

# Overview Course of Financial Sector Issues

## *Lessons from Recent Crises and Current Priorities for Finance Practitioners and Policy-Makers*

**May 14 – May 18, 2012**

JB1-080 auditorium • J Building • 701 18<sup>th</sup> Street, N.W. • Washington, D.C. 20433

MONDAY, MAY 14, 2012	
8:15 am	Registration
9:00 am	Welcome and opening remarks
9:30 am	<p><u>Session 1: The role and importance of the financial sector</u>  <i>Ross Levine, Brown University</i>            The session will discuss why and how the financial sector matters for growth and poverty alleviation.</p>
10:30 am	Break
11:00 am	<p><u>Session 2: The recent crises: causes and consequences</u>  <i>Simon Johnson, MIT</i>            The session will discuss the causes of the recent crises and the road ahead for developed and developing countries.</p>
12:00 pm	Lunch
1:30 pm	<p><u>Session 3: Lessons from the recent financial crises</u>  <i>Charles Calomiris, Columbia University</i>  <i>Augusto de la Torre, World Bank</i>  <i>Ceyla Pazarbasioglu, International Monetary Fund</i>            A panel of experts in policy-making will discuss the lessons from the recent US subprime and European crises for developing countries.</p>
3:30 pm	Break
4:00 pm	<p><u>Session 4: The role of the State in the financial sector</u>  <i>Martin Cihak, World Bank</i>  <i>Asli Demirguc-Kunt, World Bank</i>            The session will present the main messages from the 2012 <i>Global Financial Development Report</i> on what ought to be the role of the State in the financial sector.</p>
5:00 pm	Adjournment

**TUESDAY, MAY 15, 2012**

8:30 am	<p><u>Session 5: Housing finance in developing countries</u> <i>Simon Walley, World Bank</i></p> <p>The session will discuss the consequences of the recent crises on housing finance in developing countries and will examine policies and initiatives to foster the growth of this sector.</p>
9:30 am	Break
10:00 am	<p><u>Session 6: Bank risk management models</u> <i>Anthony Saunders, New York University</i></p> <p>This session will provide an in-depth look at bank risk management models from a leading authority on risk management. Participants will learn about the types of models that were used before the recent crises, the types being used now, and those that are recommended for the future.</p>
12:00 pm	Lunch
1:30 pm	<p><u>Session 7: Assessing the effectiveness of microfinance</u> <i>Dean Karlan, Yale University</i></p> <p>The session will review the evidence on the effectiveness of microcredit and microsavings programs, discuss the causes of the recent crisis in microfinance and evaluate the lessons practitioners and policy-makers need to bear in mind to avoid a new crisis.</p>
2:30 pm	Break
3:00 pm	<p><u>Session 8: Panel on the future of financial regulation – Basel III</u> <i>Valeria Salomao Garcia, World Bank</i> <i>Alan Jesús Elizondo Flores, CNVB, Mexico</i> <i>Gerard Caprio, Williams College</i></p> <p>A panel of experts will discuss the changes to bank regulation proposed by Basel III and the implications of these changes for developing countries. Also, experts will debate whether other changes in regulation and supervision are still required to prevent future crises.</p>
5:00 pm	Adjournment

**WEDNESDAY, MAY 16, 2012**

8:30 am	<p><u>Session 9: Capital markets in developing countries</u> <i>Tamuna Loladze and Anderson Caputo Silva, World Bank/ IFC</i></p> <p>This session will discuss how capital markets have fared during the recent crises and what changes might come about as a result of them. Also, the session will discuss policies and initiatives that can promote capital market development in developing countries.</p>
10:00 am	Break
10:30 am	<p><u>Session 10: Implementing a framework to stress test banks</u> <i>Hiroko Oura, International Monetary Fund</i></p> <p>A framework for assessing financial system vulnerabilities exists, and this practical session will provide participants with an opportunity to learn how to use it, perform stress test exercises with it, and take it back to the office.</p>
12:30 pm	Lunch
2:00 pm	<p><u>Session 11: Bank resolution frameworks</u> <i>Javier Bolzico, Consultant and Former Superintendent of Banks, Argentina</i> <i>Yira Mascaro, World Bank</i></p> <p>The recent crisis has confronted many countries with the need to deal with failing financial institutions. This session will discuss the advantages and disadvantages of different bank resolution methods.</p>
3:30 pm	Break
4:00 pm	<p><u>Session 12: Case study on bank resolution</u> <i>Javier Bolzico, Former Superintendent of Banks, Argentina</i> <i>Yira Mascaro, World Bank</i></p> <p>The good-bank/bad-bank approach is an effective bank resolution method because it can be very successful in meeting certain efficiency criteria, including the minimization of contagion costs, and preservation of business. Using a case study framework, this session will provide participants with the opportunity to see how the good-bank/bad-bank approach is applied in practice.</p>
5:30 pm	Adjournment

**THURSDAY, MAY 17, 2012**

8:30 am	<p><u>Session 13: Pension systems in developing countries</u>  <i>William Price, World Bank</i></p> <p>In recent years, pensions systems throughout the world have shifted from pay- as-you-go to defined contributions systems, where returns depended on stock market performance. This session will engage participants in a discussion of how pension systems fared during the recent crises and how they might evolve in the future as a result of recent events.</p>
9:30 am	<p><u>Session 14: A framework for macro-prudential supervision</u>  <i>Barry Johnston, former IMF</i></p> <p>The need for countries to establish a framework for macro-prudential supervision has emerged as one of the main lessons from the recent crisis. This session will discuss the importance of such a framework and provide a roadmap of how countries can go about setting it up.</p>
10:30 am	Break
11:00 am	<p><u>Session 15: Monitoring financial systems</u>  <i>Inci Robe, World Bank</i></p> <p>The session will discuss a methodology to monitor the stability of financial systems and examine policies that promote financial stability.</p>
12:00 pm	Lunch
1:30 pm	<p><u>Session 16: Bank safety nets and dealing with systemically large institutions</u>  <i>David Hoelscher, former IMF</i></p> <p>Bank failures are widely viewed in all countries as more damaging to the economy than the failure of other firms for a number of reasons. The risk of such actual or perceived damage is often a popular justification for explicit or implicit safety nets. Against the background of the latest crises, this session will invite participants into the debate about what is optimal in terms of safety nets for financial institutions.</p>
2:30 pm	Break
3:00 pm	<p><u>Session 17: Panel on policies and innovative approaches to promote financial inclusion</u>  <i>Leora Klapper, World Bank</i>  <i>Tilman Ehrbeck, CGAP</i>  <i>Martin Holtmann, IFC</i></p> <p>A panel of experts will discuss different policies and initiatives that can help foster financial inclusion. Special consideration will be given to microfinance and to other initiatives such as correspondent banking, the use of mobile phones, etc.</p>
5:00 pm	Adjournment

**FRIDAY, MAY 18, 2012**

8:30 am	<p><u>Session 18: Payment systems in developing countries</u> <i>Harish Natarajan, World Bank</i></p> <p>This session will describe recent developments in payments systems in developing countries. The session will also discuss policies and measures that promote efficient, safe, and stable payment systems.</p>
9:30 am	<p>Break</p>
10:00 am	<p><u>Session 19: SME finance in developing countries</u> <i>Douglas Pearce, World Bank</i></p> <p>This session will describe the challenges encountered and the models used by banks to serve the SME sector. Also, the session will discuss the impact of the crises on SME finance and the recommendations made by the G20 on SME finance.</p>
11:00 pm	<p><u>Session 20: Islamic finance in developing countries</u> <i>Sau Ngan, World Bank</i></p> <p>The session will discuss the growth of Islamic finance in developing countries, examine the benefits and potential drawbacks of this form of financing, and analyze the regulations and practices governments should adopt vis-à-vis this sector.</p>
12:00pm	<p>Adjournment</p>