ZHAO LI

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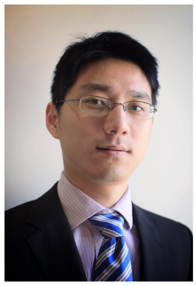
Mobile:+86 139-9559-8089
E-mail: lizhao16@gmail.com
Website: http://www.zhaoli.org



EDUCATION

2010-2015 Ph.D. in Finance (Cum Laude), Universitat Pompeu Fabra, Spain,
Supervisor : Prof. Xavier Freixas
2008-2009 MRes. in EcoMath (top ranked), Toulouse School of Economics, France
2006-2008 Ms.c. in Finance, Wuhan University, China
2002-2006 B.A. in Economics, B.S. in Mathematics, Wuhan University, China

FIELDS OF SPECIALIZATION

Banking, Financial Stability and Regulation, Corporate Finance, CEO Compensation

DISSERTATION

"Essays on Banking, Financial Stability and Regulation, and CEO Compensation"

REFERENCES:

Prof. Xavier Freixas
Universitat Pompeu Fabra
xavier.freixas@upf.edu
(+34) 93-542-2726

Prof. Albert Banal-Estañol
Universitat Pompeu Fabra
albert.banalestanol@upf.edu
(+34)93-542-2871

Prof. Fabio Castiglionesi
Tilburg University
fabio.castiglionesi@uvt.nl
(+31) 13-466-3097

WORKING PAPERS AND PRESENTATIONS (including those by coauthors)

"A Theory of Endogenous Asset Fire Sales, Bank Runs, and Contagion", with Kebin Ma (Submitted)
- 2016 FIRS Annual Conference, Lisbon
- 2016 CEPR First Annual Spring Symposium in Financial Economics, London
- 2015 Simposio de la Asociación Española de Economía-Spanish Economic Association (SAEe), Girona
- 2015 China International Conference in Finance(CICF), Shenzhen
- 2014 London FIT Workshop, London
- 2014 Seminar at Cardiff University, Cardiff
- 2014 BGSE Jamboree, Barcelona
- 2013 13th FDIC-JFSR Annual Bank Research Conference, Arlington
- 2013 Seminar at Sverige Riksbank, Stockholm
- 2013 WEAI/IBEFA Summer Conference, Seattle

"Bank Information Sharing and Liquidity Risk", with Fabio Castiglionesi, and Kebin Ma
- 2016 CEPR 9th Swiss Winter Conference on Financial Intermediation, Lenzerheide
- 2015 Federal Reserve Bank of Atlanta Conference on The Role of Liquidity in the Financial

System, Atlanta
2015 Seminar at Sverige Riksbank, Stockholm
2015 Seminar at Lancaster University, Lancaster
2015 Seminar at University of Gothenburg, Gothenburg
2015 Seminar at The University of Hong Kong, Hong Kong
2015 Seminar at Lingnan University, Hong Kong

"CEO Compensation Design in a Multiplicative Model"
2014 UPF Internal Seminar, Barcelona
2013 Seminar at Sverige Riksbank, Stockholm

"Debt Maturities, Liquidity Risk and Macro-prudential Regulation", with Zhili Cao
2013 Marie Curie ITN Conference on Financial Risk Management & Risk Reporting, Konstanz
2012 UPF Internal Seminar, Barcelona

WORKS IN PROGRESS

"Double Bank Runs", with Xavier Freixas, and Kebin Ma
"Bank Corporate Governance and Systemic Risk"

ACADEMIC RESEARCH EXPERIENCES

Summer 2013: Sverige Riksbank (The Central Bank of Sweden), Intern Economist
2010 - 2013: Marie Curie Fellowship, Junior Economist, Marie Curie ITN, EU

AWARDS

2013-2015: Teaching Assistantship, Universitat Pompeu Fabra
2010-2013: Marie Curie Fellowship, EU
2008-2009: Eiffel Scholarship, French Ministry of Foreign Affairs
2004-2008: Academic "Remin" Scholarship, Wuhan University

REFEREEING ACTIVITIES

Journal of Financial Service Research

TEACHING EXPERIENCE

T.A. for Prof. Filippo Ippolito, Applied Corporate Finance (Master Level), 2013
T.A. for Prof. Angel Leon Valle, Investment (Master Level), 2013
T.A. for Prof. Xavier Freixas, Banking Theory (PHD Level), 2014
T.A. for Prof. Albert Banal-Estanol, Corporate Finance (Master Level), 2014, 2015
T.A. for Prof. Filippo Ippolito, Financial Economics, 2013, 2014
T.A. for Prof. Xavier Freixas, Financial Economics (Undergraduate Level), 2014, 2015
T.A. for Prof. Joan de Marti, Information Economics (Undergraduate Level), 2015

SOFTWARE SKILLS

MS Office Pack, Stata, EVIEWS, MatLab, LaTex, and Lyx

PAPER ABSTRACTS

- *"A Theory of Endogenous Asset Fire Sales, Bank Runs, and Contagion"*, with Kebin Ma (Submitted)

Abstract: In a global-games framework, we endogenize asset fire sales, bank runs, and contagion by emphasizing a lack of information: investors can be uncertain whether banks selling assets to fend off runs are insolvent or simply illiquid. However, it is this uncertainty that leads to asset price collapses and runs in the first place. We show that a balanced-budget asset purchase

program promotes financial stability by breaking down this vicious cycle. By contrast, increasing capital can exacerbate fire sales in the presence of adverse selection, because runs on well-capitalized banks signal high risks. We also derive implications regarding regulatory disclosure policies.

- "*Bank Information Sharing and Liquidity Risk*", with Fabio Castiglionesi, and Kebin Ma

Abstract: This paper proposes a novel rationale for the existence of information sharing. We suggest that information sharing arises because of banks' need for market liquidity. Banks can reduce their funding liquidity risk by entering in information sharing schemes because, in case of liquidity needs,they will face less adverse selection in the secondary market in which assets are sold. This reduces the costs of assets' liquidation. Such benefit however has to be traded off with the higher competition on the loan market, and the corresponding lower profits. Information sharing can arise endogenously as banks trade off between asset liquidity and rent extraction. We also relax the common assumption in the literature by allowing borrowers' credit history to be non-verifiable, and show that banks still have incentives to truthfully disclose such information in competitive credit markets.

- *"CEO Compensation Design in a Multiplicative Model"*

Abstract: We analyze the design of compensation contracts to motivate a risk neutral CEO's effort of developing risky project opportunity, then to induce his best project choice for the firm. Restricted stock induces the CEO to select the project that maximizes the firm's expected value while stock options are superior in incenting the managerial effort. When the risky project has sufficient ``upside'' value than the firm's existing safe project, it is optimal to pay the CEO solely in restricted stock. Otherwise, the firm faces a trade-off between motivating the CEO's effort and mitigating his excessive risk taking. The second best contract is a combination of restricted stock and stock options. We extend the model to consider a competitive CEO market and find out that there could be circumstances where larger firms hire lower ability CEOs in the market equilibrium.

- *"Debt Maturities, Liquidity Risk and Macro-prudential Regulation"*, with Zhili Cao

Abstract: We consider a model where banks choose their debt maturity structure by weighting short term against long term debt. When using short term debt, banks' refinancing need is triggered by an exogenous macro productivity shock. At the competitive equilibrium: 1. the probability of liquidity crisis, 2. the expected excess refinancing cost, 3. bank's profit, decrease with the probability of experiencing the macro shock. While using long term debt, banks do not need to refinance, yet, they may misbehave due to a lack of interim discipline. The equilibrium borrowing contract should rule out banks' misbehavior, which limits banks' lending capacity. Banks choose short term maturity when they expect a macro shock to occur with a small probability. From a social perspective, the externalities caused by over borrowing in short term debt exist only in the case that the probability of macro shock is large, otherwise, the social optimum coincides with the market equilibrium. Our result points out externality correction tool may only be needed when the probability of macro shock is large. This suggests regulators themselves should be 'prudential' on implementing liquidity regulations.