

The IER Seminar in Empirical Economics

We would like to invite you all for the 16th IER seminar series in empirical economics that will be held at the *library of the Institute of Economics at Šancová 56, Bratislava on July 30, 2013 at 14:00*. The speaker will be

Blagica Petreski, PhD. cnd

Chief economist, Finance Think, Macedonia

on

**Analysis of systemic risk and identifying financial fragility
in Central and Southeast Europe**

Short abstract is attached to the document.

We are very much looking forward to see you all at the seminar.

Kind regards

Marek Radvanský and Menbere Workie Tiruneh

Analysis of systemic risk and identifying financial fragility in Central and Southeast Europe

Blagica Petreski, PhD. cnd

Chief economist, Finance Think, Macedonia

Abstract:

The objective of this research is to analyse the systemic risk and identify periods of financial fragility in Central and Southeast European countries. The period before the crisis was characterised with high procyclicality of their financial systems. During economic expansion, financial liberalisation was accompanied with high credit growth, high FX lending, loose credit and monetary policies and increased foreign capital in bank ownership structure that upswing credit exposure and systemic risk accumulation. Additionally, capital inflow, especially portfolio inflow, reinforced the availability of financial funds. The financial crisis materialised systemic risk through increasing non-performing loans, decreased credit activity and profitability and liquidity problems.

To identify systemic events and mimic the financial fragility in one indicator, we will construct a Financial Stability Index (FSI), for each country of CEE and SEE. Variables used in the index are: Gross non-performing loans (NPL)/Total loans; Net NPL/Equity; Return on Assets (ROA); Return on Equity; Liquid assets/Total assets; Capital Adequacy Ratio; Net Interest Margin - combined in four sub-indexes: bank capital, liquidity risk, assets quality and bank profitability. We will use the variance-equal weight method to compute our sub-indexes. We will also make a comparative analysis between Central and Southeast European countries. The analysed period will span over 2002 to 2012 to cover the business cycle.

The IER Seminar in Empirical Economics

The Institute of Economic Research of the Slovak Academy of Sciences (IER SAS) is intending to launch a regular monthly seminar in empirical economics to be held at the beginning of each month starting from June 2010. Despite the fact that IER is the largest research institute in Slovakia in the field of Economics, regular seminars with emphasis on methodological issues have been missing for years. Therefore, we believe this is time to reconfigure the status quo and follow the global trend.

Objective

The seminar should accomplish a number of significant issues. First, it will serve as a bridge between IER and other Slovak and international research institutions in terms of creating networks. Second, it serves as a forum to disseminate both theoretical models and empirical strategies so that IER employees can learn from a wide-range of issues and personalities.

Topics

All the papers to be presented should be economic modeling, econometrics or other forms of empirical research and should be supplemented with policy implications. A wide range of topics can be presented, which should include the following:

- Labor market,
- Economic development
- Economic growth
- International trade
- Monetary Economics
- Public Finance / Economics
- International Finance
- Globalization
- Energy and Environment
- Operations research
- Developing Countries
- Microeconomic issues
- Optimization Methods
- Regional economics

Language

The language of the seminar will be **English**. This should help to increase IER employees to improve their language command and skills of presentation in the most dominant research and business language in the world, i.e. English.

Organizational issues

The seminar will be co-chaired by Marek Radvanský and Menbere Workie.

Potential speakers should send their topics and abstracts to the chairs at least three weeks earlier than the date of the seminar and their PPT presentations at least two days prior to the date of the presentation. The abstracts will be uploaded on the IER website and disseminated to a wider public via e-mail. With the permission of the author, selected and modified papers from the presentations maybe recommended for publication in the Journal of Economics of IER. However, this should be more of an exception than a rule.