

**The DNB Research programme 2010 outlined several research projects. This document reports about the outcomes of the projects. The order of the overview is the same as in the 2010 programme.**

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

*Have market views on the sustainability of fiscal burdens influenced monetary authorities' credibility?* Gabriele Galati, John Lewis, Steven Poelhekke, Chen Zhou

**Status:** will soon be published as DNB Working Paper.

*A microeconomic experiment on the formation of inflation*

Gabriele Galati, Peter Heemeijer, Richhild Moessner (BIS)

**Status:** published as DNB Working Paper 283 *inflation [New title: How do inflation expectations form? New insights from a highfrequency survey]*.

*Regional influences on ECB policymaking?*

Janko Gorter, Jan Jacobs (RUG), Jakob de Haan

**Status:** published as DNB Working Paper 272. Submitted to journal (Fauve Stolwijk added as co-author)

*Inflation differentials in the euro area and market flexibility*

Jakob de Haan, Leo de Haan

**Status:** project will be continued in 2011.

*An experimental investigation of inflation and output gap expectations under different monetary policy rules*

Peter Heemeijer, Cars Hommes (UvA), Domenico Massaro (UvA), Tiziana Assenza (University of Milan, UvA)

**Status:** will soon be published as DNB Working Paper.

*An experimental investigation of inflation expectations in a multi-agent overlapping generations economy*

Peter Heemeijer, Cars Hommes (UvA), Joep Sonnemans (UvA), Jan Tuinstra (UvA)

**Status:** published as DNB Working Paper 241.

*Price dispersion squeezing during economic downturns*

Marco Hoeberichts, Ad Stokman

**Status:** published as DNB Working Paper 285.

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

John Lewis, Stefan Gerlach

**Status:** published as DNB Working Paper 254.

*Home equity, mobility and the macro economy*

Vincent Sterk

**Status:** published as DNB Working Paper 265.

*Trade costs slow down price level convergence in Europe*

Ad Stokman

**Status:** will be published as DNB Working paper in 2011 (data analysis done).

## 2. Central bank transparency and communication

*The dynamic voting patterns of the Bank of England's MPC*

Jan Marc Berk, Beata Bierut, Ellen E. Meade (American University)

**Status:** published as DNB Working Paper 261; re-submitted to journal.

*How much does the public know about the ECB's monetary policy? Evidence from a survey of Dutch households*

Carin van der Cruijssen, David-Jan Jansen, Jakob de Haan

**Status:** published as DNB Working Paper 252; submitted to journal.

*The role of information in decision-making*

Maria Demertzis, Nicola Viegi (University of Pretoria)

**Status:** will soon be published as DNB Working Paper (as: *Public versus private information*) by Demertzis.

*A new perspective on the consistency of ECB communication*

David-Jan Jansen, Jakob de Haan

**Status:** published as DNB Working Paper 259; submitted for publication in book.

*Transparency of banking supervisors*

Franka Liedorp, Robert Mosch, Carin van der Cruijssen, Jakob de Haan

**Status:** will be published as DNB Working Paper in 2011 (survey done, first draft of the paper ready)

*Does central bank communication really lead to better forecasts of policy decisions? New evidence based on a Taylor rule model for the ECB*

Jan-Egbert Sturm (ETH, Zuerich), Jakob de Haan

**Status:** accepted for publication in *Weltwirtschaftliches Archiv/Review of World Economy* (B)

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

*Monetary policy and excessive bank risk taking*

Itai Agur, Maria Demertzis

**Status:** published as DNB Working Paper 271.

*Labour market flexibility and the impact of the financial crisis*

I Kadek Dian Sutrisna Artha (RUG); Jakob de Haan

**Status:** published as DNB Working Paper 280; accepted for publication in *Kyklos* (B)

*Can systemic risk arising from settlement risk exposures be eliminated?*

Ron Berndsen

**Status:** project will be continued in 2011.

*Impact of increasing bank capital and liquidity requirements on credit supply and interest rates*

Beata Bierut, Jan Willem van den End

**Status:** published as DNB Occasional Study vol. 8 no. 3 (with Robert Paul Berben and Jan Kakes).

*Complex theory and economic systems*

Wilko Bolt, Maria Demertzis, Chen Zhou

**Status:** project will be continued in 2011.

*Payments and electronics*

Wilko Bolt, Bob Chakravorti (FRB Chicago)

**Status:** published as DNB Working Paper 270. Forthcoming in handbook.

*Bank credit constraints and automatic stabilizers*

Willem Heeringa, Job Swank

**Status:** project will be continued in 2011.

*The empirical relationship between demographics and real house prices: the Netherlands versus the US*

Willem Heeringa, Job Swank

**Status:** project will be continued in 2011.

*The private credit insurance effect on trade*

Koen van der Veer

**Status:** published as DNB Working Paper 264.

*Hidden linkages of exchange crises*

Chen Zhou

**Status:** project will be continued in 2011.

*Why does micro-prudential regulation fail?*

Chen Zhou

**Status:** published as DNB Working Paper 256.

#### 4. Microprudential supervision and behaviour of financial institutions

*Capital requirements and credit rationing*

Itai Agur

**Status:** published as DNB Working Paper 257.

*On the possibility of credit rationing in the Stiglitz-Weiss model: A comment*

Itai Agur

**Status:** published as DNB Working Paper 237.

*Bank capital channel: evidence for the Netherlands*

Robert-Paul Berben, Jan Willem van den End

**Status:** published as DNB Occasional Study 8/3.

*Mean reversion in stock returns and the consequences for the FTK continuity test*

Jaap Bikker (DNB, UU), Pieter van den Hoek, Laura Spierdijk (RUG)

**Status:** published as DNB Working Paper 247.

*The impact of scale, complexity and service level on administration costs of pension funds: a cross country comparison*

Jaap Bikker (DNB, UU), Onno Steenbeek (APG, EUR), Federico Torracchi

**Status:** published as DNB Working Paper 258.

*Bank profitability during recessions*

Wilko Bolt, Leo de Haan, Marco Hoeberichts, Maarten van Oordt, Job Swank

**Status:** published as DNB Working Paper 250.

*Measuring bank competition across U.S. banks*

Wilko Bolt, Dave Humphrey (FSU Tallahassee)

**Status:** project will be continued in 2011.

*Equivalence of different regulatory pension regimes*

Dirk Broeders, An Chen (Bonn University)

**Status:** published as DNB Working Paper 268.

*Liquidity management of banks under stress*

Jan Willem van den End, Leo de Haan

**Status:** will soon be published as DNB Working Paper.

*Investment behaviour of insurance companies*

Janko Gorter (DNB, RUG), Jaap A. Bikker (DNB, UU)

**Status:** will soon be published as DNB Working Paper.

*Bank size, market concentration, and U.S. bank earnings volatility in the wake of the global financial crisis*

Jakob de Haan, Tigran Poghosyan (IMF)

**Status:** published as DNB Working Paper 282.

*Central bank intervention in large value payment systems: An experimental assessment of moral hazard risk*

Peter Heemeijer, Ronald Heijmans, Frans van Winden (UvA)

**Status:** will start in 2011 and a working paper is aimed for in 2012.

*The crisis as a wake up call. Do banks tighten monitoring and screening during a financial crisis?*

Neeltje van Horen

**Status:** project will be continued in 2011.

*Learning by doing in foreign banking*

Neeltje van Horen

**Status:** project has been stopped

*Banking risk and regulation: Does one size fit all?*

Jeroen Klomp (CPB), Jakob de Haan

**Status:** under review (revise and resubmit) with journal.

*Contextual determinants of banks' liquid buffers*

Iman van Lelyveld, Robert Zymek (Bank of England, Pompeu Fabra).

**Status:** project will be continued in 2011.

*How do interbank market exposures affect bank risk? Evidence from a spatial lag model*

Franka Liedorp, Iman van Lelyveld, Lydian Medema (RUG), Michael Koetter (RUG), Ruud Koning (RUG)

**Status:** published as DNB Working Paper 248.

*An empirical analysis of interbank contagion during the subprime crisis*

Mark Mink (DNB, RUG), Jakob de Haan (DNB, RUG), Jan P.A.M. Jacobs (RUG)

**Status:** published as DNB Working Paper 247 by Mink.

*The impact of bank regulation and supervision on bank soundness*

Choudhry Tanveer Shehzad (RUG) and Jakob de Haan

**Status:** project will be continued in 2011.

## 5. Financial literacy and behaviour of households and firms

*Do lifecycle saving schemes provide a route to early retirement? The maturing of the Swiss occupational pension system*

Monika Buetler (FGN-HSG Universität St. Gallen, CEPR & CESifo), Federica Teppa

**Status:** first draft is ready.

*Expectations of banking supervision: evidence from a survey of Dutch households*

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

**Status:** published as DNB Working Paper 275.

*Household financial market and investment choices in financial crisis*

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

**Status:** project will be continued in 2011.

*Credit card acceptance and surcharging: the role of costs and competition*

Nicole Jonker

**Status:** project will be continued in 2011.

*Choice of payments instruments and ethnicity*

Anneke Kosse and David-Jan Jansen

**Status:** project will be continued in 2011.

*Debitcard usage: the impact of newspaper articles about skimming fraud*

Anneke Kosse

**Status:** project will be continued in 2011.

*Macro and micro drivers of house market dynamics: An application to Dutch data*

Federica Teppa, Gabriele Galati

**Status:** published as DNB Working Paper 288.

## **Other research projects:**

### *Employment protection, technology choice, and worker allocation*

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

**Status:** will soon be published as DNB Working Paper.

### *Key elements in banknote design*

Hans de Heij

**Status:** published as DNB Occasional Study vol. 8 no. 4.

### *Estimating agricultural commodities' extreme price risk*

Maarten van Oordt, Philip Stork (Massey University), Casper de Vries (EUR)

**Status:** project has been stopped.

### *Reduced rank timevarying Vector Autoregressions*

Joris de Wind (DNB, UvA) and Luca Gambetti (UAB, RECent)

**Status:** will soon be published as DNB Working Paper.

### *Determining the forecasting power of survey indicators in real time*

Joris de Wind, Jasper de Winter

**Status:** project has been stopped.

## **DNB Working Papers in 2010**

- No. 242 Leo de Haan and Jan Kakes, Momentum or Contrarian Investment Strategies: Evidence from Dutch institutional investors
- No. 243 Ron Berndsen, Toward a Uniform Functional Model of Payment and Securities Settlement Systems
- No. 244 Koen van der Veer and Eelke de Jong, IMF-Supported Programs: Stimulating Capital to Solvent Countries
- No. 245 Anneke Kosse, The safety of cash and debit cards: a study on the perception and behaviour of Dutch consumers
- No. 246 Kerstin Bernoth, Juergen von Hagen and Casper de Vries, The Forward Premium Puzzle and Latent Factors Day by Day
- No. 247 Laura Spierdijk, Jacob Bikker and Pieter van den Hoek, Mean Reversion in International Stock Markets: An Empirical Analysis of the 20th Century
- No. 248 F.R. Liedorp, L. Medema, M. Koetter, R.H. Koning and I. van Lelyveld, Peer monitoring or contagion? Interbank market exposure and bank risk
- No. 249 Jan Willem van den End, Trading off monetary and financial stability: a balance of risk framework
- No. 250 M. Hashem Pesaran, Andreas Pick and Allan Timmermann, Variable Selection, Estimation and Inference for Multi-period Forecasting Problems
- No. 251 Wilko Bolt, Leo de Haan, Marco Hoeberichts, Maarten van Oordt and Job Swank, Bank Profitability during Recessions
- No. 252 Carin van der Cruisen, David-Jan Jansen and Jakob de Haan, How much does the public know about the ECB's monetary policy? Evidence from a survey of Dutch households
- No. 253 John Lewis, How has the financial crisis affected the Eurozone Accession Outlook in Central and Eastern Europe?
- No. 254 Stefan Gerlach and John Lewis, The Zero Lower Bound, ECB Interest Rate Policy and the Financial Crisis
- No. 255 Ralph de Haas and Neeltje van Horen, The crisis as a wake-up call. Do banks tighten screening and monitoring during a financial crisis?
- No. 256 Chen Zhou, Why the micro-prudential regulation fails? The impact on systemic risk by imposing a capital requirement
- No. 257 Itai Agur, Capital Requirements and Credit Rationing
- No. 258 Jacob Bikker, Onno Steenbeek and Federico Torracchi, The impact of scale, complexity, and service quality on the administrative costs of pension funds: A cross-country comparison
- No. 259 David-Jan Jansen and Jakob de Haan, An assessment of the Consistency of ECB Communication using Wordscores
- No. 260 Roel Beetsma, Massimo Giuliadori, Mark Walschot and Peter Wierdsma, Fifty Years of Fiscal Planning and Implementation in the Netherlands
- No. 261 Jan Marc Berk, Beata Bierut and Ellen Meade, The Dynamic Voting Patterns of the Bank of England's MPC
- No. 262 Maria Demertzis, An Operational Measure of Riskiness: A Comment
- No. 263 Klaus Abbink, Ronald Bosman, Ronald Heijmans and Frans van Winden, Disruptions in large value payment systems: An experimental approach
- No. 264 Koen van der Veer, The Private Credit Insurance Effect on Trade
- No. 265 Vincent Sterk, Home Equity, Mobility, and Macroeconomic Fluctuations
- No. 266 Steven Poelhekke and Frederick van der Ploeg, Do Natural Resources Attract FDI? Evidence from non-stationary sector level data
- No. 267 Gabriele Galati and Richhild Moessner, Macroprudential policy – a literature review



- No. 268 Dirk Broeders and An Chen, Pension benefit security: a comparison of solvency requirements, a pension guarantee fund and sponsor support
- No. 269 Jan Willem van den End, Liquidity Stress-Tester: Do Basel III and Unconventional Monetary Policy Work?
- No. 270 Wilko Bolt and Sujit Chakravorti, Digitization of Retail Payments
- No. 271 Itai Agur and Maria Demertzis, Monetary Policy and Excessive Bank Risk Taking
- No. 272 Janko Gorter, Fauve Stolwijk, Jan Jacobs and Jakob de Haan, ECB Policy-Making and the Financial Crisis
- No. 273 Lex Hoogduin, Bahar Öztürk and Peter Wierds, Public Debt Managers' Behaviour: Interactions with Macro Policies
- No. 274 Mark Mink, Do Financial Markets Expect Bank Defaults to be Contagious?
- No. 275 Carin van der Cruysen, Jakob de Haan, David-Jan Jansen and Robert Mosch, Knowledge and Opinions about Banking Supervision: Evidence from a Survey of Dutch Households