The Effect of Mutualization and Collateralization on Credit Default Swaps Premium

Freddy A. Rojas Cama*

Bay Atlantic University
Bahçeşehir University

April 17, 2020

[Last version available here]

Abstract

Kodan and Chhikara 2014 applied (Dabla-Norris, Ji, Towsend, and Unsal 2014)

Keywords: price discovery; financial economics; clearing; credit default swaps; collateralization; mutualization; OTC; risk premium; CCP. JEL codes: G0; G1.

*I want to thank Bruce Mizrach for his advice and support throughout this project. I also thank Todd Keister, Yuliyan Mitkov, Izumi Ryuichiro, Marola Castillo and participants at seminar presentation at Rutgers University for their insightful comments and suggestions. I also acknowledge all comments at Midwest Macroeconomic Economic Conference that took place in Nashville, Tennessee in November 2-4th, 2018 and also at Eastern Economic Association NYC. February 28th to March 2nd, 2019. All remaining errors are mine. Electronic address: `frcama@bau.edu`

Kodan and Chhikara (2014) applied Dabla-Norris and others (2014)

References

Dabla-Norris, E., Y. Ji, R. M. Towsend, and F. Unsal, 2014 Financial Deepening, Growth and Inequality: A Structural Framework for Developing Countries. Working Paper.

Kodan, A. S. and K. S. Chhikara, 2014 Financial Inclusion, Growth and Inequality: A Model Application to Colombia. IMF Working Paper **No. 14/166**.

.