Date of the event:

On Thursday, 6th October, 2011
From 01:00 PM to 2:00 PM

Location:

Luxembourg School of Finance
University of Luxembourg
4 Rue Albert Borschette
2nd Floor
Modigliani Miller Auditorium (E02-003)
L-1246 Luxembourg

Registrations:

- Free seminar (with lunch included)
- Registrations by email before October 3rd, 2011
- At the following address : lsf-events@uni.lu

Information:

Ms Martine Zenner
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http://www.lsf.lu/eng/Research/Seminars-and-Workshops

UNIVERSITÉ DU LUXEMBOURG

FACULTÉ DE DROIT, D'ÉCONOMIE ET DE FINANCE

LUXEMBOURG SCHOOL OF FINANCE

The LSF is pleased to invite you to the following lunch seminar:

The SYMBOL model

By Professor Jessica Cariboni
Financial Crisis Task Force,
Joint Research Center of the European Commission

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From 01:00 PM to 2:00 PM

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The Luxembourg School of Finance

Is pleased to invite you to the

LSF Seminar

The SYMBOL model

After the 2008 systemic banking crisis, European regulators are working on the design and implementation of new tools to prevent or resolve banking crises, without taxpayers ultimately being asked to pay the bill.

The Joint Research Centre, in cooperation with researchers of the DG Internal Market & Services and professors of the academia, has created a task force that has developed SYMBOL, a Systemic Model of Banking Originated Losses[1].

SYMBOL has the advantage of combining the effects of a number of tools of the banking safety net, thus considering their cumulated effect. The model can be used to assess the adequacy of the existing tools and to evaluate the impact of potential changes in banks' prudential regulation, such as the following.

In response to the crisis, the Basel Committee on Banking Supervision has undertaken a revision of banks' capital regulation, known as Basel III, with the goal of promoting a more resilient banking sector, prompter to absorb financial shocks. The new rules were approved in summer 2010 and the EC is now preparing the Capital Requirements Directive ("CRD IV") to implement them in the EU. The SYMBOL Task Force has undertaken a long term macroeconomic impact assessment of new Basel III regulation[1] via a cost-benefit analysis. In the analysis benefits arise from the fact that strengthened prudential regulation results in a lower probability of systemic banking crises (higher financial stability), while costs derive from banks increasing their lending rates to meet the new higher capital requirements.

In relation to Deposit Guarantee Schemes, the insurance funds that protect citizens holding a bank account in case of bank failures, SYMBOL allows to evaluate the adequacy of existing funds and to assess the effects of the recent Directive proposal to reinforce them.

Moreover SYMBOL can help correctly establishing the resolution funds which are going to be introduced in the EU to orderly manage bank failures and avoid contagion between banks.

SYMBOL can also be used to assess the adequacy of the stress testing exercises used by the regulators, and evaluate to what extent public finances are at risk in case of a banking crisis.

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