

You are kindly invited to the **Seminar in Financial Research** co-organised by the **National Bank of Belgium** and the **Belgian universities (KU Leuven, UA, UCL, UGent, ULB, ULg, UMons, UNamur, USaint-Louis and VUB)**

by

Frank Diebold (University of Pennsylvania)

on

Estimating Global Bank Network Connectedness

(co-authored by Mert Demirer, Laura Liu and Kamil Yilmaz)

Abstract

We use lasso methods to shrink, select and estimate the network linking the publicly-traded subset of the world's top 150 banks, 2003-2014. We characterize static network connectedness using full sample estimation and dynamic network connectedness using rolling-window estimation. Statistically, we find that global banking connectedness is clearly linked to bank location, not bank assets. Dynamically, we find that global banking connectedness displays both secular and cyclical variation. The secular variation corresponds to gradual increases/decreases during episodes of gradual increases/decreases in global market integration. The cyclical variation corresponds to sharp increases during crises, involving mostly cross-country, as opposed to within-country, bank linkages.

The seminar will take place on **Thursday, October 6th from 16:30 until 18:00**. The seminar will be held in the auditorium of the National Bank of Belgium (Room A2), entrance: rue Montagne aux Herbes potagères 61, Brussels.

Please reply by email before Wednesday, October 5th to nbbfinancial.seminar@nbb.be if you wish to participate to this seminar or if you want to have an appointment with the speaker. In case you want to access the NBB Parking (rue Montagne aux Herbes potagères 41), please also provide us with your name and the license plate of your car.

Kind regards,

H. Dewachter (NBB-KU Leuven), H. Degryse (KU Leuven), M. Deloof (UA), L. Iania (UCL), K. Inghelbrecht (UGent), K. Oosterlinck (ULB), G. Hubner(ULg), F. Venmans (UMons), J.Y. Gnabo (UNamur), A. Claes (USaint-Louis) and K. Boudt (VUB)