



Call for papers

Liquidity and Liquidity Risks

23/24 September, 2010
Frankfurt, Germany

A joint conference by
Deutsche Bundesbank, European Banking Center, and
European Business School

The crisis of 2007/2008 has underlined the importance of understanding and managing liquidity risks, primarily from a systemic viewpoint. A widely held view before the crisis was that a greater marketability of bank assets helps to reduce financial intermediaries' liquidity risks. This view no longer prevails. Supposedly liquid assets, in particular in the form of securitized assets, seized to be actively traded. Intermediaries were involved in fire sales due to increased margin calls and depressed asset prices further contributed to de-stabilising liquidity spirals. Central banks reacted in unprecedented ways to contain liquidity problems mainly by lowering interest rates and through quantitative easing.

Liquidity risks come in many shades as the crisis has shown. A consensus on how to assess the extent and likelihood of these liquidity shocks and the risk of spillovers has not yet emerged and further research is warranted. There is a need for a broader understanding on how to manage both liquidity risks and liquidity shortages from the viewpoint of individual financial institutions as well as from a systemic perspective. This conference will provide a forum to discuss these interrelations, with the view of facilitating a more integrated approach for liquidity and liquidity risk.

A keynote speech will be delivered by Axel Weber (Deutsche Bundesbank).

Researchers from universities, private sector institutions, supervisory authorities and central banks are encouraged to submit empirical and theoretical research papers. Topics include but are not limited to:

- What are the different sources of (il)liquidity, and how are they related?
- How can liquidity risk be measured?
- The risks arising from liquidity spirals, and how to contain them.

- The consequences of aggregate liquidity shortages for bank liquidity management.
- Opacity (and illiquidity) of securitization products
- The ability for banks to generate liquidity using financial innovations (such as securitizations), both in normal time and in times of crises
- The efficient provision of liquidity by central banks in crises periods.
- The regulation of liquidity risks.

The deadline for submissions is June 1st 2010. Papers should be submitted electronically to conferences@bundesbank.de along with your affiliation and email address. Acceptance decisions will be made by July 1st, 2010. Economy class travel and accommodation for invited participants will be covered.

Organizers:

Falko Fecht, European Business School

Frank Heid, Deutsche Bundesbank

Wolf Wagner, European Banking Center and Tilburg University