



Narodna banka Srbije



UNIVERZITET U BEOGRADU
Ekonomski fakultet

**NATIONAL BANK OF SERBIA AND
FACULTY OF ECONOMICS IN BELGRADE**

are pleased to invite you to

THE BELGRADE RESEARCH SEMINAR ON ECONOMICS AND FINNANCE

Speaker:

PhD Martin Summer

on the following topic

“SYSTEMATIC AND SYSTEMIC STRESS TESTS”

Date and time: Wednesday, June 13, 2018 at 1pm.

Venue: Professors' hall, Faculty of economics, Kamenička 6, 1st floor.

Abstract : For a given bank portfolio, which economic and financial scenarios will lead to big losses? How big can losses in such scenarios possibly get? These are the two central questions of a stress test. We believe that most current stress testing models have problems in answering these questions. They select stress scenarios in a way which might leave aside many dangerous scenarios and thus create an illusion of safety; and which might consider highly implausible scenarios and thus trigger a false alarm. With respect to loss evaluation most stress tests do not include tools to analyze systemic risk. We make a conceptual proposal how these shortcomings may be addressed and how stress tests could be made both systematic and systemic. We demonstrate the application of our concepts using publicly available data on European banks and capital markets.

Short biography: Martin Summer is head of the economic studies division at the Austrian Central Bank (OeNB). He has published intensively in prestigious international journals such as *Management Science*, *Journal of Banking and Finance*, *Journal of European Economic Association*, *Economic Theory*, *Journal of Economic Dynamics and Control*, and several others. Before he joined OeNB in 2000 he worked as a lecturer at *University of Vienna*, *University of Birmingham* and the *University of Regensburg*. He has also worked as a visiting researcher at the *Bank of England* and the *Financial Markets Group of the London School of Economics* and as an academic advisor to the *Bank of England*. His research interests are Banking Regulation and Systemic Risk, Financial Stability and Financial Economics. He holds a PhD in economics from the University in Vienna.