FIFTH CONFERENCE ON FINANCIAL STABILITY
ORGANISED BY THE BANCO DE ESPAÑA AND CEMFI

https://doi.org/10.53479/42411

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On 12 and 13 June 2025, the Fifth Conference on Financial Stability was held, jointly organised by the Banco de España and the Centre for Monetary and Financial Studies (CEMFI). The biennial conference aims to promote research and discussion on issues related to risks to the stability of the financial system and macroprudential policy.

This year, the event featured a keynote address by Klaas Knot, outgoing President of De Nederlandsche Bank and outgoing Chair of the Financial Stability Board (FSB). He reviewed the FSB's main areas of work and the challenges of the current environment. Before an audience of around 100 at the Banco de España's headquarters, President Knot opened the conference with his final speech as Chair, following the decision at the FSB Plenary meeting in Madrid the previous day to confirm his succession by Andrew Bailey, Governor of the Bank of England, effective from 1 July.

A discussion followed between José Luis Escrivá, Governor of the Banco de España, and Klaas Knot, moderated by Montserrat Martínez Parera, adviser to the Governor and former Vice President of the Spanish National Securities Market Commission. The discussion covered current issues, such as recent regulatory simplification efforts, regulatory arbitrage between sectors of the financial system, challenges associated with macroprudential borrower-based measures, methodological developments in bank stress tests, stablecoins and the potential of artificial intelligence.

Discussion between Governor Escrivá (left) and President Knot (right). Madrid, 12 June 2025.

A highlight of the conference was the speech by Thomas Philippon, a professor at New York University, on the theoretical basis of risk management from a macroprudential perspective and the optimal design of bank stress tests.

During the two-day conference, twelve research papers were presented by economists from central banks and academia (selected by a scientific committee from over 140 submissions received in response to the call for papers). The topics addressed included the implementation of the countercyclical capital buffer (CCyB), synthetic risk transfer, the supervision of non-performing loans (NPLs), the cost of climate risk in credit and the implications of alternative designs of contingent convertible bonds.

The conference concluded with a panel of international experts discussing housing market risks and the macroprudential policy tools available to mitigate them, paying particular attention to the case of Spain within the European and global contexts.

The event was conducted entirely in English and streamed live on the Banco de España's YouTube channel. Conference documents are available via the links provided below. The names of the presenters for each session or section of the programme appear in italics.

12 June 2025
Opening address, keynote speech and colloquium

Klaas Knot, De Nederlandsche Bank and Financial Stability Board
José Luis Escrivá, Banco de España

Moderator: Montserrat Martínez Parera, Banco de España

Session 1. Interest rate risk
Moderator: Rafael Repullo, CEMFI

Interest rate risk, deposit rates, and financial stability
Puriya Abbassi, Deutsche Bundesbank
Rainer Haselmann, Goethe-Universität Frankfurt
Iliriana Shala, Deutsche Bundesbank
Discussant: José Luis Peydró, LUISS and EIEF

Banks' maturity choices and the transmission of interest rate risk
Paolo Varraso, Tor Vergata University of Rome
Discussant: *Rustam Jamilov,* University of Oxford

Session 2. Bank heterogeneity and monetary policy transmission
Moderator: Luis Servén, CEMFI

The heterogeneous bank lending channel of monetary policy
Jorge Abad, Banco de España
Saki Bigio, University of California, Los Angeles
Salomón García-Villegas, Banco de España
Joël Marbet, Banco de España
Galo Nuño, Banco de España
Discussant: *Federico Puglisi,* Banca d'Italia

(Unobserved) Heterogeneity in the bank lending channel: accounting for bank-firm interactions and specialization
Bryan Gutierrez, University of Minnesota
Alonso Villacorta, University of California, Santa Cruz
Lucciano Villacorta, Banco Central de Chile
Discussant: *Víctor Sancibrián,* CEMFI

Session 3. Climate risk and banking
Moderator: Eva Ortega, Banco de España

Business as usual: bank net zero commitments, lending, and engagement
David Marqués-Ibáñez, European Central Bank
Parinitha Sastry, Columbia Business School
Emil Verner, MIT Sloan School of Management
Discussant: *Omar Rachedi,* Esade

Climate risk, bank lending and monetary policy
Carlo Altavilla, European Central Bank
Miguel Boucinha, European Central Bank
Marco Pagano, University of Naples Federico II
Andrea Polo, LUISS and EIEF
Discussant: *Sergio Mayordomo*, Banco de España

Session 4. Bank regulation
Moderator: Jesús Saurina, Banco de España

Simple implementable financial policy rules
Mauricio Calani, Banco Central de Chile
Javier Moreno, Banco Central de Chile
Marco Piña, Banco Central de Chile
Discussant: *Manuel Muñoz,* Bank of England

From losses to buffer – calibrating the positive neutral CCyB rate in the euro area
Giorgia de Nora, European Central Bank
Ana Pereira, Bank of England
Mara Pirovano, European Central Bank

Florian Stammwitz, Frankfurt School of Finance & Management
Discussant: *Javier Mencía*, Banco de España

Keynote speech: Stress testing: design and implementation
Introduced by Galo Nuño, Banco de España
Speech by *Thomas Philippon,* New York University

13 June 2025

Session 5. Bank lending
Moderator: María Gutiérrez Urtiaga, Universidad Carlos III de Madrid

Banks' specialization and private information
Alejandro Casado, Banco de España
David Martínez-Miera, Universidad Carlos III de Madrid
Discussant: *Gianmarco Ruzzier,* Banco de España

Bank supervision and NPL cleansing
Soner Baskaya, University of Glasgow
José E. Gutiérrez, Banco de España
José María Serena, Banco de España
Serafeim Tsoukas, University of Glasgow
Discussant: *Daniel Paravisini,* London School of Economics

Session 6. Bank liabilities
Moderator: Montserrat Martínez Parera, Banco de España

Synthetic, but how much risk transfer?
Alex Osberghaus, Universität Zürich
Glenn Schepens, European Central Bank
Discussant: *Anatoli Segura,* Banca d'Italia

Anything but equity? On banks' preference for hybrid debt
Tanja Brieden, Vienna Graduate School of Finance
Discussant: Saleem Bahaj, University College London

Panel: Housing risk and macroprudential policies
Moderator: Javier Suarez, CEMFI

Gaston Gelos, Bank for International Settlements
Deniz Igan, International Monetary Fund
Caterina Mendicino, European Central Bank

Scientific committee

Co-chairs:

Galo Nuño, Banco de España
Rafael Repullo, CEMFI

Members:

Bo Becker, Stockholm School of Economics
Diana Bonfim, Banco de Portugal
Eduardo Dávila, Yale University
Hans Degryse, KU Leuven
Mariassunta Gianetti, Stockholm School of Economics
David Martínez-Miera, Universidad Carlos III de Madrid
Steven Ongena, Universität Zürich
Loriana Pelizzon, Goethe-Universität Frankfurt
Andrea Polo, LUISS and EIEF
Anatoli Segura, Banca d'Italia
Javier Suarez, CEMFI
Ernst-Ludwig von Thadden, Universität Mannheim
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How to cite this document

"Fifth Conference on Financial Stability organised by the Banco de España and CEMFI". *Financial Stability Review - Banco de España,* 49, Autumn. https://doi.org/10.53479/42411