

**The Research Centre of the Faculty of Economics**  
cordially invites you to a research seminar  
on **Wednesday, 14<sup>th</sup> February 2018**  
at **2 p.m.** in room **P-109**  
at the **Faculty of Economics, University of Ljubljana**

Author:  
**Paul Pichler, OeNB and University of Vienna**

will present the article:

**“Liquidity Risk and Financial Stability Regulation”**

“We study banks’ borrowing and investment decisions in an economy with pecuniary externalities and both aggregate and idiosyncratic liquidity risk. We show that private decisions by profit-maximizing banks always result in socially inefficient outcomes, but the nature of inefficiency depends critically on the structure of liquidity risk. Overborrowing and overinvestment in risky assets arises only if idiosyncratic risk is sufficiently small. By contrast, if idiosyncratic risk is large, unregulated banks underborrow, underinvest and hold insufficient liquidity reserves. A macroprudential regulator can restore constrained efficiency by imposing countercyclical liquidity requirements. Pigouvian taxes or bank capital requirements cannot achieve this objective.”

Link to full article: [https://www.bdc.es/f/webbde/INF/MenuHorizontal/SobreElBanco/Conferencias/2017/papers/171010\\_16.15-17.45\\_1\\_PICHLER.pdf](https://www.bdc.es/f/webbde/INF/MenuHorizontal/SobreElBanco/Conferencias/2017/papers/171010_16.15-17.45_1_PICHLER.pdf)

You can register for the free seminar by phone (01) 58-92-490, or via e-mail:  
[research.seminars@ef.uni-lj.si](mailto:research.seminars@ef.uni-lj.si) by Tuesday, 13<sup>th</sup> February 2018.

You can find all information regarding future research seminars on following link:  
[http://www.ef.uni-lj.si/raziskovanje/seminarji\\_in\\_konference](http://www.ef.uni-lj.si/raziskovanje/seminarji_in_konference)

**We look forward to seeing you!**