CORE CONCEPT

Macroprudential Policy and Systemic Risk Monitoring Course: Financial Stability Analysis and Tools

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Introduction:

Macroprudential policy and systemic risk monitoring is the subject of this 1-week course for financial stability, macroprudential policy and research units, ending with a Macroprudential Policy Plan for a case authority. Authorities that read credit booms, property overvaluation and interbank linkages too late tighten after vulnerabilities have built up, and their published buffer decisions lack a traceable evidence base. Nominees already compile stability indicators or prepare policy notes, and they practise through a modelling build on gap series, heatmaps, calibration tables and stress scenarios. CoreConcept Training Center delivers this macroprudential policy and systemic risk monitoring course.

Course Objectives:

- Distinguish the time and cross-sectional dimensions of systemic risk and map an authority's financial stability mandate and policy perimeter
- Build a credit-to-GDP gap series, early warning indicators and a colour-coded systemic risk heatmap from authority data
- Estimate institution-level contributions to systemic risk with CoVaR, marginal expected shortfall and SRISK measures
- Calibrate countercyclical buffer rates, systemic bank surcharges, loan-to-value caps and debt-service-to-income limits
- Run a top-down macro stress test covering real estate exposures, interbank contagion and second-round effects
- Draft a Financial Stability Report chapter and a Macroprudential Policy Plan for a case authority

Target Audience:

- Financial stability surveillance units responsible for systemic risk indicators, dashboards and periodic risk assessments
- Macroprudential policy units responsible for preparing buffer and borrower measure proposals
- Research and economic modelling units responsible for early warning, contagion and stress test models
- Supervision liaison units responsible for supplying exposure and balance sheet data to stability analysts
- Financial stability committee secretariats responsible for policy papers and report drafting

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Course Outline:

Day 1: Financial Stability Mandates and the Systemic Risk Landscape

- Macroprudential Versus Microprudential Objectives and Policy Perimeter
- Time Dimension of Systemic Risk and Credit Procyclicality
- Cross-Sectional Dimension Covering Concentration and Common Exposures
- Financial Stability Committee Mandate, Governance and Shared Responsibilities
- Current-State Assessment of Authority Surveillance Data Sources

Day 2: Systemic Risk Indicators, Early Warning Models and Heatmaps

- Credit-to-GDP Gap Estimation Using Statistical Trend Filters
- Early Warning Indicator Selection and Signal Threshold Testing
- Systemic Risk Heatmap Design With Colour-Coded Indicator Bands
- CoVaR and Marginal Expected Shortfall Contribution Measures
- SRISK Capital Shortfall Estimates for Listed Financial Institutions

Day 3: Calibrating Capital-Based and Borrower-Based Measures

- Countercyclical Capital Buffer Rate Setting From Gap Readings
- Countercyclical Buffer Release Decisions During Stress Episodes
- Systemically Important Bank Scoring and Surcharge Bucket Calibration
- Loan-to-Value Caps for Residential Mortgage Lending Segments
- Debt-Service-to-Income Limits and Exemption Allowance Design

Day 4: Real Estate, Interconnectedness and Top-Down Macro Stress Testing

- Residential and Commercial Real Estate Valuation Gap Indicators
- Interbank Exposure Network Mapping and Contagion Simulation
- Non-Bank Lender Leakage and Policy Circumvention Risk Review
- Top-Down Macro Stress Test Scenario Narrative and Satellite Models
- Second-Round Effects, Fire Sales and Funding Feedback Loops

Day 5: Modelling Build of a Macroprudential Policy Plan for a Case Authority

- Case Authority Data Pack and Systemic Risk Heatmap Build
- Buffer and Borrower Measure Calibration for the Case Economy
- Macro Stress Test Results Applied to Buffer Adequacy
- Financial Stability Report Chapter Drafting and Risk Communication
- Macroprudential Policy Plan Completion and Panel Defence

Skills You Will Gain:

- Credit Gap Estimation
- Systemic Risk Heatmapping
- Early Warning Signal Testing
- Systemic Contribution Measurement
- Buffer Rate Calibration
- Borrower Measure Design
- Contagion Network Analysis
- Macro Stress Scenario Design

Why Attend This Course:

- Present a Macroprudential Policy Plan for a case authority to the head of financial stability and the policy committee secretariat
- Decide whether to raise, hold or release a buffer rate on documented indicator readings rather than precedent
- Avoid late tightening, policy leakage to non-bank lenders and unexplained stress test results in published reports
- Equip surveillance and research colleagues with the heatmap workbook, calibration tables and report chapter structure built during the course

Conclusion:

Back at work, the participant gives the head of financial stability and the policy committee secretariat a Macroprudential Policy Plan that sets the indicator heatmap, buffer and borrower measure settings, stress test assumptions and communication lines for the next policy round. The committee uses it to decide whether to raise, hold or release measures, and the research unit uses it to prioritise model upgrades. After the first committee meeting that applies the plan, the unit should compare indicator signals with the decision taken and refine thresholds and calibration rules.

Frequently Asked Questions FAQ:

What should participants know before a macroprudential policy and systemic risk monitoring course?

Participants should already compile financial stability indicators, prepare policy notes or maintain risk models. A working grasp of bank balance sheets, credit aggregates and spreadsheet modelling is enough. Bringing anonymised indicator series helps them apply the modelling build to their own authority.

How does a macroprudential policy and systemic risk monitoring course differ from a bank capital adequacy or bank regulation course?

It takes the authority's system-wide view rather than a single bank's. Bank capital adequacy and regulation courses compute one institution's ratios and internal assessments, while this course monitors aggregate credit, property and contagion risk and calibrates measures applied across the whole sector.

Why does macroprudential policy and systemic risk monitoring rely on the credit-to-GDP gap?

The credit-to-GDP gap shows how far credit has grown above its long-run trend, a signal that has often preceded banking stress. Authorities read it alongside property prices, funding indicators and heatmap signals rather than as a single trigger for buffer decisions.

What do participants take back from a macroprudential policy and systemic risk monitoring course?

They take back a Macroprudential Policy Plan for a case authority, with a systemic risk heatmap workbook, buffer and borrower measure calibration tables, a top-down stress test scenario and a draft Financial Stability Report chapter ready to adapt.