

## Paul E. Soto

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REFERENCES	Professor José Luis Peydró (main advisor) Universitat Pompeu Fabra jose.peydró@upf.edu  Professor Stephen Hansen University of Oxford stephen.hansen@economics.ox.ac.uk	Professor Rajkamal Iyer Imperial College r.iyer@imperial.ac.uk  Professor Andrea Polo (co-advisor) Universitat Pompeu Fabra andrea.polo@upf.edu
RESEARCH INTERESTS	Primary Fields: Empirical Banking, Financial Intermediation Secondary Fields: Machine Learning and Natural Language Processing Applications	
EDUCATION	<b>Universitat Pompeu Fabra</b> , Barcelona, Spain PhD, Economics, expected Summer 2018 MRes, Economics, June 2014  <b>Barcelona Graduate School of Economics</b> , Barcelona, Spain MSc, Economics, June 2013  <b>University of California, Berkeley</b> , Berkeley, California USA BA, Applied Mathematics, December 2011	
ACADEMIC EXPERIENCE	<b>TEACHING ASSISTANT</b> Text Mining for Social Science, MSc Data Science, Barcelona Graduate School of Economics Spring 2017 Received 4.7/5.0 average rating from student evaluations  Systemic Risk, Crises and Policy, MSc Finance, Barcelona Graduate School of Economics Spring 2016-2017 Received 4.05/5.0 average rating from student evaluations  Financial Modelling, MSc Finance, ESADE Business School Fall 2015-2016  Probability; Financial Economics; Corporate Finance, Universitat Pompeu Fabra Fall 2013- Spring 2017  <b>RESEARCH ASSISTANT</b> Professor Stephen Hansen, Barcelona Graduate School of Economics    October 2014-October 2016 Professor Albrecht Glitz, Barcelona Graduate School of Economics    August 2015-October 2015  <b>CONFERENCES AND WORKSHOPS</b> UPF Finance Seminar (October 2017) Barcelona GSE Jamboree (May 2017) CREI International	

Lunch (2016) Barcelona GSE Jamboree (April 2015) European School on New Institutional Economics (May 2014)

## RESEARCH PAPERS “Breaking the Word Bank: Effects of Verbal Uncertainty on Bank Behavior”

(Job Market Paper)

Banks differ from non-financial firms as they must communicate to both regulators and shareholders, possess opaque and complex balance sheets, and are the main providers of credit to the real economy. In this paper, I propose a new index to detect the *idiosyncratic uncertainty* banks face at the bank-quarter level. The index uses a recent natural language processing technique, called Skip-gram Model, to discover a novel list of “uncertainty” words based on semantic and syntactic similarities. I use the frequencies of these words in banks quarterly conference calls as a proxy for bank-level uncertainty. The index spikes at the beginning of the 2007-2009 financial crisis and reveals which banks at a given quarter signal more uncertainty about their balance sheets. Higher uncertainty is associated with lower lending the next quarter and larger securities portfolios, suggesting active management of uncertainty by moving from lending to holding liquid assets. The active management of uncertainty is more pronounced during periods of higher aggregate volatility and for banks with more skin-in-the-game.

## “Dressing up for the Regulator: Evidence from the Largest-Ever Supervisory Review”

(with Puriya Abbassi, Rajkamal Iyer, José Luis Peydró)

Government regulation requires effective supervision, but regulated entities may window-dress to supervisors. For empirical identification, we analyze banks exploiting a quasi-natural experiment ECBs 2014 asset quality review (AQR) in conjunction with the security and credit registers. After the AQR announcement, reviewed banks decrease riskier securities and loans, and overall securities and credit supply. After AQR compliance, reviewed banks reload riskier securities, but not riskier credit. Effects are stronger for reviewed banks with higher trading expertise. Results suggest that banks window-dress in supervisory audits, especially on their liquid securities that are easier to trade, and hold important policy implications for supervision.

## “Capital Controls and the Supply of Credit: Evidence from Colombia”

(in progress)

(with Andrea Fabiani, Martha López Pineros and José Luis Peydró)

## PROFESSIONAL EXPERIENCE

**Research Intern**, *Deutsche Bundesbank*, Frankfurt, Germany

January 2016 - August 2016

**Credit Intern**, *Moody’s Analytics*, West Chester, PA

June 2014 - September 2014

**Trade Intern**, *Alpha Cubed Investments*, Newport Beach, CA

January 2012 - August 2012

**Intern**, *Morgan Stanley Smith Barney*, San Francisco, CA

December 2010 - June 2011

## SKILLS

Spoken Languages: Fluency in English and Spanish; Proficiency in French; Basic Portuguese

Computer Languages: Python, R, MATLAB, MongoDB, VBA, L<sup>A</sup>T<sub>E</sub>X, Basic Unix/Linux

Applications: Amazon AWS, Stata, common Windows programs