

# Franz J. Hinzen

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CONTACT	Henry Kaufman Management Center New York University 44 West 4th Street, Suite 9-193D New York, NY 10012	Phone: +1 (646) 595-5394 Email: <a href="mailto:fhinzen@stern.nyu.edu">fhinzen@stern.nyu.edu</a> Website: <a href="http://franzhinzen.com">franzhinzen.com</a> Skype: <a href="https://www.skype.com/user/franzhinzen">franz.hinzen</a>
EDUCATION	<b>New York University, Stern School of Business</b> Ph.D. Candidate, Finance, <i>Expected</i> : 2023  <b>University of Cambridge</b> MPhil, Finance, 2016  <b>University of Mannheim</b> B.Sc., Business Administration, 2015	
RESEARCH INTERESTS	Financial Intermediation, Banking, Corporate Finance, FinTech, Blockchain Economics	
REFERENCES	<b>Kose John</b> (Co-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> (Co-Chair) John M. Schiff Professor New York University Stern School of Business <a href="mailto:asaunder@stern.nyu.edu">asaunder@stern.nyu.edu</a>  <b>Thomas Philippon</b> Max L. Heine Professor New York University Stern School of Business <a href="mailto:tphilipp@stern.nyu.edu">tphilipp@stern.nyu.edu</a>
		<b>Rangarajan Sundaram</b> Edward I. Altman Professor New York University Stern School of Business <a href="mailto:rsundara@stern.nyu.edu">rsundara@stern.nyu.edu</a>
JOB MARKET PAPER	<b>Nonbank Market Power in Leveraged Lending</b> <i>Abstract:</i> Banks finance their lending to risky firms by selling these loans to nonbank financial institutions. Among these nonbanks, collateralized loan obligations (CLOs) provide the bulk of funds. I show that CLO managers have significant market power, which enables them to extract lender-friendly loan terms. Their market power results from switching costs faced by the bank. One source of switching costs is information asymmetries across CLO managers that arise during underwriting. To identify my results, I construct a new instrument using novel data on mergers in the CLO industry. I provide the first analysis of these mergers and their determinants.	

## PUBLICATIONS

**Bitcoin's Limited Adoption Problem**

(with Kose John and Fahad Saleh)

*Journal of Financial Economics*, May 2022, Vol. 144(2), pp. 101–126

*Abstract:* 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.

WORKING  
PAPERS/  
IN-PROGRESS**Loan Sales and Zombie Lending**

*Abstract:* 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. My results highlight that the separation of origination from the holding of credit can have positive financial stability implications.

**The Changing Landscape of Corporate Loan Pricing**

(with Anthony Saunders and Sascha Steffen)

## REFEREEING

Management Science; Journal of Financial Markets, Institutions &amp; Instruments

ACADEMIC  
PRESENTATIONS  
(\* presented  
by coauthors)**2022**

New York University (Stern), St. John's University (Tobin)

**2020**

American Finance Association\*, Wake Forest University\*, University of Houston\*

**2019**

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

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)