



**12th Annual Conference of the Central Bank of Chile
“FINANCIAL STABILITY, MONETARY POLICY AND CENTRAL BANKING”**

**Thursday, November 6, and Friday, November 7, 2008
Santiago, Chile**

Since Bretton Woods, central banking around the world has been subject to major transformations, mostly led by monetary issues and financial developments. Not only have they heightened the relevance of monetary policy, but they have increasingly revealed the important policy function central banks also perform in the stability of the financial system. As a result, it has emerged as a fast-growing field of research, knowledge and discussion on financial stability issues, closely related but distinct from monetary policy, supervision and regulation. Despite the importance of financial stability analysis and policymaking, there are varying degrees of consensus on how to characterize a good framework of financial stability policy, on the definition of an operational objective for the financial stability policy, on how to measure, assess, achieve and safeguard it, and its complementarities and tradeoffs with monetary policy.

This conference seeks to contribute to the study and analysis of these topics, and the recommendations that can be obtained to improve financial stability policymaking and systemic macrofinancial risk management.

Website <http://www.bcentral.cl/eng/conferences-seminars/index.htm>
Venue Grand Hyatt Hotel, Santiago, Chile
Language All sessions will be conducted in English, except for the Opening Remarks

Conference Organization

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Thursday, November 6, 2008

- Session I** **Opening Remarks** (*Session in Spanish, with translation*)
- 9:00-9:15 Opening Remarks, **José De Gregorio** (Governor, Central Bank of Chile)
- Session II** **Defining Financial Stability**
- Chair: **José De Gregorio** (Governor, Central Bank of Chile)
- 9:15-10:00 “Defining and Safeguarding Financial Stability”, **Garry Schinasi** (International Monetary Fund)
- Discussant: **Rodrigo Cifuentes** (Central Bank of Chile)
- 10:00-12:00 *Coffee Break*
- 12:00-12:45 “Towards an operational framework for financial stability: “fuzzy” measurement and its consequences”, **Claudio Borio** and **Mathias Drehmann** (Bank of International Settlements)
- Discussant: **Norman Loayza** (World Bank)
- 12:45-13:45 “New Framework for Measuring and Managing Macrofinancial Risk and Financial Stability”, **Dale F. Gray** (IMF), **Robert C. Merton** (HBS, Harvard University), **Zvi Bodie** (Boston University)
- “Incorporating Financial Sector Risk into Monetary Policy Models: Application to Chile” **Dale Gray** (IMF), **Leonardo Luna** and **Jorge Restrepo** (Central Bank of Chile).
- Discussant: **Felipe Zurita** (Pontificia Universidad Católica de Chile)
- Session III** **Keynote Address**
- 13:45-15:00 *Lunch*
- Macrofinancial Systemic Risk Analysis, **Johan Molin** (Sveriges Riksbank)
- Session IV** **Financial Stability and Monetary Policy**
- Chair: **Pablo García** (Central Bank of Chile)
- 15:00-15:45 “Equity Market Spillovers in the Americas”, **Francis Diebold** (University of Pennsylvania), **Kamil Yilmaz** (Koc University)
- Discussant: **Dimitrios Tsomocos** (University of Oxford)

15:45-16:30 “Modelling a Housing and Mortgage Crisis”, **Dimitrios Tsomocos** (University of Oxford), **Charles Goodhart** (LSE Professor Emeritus of Banking and Finance), **Alexandros Vardoulakis** (University of Oxford).

Discussant: **Simon Gilchrist** (Boston University)

16:30-17:00 *Coffee*

17:00-17:45 “Systemic Risk, Banking Regulation and Optimal Monetary Policy”, **Ethan Cohen-Cole** (Federal Reserve Bank of Boston) and **Enrique Martínez-García** (Federal Reserve Bank of Dallas)

Discussant: **Jonathan Kearns** (Reserve Bank of Australia)

Friday, November 7, 2008

Session V Financial Stress Testing Methodologies I

Chair: **Kevin Cowan** (Central Bank of Chile)

9:00-9:45 “Households' Financial Vulnerability”, **Jaime Ruiz-Tagle** (University of Chile) and **Marcelo Fuenzalida** (Central Bank of Chile)

Discussant: **Eric Parrado** (Ministry of Finance - Chile)

9:45-10:30 “Macroeconomic-Stress Testing, Systemic Risk & Banking Stability Measures”, **Miguel Segoviano** (International Monetary Fund)

Discussant: **Enrique Martínez-García** (Federal Reserve Bank of Dallas)

10:30-10:45 *Coffee*

Session VI Keynote Address

10:45-11:30 “Financial Market Turbulences, International Integration, and Systemic Risk”, **Jaime Caruana** (International Monetary Fund)

Session VII Panel I

Chair: **Manuel Marfán** (Member of the Board, Central Bank of Chile)

11:30-12:30 “Financial Risk Management in Emerging Countries”

Panelists: **Martin Wolf** (Financial Times)
Martín Redrado (Central Bank of Argentina)
José Darío Uribe (Central Bank of Colombia)

12:30-13:50 *Lunch*

Session VIII Financial Stress Testing Methodologies II

Chair: **Enrique Marshall** (Member of the Board, Central Bank of Chile)

14:00-14:45 "Funding Liquidity Risk in a Quantitative Model of Systemic Stability", **David Aikman** (Bank of England), **Piergiorgio Alessandri** (Bank of England), **Bruno Eklund** (Bank of England), **Prasanna Gai** (Australian National University), **Sujit Kapadia** (Bank of England), **Elizabeth Martin** (Bank of England), **Nada Mora** (Bank of England) and **Gabriel Sterne** (Bank of England), **Matthew Willison** (Bank of England).

Discussant: **Ethan Cohen-Cole** (Federal Reserve Bank of Boston)

14:45-15:30 "A Network Model of Super-Systemic Crises", **Prasanna Gai** (Australian National University) and **Sujit Kapadia** (Bank of England)

Discussant: **Jorge Selaive** (Central Bank of Chile)

15:30-15:45 *Coffee*

Session IX Panel II

Chair: **Sebastián Claro** (Member of the Board, Central Bank of Chile)

15:45-17:00 "Financial Risk Management and Large Financial Institutions: Lessons from the Recent Turbulences"

Panelists: **Michael Bordo** (Rutgers University)
Paul McCulley (PIMCO)
Roberto Zahler (Zahler & Co.)

Session X Closing Remarks

17:00-17:30 **Charles W. Calomiris** (Columbia University)