Financial stability and macro-prudential supervision*
4. *Micro-prudential supervision and conduct of financial institutions*
5. *Financial literacy and behaviour of households and companies*

All projects are available at: [http://www.dnb.nl/en/binaries/Research%20Programme%202012\\_tcm47-267811.pdf](http://www.dnb.nl/en/binaries/Research%20Programme%202012_tcm47-267811.pdf).

Table 1 summarizes the progress made. In 2011 7 (out of 68) projects were stopped for various reasons, mostly lack of good results, while 39 projects resulted in papers that have or will soon be published and/or are under review by a journal. In 2012 22 projects of the Research programme 2011 will be continued.

Table 1. Overview of the status of the projects in 2011 DNB research programme

Theme:	Total number of projects:	Published as WP or under review:	Will soon be published:	Will be continued in 2012:	Stopped:
1.	8	4	--	2	2
2.	2	2	--	--	--
3.	25	11	2	10	2
4.	17	9	1	6	1
5.	10	6	--	2	2
Other	6	4	--	2	--
Total	68	36	3	22	7

Table 2 provides an overview of publications in international journals, while table 3 summarizes the number of books and contributions to books.

Table 2. Journal publications by DNB staff in 2009-2011

	A journals	B journals	C journals	Others
2009	3	15	4	4
2010	3	19	2	11
2011	4	16	9	3 <sup>1</sup>
Forthcoming <sup>2</sup>	4	15	8	10

<sup>1</sup> Includes one publication in journal that has A-status on TI list.

<sup>2</sup> Measured at end of January 2011 (includes papers already published in 2012).

Table 3. Books and contributions in books by DNB staff in 2010-2011

	Books (monographs and edited volumes) by publishers on DNB list	Other books	Contributions in books by publishers on DNB list	Other contributions
2010	1	--	7	1
2011	1	--	2	2
Forthcoming	2	--	4	1

In 2011 the DNB Visiting Scholar Programme was again very successful. We were able to attract a number of excellent scholars who gave seminars and/or policy lectures and interacted with DNB staff. Table 4 gives an overview of the visiting scholars who visited DNB in 2011.

Table 4. Visiting scholars 2011

Steven Ongena	Tilburg University
Simon van Norden	HEC Montreal
Xavier Freixas	Universitat Pompeu Fabra, Barcelona
Eric van Wincoop	University of Virginia/NBER
Luc Laeven	IMF
Enrique Mendoza	Maryland University
Rodney Garratt	University of California
Adrian Pagan	Sydney University
Simon Gilchrist	Boston University
Giulia Iori	City University London

In 2011 the following conferences and workshop were organised:

- 26-27 May 2011: Banking and the Globalization of Finance (together with the European banking Center of Tilburg University)
- 30-31 May 2011: Working Group on Econometric Modelling (WGEM)
- 13-14 October 2011: Workshop on Preventing and Correcting Macroeconomic Imbalances in the Euro Area (together with the IMF)
- 3-4 November 2011: 14th Annual Research Conference 'Complex systems: Towards a better understanding of financial stability and crises'
- 13 December 2011: Seminar 'The future of Banking' (together with the European banking Center of Tilburg University and the Duisenberg School of Finance).

In 2011 there were 22 seminars by external speakers (partly in collaboration with CIFRA) and 30 seminars by internal speakers. In 2012 the collaboration with CIFRA will be continued, which will enable us to attract some excellent speakers in the field of financial economics.

## Appendix 1. DNB Working Papers in 2011

- 276 Ronald Heijmans, Richard Heuver and Daniëlle Walraven, Monitoring the unsecured interbank money market using TARGET2 data
- 277 Jakob Bosma, Communicating Bailout Policy and Risk Taking in the Banking Industry
- 278 Jakob de Haan and Fabian Amtenbrink, Credit Rating Agencies
- 279 Ralph de Haas and Neeltje van Horen, Running for the Exit: International Banks and Crisis Transmission
- 280 I Kadek Dian Sutrisna Artha and Jakob de Haan, Labor Market Flexibility and the Impact of the Financial Crisis
- 281 Maarten van Oordt and Chen Zhou, Systematic risk under extremely adverse market conditions
- 282 Jakob de Haan and Tigran Poghosyan, Bank Size, Market Concentration, and Bank Earnings Volatility in the US
- 283 Gabriele Galati, Peter Heemeijer and Richhild Moessner, How do inflation expectations form? New insights from a high-frequency survey
- 284 Jan Willem van den End, Statistical evidence on the mean reversion of interest rates
- 285 Marco Hoeberichts and Ad Stokman, Price dispersion in Europe: Does the business cycle matter?
- 286 Cai Cai Du, Joan Muysken and Olaf Sleijpen, Economy wide risk diversification in a three-pillar pension system
- 287 Theoharry Grammatikos and Robert Vermeulen, Transmission of the Financial and Sovereign Debt Crises to the EMU: Stock Prices, CDS Spreads and Exchange Rates
- 288 Gabriele Galati, Federica Teppa and Rob Alessi, Macro and micro drivers of house Price dynamics: An application to Dutch data
- 289 Rob Alessie, Maarten van Rooij and Annamaria Lusardi, Financial Literacy, Retirement Preparation and Pension Expectations in the Netherlands.
- 290 Maria Demertzis, Public versus Private Information
- 291 Enrico C. Perotti and Javier Suarez, A Pigovian Approach to Liquidity Regulation
- 292 Jan Willem Slingenberg and Jakob de Haan, Forecasting Financial Stress
- 293 Leo de Haan and Jan Willem van den End, Banks' responses to funding liquidity shocks: lending adjustment, liquidity hoarding and fire sales
- 294 Janko Gorter and Jacob A. Bikker, Investment risk taking by institutional investors
- 295 Eric J. Bartelsman, Pieter A. Gautier, and Joris de Wind, Employment Protection, Technology Choice, and Worker Allocation
- 296 Maarten R.C. van Oordt and Chen Zhou, The simple econometrics of tail dependence
- 297 Franka Liedorp, Robert Mosch, Carin van der Cruijssen and Jakob de Haan, Transparency of banking supervisors
- 298 Tiziana Assenza, Peter Heemeijer, Cars Hommes and Domenica Massaro, Individual Expectations and Aggregate Macro Behavior
- 299 Steven Poelhekke, Home Bank Intermediation of Foreign Direct Investment
- 300 Nicole Jonker, Card acceptance and surcharging: the role of costs and competition
- 301 Mark Mink, Procyclical Bank Risk-Taking and the Lender of Last Resort
- 302 Federica Teppa, Can the Longevity Risk Alleviate the Annuitization Puzzle? Empirical Evidence from Dutch Data
- 303 Itai Agur and Maria Demertzis, "Leaning Against the Wind" and the Timing of Monetary Policy
- 304 Gabriele Galati, John Lewis, Steven Poelhekke and Chen Zhou, Have market views on the sustainability of fiscal burdens influenced monetary authorities' credibility?
- 305 Itai Agur, Bank Risk within and across Equilibria
- 306 Iman van Lelyveld and Marco Spaltro, Coordinating Bank Failure Costs and Financial Stability
- 307 Enrico Perotti, Lev Ratnovski and Razvan Vlahu, Capital Regulation and Tail Risk
- 308 Ayako Saiki, Exchange Rate Pass-Through and Monetary Integration in the Euro Area
- 309 Maria Demertzis and Nicola Viegi, Interdependence of Fiscal Debts in EMU
- 310 Matej Marinč and Razvan Vlahu, The Economic Perspective of Bank Bankruptcy Law
- 311 Jacob Bikker, Thijs Knaap and Ward Romp, Real Pension Rights as a Control Mechanism for

- Pension Fund Solvency
- 312 Stefan Trautmann and Razvan Vlahu, Strategic Loan Defaults and Coordination: An Experimental Analysis
- 313 Maarten van Rooij, Annamaria Lusardi and Rob Alessie, Financial Literacy, Retirement Planning, and Household Wealth
- 314 Irina Stanga, Sovereign and Bank Credit Risk during the Global Financial Crisis
- 315 Carin van der Cruijssen, Jakob de Haan, David-Jan Jansen and Robert Mosch, Household savings behaviour in crisis times
- 316 Ronald Heijmans and Richard Heuver, Is this bank ill? The Diagnosis of doctor TARGET2
- 317 Michel Beine, Elisabetta Lodigiani and Robert Vermeulen, Remittances and Financial Openness
- 318 Joras Ferwerda, Mark Kattenberg, Han-Hsin Chang, Brigitte Unger, Loek Groot and Jacob Bikker, Gravity Models of Trade-based Money Laundering
- 319 Jos Jansen and Ad Stokman, International Business Cycle Comovement: Trade and Foreign Direct Investment
- 320 Jasper de Winter, Forecasting GDP growth in times of crisis: private sector forecasts versus statistical models
- 321 Hanna Samaryna and Jakob de Haan, Right on Target: Exploring the Determinants of Inflation Targeting Adoption
- 322 Ralph de Haas and Iman van Lelyveld, Multinational Banks and the Global Financial Crisis. Weathering the Perfect Storm?
- 323 Jeroen Klomp and Jakob de Haan, Banking risk and regulation: Does one size fit all?
- 324 Robert Vermeulen, International Diversification During the Financial Crisis: A Blessing for Equity Investors?
- 325 Friederike Niepmann, Banking across Borders
- 326 Dirk Broeders, An Chen and David Rijsbergen, Valuation of Liabilities in Hybrid Pension Plans
- 327 M. Hashem Pesaran, Andreas Pick and Mikhail Pranovich, Optimal Forecasts in the Presence of Structural Breaks
- 328 Anneke Kosse and David-Jan Jansen, Choosing how to pay: the influence of home country habits
- 329 Wilko Bolt, Maria Demertzis, Cees Diks and Marco van der Leij, Complex Methods in Economics: An Example of Behavioral Heterogeneity in House Prices
- 330 Stijn Claessens and Neeltje van Horen, Foreign Banks: Trends, Impact and Financial Stability
- 331 Wilko Bolt and Sujit Chakravorti, Pricing in Retail Payment Systems: A Public Policy Perspective on Pricing of Payment Cards
- 332 Wilko Bolt, Elizabeth Foote and Heiko Schmiedel, Consumer credit and payment cards
- 333 Aleš Bulíř, Martin Čihák, and David-Jan Jansen, Clarity of Central Bank Communication About Inflation
- 334 Jakob de Haan and David-Jan Jansen, Corporate culture and behaviour: A survey

**Total in 2011: 59 working papers**

## **Appendix 2: Research projects 2011**

### **1. Monetary strategy and price stability**

*Inflation differentials in the euro area and market flexibility* (project started in 2010)

Jakob de Haan, Leo de Haan

Status: project has been stopped due to lack of results.

*Experiments with monetary policy rules in a multi country macro model framework*

Jakob de Haan, Ad Stokman and Peter van Els

Status: will be continued in 2012.

*Market views on the sustainability of fiscal burdens during the crisis*

Gabriele Galati, John Lewis, Steven Poelhekke and Chen Zhou

Status: published as DNB working paper 304.

*The zero lower bound and ECB interest rate policy since the crisis*

John Lewis, Stefan Gerlach (Frankfurt University)

Status: published as CEPR Discussion Paper 8472.

*The reliability of output gaps for forecasting inflation in times of persistent large output gaps*

John Lewis, Simon van Norden (HEC, Montreal)

Status: on hold due to secondment to Bank of England.

*Price dispersion squeezing during economic downturns* (project started in 2010)

Marco Hoeberichts and Ad Stokman

Status: published as DNB working paper 285.

*Macro-economic evidence and consequences of time-varying price elasticities of demand*

Marco Hoeberichts and Ad Stokman

Status: project has been stopped and replaced by another project.

*House prices and aggregate demand*

Vincent Sterk

Status: submitted to journal.

### **2. Central bank transparency and communications**

*Clarity of central bank communication: a cross-country analysis*

A. Bulir (IMF), Martin Cihak (IMF) and David-Jan Jansen

Status: published as DNB working paper 333.

*Did oral interventions by the Indonesian central bank support the rupiah?*

Sahminan Sahminan (Bank Indonesia) and Jakob de Haan

Status: under review with a journal.

### **3. Financial stability and macro-prudential supervision**

*Small shocks, systemic risk and market breakdown*

Itai Agur

Status: published as DNB working paper 305.

*Can infrastructure-related systemic risk be eliminated or mitigated?* (project started in 2010)

Ron Berndsen

Status: will be continued in 2012.

*A complex model for early warning for financial crises* (project started in 2010)  
Wilko Bolt and Maria Demertzis  
Status: published as DNB working paper 329.

*Debit or credit?*  
Wilko Bolt, Elizabeth Foote (London School of Economics) and Heiko Schmiedel (European Central Bank)  
Status: published as DNB working paper 332.

*Bank contagion during the EU sovereign debt crisis*  
Jakob de Haan and Mark Mink  
Status: will soon be published as DNB working paper.

*Trade dynamics in EMU: Are deficits and surpluses related?*  
Jakob de Haan, Peter Wierdsma and Henk van Kerkhoff  
Status: paper presented at conference; project will be continued in 2012.

*Liquidity management of banks under stress* (project started in 2010)  
Leo de Haan and Jan Willem van den End  
Status: published as DNB working paper 293.

*Public versus private information*  
Maria Demertzis  
Status: published as DNB working paper 290.

*Investor mood and stock returns: high-frequency evidence*  
Michael Ehrmann (European Central Bank) and David-Jan Jansen  
Status: will soon be published as DNB working paper.

*Financial crises and macroeconomic performance*  
Gabriele Galati and Chen Zhou  
Status: will be continued in 2012.

*Industry performance and leverage during the financial crisis*  
Theoharry Grammatikos (Luxembourg School of Finance) and Robert Vermeulen  
Status: will be continued in 2012.

*EMU financial contagion and the sovereign debt crisis*  
Theoharry Grammatikos (Luxembourg School of Finance) and Robert Vermeulen  
Status: published as DNB working paper 287; forthcoming in Journal of International Money and Finance.

*Bank credit constraints and automatic stabilizers* (project started in 2010)  
Willem Heeringa, Job Swank  
Status: will be continued in 2012.

*The empirical relationship between demographics and real house prices: the Netherlands versus the US* (project started in 2010)  
Willem Heeringa, Job Swank  
Status: will be continued in 2012.

*Is this bank ill? The diagnosis of doctor TARGET2*  
Ronald Heijmans and Richard Heuver  
Status: published as DNB working paper 316.

*Reconnecting the pipes: The plumber of the interbank money market.*

Ronald Heijmans and Richard Heuver

Status: published as DNB working paper 276.

*Enforcing the Stability and Growth Pact in real time*

John Lewis

Status: project has been stopped due to secondment at Bank of England.

*Forecasting financial stress*

Jan Willem Slingenberg and Jakob de Haan

Status: published as DNB working paper 292.

*Lumpy borrowing and aggregate dynamics*

Vincent Sterk

Status: project has been stopped as author left DNB.

*Strategic loan defaults and coordination: An experimental analysis*

Stefan Trautmann (Tilburg University) and Razvan Vlahu

Status: published as DNB working paper 312.

*Credit and liquidity risk pricing in interbank markets*

Iman van Lelyveld

Status: will be continued in 2012.

*Systematic risk under extremely adverse market conditions* (project started in 2010)

Maarten van Oordt and Chen Zhou

Status: published as DNB working paper 281.

*The sensitivity of banks to system shocks*

Maarten van Oordt and Chen Zhou

Status: will be continued in 2012.

*Collective strategic defaults: Bailouts and repayment incentives*

Razvan Vlahu

Status: will be continued in 2012.

*Currency crises linkage: weak or strong?*

Chen Zhou

Status: will be continued in 2012.

#### **4. Micro-prudential supervision and conduct of financial institutions**

*Intra-bank competition and risk taking*

Itai Agur, Wilko Bolt and Chen Yeh

Status: will be continued in 2012.

*The impact of the financial crisis on the international banking network*

Beata Bierut, Julian von Landesberger (European Central Bank) and Tatiana von Landesberger (Technische Universität Darmstadt)

Status: project has been stopped.

*Developments in competition and efficiency in the Dutch insurance industry*

Jaap Bikker and Jalal Mrabti (University of Utrecht)

Status: will be continued in 2012.

*Dynamic adjustment of stock prices to the fundamental value: An error correction approach*  
Jaap Bikker, Pauline Broertjes (University of Utrecht) and Laura Spierdijk (University of Groningen)  
Status: will be continued in 2012.

*Measuring competition across US banks* (project started in 2010)  
Wilko Bolt and Dave Humphrey (Florida State University)  
Status: will be continued in 2012.

*Solvency regulation of contingent pension benefits*  
Dirk Broeders and David Rijsbergen  
Status: published as DNB working paper 326.

*Trends in foreign banking: A database on foreign bank ownership*  
Stijn Claessens (International Monetary Fund) and Neeltje van Horen  
Status: published as IMF working paper 12/10 and DNB working paper 330.

*Conduct and cultural risks: a survey*  
Jakob de Haan, Rosa Maljaars, Kirsten Spahr van der Hoek  
Status: published as DNB working paper 334 (with David-Jan Jansen).

*Foreign bank subsidiaries during the crisis: facing the perfect storm*  
Ralph de Haas (European Bank for Reconstruction and Development ) and Iman van Lelyveld  
Status: published as DNB working paper 322.

*The economics of bank bankruptcy law*  
Matej Marinc (University of Ljubljana) and Razvan Vlahu  
Status: published as DNB working paper 310.

*Global financial contagion, foreign bank ownership and credit availability*  
Steven Ongena (Tilburg University), Jose Luis Peydro Alcalde (ECB) and Neeltje van Horen  
Status: will be continued in 2012.

*Capital regulation and tail risks*  
Enrico Perotti (University of Amsterdam, Lev Ratnovski (International Monetary Fund) and Razvan Vlahu  
Status: published as DNB working paper 307; forthcoming in International Journal of Central Banking.

*Multinationals and the benefits of banking FDI*  
Steven Poelhekke  
Status: published as DNB working paper 299.

*The impact of bank regulation and supervision on bank soundness* (project started in 2010)  
Choudhry Tanveer Shehzad (RUG) and Jakob de Haan  
Status: published as DNB working paper 323 (with Jeroen Klomp); forthcoming in Journal of Banking and Finance.

*The crisis as a wake-up call. Do banks tighten monitoring and screening during a financial crisis?*  
Neeltje van Horen (project started in 2010)  
Status: published as DNB working paper 255.

*Contextual determinants of banks' liquid buffers* (project started in 2010)  
Iman van Lelyveld, Robert Zymek (Bank of England, Pompeu Fabra).  
Status: will be continued in 2012.



*Exploring the relationship between factional groups, conflict management, and pension fund board effectiveness*

Dennis Veltrop (University of Groningen), Niels Hermes (University of Groningen), Theo Postma (University of Groningen) and Jakob de Haan

Status: will soon be published as DNB working paper.

## **5. Financial literacy and behaviour of households and companies**

*Financial behaviour of self-employed*

Robert Paul Berben and Federica Teppa

Status: project stopped.

*Knowledge and opinions about financial supervision: effects on trust and behaviour*

Jakob de Haan, David-Jan Jansen, Robert Mosch and Carin van der Crujisen

Status: published as DNB working paper 315.

*Compensating insurance agents: commissions versus fees*

Janko Gorter

Status: will be continued in 2012.

*Household financial market expectations and investment choices in a financial crisis* (project started in 2010)

Michael Hurd (RAND and NBER), Maarten van Rooij, Joachim Winter (University of Munich)

Status: project stopped.

*Choice of payments instruments and ethnicity* (project started in 2010)

David-Jan Jansen and Anneke Kosse

Status: published as DNB working paper 328.

*Card acceptance and surcharging: the role of costs and competition* (project started in 2010)

Nicole Jonker

Status: published as DNB working paper 300.

*Do newspaper articles on debit card fraud affect debit card usage?* (project started in 2010)

Anneke Kosse

Status: published as ECB working paper 1389; will be continued in 2012.

*What is a clean Euro banknote? The Dutch public responds*

Martijn Meeter, Frank van der Horst and Marcel van der Woude (VU University)

Status: published as DNB Occasional Studies 2011/4.

*Subjective survival probabilities and the preference for annuities.*

Federika Teppa and Maarten van Rooij

Status: published as DNB working paper 302 by Teppa.

*Labelling, magnitude, ordering and choice set effects in individual preferences*

Federika Teppa and Maarten van Rooij

Status: will be continued in 2012.

## Other projects

*Employment protection, technology choice, and worker allocation* (project started in 2010)

Eric J. Bartelsman (VU University Amsterdam, TI), Joris de Wind and Pieter A. Gautier (VU University Amsterdam, TI)

Status: published DNB working paper 295.

*Key subjects in banknote design: banknote identity*

Hans de Heij

Status: will be continued in 2012.

*Nonlinear and stable perturbation-based approximations*

Wouter J. den Haan (UvA, TI) and Joris de Wind

Status: under review with journal.

*Reduced rank time-varying Vector Autoregressions* (project started in 2010)

Joris de Wind and Luca Gambetti (UAB, RECent)

Status: will be continued in 2012.

*A heterogeneous agent approach to explaining dispersion in the foreign exchange market*

Ron Jongen, Willem Verschoor (Erasmus University Rotterdam), Christian Wolff (Luxembourg School of Finance) and Remco Zwinkels (Erasmus University Rotterdam)

Status: under review with journal.

*Forecasting in the presence of structural breaks*

Andreas Pick

Status: published as DNB working paper 327.