# JINYUAN ZHANG

INSEAD, Boulevard de Constance, Fontainebleau, France ⋄ 77300

+(33) 0783720177⋄ jinyuan.zhang@insead.edu ⋄ Website

## RESEARCH INTERESTS

Pension, Banking, Household Finance, Mutual Funds, FinTech

## ACADEMIC APPOINTMENTS

**Assistant Professor of Finance,** UCLA Anderson School of Management     *07/2021 - present*

## EDUCATION

**Ph.D. in Finance,** INSEAD     *09/2015 - 06/2021*

**M.Sc. in Statistics,** University of British Columbia     *09/2013 - 08/2015*

**B.Sc. in Risk Management,** The Chinese University of Hong Kong     *09/2009 - 08/2013*

## WORKING PAPERS

[1] **The Impact of Public Pension Deficits on Households' Investment and Economic Activity**

***Abstract:*** US public state pension deficits are very large, accounting for 18.5% of an average state's GDP and up to 50% in Illinois. In principle, households should respond to this heavy future burden by increasing current savings, particularly in safe assets, since pension deficits are countercyclical. Comparing households residing on opposing sides of a state's border, I document that households in larger-deficit states save more, investing more in safe bank deposits and less in risky stocks. Specifically, households hold 0.70 dollars more in deposits and 0.33 dollars less in stocks for each additional dollar of pension deficit. This effect strengthened further following the implementation of new accounting standards in 2015 that made deficits more salient by requiring states to publicly disclose them. Exploiting staggered state pension reforms, I also find that households respond consistently when states reduce pension deficits; they decrease deposits and increase stock holdings. These reallocations spill over onto local economic activity: as households withdraw deposits following a pension reform, exposed local banks cut lending to local businesses.

[2] **Monetary Policy and Corporate Bond Fund Fragility**, with John Kuong

***Abstract:*** This paper examines flow patterns in corporate bond mutual funds under different monetary policy environments. We build a model of runs in funds with uncertain future interest rates, uncovering a novel outflow-to-interest-rate relationship. Consistent with the model's predictions, we empirically find that (i) outflows from funds increase when the target Fed funds rate increases, (ii) the outflow-to-interest-rate sensitivity is stronger under more

accommodative and uncertain monetary policy environments, and (iii) these monetary-policy-induced flow sensitivities are greater when the bond market is more liquid. Our results suggest that fragility in corporate bond funds could be an important unintended consequence of monetary policy.

[3] **Flight to Bitcoin**, with Yang (Gloria) Yu

*Award:* **Runner-up** in the 2019 Toronto FinTech Conference
*Abstract:* This paper uncovers a novel phenomenon, flight-to-Bitcoin, during heightened policy uncertainties. Panel regressions show that countries witness higher Bitcoin (BTC) premia, turnovers, and web traffic on cryptocurrency exchanges as local economic policy uncertainties surge. Difference-in-differences tests exploiting nation-wide shocks further confirm the pattern. The observed phenomenon is primarily motivated by the lack of confidence in local authorities and investors' risk aversion, instead of the circumvention of capital controls or the hedging demand against market crashes. We argue that the stateless and decentralized feature of BTC qualifies it as an alternative investment vehicle to allay concerns against local authorities amid turbulence.

[4] **Dynamic Trade Informativeness**, with Bart Zhou Yueshen

*Award:* **Best Paper by a Young Researcher Award (£1500)** in 2018 CEPR-Imperial-Plato Market Innovator (MI3) Conference
*Abstract:* This paper develops a structural model to examine high-frequency price dynamics. The key innovation is to allow trades' permanent price impact to be time-varying—dynamic trade informativeness. A distribution-free filtering technique pins the real-world data to the model. The filtered series (i) significantly recover the efficient price innovation through the dynamics of trade informativeness, (ii) improve trades' explanatory power for future returns, (iii) distinguish informativeness from trades' aggressiveness, (iv) gauge informed investors' patience, and (v) capture systematic patterns around scheduled and unscheduled events, as well as general intraday trends. The framework contributes to the better utilization of high-frequency trading data.

[5] **Follow the Pack: Information Acquisition in the Presence of Institutional Activism**, with Paula Cocoma

*Abstract:* We provide a theoretical framework to understand the implications of institutional activism for the composition of the asset management industry. Including institutional activism in an, otherwise standard, information model gives rise to a conflict of interest among investors, generating new strategic complementarities in investors' information acquisition decisions. Such strategic complementarities lead to an increase in the proportion of passive investors in equilibrium, which can rationalize the rising share of passive investment. Our results are robust to the various approaches that passive investors can take to engage in institutional activism. Moreover, we generate testable predictions on price informativeness, return volatility, and product competition to test the implications of institutional activism.

## PUBLICATIONS

[6] **Conditional Extremes in Asymmetric Financial Market,** with Natalia Nolde
*Published in Journal of Business & Economic Statistics, 38, 2020*

[7] **Bounds on Capital Requirements for Bivariate Risk with Given Marginals and Partial Information on the Dependence,** with Carol Bernard, Yuntao Liu and Niall MacGillivray
*Published in Dependence Modeling 1, 2013*

## TEACHING

- Tutorial instructor for Corporate Financial Policies (MBA), INSEAD, 2016 and 2017
- Tutorial instructor for Introductory Probability and Statistics, UBC, 2013, 2014

## PRESENTATIONS

([*] = presented by co-author)

2020: BI Norwegian, Copenhagen Business School, CUHK Shenzhen, Fanhai International School of Finance, Frankfurt School of Finance & Management, Hanqing Renmin University, HEC Paris, IE Business School, Rice University, UCLA Anderson, University of Florida Warrington, University of Hong Kong, University of Toronto Scarborough,, University of Washington Foster, Universite Pompeu Fabra

2019: AFA Poster Session, Atlanta [2]; The Second Toronto FinTech Conference, Toronto [3]*; 12th SoFiE, Shanghai [4]; NBER Big Data and High-Performance Computing for Financial Economics, Boston [4]*; CEBRA 2019 Annual Meeting, New York [3]*; EFA 2019, Carcavelos, Portugal [4]; 2019 Wharton-INSEAD Alliance, Philadelphia [5]

2018: China International Conference in Finance, Tianjin [3]*; Quantitative Finance and Financial Econometrics, Marseille [4]; 2nd European Capital Market Workshop, London [4]; 2nd CEPR-Imperial-Plato Market Innovator (MI3) Conference, London [4]*; FinTech Conference in Bergen University, Bergen [3]*; HEC Doctoral Workshop, Paris [2]; 2018 Wharton-INSEAD Alliance, Philadelphia [3]

2017: 10th SoFiE Pre-Conference for Young Scholars, New York [6]; Shanghai FinTech Conference, Shanghai [3]*

2014: 49th Actuarial Research Conference, Santa Barbara [6]

## REFERENCES

**Joel Peress** (Chair), INSEAD
joel.peress@insead.edu

**John Kuong**, INSEAD
john.kuong@insead.edu

**Itamar Drechsler**, Wharton
idrechsl@wharton.upenn.edu

**Guillaume Vuillemey**, HEC Paris
vuillemey@hec.fr