

**Banka Slovenije**  
in cooperation with  
**the Research Centre of the School of Economics and Business**  
invites you to a seminar

***Complementarities between capital buffers and dividend prudential target***

Co-author and speaker:  
**Domenica Di Virgilio**  
**Banka Slovenije**

The seminar will be held in the  
**Lecture Room (Cankarjeva 1) of Banka Slovenije**  
**on Thursday 21 November 2024 at 14:00**

**Abstract:**

In this paper, the authors - Domenica Di Virgilio (Banka Slovenije) and Duarte Maia (Bank of Portugal) - introduce a dividend prudential target rule (DPT) à la Munoz (2021) in a DSGE model, by Clerc et al. (2015), where banks can default, and extend the model by introducing bankers' preference for dividend smoothing. Both versions of the model - the original by Clerc et al. (2015) and the extension to banker dividend smoothing - shed light on the same transmission channels of the DPT. However, the results are quantitatively more pronounced in the extended version. The results show the beneficial impact of the DPT in mitigating the credit downturn and supporting the economic recovery in response to shocks, originating either from the financial system or from the real economy. Moreover, the paper shows the existence of complementarities between the DPT and the countercyclical capital buffer (CCyB) in smoothing the credit cycle and in improving the social welfare. Compared to the original version of the model, in presence of the more realistic assumption of bankers' preference for dividend smoothing the benefits of the synergy between the release of the CCyB and the enforcement of a DPT rule appear to be bigger.

**About the speaker:**

Domenica Di Virgilio obtained a diploma in accounting and, afterwards, studied Economics at University of Salerno, where she obtained the Bachelor and Master degree, with a curriculum in quantitative methods for economics and finance. She obtained a PhD in finance from Bocconi University, where she also contributed as a teaching assistant to courses focusing on quantitative methods for finance (including the application of stochastic processes to finance, in particular in asset pricing), statistics, microeconomics and banking. Since September 2016, she works as a researcher in the financial stability and macroprudential policy department of Banka Slovenije. Her research interests include applied econometrics, assessment of financial risks and of macroprudential (MaP) policy, interaction between MaP and monetary policy. Her research works include: the application of model averaging and pooling to the prediction of stock returns (first and second moments); the analysis of the role of self-fulfilling expectations in the Eurozone sovereign debt crisis; the use of Markov-switching models to forecast government bond spreads; the transmission of bank liquidity regulation and implication for MaP policy; models for different aspects of the dynamics of bank deposits; the use of DSGE models for the assessment of MaP measures.

**How to sign up:**

**To sign up for the seminar, please send an email to [seminar@bsi.si](mailto:seminar@bsi.si). You can sign up by Tuesday, 19 November 2024. The seminar will be held in English.**