

### LATEST NEWS

- The University of Utrecht has nominated the PhD-dissertation 'Financial Literacy, Retirement Provisions, and Household Portfolio Behavior' by [Maarten van Rooij](#) for the 2012 Christiaan Huygens Science Award. This award is for researchers who recently defended their doctoral dissertation in a specified discipline at a Dutch university. An expert jury appointed by the Royal Netherlands Academy of Arts and Sciences (KNAW) will award the prestigious prize in Fall 2012 to a doctoral dissertation that has made an innovative contribution to the field of actuarial studies and econometrics.
- This spring a new international academic journal has been launched, entitled The Journal of Financial Market Infrastructures. Editor of this journal is prof. Dr. Ron Berndsen (DNB and Tilburg University). The journal will take a broad approach to the concept of financial market infrastructure. Going beyond systemically important infrastructures that operate in the payment and post-trade securities space, the Journal of Financial market Infrastructure takes what can be termed a "FMI-plus approach" by including papers that cover retail payments infrastructures as well as infrastructures which operate at the pre-trade and trading level and critical service providers.
- The first joint DNB/ Tilburg University "Financial Infrastructures Research Conference" took place at DNB on 19 - 20 April 2012. Aim of this international, academic conference was to examine the need and the possibilities to further strengthen the financial market infrastructure. The conference programme and the presented papers can be downloaded from the DNB-website using the following [link](#).
- Ronald Heijmans successfully defended his PhD thesis "Analysis of Large Value Payment Systems: liquidity, behaviour and disruptions" on 10 May 2012 at the University of Groningen. Prof. Dr. [Jakob de Haan](#) was the promotor of Ronald Heijmans. Ronald Heijmans examined the functioning of the interbank payment system, the so called large value payment system (LVPS). Central themes of his PhD thesis are the usability of LVPS' data for monitoring the liquidity position and behaviour of financial institutions and the sensitivity of LVPS to disruptions.
- In a new working paper, Pierre Lafourcade and Joris de Wind construct a new-Keynesian DSGE model tailored to the Netherlands and interpret it as a multivariate unobserved components model. The authors identify three major stochastic trends in the data---trends in general-purpose technology, investment-specific technology, and labor supply---and model them formally in their theoretical set-up. This trend-cycle decomposition captures the data's co-integrating properties without which long-run analysis---whether scenario analysis or forecasting---would likely be misspecified. In particular, this approach appears to produce better-behaved posteriors for parameters along decision margins where traditional modeling imposes highly persistent but temporary shocks. The existence of permanent and temporary disturbances along the same margin

broadens the scope for counterfactuals. Specifically, differences in short-run responses to the two types of shocks reflect smoothing motives and discounted valuation effects.

- A new paper by [Maarten van Rooij](#) (joint with Annamaria Lusardi of the George Washington University and Rob Alessie of the University of Groningen) entitled "Financial Literacy, Retirement Planning, and Household Wealth" is published in The Economic Journal. In this paper, the authors find of a strong positive association between financial literacy and net worth, even after controlling for many determinants of wealth. They explore two channels through which financial literacy facilitates wealth accumulation. First, financial knowledge increases the likelihood of investing in the stock market, allowing individuals to benefit from the equity premium. Second, financial literacy is positively related to retirement planning, and the development of a savings plan boosts wealth holdings.
- On June 28-29 a conference on Post-crisis Banking took place at De Nederlandsche Bank (DNB).  
[link:<http://www.tilburguniversity.edu/research/institutes-and-research-groups/ebc/events/2012/post-crisis/>].

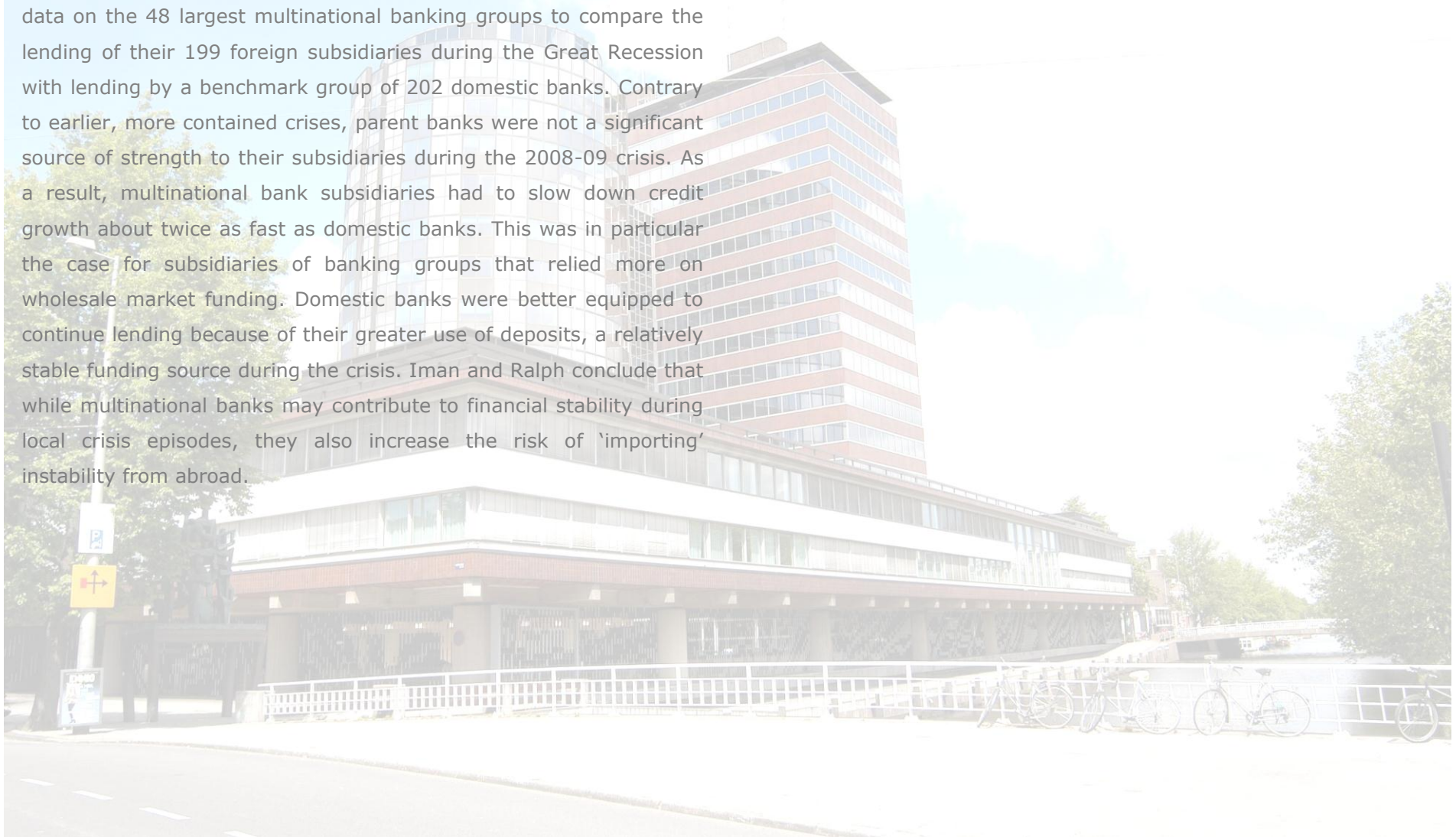
This conference showcased innovative research on the crisis-induced changes in financial markets and practices, regulatory responses to the crisis, and how these changes are likely to shape the future banking landscape. The conference was sponsored jointly by DNB, the European Banking Center at Tilburg University, and the University of Kansas School of Business. Conference papers will be considered for publication in a special issue of the Journal of Money, Credit and Banking, edited by Thorsten Beck (EBC), Jakob de Haan (DNB) and Robert DeYoung (JMBCB).

The conference keynote speaker was Eric Rosengren, President of the Federal Reserve Bank of Boston.

[link: <http://www.bos.frb.org/news/speeches/rosengren/2012/062912/index.htm>]. In his speech, Rosengren focused on financial structures that by design or reality reduce or avoid capital charges ("capital arbitrage"). Such structures can have destabilizing effects on financial markets and the broader economy. Rosengren zoomed in on two specific areas that merit consideration – money market mutual funds sponsored by banking organizations, and broker-dealer financing. There was also a panel discussion, with contributions by Arnoud Boot, University of Amsterdam, Steve Cecchetti, Economic Adviser, Bank for International Settlements and Mark Flannery, Bank of America Eminent Scholar, University of Florida.

There were two presentations by DNB researchers. [Neeltje van Horen](#) presented her paper (Foreign banks: Trends, Impact and Financial Stability) with Stijn Claessens (IMF). Using a new, comprehensive database on bank ownership for 137 countries over the period 1995- 2009, identifying also the home country of banks, they document substantial increases in foreign bank presence in many countries. Neeltje and Stijn show large heterogeneity in terms of home and host countries, bilateral patterns, and performance. In terms of impact, they find a negative relation between private credit and foreign bank presence, but only in countries with relatively distant foreign banks. Furthermore, leading up to the crisis, private credit grew faster when foreign bank presence was large, but not in countries with relatively distant foreign banks. In addition, foreign banks reduced credit more compared to domestic banks during the

global crisis in countries where they have a small role in financial intermediation, but not so when they were dominant or funded through local deposits. [Iman van Lelyveld](#) presented a paper (Multinational Banks and the Global Financial Crisis. Weathering the Perfect Storm?), jointly written with Ralph de Haas (EBRD). They use data on the 48 largest multinational banking groups to compare the lending of their 199 foreign subsidiaries during the Great Recession with lending by a benchmark group of 202 domestic banks. Contrary to earlier, more contained crises, parent banks were not a significant source of strength to their subsidiaries during the 2008-09 crisis. As a result, multinational bank subsidiaries had to slow down credit growth about twice as fast as domestic banks. This was in particular the case for subsidiaries of banking groups that relied more on wholesale market funding. Domestic banks were better equipped to continue lending because of their greater use of deposits, a relatively stable funding source during the crisis. Iman and Ralph conclude that while multinational banks may contribute to financial stability during local crisis episodes, they also increase the risk of 'importing' instability from abroad.



## FORTHCOMING CONFERENCES

- 25-26 October 2012: 15th Annual DNB Research Conference 'Household Finances and Behavior in times of crisis.'
- 8-9 November 2012: DNB/CGIC Workshop on Corporate Governance of Financial Institutions

## CALL FOR PAPERS

DNB / CGIC Workshop on  
Corporate Governance of Financial Institutions  
Location and Date

Venue: Amsterdam, the Netherlands, De Nederlandsche Bank

Date: 8 – 9 November 2012

### Workshop description

Since the financial and economic crisis a great deal of scrutiny by investors, the media, governments and regulatory institutions has focused on corporate governance failures within financial institutions. In academia, research has particularly focused on the relationship between on the one hand, lax board oversight of risk management and executive compensation and, on the other hand, excessive risk-taking and bad corporate performance. While the primary focus has been on governance deficiencies at banks, the financial and economic crisis has also emphasized the importance of good corporate governance for other types of financial institutions such as insurance companies and pension funds. The purpose of this workshop is to contribute to the emerging trends in academic research and to take stock of the most important developments in the theory, policy and practice of the corporate governance of financial institutions. The workshop aims at attracting original and relevant contributions on this theme. Theoretical as well as empirical contributions aimed at delivering policy-relevant results with respect to, for instance, the following topics are actively solicited:

- Executive compensation within financial institutions;
- Boards of directors and risk oversight;

- Expertise and composition of boards of directors within financial institutions;
- Internal corporate governance and the role external supervisors;
- Hard and soft law and the corporate governance of financial institutions;
- The role of corporate governance in systemic crises;
- Ownership of financial institutions;
- Regulation, risk-taking and corporate governance;
- Pension fund governance;
- A behavioral perspective on corporate governance within financial institutions;

### Organisers

Jakob de Haan, De Nederlandsche Bank and University of Groningen (j.de.haan@dnb.nl)

Hans van Ees, University of Groningen (h.van.ees@rug.nl)

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Reggy Hooghiemstra, University of Groningen (r.b.h.hooghiemstra@rug.nl)

### Deadlines:

Full papers have to be submitted before 31 July 2012 to k.barth-romp@dnb.nl.

Participants will be informed by 15 September 2012.

## FORTHCOMING RESEARCH SEMINARS

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

17 July 2012 : Richhild Moessner – Bank for International Settlements

11 September 2012: Pat McGuire – Bank for International Settlements

18 September 2012: Bruno Parigi – University of Padova

25 September 2012: Rodney Garrat – University of California

11 October 2012 – Tanju Yorulmazer – Federal Reserve Bank of New York

27 November 2012 – Florian Heider – European Central Bank

11 December 2012 – Alan Taylor – Virginia University

## *PUBLISHED ARTICLES (2012)*

- **Modelling trigonometric seasonal components for monthly economic time series**, Irma Hidrayanto, John A.D. Aston, Siem Jan Koopman and Marius Ooms, *Applied Economics*, 2012, 45:21, 3024-3034
- **A multivariate periodic unobserved components time series analysis for sectoral U.S. employment. 2012**, M. Ooms and I. Hindrayanto, in William R. Bell, Scott H. Holan and Tucker S. McElroy (eds), *Economic Time Series: Modeling and Seasonality*, London: Chapman and Hall/CRC Press, Chapter 1.
- **International shock transmission after the Lehman Brothers collapse: Evidence from syndicated lending**, Ralph de Haas and Neeltje van Horen, *American Economic Review - Papers & Proceedings*, 2012, 102(3), 231-237.
- **When liquidity risk becomes a systemic issue: Empirical evidence of bank behaviour**, Jan Willem van den End and Mostafa Tabbae, *Journal of Financial Stability*, 2012, 8(2), 107-120
- **Liquidity Stress-Tester: Do Basel III and Unconventional Monetary Policy Work?**, Jan Willem van den End, *Applied Financial Economics*, 2012, 22, 1233-1257
- **Transmission of the Financial and Sovereign Debt Crisis to the EMU: Stock Prices, CDS Spreads and Exchange Rates**, Theoharry Grammatikos and Robert Vermeulen, *Journal of International Money and Finance*, 2012, 31(3), 517-533
- **Financial literacy, retirement planning, and household wealth**, Maarten van Rooij, Annamaria Lusardi and Rob Alessie, *The Economic Journal*, 2012, 122, 449-478
- **The simple econometrics of tail dependence**, Maarten van Oordt and Chen Zhou, *Economics Letters*, 2012, 116(3), 371-373
- **China's outward direct investment in Africa**, Yin-Wong Cheung, Jakob de Haan, Xingwang Qian and Shu Yu, *Review of International Economics*, 2012, 20(2), 201-220
- **Diagnostic tests of cross section independence in limited variable panel data models**, Chen Hsiao, M. Hashem Pesaran and Andreas Pick, *Oxford Bulletin of Economics and Statistics*, 2012, 74(2), 253-277

## *FORTHCOMING ARTICLES 2012*

- **Pension fund finance and sponsoring companies**, Phil Davis and Leo de Haan, *Journal of Pension Economics and Finance*
- **A probit model for insolvency risk among insurance companies**, Leo de Haan and Jan Kakes, *Frontiers in Finance and Economics*
- **Bank profitability during recessions**, Wilko Bolt, Leo de Haan, Marco Hoeberichts, Maarten van Oordt and Job Swank, *Journal of Banking and Finance*
- **Price, wage and employment response to shocks: evidence from the WDN survey**, Giuseppe Bertola, Aurelijus Dabusinskas, Marco Hoeberichts, Mario Izquierdo, Claudia Kwapil, Jeremi Montornès and Daniel Radowski, *Labor Economics*
- **Did accelerated filing requirements and SOX Section 404 affect the timeliness of 10-K filings?**, Joost Impink, Martien Lubberink, Bart van Praag and David Veenman, *Review of Accounting Studies*
- **Follow the money: what does the economic literature on banking tell prudential supervisors about bank business models**, Paul Cavelaars and Joost Passenier, *Journal of Financial Regulation and Compliance*
- **Do budgetary institutions mitigate the common pool problem? New empirical evidence for the EU**, Jakob de Haan, Richard Jong-A-Pin and Jochen Mierau, *Public Choice*
- **Did oral interventions by the Indonesian central bank support the rupiah?**, Sahminan Sahminan and Jakob de Haan, *Pacific Economic Review*
- **Political Budget Cycles and Election Outcomes**, Jeroen Klomp and Jakob de Haan, *Public Choice*
- **The relationship between the Renminbi future spot return and the forward discount**, Yanping Zhao, Jakob de Haan, Bert Scholtens, Haizhen Yang, *Journal of International Money and Finance*
- **The relationship between size, growth and profitability of commercial banks**, Tanveer Shehzad, Jakob de Haan and Bert Scholtens, *Applied Economics*
- **Was the 2007 Crisis Really a Global Banking Crisis?**, Tanveer Shehzad and Jakob de Haan, *North American Journal of Economics and Finance*,
- **Non-linear and stable perturbation-based approximations**, Wouter den Haan and Joris de Wind, *Journal of Economic Dynamics and Control*

- **Investor sophistication and risk taking**, Jan de Dreu and Jaap Bikker, *Journal of Banking and Finance*
- **Do natural resources attract non-resource foreign direct investment?** Poelhekke, S and F. van der Ploeg, *Review of Economics and Statistics*
- **ECB policy-making and the financial crisis**, Janko Gorter, Fauve Stolwijk, Jan Jacobs and Jakob de Haan, *International Journal of Finance and Economics*
- **Remittances and financial openness**, Michel Beine, Elisabetta Lodigiani and Robert Vermeulen, *Regional Science and Urban Economics*
- **The political economy of financial reform: How robust are Huang's findings?**, Eelco Zandberg, Jakob de Haan and Paul Elhorst, *Journal of Applied Econometrics*

### *DNB Occasional Studies 2012*

(please click on the title to open pdf)

- No. 2. **Cash usage in the Netherlands: How much, where, when, who and whenever one wants?** - Nicole Jonker, Anneke Kosse and Lola Hernández
- No. 1. **Is Collateral Becoming Scarce? Evidence for the euro area** - Anouk Levels and Jeannette Capel

### *DNB WORKING PAPERS 2012*

- No. 344 - Theoharry Grammatikos and Robert Vermeulen, **The 2007-2009 Financial Crisis: Changing Market Dynamics and the Impact of Credit Supply and Aggregate Demand Sensitivity**

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