CIT – COGNITIVE INSIGHTS TEAM

in collaborazione con

4th International Initiative on Behavioural Financial Regulation Policy (BEFAIRLY)

Virtual Seminar

PANDEMIC SHOCKS, FINANCIAL INSTITUTIONS, MARKETS AND BEHAVIOURS

Tuesday, 15th December 2020

from 5:00 p.m. to 7.30 p.m.

with the support of

Intesa Sanpaolo

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TO REGISTER FOR THE SEMINAR PLEASE CLICK ON THE FOLLOWING LINK

https://www.eventbrite.it/e/biglietti-pandemic-shocks-financial-institutions-markets-and-behaviours-131361717433

The Seminar will try to analyze the macro, micro and institutional financial effects of pandemic shocks.

The event will be held via WEBEX EVENTS, in English.

Introduction

Real-life problems occur within a complex and uncertain environment. These are typically ill-defined problems, that is, the goals are not definite; we do not know what qualifies as an alternative and how many alternatives there are; it is unclear what the consequences might be and how to estimate their probabilities and utilities. This environment may also be called *Large World* (Savage, 1954) and it is characterized by uncertainty. *Small Worlds* are, by contrast, theoretically predictable and without surprises and they are characterized by the knowledge of all relevant variables, their consequences and probabilities. Science aims to transform Large World problems into Small World problems (Viale, 2020). This is possible only when Large World problems are characterized by epistemic uncertainty and not by fundamental or ontological uncertainty. The first kind of uncertainty occurs when, ideally, empirical research and the collection of data are able to supply statistical figures that characterize relevant variables, their consequences and probabilities. The second kind of uncertainty deals with events that empirical research is not able to represent probabilistically because of complexity or unpredictable surprises. The first kind of uncertainty usually applies to most biomedical research (for example, trials for a new drug) whereas the second applies to macro-political, environmental and financial phenomena (for example, the prediction of a financial crisis). Covid-19, like any other infection, is typically characterized by epistemic uncertainty. In a few years biomedical research will be able to define its viral behavior and possible treatments. In a few years biomedical research will be able to define its viral behavior and possible treatments (ceteris paribus with likely mutations). On the contrary financial markets are typically characterized by ontological uncertainty. None may predict their future behavior. Unpredictable surprises are unknowable and the Covid-19 was one of them. But the question is: How can we cope with the financial effects of this infection today and what kind of financial policy making would be preferable? How should financial institutions deal with the effect of a pandemic to maintain financial stability? How may markets react to unmanageable unpredictable pandemic shock? How do human financial behaviors adapt to pandemic uncertainty and what kinds of changes and innovations they are pulling in the financial system?

The WS will try to analyze the macro, institutional and micro financial effects of pandemic shocks. Here are some of the main topics:

- Insurance companies and pandemic uncertainties: Is it possible to ensure businesses and families for pandemic losses?
- How to include periodic epidemic shocks in macroeconomic forecasting.
- Social distancing and the shove to e-banking innovations and changes.
- Investments behaviors in financial markets during pandemic turbulence.
- Pandemic turbulence and financial stability.
- Recovery fund or recovery bund for European growth.
- Pandemic effect on philanthropy and social finance.
- Changes of consumer behavior and credit during pandemic crisis.
- Nudging to neutralize ambiguity and uncertainty aversion of financial investment during pandemic crisis