



National Bank of Serbia



UNIVERSITY OF BELGRADE
Faculty of Economics

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

are pleased to invite you to

THE BELGRADE RESEARCH SEMINAR ON ECONOMICS AND FINANCE

Speaker:

Prof. Martin Brown

on the following topic

**“BANKING CRISES, BAIL-INS AND MONEY
HOLDINGS”**

Date and time: Friday, February 22, 2019 at 1pm.

Venue: National Bank of Serbia, Nemanjina 17, Conference hall, 1st floor.

Abstract : We study changes in deposit and cash holdings by households following the 2013 banking crisis in Cyprus. During this crisis the two largest banks in the country were resolved involving a bail-in of uninsured depositors and debt holders. Our analysis is based on anonymized survey data covering households with differential exposures to the resolved banks: uninsured deposits, subordinated debt and equity holdings. In line with the portfolio theory of money demand, we find that in the intermediate aftermath of the crisis households significantly reduced their holding of bank deposits and increased their cash holdings. This flight to cash was much stronger for clients which experienced a bail-in of deposits or subordinated debt than for households which held equity in the resolved banks or did not suffer any financial loss. In the medium term, however, we find no difference in depositor confidence or intended money holdings between households which suffered a bail-in and those which did not.

Short biography: Prof. Dr. Martin Brown is Full Professor of Banking at the University of St.Gallen. His research has focused on financial intermediation, household finance and organizational economics and has been published e.g. in *Econometrica*, *Economic Journal*, *Journal of the European Economic Association*, *Management Science*, *Review of Finance*, *Journal of Financial Intermediation*, and *Journal of Money, Credit and Banking*. His recent work examines household credit and deposit behavior, as well as the organizational economics of banks. Martin Brown graduated from the University of Zürich in 2004. Prior to joining the University of St.Gallen as a Professor of Banking he worked as Senior Economist at the Swiss National Bank, Associate Professor of Finance at Tilburg University and as a consultant and project manager for financial sector development and small business promotion in Africa, Asia and Eastern Europe. Martin Brown is co-editor of the Swiss Journal of Economics and Statistics and a board member of *FinanceMission*.