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Education

Ph.D in Economics, London School of Economics, expected 2023.

Advisor: Shengxing Zhang

Thesis Title: "Essays of Banking in Macroeconomics"

Academic Visit, Peking University HSBC Business School, 2022

MRes. in Economics, London School of Economics, 2019.

MSc. in Econometrics and Mathematical Economics (EME), London School of Economics, 2017.

With Distinction.

B.A. in Economics and B.S. in Mathematics, Wuhan University, 2016.

Fields of Interest

Macro Finance, Macroeconomics

Working Papers

Bank Capital, Bank Concentration, and Risk Taking, 2022. (**Job Market Paper**)

***Abstract:** How does bank capital affect the relationship between bank concentration and risk taking? I develop a tractable dynamic model with heterogeneous financially constrained entrepreneurs and an imperfectly competitive banking sector. When the bank capital ratio exceeds the minimum requirement, reducing bank concentration leads to more entrepreneurs' risk taking; otherwise, the concentration-risk relationship is ambiguous. To explain the equilibrium characterization, I propose two mechanisms, a net margin mechanism and a risk shifting mechanism, whose direction depends on banks' optimal decisions regarding loan quantity and the accumulation of excess bank capital. Considering the risk shifting mechanism and the non-binding capital constraint, the model suggests that there is non-monotonic relationship between bank concentration and the loan rate. The two mechanisms also jointly establish a non-monotonic relationship between bank concentration and allocative efficiency. Two pieces of micro-level evidence in the U.S. support the model predictions: first, the relationship between bank concentration and loan rate is non-monotonic; second, the effect of bank concentration on the loan rate is positive when the bank capital ratio is low. I discuss how efficiency and stability can be enhanced simultaneously.*

Bank Concentration, Bank Capital, and Misallocation, 2022.

***Abstract:** U.S. bank concentration, together with the bank capital, have been rising over the last thirty years. Based on the stylized facts, I develop a tractable dynamic model with heterogeneous financially constrained entrepreneurs and an imperfectly competitive banking sector. The model implies that increasing bank concentration leads to an increase in bank capital and a possibly non-binding capital constraint. I use the model to*

understand how bank concentration affects misallocation through the interaction between bank concentration and bank capital when the financial market is incomplete, which I refer to as the "bank capital channel". This channel suggests that banks overaccumulate equity capital in terms of allocative efficiency, based on which I discuss implications on regulations.

Awards and Honors

LSE Full Scholarship, LSE, 2017-2021.

Teaching Bonus Award, LSE, 2019-2021.

Outstanding Student Scholarship, Wuhan University, 2012-2015.

Honored Graduate, Wuhan University, 2016.

Research Experience

Research Assistant for Shengxing Zhang (LSE) & Keyu Jin (LSE), 2019-2020

Research Assistant for Ethan Ilzetzki (LSE) & Keyu Jin (LSE), 2019-2020

Research Assistant for Shengxing Zhang (LSE) 2017-2018

Teaching Experience

Teaching Assistant, Corporate Finance (master), UCL, 2021-2022.

Teaching Assistant, Pre-session Mathematics for Micro and Macro (master), LSE, 2018

Teaching Assistant, Principles of Econometrics (undergraduate), LSE, 2018-2021

Teaching Assistant, International Economics (undergraduate), Wuhan University, 2015-2016.

Teaching Assistant, Ordinary Differential Equations (undergraduate), Wuhan University, 2015-2016.

Seminars and Conferences

2023: SWFA Conference (Scheduled).

2022: Macro Finance Society Workshop (PhD poster session); Asian Finance Association Annual Conference; Asia Meeting of the Econometric Society; Annual Conference of the Money, Macro and Finance Society; AFR International Conference of Economics and Finance, Zhejiang University; Australasia Meeting of the Econometric Society; UZH Macro PhD Workshop; CFM WiP seminar, LSE; PhD Macro Workshop Xiamen University 2022; China Economics Annual Conference 2022 (Scheduled).

2021: CFM WiP seminar, LSE.

Academic Services

Session Chair: Asian Finance Association Annual Conference, 2022; Asia Meeting of the Econometric Society, 2022; MMF, 2022.

Referee: Young Economist Symposium 2022.

Computer Skills

STATA, R, MATLAB, Dynare, L^AT_EX.

Language

Mandarin (Native), English (Fluent)

References

Dr. Shengxing Zhang (Supervisor)

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