

2023 EBA POLICY RESEARCH WORKSHOP

“Interest rate and Liquidity Risk Management, Regulation and the Macro-economic environment”

Paris, 7-8 November 2023 (Hybrid Event)

CALL FOR PAPERS

The 2023 EBA Policy Research Workshop focuses on interest rate and liquidity risk management and global financial regulation in a changing macro-economic environment. The event will explore policies that can ensure appropriate management of interest rate and liquidity risks while preserving financial stability.

Episodes of high inflation and financial market volatility underline the need for sound interest rate and liquidity risk management in financial institutions. Theoretical and empirical analysis of past liquidity events and the quality of the relevant regulatory frameworks provide useful inputs to the current policy debate. Liquidity risks in individual financial products and business lines, as well as in business models that are dependent on short-term funding, are key topics for discussion, particularly in periods of large swings in interest rates.

In the current context, and from the perspective of financial regulation, the recent re-appearance of interest rate and liquidity risk raise several important research questions.

A critical analysis of the rules for Interest Rate Risk in the Banking Book (IRRBB), Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) is useful when assessing sound risk management standards and robust supervisory practices. What are the costs and benefits of allocating assets to hold to maturity vs available for sale portfolios? How have banks reinforced their capacity to guarantee sufficient high-quality liquid assets to withstand a 30-day liquidity shock? Has the introduction of the regulatory quantitative metrics on liquidity risk produced any disruption on the regular financing of economic activity? How has the functioning of the money markets been influenced by the implementation of global liquidity standards and international regulatory minimum ratios? Has the NSFR ratio changed banks' role in maturity transformation? Are financial institutions carefully managing collateral positions, in particular those institutions active in SFT and derivatives markets? Do regular stress tests help to ensure sound interest rate risk management and robust contingency funding plans?

The 2023 EBA Policy Research Workshop will discuss these questions. The workshop aims to bring together economists and researchers from supervisory authorities and central banks, as well as leading academics. The organisers are inviting submissions of policy-oriented, preferably empirical, research papers. Researchers from supervisory authorities and central banks are especially encouraged to submit papers for presentation. Submissions are particularly welcome on the following topics:

- Interest rate risk management in an environment of higher volatility and under different regulatory and accounting standards; interplay between interest rate risk and liquidity risk.

- Liquidity risk, counterparty risk, key metrics and monitoring tools for measurement of asset liquidity and funding needs; analysis of deposit outflows and deposit insurance schemes
- Central clearing counterparty houses (CCPs) and reallocation of risks;
- Asset Liability Management and optimal liquidity for different business models;
- Interactions between liquidity and credit risk, investment vehicles and securitizations, assets and low liquidity;
- LCR and NSFR and interaction with other regulatory ratios, ILAAP, Contingency Funding Plans, forecasting and stress testing liquidity;
- Payment services, Fintech, Crypto-assets and Artificial Intelligence (AI) in liquidity risks.

Interested parties should submit their draft papers and any queries to research.conferences@eba.europa.eu at the European Banking Authority.

The submission deadline is **Friday, 07 July 2023**.

Contributors will be notified by **mid-September 2023**.

PROGRAMME COMMITTEE

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