

(723 D3500)

Seminar on Financial Regulation and Policy

(金融監理與政策研討)

2008, Fall

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Syllabus

I . Purpose of the Course

This course is designed for Ph.D. students in finance to explore the important issues and the future development of the current financial regulation and policy. This course will equip the students with the understanding of most important issues related to financial regulation and policy faced by financial regulators, central banks, and Deposit Insurers.

II . Outline of the Course

This course will focus on the important topics of current financial regulation and policy. The topics include (1) Financial Regulation and Financial System (2) Central Bank and the Conduct of Monetary Policy (3) Deposit Insurance and its Regulatory Policy (4) The Politics of Financial Regulatory Policy and (5) Basel II and Capital Regulatory Policy

III. Readings and Textbook

Mishikin, F., 2007, **The Economics of Money, Banking and Financial Markets, 8th ed., Pearson, Addison-Wesley.*

Saunders, A. and M. Cornett, 2006, **Financial Institutions Management- A Risk Management Approach, 4th ed., McGraw-Hill/ Irwin.*

IV. Meeting time and Place

Every Friday 2:20~5:20 pm in the office of NTU Center for the Study of Banking and Finance.

V. Grading Policy

(1) Class Presentation (40%) (2) Term Report (40%) (3) Class Participation (20%)

VI. Topics Selected

1. Financial Regulation and Financial System (9/19/2008) (9/26) (10/3) (10/17)

Mishikin, F., 2007, "An Economic Analysis of Financial Structure" Chapter 8, **the Economics of Money, Banking and Financial Markets, 8th ed., Pearson, Addison-Wesley, pp. 181-217.*

Mishikin, F., 2007, "Economic Analysis of Banking Regulation" Chapter 11, **the Economics of Money, Banking and Financial Markets, 8th ed., Pearson, Addison-Wesley, pp. 279-307.*

- * Merton, Robert, 1995, "A Functional Perspective of Financial Intermediation."
***Financial Management* 24, pp. 23-41 (#1)**
- * Merton, Robert, 1995, "Financial Innovation and the Management and Regulation of Financial Institutions." ***Journal of Banking and Finance* 19, pp. 461-81. (optional)**
- * Abrams, R. K. and M. W. Taylor, 2000, "Issue in the Unification of Financial Sector Supervision ." ***IMF Working paper, pp. 1-32. (optional)***
- * Giorgio et al., 2002, "Financial Regulation and Supervision in the Euro Area: A Four-Peak Proposal", ***Wharton Financial Institutions Center, pp.1-28. (optional)***
- * Barth, J., G. Caprio, and R. Levine, 2004, "Bank Regulation and Supervision: What Works Best?" ***Journal of Financial Intermediation* 13, pp. 205-248. (#2)**
- * Allen, Franklin et al, 2004, "Financial Systems in Europe, the USA and Asia."
***Oxford Review of Economic Policy* 20, pp.490-508.) (#3)**
- * Miller, Meton, 1995, "Do We Really Need More Regulation of Financial Derivatives?" ***Pacific-Basin Finance Journal* 3, 147-158.**
- * Thakor, Anjan V. 1996, "The Design of Financial Systems: An Overview." ***Journal of Banking and Finance* 20, pp. 917-948.**
- * Taylor, M. and A. Fleming, 1999, "Integrated Financial Supervision: Lessons of Northern European Experience." ***World Bank Working Paper.***
- * Green et el., 2000, "Regulatory Lessons for Emerging Stock Market from a Century of Evidence on Transactions Costs and Share Price Volatility in the London Stock Exchange", ***Journal of Banking and Finance* 24, pp. 577-601.**
- * Calomiris et al., 2000, "Financial Regulation in a Global Marketplace?" ***Brookings-Wharton Papers on Financial Services* 2000, pp. 283-323.**
- * Hwang et al., 2003, "A Study on Designing a Financial Supervisory Institution in Taiwan", ***Review of Quantitative Finance and Accounting* 20, pp .81-106.**
- * Bernanke, Ben, 2006, "Community Banking and Community Bank Supervision in the Twenty-First Century," ***Federal Reserve Board: Speech. At the Independent Community Bank Supervision in the Twenty-First Century, Las Vegas, Nevada, March, 2006, pp. 1-6. (optional)***

2. Central Bank and the Conduct of Monetary Policy (10/24) (10/31)

- * Mishikin, F., 2007, "Structure of Central Banks and the Federal Reserve System"
Chapter 12, ***the Economics of Money, Banking and Financial Markets, 8th ed., Pearson, Addison-Wesley, pp. 311-332.***
- * Mishikin, F., 2007, "Tools of Monetary Policy" Chapter 15, ***the Economics of Money, Banking and Financial Markets, 8th ed., Pearson, Addison-Wesley, pp.***

373--391.

- *Mishikin, F., 2007, "What Should Central Banks Do? Monetary Policy Goals, Strategy, and Tactics" Chapter 16, ***the Economics of Money, Banking and Financial Markets, 8th ed., Pearson, Addison-Wesley, pp. 393--428.***
- *Mishikin, F., 2007, "The International Financial System" Chapter 18, ***the Economics of Money, Banking and Financial Markets, 8th ed., Pearson, Addison-Wesley, pp. 459--490.***
- * Bernanke, Ben, 2004, "FedSpeak," ***The Federal Reserve Board: Speech.*** At the Meeting of American Economic Association, San Diego, CA, January, 2004. pp.1-11. (#4)
- * Ferguson, Roger, 2004, "The Role of Central Banks in Fostering Efficiency and Stability in the Global Financial System," ***The Federal Reserve Board: Speech.*** At the National Bank of Belgium Conference, Brussels, Belgium, May, 2004. pp.1-7. (#5)
- * Bernanke, Ben, 2004, "Euro at Five: Ready for a Global Role?" ***The Federal Reserve Board: Speech.*** At the European Economics and Financial Center Conference, Paris, France, June, 2004, pp. 1-10. (optional)
- * Bernanke, Ben, 2006, "Reflections on the Yield Curve and Monetary Policy," ***Federal Reserve Board: Speech.*** Before the Economic Club of New York, NY, March, 2006, pp. 1-7. (#6)

3. Deposit Insurance and its Regulatory Policy (11/7) (11/14) (11/21)

- *Saunders, A. and M. Cornett, 2006, "Deposit Insurance and Other Liability Guarantees", Chapter 19, ***Financial Institutions Management- A Risk Management Approach, pp.526-559, McGraw-Hill/ Irwin.***
- * Buser, Chen, A. and Kane, E., 1981, "Federal Deposit Insurance, Regulatory Policy and Optimal Bank Capital." ***Journal of Finance***, 36, pp. 51-60. (#7)
- * Wilcox, James, 2001, MIMIC: A Proposal for Deposit Insurance Reform, ***Journal of Financial Regulation and Compliance, V 9 (4), pp.338-349. (#8)***
- * Laeven, Luc, 2004, The Political Economy of Deposit Insurance, ***Journal of Financial Services Research*** 26 (3), pp.201-224. (#9)

4. Basel II and Capital Regulatory Policy (11/28) (12/5) (12/12)

- *Saunders, A. and M. Cornett, 2006, "Capital Adequacy Risk", Chapter 20, ***Financial Institutions Management- A Risk Management Approach, pp.567-603, McGraw-Hill/ Irwin.***
- * Bean, M. L. et al, 1998, "Executive Summary", in ***Managing Crisis: The FDIC and RTC Experience 1980-1994***, FDIC, Washington, D.C. pp.3-53. (optional)
- * Osterniller, W. and M. Spaid, 1998, "Overview of the Resolution Process", in ***Managing Crisis: The FDIC and RTC Experience 1980-1984***, FDIC.

Washington, D.C. pp.55-62. (#10)

* Greenspan, A., 1998, "The Role of Capital in Optimal Banking Supervision and Regulation." **FRBNY, Economic Policy Review** 4:3 October, pp. 163-168. (#11)

* Acharya, V., 2003, "Is the International Convergence of Capital Adequacy Regulation Desirable?" **Journal of Finance** 58, pp.2745-2781. (optional)

* Basel Committee on Banking Supervision, 2003, Overview of the New Basel Capital Accord, **Bank for International Settlements, pp.1-18. (#12)**

* Bernanke, Ben, 2004, "The Implementation of Basel II: Some Issues for Cross-Border Banking," **The Federal Reserve Board: Speech**. At the Institute of International Banker's Annual Breakfast Dialogue, D.C., October, 2004. (optional)

* Goodhart, C. et al, 2004, "Bank Regulation and Macroeconomic Fluctuations", **Oxford Review of Economic Policy** 20, No.4, pp. 591-615. (optional)

* The FSA Handbook, 2005, "Chapter 8, Group Risk". (optional)

* Bies, Susan, 2006, "An Update on Regulatory Issues," **The Federal Reserve Board: Speech**. At the Banking Institute, North Carolina, March, 2006, pp. 1-7. (optional)

* Bies, Susan, 2006, "Supervisory Perspective on Current Bank Capital, Market Risk, and Loan Product Issues," **The Federal Reserve Board: Speech**, pp. 1-7 (optional)

* Bies, Susan, 2006, "A Risk-Management Perspective on Recent Regulatory Proposals," **The Federal Reserve Board: Speech**. At the America Community Bankers Risk Management and Finance Forum, Florida, April, 2006, pp. 1-8. (optional)

* Berger, A. N., R. S. Demsetz, and P. E. Strahan, 1999, "The Consolidation of the Financial Services Industry: Causes, Consequences, and Implications for the Future." **Journal of Banking & Finance** 23, pp.135-194.

* Jackson, P., W. Perraudin and V. Saporta, 2002, "Regulatory and "Economic Solvency Standards for Internationally Active Bank." **Journal of Banking & Finance** 26, pp.953-976.

* Kroszner, Randall, 2006, "The Effect of Removing Geographic Restrictions on Banking in the U.S.: Lessons for Europe," **The Federal Reserve Board: Speech**. At the Conference on the Future of Financial Regulation, London School of Economics, London, April, 2006, pp. 1-10. (optional)

5. The Politics of Financial Regulatory Policy (12/19)(12/26)(1/2/2009) (1/9/2009)

* Mishikin, F., 2007, "Banking Industry : Structure and Competition" Chapter10, **The Economics of Money, Banking and Financial Markets, 8th ed., Pearson,**

Addison-Wesley, pp. 247-277.

- * Santomero, Anthony M., 1999, "Bank Mergers: What's a Policymaker to Do?", ***Journal of Banking and Finance* 23**, pp.637-643. (optional)
- * Carow, K., 2001, "Citicorp-Travelers Group Merger: Challenging Barriers between Banking and Insurance," ***Journal of Banking and Finance* 25**, pp.1553-1571. (#optional)
- * LaPorta, Lopez-De-Silanes, Shleifer, 2002, "Government Ownership of Banks." ***The Journal of Finance* 57(1)**, pp. 265-301. (#13)
- * Sapienza, 2004, "The Effect of Government Ownership on Bank Lending." ***Journal of Financial Economics* 72(2)**, pp. 357-384. (optiona)
- * Allen, Franklin et al, 2005, "Law, Finance, and Economic Growth in China", ***Journal of Financial Economics* 77**, pp. 57-116 (optional)
- * Dinc, Serdar, 2005, "Politicians and Banks: Political Influences on Government-Owned Banks in Emerging Countries." ***Journal of Financial Economics*, 453-479.** (#14)
- * Brown, Craig and Serdar Dinc., 2005, "The Politics of Bank Failures: Evidence from Emerging Markets." ***Quarterly Journal of Economics*, 120 (4), pp. 1413-1444.** (#15)