

# Franz J. Hinzen

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EDUCATION	<b>New York University, Stern School of Business</b> Ph.D. Candidate, Finance, <i>Expected</i> : 2023
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**University of Cambridge**  
MPhil, Finance, 2016

**University of Mannheim**  
B.Sc., Business Administration, 2015

RESEARCH INTERESTS	Financial Intermediation, Banking, Corporate Finance, FinTech, Blockchain Economics
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REFERENCES	<b>Kose John</b> (Chair) Charles W. Gerstenberg Professor New York University Stern School of Business <a href="mailto:kjohn@stern.nyu.edu">kjohn@stern.nyu.edu</a>	<b>Anthony Saunders</b> (Chair) John M. Schiff Professor New York University Stern School of Business <a href="mailto:asaunder@stern.nyu.edu">asaunder@stern.nyu.edu</a>
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**Thomas Philipp**  
Max L. Heine Professor  
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Edward I. Altman Professor  
New York University  
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JOB MARKET PAPER	<b>Nonbank Market Power in Leveraged Lending</b> <i>Abstract:</i> Banks rely on loan sales to nonbank investors to finance lending to risky borrowers. Among those investors, collateralized loan obligations (CLOs) provide the bulk of funds. For this investor class, I show that firm-nonbank funding is highly persistent over time. This persistence exists even absent firm-bank relationships. Rather arranging banks face switching costs among CLO investors which can yield market power to CLOs during loan origination. To disentangle the effects of market power from those of institutional demand, I employ variation in CLO managers' loan portfolios stemming from mergers. I provide evidence that CLO market power leads to banks accepting higher spreads for their borrowers.
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PUBLICATIONS	<p><b>Bitcoin's Limited Adoption Problem</b>  (with Kose John and Fahad Saleh)  <i>Journal of Financial Economics</i>, May 2022, Vol. 144(2), pp. 101–126  <i>Abstract:</i> We demonstrate theoretically that Bitcoin's limited adoption arises as an equilibrium outcome rather than as a short-lived property. Our results are driven by negative network effects which arise due to Bitcoin's need for consensus and the existence of network delay. As the Bitcoin network expands, network delay grows thereby prolonging the time needed for generating consensus. In turn, transaction settlement becomes prolonged, and users abandon the system, yielding limited adoption. Increasing transaction rates fails to solve this problem because increasing transaction rates increases fork probabilities which prolongs the consensus process and generates limited adoption.</p>
WORKING PAPERS/ IN-PROGRESS	<p><b>Loan Sales and Zombie Lending</b>  <i>Abstract:</i> How do loan sales affect lending incentives of banks in distress? A bank's loan book ties the bank's health to that of its borrowers. Consequently, undercapitalized banks may have a "perverse incentive" to protect their regulatory balance sheets by extending loans to their otherwise insolvent firms. I find that loan sales in good times can alleviate this so-called zombie lending motive by limiting the loss a bank has to recognize in case of default. Instead credit is allocated to viable firms. My results highlight that the separation of origination from the holding of credit can have positive financial stability implications.</p> <p><b>Why You Don't Buy Coffee with Bitcoin: The Micropayments Myth</b>  (with Sean Foley, Kose John and Fahad Saleh)  <i>Abstract:</i> Nakamoto (2008) envisioned Bitcoin as a platform for small payments. However, these payments represent a decreasing fraction of transactions on the Bitcoin blockchain. We argue that Bitcoin's protocol in fact disadvantages small payments and that this feature . Using data on transaction-level latency, we provide evidence in support of this channel.</p>
REFEREEING	Management Science; Journal of Financial Markets, Institutions & Instruments
Academic Presentations (presented by coauthors (*))	<p><b>2020</b>  American Finance Association*, Wake Forest University*, University of Houston*</p> <p><b>2019</b>  New York University (Stern), McGill University*, Peking University*, Tsinghua PBC School of Finance*, Tsinghua Institute of Economics*, New York Federal Reserve FinTech Research Conference, Financial Management Association, Atlanta Federal Reserve Bank Financial System of the Future Conference*, Philadelphia Federal Reserve FinTech Conference*, NYU CFEA Conference*, Eastern Finance Association, Southwest Finance Association,</p>

TEACHING

**Instructor**

Foundations of Finance (Undergraduate), NYU Stern, 2019

*Instructor Rating: 5.0/5.0*

**Teaching Fellow**

Risk Management in Financial Institutions (Undergraduate), 2022

Instructor: Prof. Anthony Saunders

Futures & Options (MS, Undergraduate) 2021 - 2022

Instructor: Prof. Menachem Brenner

Fixed Income (MS), 2020 - 2022

Instructor: Prof. Jennifer Carpenter

FinTech Risk Management (Executive MBA), 2019

Instructor: Prof. Thomas Philippon

Foundations of Finance (MBA), 2018 - 2019

Instructor: Prof. Thomas Philippon

AWARDS &  
HONORS

Marcus Nadler Doctoral Fellowship

Doctoral Fellow of the Fubon Center for Technology, Business and Innovation

AFA Student Travel Grant

Invitation: NBER Blockchain Conference

Invitation: Finance Theory Group Summer School

Global Ph.D. Colloquium Outstanding Paper Award

NYU Stern Doctoral Fellowship

DZ Bank Research Award

Julius Paul Stiegler Memorial Foundation Scholarship

Deutschland Stipendium (Germany Scholarship)

PERSONAL  
INFORMATION

Citizenship: Germany

U.S. Visa Status: F-1

Languages: German (native), English (fluent)