

LATEST NEWS

PAPERS:

- **"Crossing Network versus Dealer Market", Tijmen R. Daniëls**

A paper by Tijmen Daniëls (with Jutta Dönges and Frank Heinemann), entitled "crossing network versus dealer market", was published in the European Economic Review. The paper models competition between a dealer market and an alternative trading system (ATS). New communication technologies and deregulation have fuelled the development of such systems.

A major question is how liquidity will be allocated and under which circumstances and for which sorts of assets, these alternative markets can emerge, co-exist with dealer markets or even replace them. This model explains why assets with large turnovers and low price volatility are likely to be traded on crossing networks, while less liquid assets are traded on dealer markets.

Tijmen R. Daniëls, Jutta Dönges and Frank Heinemann (2013), "[Crossing Network versus Dealer Market](#)", European Economic Review, 62, 41–57.

- **"Characterising Equilibrium Selection in Global Games with Strategic Complementarities", Tijmen R. Daniëls**

A paper by Tijmen Daniëls (with Chris Basteck and Frank Heinemann), entitled "Characterising equilibrium selection in global games with strategic complementarities", was published in the Journal of Economic Theory. It develops new and simple conditions to apply the well-known global game equilibrium selection technique.

Games with strategic complementarities, e.g. many bank run or currency

crises models, often have multiple equilibria. Global games are widely used to predict behavior in such models. Yet until now, most applications have been limited to binary-action models. This paper develops equilibrium prediction heuristics for many-action models that are useful in economic applications and yield novel insights. One example is a wholesale bank run model where introducing collateralized financing as a third action besides withdrawing and extending unsecured financing changes the predicted behavior from the inefficient bank run equilibrium to that of unsecured refinancing.

Christian Basteck, Tijmen R. Daniëls and Frank Heinemann (2013), "[Characterising Equilibrium Selection in Global Games with Strategic Complementarities](#)", Journal of Economic Theory, 148, 2620–37.

- **"Early-warning signals of topological collapse in interbank networks", Iman van Lelyveld**

A paper by [Iman van Lelyveld](#) (with Tiziano Squartini and Diego Garlaschelli), entitled "Early-warning signals of topological collapse in interbank networks", was published in the [Nature Scientific Reports](#). The financial crisis clearly illustrated the importance of characterizing the level of 'systemic' risk associated with an entire credit network, rather than with single institutions. However, the interplay between financial distress and changes in the structure of the network (topology) is still poorly understood. Here we analyze the quarterly interbank exposures among Dutch banks over the period 1998–2008, ending with the crisis. After

controlling for the link density, many topological properties display an abrupt change in 2008, providing a clear – but unpredictable – signature of the crisis. By contrast, if the heterogeneity of banks' connectivity is controlled for, the same properties show a gradual transition to the crisis, starting in 2005 and preceded by an even earlier period during which anomalous debt loops could have led to the underestimation of counter-party risk. These early-warning signals are undetectable if the network is reconstructed from partial bank-specific data, as routinely done.

OTHER NEWS:

- **Chen Zhou appointed by Tinbergen Institute**

[Chen Zhou](#) was appointed by Tinbergen Institute as a research fellow since December 2013. The appointment is based on TI's research assessment.

Please follow this link: [Tinbergen Institute](#).

- **Jakob de Haan member of Editorial Advisory Board of JCMS**

[Jakob de Haan](#) (head of Research) has accepted the invitation to serve as a member of the Editorial Advisory Board of the Journal of Common Market Studies (JCMS). He will also serve on the JCMS committee for the best paper award.

- **Report on DNB Research programme 2013**

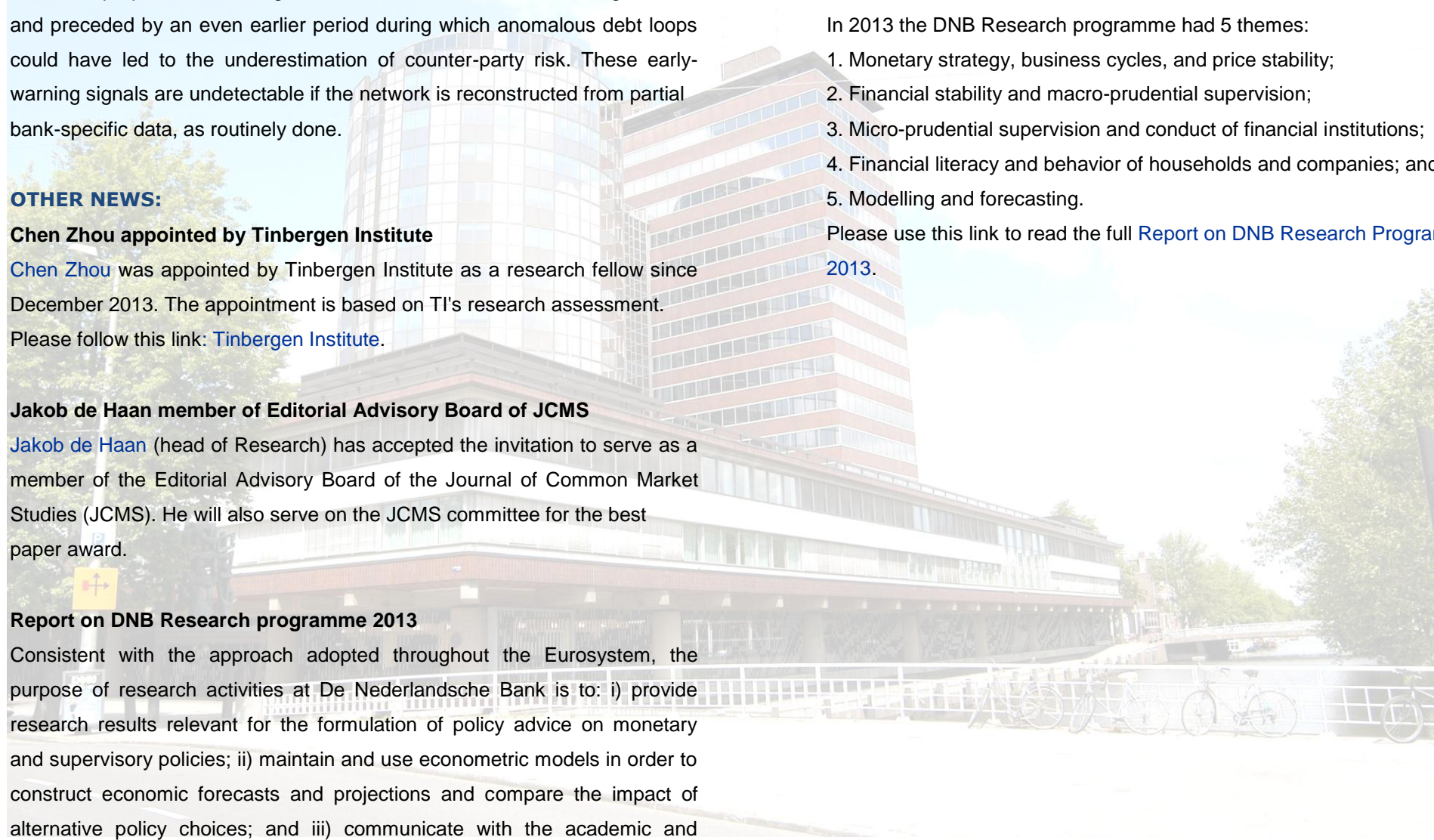
Consistent with the approach adopted throughout the Eurosystem, the purpose of research activities at De Nederlandsche Bank is to: i) provide research results relevant for the formulation of policy advice on monetary and supervisory policies; ii) maintain and use econometric models in order to construct economic forecasts and projections and compare the impact of alternative policy choices; and iii) communicate with the academic and

research community, for example, through the publication of research results in peer-reviewed scientific journals and by participating in and organizing of research conferences and workshops.

In 2013 the DNB Research programme had 5 themes:

1. Monetary strategy, business cycles, and price stability;
2. Financial stability and macro-prudential supervision;
3. Micro-prudential supervision and conduct of financial institutions;
4. Financial literacy and behavior of households and companies; and
5. Modelling and forecasting.

Please use this link to read the full [Report on DNB Research Programme 2013](#).



FORTHCOMING CONFERENCES

- **Conference De Nederlandsche Bank 200 years: central banking in the next two decades** will take place at the Hermitage (Nieuwe Keizersgracht 1) in Amsterdam on 24-25 April 2014. If you are interested please send an email to: 200yearsdnb_conference@dnb.nl. As space is limited, we may have to turn down requests for attending.

Day 1, 24 April 2014

Registration (from 09.30)

Opening speech: Klaas Knot, President of DNB (10.30 - 11.00)

General keynote speech: Mario Draghi (European Central Bank) (11.00 - 12.00)

Lunch (12.00 - 13.30)

Session 1: Financial stability (13.30 - 15.00)

Chair: Jan Sijbrand (De Nederlandsche Bank)

Presenter (30 minutes): Charles Goodhart (London School of Economics)

Panel (45 minutes): Claudio Borio (Bank for International Settlements)
André Sapir (Bruegel and Université Libre de Bruxelles)
Daniel Gros (Centre for European Policy Studies)

Issues:

- ✓ Should responsibility for financial stability be transferred to European level similar to monetary policy and supervision?

- ✓ Is there a possible friction between the European drive towards uniformity in micro supervision and the fact that macroprudential requirements might differ across countries; if so, which governance structure is best capable of mitigating such tension?
- ✓ How to deal with the fact that financial instabilities often originate at national level?

Coffeebreak (15.00 - 15.30)

Session 2: Payments (15.30 - 17.00)

Chair: Frank Elderson (De Nederlandsche Bank)

Presenter (30 minutes): Charles Kahn (University of Illinois)

Panel (45 minutes): Michael Katz (Haas School of Business University of California, Berkely)
Larry Sweet (Federal Reserve Bank of New York)
Gerard Hartsink (CLS Bank)

Issues:

- ✓ How will innovation and competition affect prices and the business model of the payments services industry?
- ✓ Governance of payments systems: what role for public authorities; how to reach level-playing field concerning regulation and oversight?
- ✓ Safety and fraud in payments systems: who pays the price?

Drinks (17.00 - 18.00)

Conference dinner (for participants in conference only) (18.00), Hermitage

Day 2, 25 April 2014

Registration (from 09.30)

Session 3: Supervision (10.30 - 12.00)
Chair: Joanne Kellermann (*De Nederlandsche Bank*)
Presenter (30 minutes): Danièle Nouy (*Supervisory Board European Central Bank*)
Panel (45 minutes): Merel van Vroonhoven (*Netherlands Authority for the Financial Markets*)
Claudia Buch (*Halle Institute for Economic Research*)
Anat Admati (*Stanford Graduate School of Business*)

Issues:

- ✓ Should supervision of other financial institutions than banks also be transferred to European level?
- ✓ How to arrange supervision of banks: responsibilities of ECB and national supervisors?
- ✓ Will European supervision be a step back in terms of supervision on 'soft factors'?

Lunch (12.00 - 13.30)

Session 4: Monetary policy (13.30 - 15.00)
Chair: Job Swank (*De Nederlandsche Bank*)
Presenter (30 minutes): Frederic Mishkin (*Columbia Business School*)
Panel (45 minutes): Lucas Papademos
David Marsh (*Official Monetary and Financial Institutions Forum*)
Paul de Grauwe (*London School of Economics*)

Issues :

- ✓ Should financial stability become an objective of monetary policy of the ECB, and if so, how?
- ✓ How to deal with heterogeneity within the euro area?
- ✓ How to deal with tensions between responsibilities of the ECB for price stability and supervision of banks?

Coffeebreak (15.00 - 15.30)

Final speech: Jaime Caruana (*Bank for International Settlements*) (15.30 - 16.30)

Closing: Klaas Knot, President of DNB (16.30 - 16.45)

The 'International Banking: Microfoundations and Macroeconomic Implications' conference will take place at De Nederlandsche Bank in Amsterdam on 12-13 June 2014 and is organized by De Nederlandsche Bank (DNB), the International Monetary Fund (IMF) and the IMF Economic Review.

Please use this [link](#) for the call for papers.

Annual Research Conference 2014 will take place at De Nederlandsche Bank in Amsterdam on 13-14 November 2014 and will have the title

"Forward guidance and communication about unconventional monetary policy".

Please use this [link](#) for the call for papers.

FORTHCOMING RESEARCH SEMINARS

(Please follow this link to read how you can attend)

18 March 2014	- Wolf Wagner / Tilburg University
25 March 2014	- Christa Bouwman / Case Western Reserve University
1 April 2014	- Ryan Banerjee/ BIS
8 April 2014	- Makoto Watanabe / University of Amsterdam
15 April 2014	- Francesco Zanetti / Oxford University
22 April 2014	- Michael Bordo / Rutgers University
29 April 2014	- Jinill Kim / Korea University
13 May 2014	- Monica Paiella / Univ. Of Napoli Parthenope
10 June 2014	- Tairi Rõõm / Bank of Estonia
17 June 2014	- Guente Franke / University of Konstanz
1 July 2014	- Elsa Fornero / University of Turin
8 July 2014	- Sergio Rabelo / Northwestern University
9 September 2014	- Jordi Gali / CREI
16 September 2014	- Allen Berger / University of South Carolina

PUBLISHED ARTICLES AND BOOKS (NEW SINCE DECEMBER 2013)

- **Right on target: Exploring the factors leading to inflation targeting adoption**, Hanna Samaryna and Jakob de Haan, *Contemporary Economic Policy*, 2014, 32(2), 372-389.
- **Net foreign asset (com)position: Does financial development matter?**, Robert Vermeulen and Jakob de Haan, *Journal of International Money and Finance*, 2014, 43, 88-106.
- **A Conference on Post-Crisis Banking, introduction to Special Issue**, Thorsten Beck, Jakob de Haan and Robert DeYoung, *Journal of Money, Credit and Banking*, 2014, Supplement to 46(1), 1-11
- **The 2007-2009 financial crisis: Changing market dynamics and the impact of credit supply and aggregate demand sensitivity**, Theoharry Grammatikos and Robert Vermeulen, *Applied Economics*, 2014, 46(8), 895-911
- **Location decisions of foreign banks and competitor remoteness**, Stijn Claessens and Neeltje van Horen, *Journal of Money, Credit and Banking*, 2014, 46(1), 145-170
- **Foreign banks: Trends and impact**, Stijn Claessens and Neeltje van Horen, *Journal of Money, Credit and Banking*, 2014, Supplement to Vol. 46, No. 1, 295-326
- **The safety of cash and debit cards: A study on the perception and behaviour of Dutch consumers**, Anneke Kosse, *International Journal of Central Banking*, 2013, 9(3), 77-98
- **Social networks and labor market inequality between ethnicities and races**, Ott Toomet, Marco van der Leij and Meredith Rolfe, *Network Science*, 2013, 1(3), 321-352
- **Conditional political budget cycles: A review of recent evidence**, Jakob de Haan and Jeroen Klomp, *Public Choice*, 2013, 157(3), 387-410
- **Characterising equilibrium selection in global games with strategic complementarities**, Christian Basteck, Tijmen R. Daniëls and Frank Heinemann, *Journal of Economic Theory*, 2013, 148, 2620-37
- **Effects of explicit FOMC policy rate guidance on interest rate expectations**, Richhild Moessner, *Economics Letters*, 2013, 121(2), 170-173

- **Valuation of liabilities in hybrid pension plans**, Dirk Broeders, An Chen and David Rijsbergen, *Applied Financial Economics* 23(15), 1215-1229
- **Crossing network versus dealer market**, Tijmen R. Daniëls, Jutta Dönges and Frank Heinemann, *European Economic Review*, 2013, 62, 41-57
- **What drives bank earnings? Evidence for 28 banking sectors**, Laurence Pouw and Jan Kakes, *Applied Economic Letters*, 2013, 20(11), 1062-1066
- **Foreign banks: Access to finance and financial stability**, Neeltje van Horen, In: V. Acharya, T. Beck, D. Evanoff, G. Kaufman and R. Portes (eds), *The social value of the financial sector: Too big to fail or just too big?*, World Scientific Studies in International Economics, 2013, 29, 323-344

FORTHCOMING ARTICLES (NEW SINCE DECEMBER 2013)

- **Measuring and explaining implicit risk sharing in defined benefit pension funds**, Jacob Bikker, Thijs Knaap and Ward Romp, *Applied Economics*
- **The break-down of the money multiplier at the zero lower bound**, Jan Willem van den End, *Applied Economics Letters*
- **Effects of explicit FOMC policy rate guidance on equities and risk measures**, Richhild Moessner, *Applied Economics*
- **Early warning for currency crises: what is the role of financial openness?**, Jon Frost and Ayako Saiki, *Review of International Economics*
- **Inflation expectations, central bank credibility and the global financial crisis**, Petra Gerlach-Kristen and Richhild Moessner, *Swiss Journal of Economics and Statistics*
- **Reserve creation and reserve pooling in the international monetary system**, Richhild Moessner and Bill Allen, *World Economics*
- **Sudden stops and currency crashes**, Yanping Zhao, Jakob de Haan, Bert Scholtens and Haizhen Yang, *Review of International Economics*

- **Personal traits and individual choices: Taking action in economic and non-economic decisions**, Maarten van Rooij and Federica Teppa, *Journal of Economic Behavior & Organization*
- **Collective pension schemes and individual choice**, Jules van Binsbergen, Dirk Broeders, Ralph Koijen and Mythe de Jong, *Journal of Pension Economics and Finance*

DNB Occasional Studies 2013

[\(please click on the title to open pdf\)](#)

- No. 6 – Paul Cavelaars, Jakob de Haan, Paul Hilbers en Bart Stellinga
[Challenges for financial sector supervision](#)

DNB WORKING PAPERS 2013-2014

- No 404 – Lars Norden and Anamaria Stoian
[Bank earnings management through loan loss provisions: A double-edged sword?](#)
- No 405 – Wilko Bolt, Nicole Jonker and Mirjam Plooij
[Tourist test or tourist trap? Unintended consequences of debit card interchange fee regulation](#)
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[Adaptive learning and survey data](#)
- No 412 – Michael Ehrmann and David-Jan Jansen
[It hurts \(stock prices\) when your team is about to lose a soccer match](#)
- No 413 – Richhild Moessner, Jakob de Haan and David-Jan Jansen
[The effect of the zero lower bound, forward guidance and unconventional monetary policy on interest rate sensitivity to economic news in Sweden](#)
- No 414 – Dirk Broeders, An Chen and Birgit Koos
[Utility-equivalence of pension security mechanisms](#)
- No 415 – Irma Hindrayanto, Siem Jan Koopman and Jasper de Winter
[Nowcasting and forecasting economic growth in the euro area using principal components](#)

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