

European Central Bank
DGR - Financial Research Division
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RESEARCH INTERESTS

Financial Intermediation, Insurance, Central Clearing, Financial Stability

PROFESSIONAL EXPERIENCE

2022 – present	European Central Bank, Financial Research Division <i>Senior Economist</i>
2018 – 2022	University of Bonn, Department of Economics, Institute of Finance and Statistics, <i>Postdoctoral Researcher</i>
2015 – 2018	Goethe University Frankfurt, Department of Finance, International Center for Insurance Regulation, <i>Research and Teaching Assistant</i>

EDUCATION

2018 – 2022	Postdoctoral researcher in Financial Economics University of Bonn (Prof. Farzad Saidi, Institute of Finance and Statistics)
2015 – 2018	Dr. rer. pol. (Ph.D.) in Finance and Economics, <i>summa cum laude</i> Goethe University Frankfurt (Chair Prof. Helmut Gründl, Department of Finance)
2013 – 2015	Master of Science in Mathematics, <i>with honors</i> Goethe University Frankfurt Heriot-Watt University Edinburgh, <i>Exchange Student</i> , Spring 2015
2010 – 2013	Bachelor of Science in Mathematics with Economics Friedrich Schiller University Jena

RESEARCH VISITS AND FELLOWSHIPS

2020 – 2022	ECONtribute Reinhard Selten Institute <i>Associated Member</i>
2019 – 2022	European Central Bank & European Systemic Risk Board <i>External Researcher, Alberto Giovannini Programme for Data Science</i>
2018 – present	International Center for Insurance Regulation, Goethe University Frankfurt <i>Research Fellow</i>
2018	St. John's University New York <i>Visiting Ph.D. Student and W. R. Berkley Fellow</i>
2017	Isenberg School of Management, UMASS Amherst <i>Visiting Ph.D. Student</i>

PUBLICATION

[Constrained Efficient Equilibria in Selection Markets with Continuous Types](#), with *Irina Gemmo and Casey Rothschild*

Journal of Public Economics (2020)

We prove the existence of the constrained efficient Miyazaki (1977)–Wilson (1977)–Spence (1978) equilibrium in competitive markets with adverse selection when the distribution of unobservable types is continuous. Our existence proof applies under extremely general assumptions about individual preferences. When we restrict preferences to have the widely-used-in-the-selection-markets-literature quasilinear form, we characterize the properties of this equilibrium by developing a simple and computationally efficient numerical method for constructing it. Applying this method, we show in a natural setting how one would compute the equilibrium allocation, potentially facilitating empirical work using the MWS equilibrium. We illustrate this empirical application in the context of policy interventions and show that the welfare implications of a coverage mandate critically hinge on whether the market implements a constrained efficient allocation like the MWS equilibrium or a constrained inefficient allocation like in Azevedo and Gottlieb (2017).

WORKING PAPERS

[Investor-Driven Corporate Finance: Evidence from Insurance Markets](#), *single-authored*

I study the causal effect of bond investor demand on the financing and investment decisions of nonfinancial firms using granular data on the bond transactions of U.S. insurance companies. Liquidity inflows from insurance premiums combined with insurers' persistent investment preferences identify bond demand shifts, which raise bond prices and reduce firms' financing costs. In response, firms issue more bonds, especially when they have well-connected bond underwriters. The proceeds are used for investment rather than shareholder payouts, particularly by financially constrained firms. The results emphasize that bond investors significantly affect corporate financing and investment decisions through their price impact.

Policy impact: Presentation at ECB (2022) and EIOPA (2021)

[Tackling the Volatility Paradox: Spillover Persistence and Systemic Risk](#), *single-authored*

R&R Journal of Financial and Quantitative Analysis

This paper introduces Spillover Persistence as a novel characteristic of systemic risk, which reflects the dynamics of losses in the financial system. Declines in Spillover Persistence capture buildups of fragility before systemic risk materializes, both during the run-up phase of banking crises and asset price bubbles. Consistent with the volatility paradox in macro-finance models, loose financial constraints connect declines in Spillover Persistence to fragility. When systemic risk materializes and amplification effects arise, Spillover Persistence increases. Thus, it disentangles fragility from amplification effects, which is useful to implement countercyclical regulation and extends existing systemic risk measures.

[Loss Sharing in Central Clearinghouses: Winners and Losers](#), with *Loriana Pelizzon and Mila Getmansky Sherman*

R&R Review of Asset Pricing Studies

Central clearing counterparties (CCPs) were created to reduce default losses in derivatives markets. We show that not all market participants benefit, and some are worse off. Loss sharing rules and their interaction with market network structure affect who wins or loses. We develop a simple model which shows that currently implemented rules largely benefit market participants with flat portfolios but not participants with directional portfolios or those located in the periphery of the network, consistent with their reluctance to voluntarily clear in practice. We then investigate how alternative loss sharing rules can offset cross-sectional differences in clearing benefits.

[Life Insurance Convexity](#), with *Nicolaus Grochola and Helmut Gründl*

Life insurers sell savings contracts with surrender options, which allow policyholders to prematurely receive guaranteed surrender values. These surrender options move toward the money when interest rates rise. Hence, higher interest rates raise surrender rates, as we document empirically by exploiting plausibly exogenous variation in monetary policy. Using a calibrated model, we then estimate that surrender options would force insurers to sell up to 2% of their investments during an enduring interest rate rise of 25 bps per year. We show that these fire sales are fueled by surrender value guarantees and insurers' long-term investments.

Policy impact:

- Featured in EIOPA's Financial Stability Report (2020), ESRB's "Enhancing the macroprudential dimension of Solvency II" (2020), Deutsche Bundesbank's Financial Stability Review (2018)
- Presentations at ECB (2020), EIOPA (2018, 2022), Deutsche Bundesbank (2018)

Financial Literacy and Precautionary Insurance, with Annette Hofmann and Petra Steinorth

We study insurance markets with individuals that have limited financial literacy. In our model, complexity of insurance contracts causes individuals to be uncertain about insurance payouts. As a result, a trade-off between second-order (risk aversion) and third-order (prudence) risk preferences drives insurance demand. Very prudent individuals desire more insurance coverage when contract complexity increases, while the effect is reversed for less prudent individuals. We characterize the competitive market equilibrium with complex contracts when firms can exert costly effort to reduce complexity. Based on the equilibrium analysis, we propose a monetary measure for the welfare cost of financial illiteracy and show that it is mainly driven by risk aversion. We conclude with a discussion about implications for policy interventions and consumer protection.

PRESENTATIONS (including invited, * by co-author)

2023	FIRS, AEA (ARIA session), SGF, Workshop on Non-Bank Financial Intermediaries (Chicago Fed), German Insurance Science Association
2022	AEA (poster), Copenhagen Business School, Erasmus University Rotterdam, ESCP Business School, European Central Bank, Frankfurt School of Finance and Management, Norwegian School of Economics, University of Amsterdam, University of Mannheim, University of Naples Federico II, Utrecht University School of Economics, ECB-BOE-BOJ Joint Research Workshop, University of Mississippi, European Insurance and Occupational Pensions Authority, Australasian Finance and Banking Conference
2021	AEA (ARIA session), SGF, Eastern Finance Association, American Risk and Insurance Association, European Group of Risk and Insurance Economists*, German Insurance Science Association, European Insurance and Occupational Pensions Authority, Goethe University Frankfurt, Hebrew University of Jerusalem
2020	AFA, IWH-FIN-FIRE Workshop on <i>Challenges to Financial Stability</i> , CEBRA, Paris December Finance Meeting, European Central Bank, University of Oxford*
2019	Risk Theory Society, EEA, Finance Theory Group Summer School, EARIE, German Insurance Science Association, SIAM Financial Mathematics and Engineering*, Conference on the Regulation and Operation of Modern Financial Markets*, Wellesley College
2018	AEA (poster), American Risk and Insurance Association, European Group of Risk and Insurance Economists, German Insurance Science Association*, University of Bonn Workshop in Financial Economics, ECB Money Market Workshop, Bundesbank-CFS-ECB Workshop on Macro and Finance, SAFE Annual Conference, Deutsche Bundesbank, St. John's University New York, Goethe University Frankfurt, Isenberg School of Management UMASS Amherst, European Insurance and Occupational Pensions Authority
2017	AFA (poster), American Risk and Insurance Association*, European Group of Risk and Insurance Economists, International Actuarial Association Colloquium, German Insurance Science Association*, MIT Sloan, Deutsche Bundesbank, Isenberg School of Management UMASS Amherst, University of Leeds, University of Guelph, St. John's University New York, Goethe University Frankfurt
2016	SGF, German Finance Association, American Risk and Insurance Association, European Group of Risk and Insurance Economists, S.S. Huebner Foundation Doctoral Colloquium, German Insurance Science Association, University of Jena, Goethe University Frankfurt
2015	World Risk and Insurance Economics Congress

HONORS AND GRANTS

2021	ECONtribute Selten Seeding Grant (EUR 1 500)
2020 – 2022	University of Bonn Argelander Grant (EUR 25 000)
2019, 2020	ECONtribute Travel Grants
2019	Frankfurt Prize for Insurance Economics
2019	Ernst Meyer Prize of the Geneva Association
2019	German Academic Exchange Service (DAAD) Travel Grant
2017, 2018, 2019	German Insurance Science Association (DVfVW) Travel Grants
2017	AFA Ph.D. Student Travel Grant
2017	Final round for SCOR/EGRIE Young Economist Best Paper Award
2016	S.S. Huebner Foundation Doctoral Fellow
2011 – 2015	German National Academic Foundation (Studienstiftung des deutschen Volkes) Scholarship

PROFESSIONAL ACTIVITIES

Invited Discussions	SGF (2023, 2016), Australasian Finance and Banking Conference (2022), Bank of Italy-IVASS Workshop (2022), ECB-BOE-BOJ Joint Research Workshop (2022), Northern Finance Association (2021), Eastern Finance Association (2021), German Insurance Science Association (2023, 2021, 2019), European Group of Risk and Insurance Economists (2018, 2017, 2016), American Risk and Insurance Association (2018, 2016)
Refereeing (Journals)	Journal of Banking and Finance, Journal of Risk and Insurance, Games and Economic Behavior, Geneva Risk and Insurance Review, Insurance: Mathematics and Economics, Deutsche Bundesbank discussion paper series, Journal of Credit Risk, Journal of Insurance Issues
Refereeing (Conferences)	Midwest Finance Association (2023), Eastern Finance Association (2022), German Economic Association (2022, 2020)
Conference Organization	ECB Money Market Conference (2023), EIOPA-ECB Workshop on Insurance Companies and Pension Funds (2023), Frankfurt Insurance Research Workshop (2018, 2017), ICIR Workshop on Systemic Risk in the Insurance Industry (2016)

TEACHING EXPERIENCE

University of Bonn

2020 – 2021	Instructor for <i>Banking and Securitization</i> (Master level, lecture)
2019 – 2021	Instructor for <i>Financial Economics of Insurance</i> (Bachelor level, seminar)
2019	Instructor for <i>Derivatives Markets and Central Clearing</i> (Master level, seminar)
2018	Instructor for <i>Corporate Finance</i> (Master level, lecture)
2018 – 2021	Co-supervision of Bachelor's and Master's theses

Goethe University Frankfurt

2018	TA and Instructor for <i>The Micro- and Macroeconomic Role of Insurance Companies</i> (Master level, lecture)
2017	TA for <i>Insurance Economics</i> (Bachelor level, lecture)
2016	TA for <i>Risk Management and Insurance</i> (Bachelor level, lecture)
2016	TA for <i>Insurance and Regulation</i> (Bachelor level, lecture)
2015	TA for <i>Insurance Technologies</i> (Master level, seminar)
2015 – 2018	Co-supervision of Bachelor's and Master's theses
2014 – 2015	Tutor for <i>Statistics I and II</i> (Department of Mathematics)

DEPARTMENTAL SERVICE

2020	Member of the recruiting committee, University of Bonn
2019 – 2021	Co-Organizer of Finance seminar series, University of Bonn
2019 – 2021	Co-Organizer of Law&Econ seminar series, University of Bonn

MISCELLANEOUS

Citizenship	German
Languages	German (native), English (fluent), Spanish (rusty)
Interests	Classical Piano, Jazz Saxophone, Running