FRB Dallas FRB Philadelphia Federal Deposit Insurance Corporation

2018 Interagency Early Warning Model Workshop

September 10, 2018 | Federal Reserve Bank of Philadelphia | Pennsylvania Conference Room | 7:30am – 5:00pm

Agenda

7:30-8:00am **Registration and Continental Breakfast**

8:00-8:10am **Introductory remarks:** *Chris Henderson* (FRB-Philadelphia)

8:10-8:20am **Welcome:** *Patrick Harker*, President and CEO (FRB-Philadelphia)

8:20-9:50am **Research Session 1: Financial Crises**

Research Moderator – Viktoria Baklanova (OFR)

- **What Macroeconomics Conditions Lead to Financial Crises?** *Mike Kiley* (BOG)
- **Early Warning Indicators of Banking Crises: Expanding the Family:** *Inaki Aldasoro* (BIS), Claudio Borio (BIS), and Mathias Drehmann (BIS)
- **Contagion Accounting:** Inaki Aldasoro (BIS), Anne-Caroline Hueser (Goethe University/ Bundesbank), and *Christoffer Kok* (ECB)

9:50-10:00am — *Break* —

10:00-11:45am **Research Session 2: Dating and Measuring Emerging Risks**

Research Moderator – Tom Stark (FRB-Philadelphia)

- **Detecting Structural Breaks in Real Time: A Bayesian Decision Theoretic Approach:** *Haixi Li* (Freddie Mac), Xuguang Simon Sheng (American U)
- **Measuring Risks to UK Financial Stability:** David Aikman (BoE), Jonathan Bridges (BoE), Stephen Burgess (BoE), Richard Galletly (BoE), Iren Levina (BoE), *Cian O'Neill* (BoE), and Alexandra Varadi (BoE)
- **Stress Testing Household Debt:** Neil Bhutta (BOG), Jesse Bricker (BOG), Lisa Dettling (BOG), Jimmy Kelliher (BOG), and Steven Laufer (BOG)

11:45-12:45pm — *Lunch* —

12:45-1:45pm **Research Session 3: Banking Risk**

Research Moderator – Paul Calem (FRB-Philadelphia)

- **Deposit Inflows and Outflows in Failing Banks: The Role of Deposit Insurance:** *Christopher Martin* (FDIC), Manju Puri (Duke U/FDIC/NBER), and Alexander Ufier (FDIC)
- **Forecasting High Risk Composite CAMELS Ratings:** Lewis Gaul (OCC), Jonathan Jones (OCC), and *Pinar Uysal* (FRB-Richmond)

1:45-2:00pm **Issues in Emerging Risk in the Banking Sector:** *Todd Vermilyea*, Senior Associate Director, Division of Supervision and Regulation (BOG)

2:00-2:10pm *Break*

2:10-3:40pm **Supervisory Session 1: Methods for Emerging Risk Identification**

Supervisory Moderator - Pavel Kapinos (FRB-Dallas)

- **Identifying Consumer Risk Events in Near-Real Time Complaint Data:** *Adam Lovell* (CFPB)
- **A Step Toward Risk-focused, Data-driven Supervision Using AI:** *Muffasir Badshah* (FRB-Chicago)
- **Using Machine Learning to Predict Bank Downgrades:** *George Shoukry* (FDIC)

3:40-3:50pm *Break*

3:50-4:50pm **Supervisory Session 2: Banking Vulnerabilities**

Supervisory Moderator – Vivian Hwa (FDIC)

- **Bank Risk Early Warning Model:** *Shaohui Jia* (FRB-Philadelphia)
- **BETR and SABR Models:** *Lily Zheng* (BOG)

4:50-5:00pm **Concluding Remarks:** *Bill Spaniel*, Senior Vice President and Chief Lending Officer (FRB-Philadelphia)

5:00pm *Reception*