

Hormoz Ramian

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RESEARCH INTERESTS

Asset Pricing, Macro-Finance, Financial Regulation

ACADEMIC APPOINTMENTS

Lecturer in Finance, Adam Smith Business School, University of Glasgow 12/2020–
Postdoctoral Research Associate, Judge Business School, University of Cambridge 07/2020–12/2020

EDUCATION

Finance, Ph.D., Imperial College London (2016–2020)

Job Market Paper: *Optimal Financial Regulation*

Chapters: Optimal Negative Interest Rate: Monetary and Financial Regulatory Synergies
Risk-Based Capital Regulation under Negative Interest Rate
Micro-foundations of Macroeconomic Policy

Committee: Alex Michaelides (Chair), Franklin Allen, Harjoat Bhamra, Savitar Sundaresun

Examiners: Patrick Bolton (Columbia Business School), Dimitrios Tsomocos (Oxford Saïd)

Finance, M.Res. (Distinction, Dean's List), Imperial College London

Financial Economics, M.Sc., University of Manchester

Economics, B.Sc., Shahid Beheshti University, Iran

ACADEMIC SERVICES

Programme Director, Finance Postgraduate Taught Programmes, University of Glasgow 09/2022–
CERFAS Executive Committee Member, Cambridge Judge Business School 12/2021–
Co-convenor to Finance Postgraduate Taught Programmes, University of Glasgow 08/2021–09/2022
Associate Fellow, King's College, University of Cambridge 12/2020–09/2021
Cambridge Endowment for Research in Finance (CERF), University of Cambridge 07/2020–12/2020
Cambridge Centre for Finance (CCFin), University of Cambridge 07/2020–12/2020
Student Investment Fund, Imperial College London 10/2018–04/2020
Lab for Economics Applications and Policy Summer 2014
Manchester University Trading and Investment Society Summer 2012

AWARDS AND SCHOLARSHIPS

Presidential Scholarship, Imperial College London 2016–20
Imperial College London Beyond Research 2020
Winner, Imperial College London Best Graduate Teaching (University-wide Award) 2018
Imperial College London, Best Graduate Teaching Nominations 2017, 18, 19
Graduate Teaching Scholarship, Imperial College Business School 2015–16
Dean's List Award, Imperial College, Business School 2016
ORS Scholarship, University of Manchester 2012

SELECTED TALKS AND CONFERENCE PRESENTATIONS

European Central Bank, Young Economist Competition Award (Finalist, 2020), Northern Finance Association Infer, RES Symposium, Canadian Economics Association, SOHO

Non-profit Social and Environmental Enterprises: Evidence from Global Manufacturing Supply-Chains We show that for-profit enterprise valuations fall in response to their adverse environmental and social impacts. We argue that first, investors with social preferences require higher financial returns from enterprises with adverse social and environmental impacts. Second, we show those enterprises are similarly disadvantaged throughout their supply-client chains, thus for-profit enterprises trade off the marginal losses associated with their adverse impacts versus purpose-oriented social and environmental pecuniary contributions through non-profit firms. We show that in equilibrium, social contributions optimally offset the negative funding and revenue losses. We show that this mechanism delivers its social and environmental goals only when the non-profit firms correctly price the social credit transfers. We provide novel evidence from a global manufacturing supply-client chains setting matched with non-profit operations.

European Firms, Panic Borrowing and Credit Lines Drawdowns: What Did We Learn from the COVID-19 Shock? (Submitted Journal of Banking and Finance) *Abstract:* We show that European firms, at the peak of the COVID-19 shock in 2020:Q2, went into a “panic borrowing” status and drew down Euros87bn in a very short period. We show that firms with less stringent solvency and liquidity constraints drew down their credit lines and accumulated cash. Our study exploits the implications of the social distancing policies to corporate operations across Europe. It proposes a novel empirical framework that identifies panic borrowing while accounting for the endogeneity between credit line drawdowns and an underlying borrowing ability during the COVID-19 shock. We use COVID-19 infection data and proxies for social distancing policies in Europe to study if the increase in risk following the COVID-19 shock can explain the panic borrowing while accounting for possible endogenous credit lines drawdowns. Finally, we show that European corporate drawdowns during the pandemic crisis increased drawdowns, on average, by 3.35 percentage points in response to an unexpected one percentage point fall in their cash flows but only when firms’ earnings are negative. This result is driven by the lockdown policies introduced in Europe.

Optimal Financial Regulation I show that when the banking sector’s assets comprise large excess reserves and loans, jointly determined capital regulation and interest-on-excess-reserves (IOER) policies provide welfare gains. In general equilibrium, falling IOER is associated with a proportional fall in deposit rate only when IOER is above the zero bound. This leads to a faster fall in the bank’s interest expenses than its interest incomes. Given any lending level, lower net interest expenses enhance bank solvency. Nonetheless, the risk-weighted capital regulation remains unchanged and hence becomes socially costly. I show that jointly determined policies achieve welfare gains by loosening the capital requirement and lowering IOER to expand the credit flow, while bank failure likelihood remains constant. Conversely, lowering IOER below the zero bound is associated with a nonresponsive deposit rate that leads to growing net interest expenses and worsening bank solvency. In that case, I show that a stricter capital constraint together with a lower IOER provide social value.

Financial Regulation and Wealth Distribution (work in Progress) *Abstract:* Financial regulation provides welfare gains to the society, at the expense of an exacerbated wealth distribution. I show that when capital markets are segmented, financial regulation leads to a transfer of wealth from depositors to equity investors. An integrated monetary and financial regulatory policies achieve welfare gains due to a credit flow expansion to the real sector, while default likelihood within the banking sector remains fixed. Nonetheless, this constrained equilibrium allocation is associated with a lower deposit rate while dividends

increase, leading to a wealth transfer across market segments. I provide sufficient conditions under which optimal financial regulation leads to welfare gains without exacerbating wealth heterogeneity.

Pay Banks to Lend: Targeted Long-Term Refinancing Operations and the Fiscal Stimulus

(work in Progress) *Abstract:* The aftermath of the financial crisis inherited heightened economic uncertainty and low productivity. These features prompted the banking sectors across the developed economies to rely heavily on excess reserves offered by the central banks despite the negative nominal interest-on-excess-reserve (IOER) policy. Nonetheless, the negative relationship between the overall interest expenses of the banking sector with the IOER around the zero lower bound further exacerbates the over-reliance on excess reserves particularly when rates are negative. This paper shows that the new Targeted Long-Term Refinancing Operations (TLTRO) policy adopted by the central banks leads to expansionary effects when the refinancing lending rates fall below the IOER. I first provide a social welfare maximizing approach to determine the optimal borrowing limit. Second, I show that the policymaker's decision to finance the deficit due to remunerations depends on the trade-offs between the social gains associated with the expansion of lending to the real sector against the social costs of monetary tools (creating money to finance the gap) or fiscal tools (taxation).

Joint Fiscal-Monetary Policy Responses to Transitory Aggregate Shocks

(work in Progress) *Abstract:* I show that unilateral fiscal and monetary interventions, in response to transitory aggregate shocks, lead to welfare losses when real interest rates are low or possibly negative. A hyperactive fiscal policy in the forms of increased transfers and suppressed taxation revenues relies heavily on sovereign borrowing to smooth out adverse economic downturns, while the monetary base rate falls excessively to lower cost of finance. In general equilibrium with a banking sector subject to aggregate uncertainty, the transmission mechanism from the monetary policy to the credit sector weakens leading to an exacerbated real economic stagnation and heightened intermediary insolvencies. I show that a joint fiscal-monetary policy that optimally trades off higher credit flows to the real sector against lower rates delivers welfare gains during the transition and long-term by lowering future taxations to settle fiscal borrowing.

TEACHING EXPERIENCE

University of Glasgow

Data Science and Machine Learning in Finance (ACCFIN5246)	2022, 23
Financial Intermediation and Regulation (ACCFIN5014)	2023
Advanced Financial Modelling (ACCFIN4085)	2023
International Banking and Financial Markets (MFin)	2021, 22
Financial Markets and Financial Institutions (UG)	2021, 22
Advanced Financial Modelling (BFin)	

University of Cambridge (King's College), Economics Tripos Supervision

Macroeconomic Principles - Part1 (King's, Queens', Murrey Edwards)	2020
Banking and Finance - Part2B (King's)	2020

*Imperial College London, Graduate Teaching Assistant (*Evaluations out of 5.0)*

Econometrics 1 (PhD, 4.80, 4.98, 4.91, <i>University-wide Teaching Award</i>)	2017, 18, 19
Macro-Finance (MSc Finance, 4.00, 4.33)	2018, 19
Macroeconomics (MSc Finance 4.38, 4.55)	2018, 19, 20
Empirical Finance (MSc Financial Engineering, 4.64)	2019, 20

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Financial Statistics (MSc Financial Engineering, 4.63, 4.72)	2017, 18
Machine Learning & Applied Statistics (Summer School, 4.54)	2019
Introduction to Finance (MBA, Executive MBA)	2017–20
Entrepreneurial Finance (MBA, MSc, 4.67)	2020
Introduction to Linear Algebra (Instructor, MRes/PhD refresher)	2018, 19, 20

SUPERVISION

Student Investment Fund, Imperial College London 2018-20
I supervised graduate students in finance working as members of Student Investment Fund Research Center at Imperial College London. I have been responsible to promote learning outcomes of students with interests in academic findings backed by data and statistical models learned from their studies.

WORKSHOPS

I developed the following workshops by designing simple economic trade-offs into practical exercises. Students are assigned in groups learn how to incorporate simulated market information into trading strategies and execute them on a platform simulator in a competitive environment.

Trading Simulation

This workshop intends to familiarize students with the optimal execution of bid-ask quotes by incorporating market information and placing quotes on a simulated trading platform. Key learning outcomes are to understand the trade-off between absorbing market demand as a result of a narrow bid-ask quote against obtaining a lower profit margin per transaction in a competitive environment.

Bid-Ask Spread and Private Information

The purpose of this workshop is to demonstrate how to infer information embedded in market quotes and incorporate them to increase profit margins per transaction. Conversely, participants learn how to strategize against information give-away embedded in their own posted quotes by understanding the negative relationship between profit margins against quote informativeness in a multi-period simulation.

SOFTWARE AND COMPUTING

Python, R, Matlab, Stata, SAS, Mathematica, Linux