



LBS EFAnte PhD Alumni Workshop

19 August 2019 – London Business School



Georgy Chabakauri (LSE)

Multi-Asset Noisy Rational
Expectations Equilibrium with
Contingent Claims



Jungsuk Han (SSE)

Why is Capital Slow Moving?
Liquidity Hysteresis and the
Dynamics of Informed Capital



motivation

- ▶ Substantial evidence that stronger creditor protection is crucial for financial development
 - ▶ also boosts consumption, investment, employment, and entrepreneurship
- ▶ Banks decision to lend to a borrower might also depend on the expected return of other borrowers
 - ▶ changes in credit conditions can be propagated to others
- ▶ This paper: bank credit spillovers as a result of a collateral reform

Dimas Mateus Fazio (LBS)

Home-Equity Reform and
Economic Reallocation



[Anya Kleyменова \(Booth\)](#)

Financial Intermediation
through Financial
Disintermediation: Evidence
from the ECB Corporate Sector
Purchase Programme



[İrem Erten \(WBS\)](#)

The Shadow Disintermediation
of Risk-Sensitive Capital

Credit ratings

- Used widely for private and public purposes
 - Loan pricing; investment mandates; bond covenants; capital requirements; investment restrictions
- Financial crisis: severe problems appeared for ratings of structured products (e.g., Benmelech Dlugosz 2009, Griffin Tang 2011, Gordy Willeman 2012)
- Failures reflect underlying conflict of interest with issuer-paid ratings
 - Reputational incentives do not always discourage inflation ratings (Bolton Freixas Shapiro 2012; Baghai Becker 2019)
 - Many factors drive depth of conflict: competition (Becker Milburn 2011); regulatory use of ratings (Opp Opp Harris 2013); business cycle conditions (Bar-Isaac Shapiro 2013); issuer size (Efang Hau 2015; He Qian Strahan 2012); rating agency consulting (Baghai Becker 2019)
- Recent regulatory efforts have two goals: (1) safeguard ratings quality; (2) reduce reliance on ratings

Ramin Baghai (SSE)

The Private Use of Credit Ratings: Evidence from Investment Mandates



Sandwich menu

Salt beef, American mustard
and cheddar cheese

Halal

Coronation chicken, mango salsa
and mix leaves

Halal

Mixed cheese and cucumber

Vegetarian

Lunch @ LBS

Janis Skrastins (Olin)

Court Congestion and Economic Fragility



Xi Li (LSE)

Institutional Ownership and
Non-Financial Misconduct:
Evidence from U.S. Federal
Violations



Pat Akey (Rotman)

Price Revelation from Insider Trading: Evidence from Hacked Earnings News



Marc Gabarro (Mannheim)

Macroprudential Policy and Household Leverage: Evidence from Administrative Household-Level Data



Introduction

Policy responses aim to reduce household debt

- Ex post: "bailout" bad debt in bad state of world
 - Reverses negative consequences
 - Strategic default among healthy borrowers
 - Lower credit supplied to vulnerable borrowers going forward
- Ex ante: "macroprudential" policies in good state
 - Lender-based: e.g., countercyclical capital buffers
 - Reduce credit supply to households and firms
 - "Leakages" may render ineffective
 - Borrower-based: e.g., PTI, DTI, and/or LTV limits
 - Great in theory, very common in practice
 - Limited empirical evidence on effectiveness

van Bakkum, Gabarro, Ivorra, Peydro | MacroPrud and Household Leverage | 3/21

Arkodipta Sarkar (LBS)

Policy Uncertainty,
Multinational Firms and
Economic Spillover



Ramona Dagostino (Simon)

The Story of a Bond: Shifting
Patterns in the U.S. Municipal
Market



Bank Financing of Local Governments

- While HH still matter, Banks increasingly large investor:
 - Bank holdings ~ 3x
 - Shadow mkt from \$66Bn in 2010 to \$200Bn in 2018Q1
 - Growth of shadow muni market dominated by banks
- Concern for regulators → SEC new rule 15c2-12 (August 2018)
 - Off balance-sheet borrowing
 - HH typically hold AAA or insured claims
 - Unclear who borrows through alternative channel & quality of assets on investors' balance sheet

London
Business
School



Drinks @ The Windsor Castle

Fine Dining @ Nando's

