Maximilian Jager

Ph.D. Student
Department of Economics, University of Mannheim

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RESEARCH INTERESTS

Primary: Financial Intermediation, Financial Regulation

Secondary: Financial Stability, Macro-Finance

EDUCATION

Ph.D. in Economics
Advisors: Ernst-Ludwig von Thadden (primary), Sascha Steffen (secondary)
University of Mannheim, Germany *2016 –*

Visiting Scholar
Host: Viral Acharya
Stern School of Business, New York University, USA *2021 – 2022*

Master of Science in Economics (with honors)
University of Regensburg, Germany *2013 – 2016*

Visiting Student
Universidad Carlos III de Madrid, Spain *2014 – 2015*

Bachelor of Science in Economics
University of Regensburg, Germany *2010 – 2013*

PROFESSIONAL EXPERIENCE

Research Assistant
Prof. Sascha Steffen, Frankfurt School of Finance & Management, Germany *2021 –*

Research Assistant
Bank for International Settlements, Switzerland *February – August 2019*

Research Assistant
Bank for International Settlements, Switzerland *June – September 2018*

Visiting Researcher
Bundesbank, Germany *July – December 2017*

Trainee
European Central Bank, Germany *May – September 2016*

Internships
KPMG AG, Bayerische Landesbank, Centre for European Economic Research (ZEW) *2012 – 2015*

PUBLICATIONS

Kicking the can down the road: government interventions in the European banking sector
joint with Viral Acharya (NYU Stern), Lea Borchert (ZEW), and Sascha Steffen (Frankfurt School)
We analyze the determinants and the long-run consequences of government interventions in the eurozone banking sector during the 2008/09 financial crisis. Using a novel and comprehensive dataset, we document that fiscally constrained governments "kicked the can down the road" by providing banks with guarantees instead of full-fledged recapitalizations. We adopt an econometric approach that addresses the endogeneity associated with governmental bailout decisions in identifying their consequences. We find that forbearance caused undercapitalized banks to shift their assets from loans to risky sovereign debt and engage in zombie lending, resulting in weaker credit supply, elevated risk in the banking sector, and, eventually, greater reliance on liquidity support from the European Central Bank.
Review of Financial Studies, forthcoming.

The Janus Face of Bank Geographic Complexity
joint with Iñaki Aldasoro (BIS) and Bryan Hardy (BIS)
We study the relationship between bank geographic complexity and risk using a unique dataset of 96 global bank holding companies (BHCs) over 2008–2016. From data on the affiliate network of internationally active banking entities, we construct a measure of geographic coverage and complexity for each BHC. We find that higher geographic complexity heightens banks' capacity to absorb local economic shocks, reducing their risk. However, higher geographic complexity can also help banks soften the impact of prudential regulation, increasing their risk. Bank geographic complexity therefore has a Janus face, decreasing some but increasing other aspects of bank risk.
Journal of Banking and Finance, forthcoming.

WORKING PAPERS AND WORK IN PROGRESS

Clear(ed) decision: the effect of Central Clearing on firms' financing decision
joint with Frederick Zadow (Uni Mannheim)
Does derivative market regulation affect real economic outcomes? We investigate this question in the setting of the central counterparty (CCP) clearing reform on the corporate credit default swap (CDS) market. Exploiting the staggered introduction of CCP clearing to CDS contracts – an insurance against firm default – we uncover adverse real economic consequences for affected (non-financial) firms. Firms whose CDS contracts are eligible for clearing with the monopolist CCP lose debt market funding, shrink their balance sheet, cut investment and become less profitable. As a response to the funding short-fall on debt markets, firms increase demand for bank loans. We theoretically motivate two channels through which the CCP environment can adversely affect firms' debt funding situation: the hedging channel – higher trading costs on the centrally cleared derivative market push hedged investors away from affected firms; and the arbitrage channel – lower counterparty risk on the centrally cleared derivative market attracts investors from the bond market to the CDS market. Our empirical results highlight the existence of both channels with the arbitrage channel outweighing the hedging channel.

Interbank Risk Assessment – A Simulation Approach
joint with Thomas Siemsen (Bundesbank) and Johannes Vilsmeier (ECB)
We introduce a novel simulation-based network approach, which provides full-fledged distributions of potential interbank losses. Based on those distributions we propose measures for (i) systemic importance of single banks, (ii) vulnerability of single banks, and (iii) vulnerability of the whole sector. The framework can be used for the calibration of macro-prudential capital charges, the assessment of systemic risks in the banking sector, and for the calculation of banks' interbank loss distributions in general. Our application to German regulatory data from end-2016 shows that the German interbank network was at that time in general resilient to the default of large banks, i.e. did not exhibit substantial contagion risk. Even though up to four contagion defaults could occur due to an exogenous shock, the system-wide 99.9% VaR barely exceeds 1.5% of banks' CET 1 capital. For single institutions, however, we found indications for elevated vulnerabilities and hence the need for a close supervision.

Bundesbank Discussion Paper No. 23/2020.

Implications of asymmetric information for bank funding costs and lending behaviour
joint with Stefan Avdjiev (BIS)
We document the existence of significant asymmetric information between European banks and their investors about the distribution of banks' credit risk. We conduct a counterfactual exercise in which we simulate a scenario with investors having perfect knowledge and quantify the average mispricing of banks' securities due to asymmetric information at 1%. This has two fundamental implications for banks: i) funding costs are distorted with some banks paying more than their actual credit risk would entail; ii) banks that are overcharged obtain less wholesale funding and search for yield in the lending market, thereby adversely affecting the risk in their portfolio as well as their profitability.
–work in progress–

Regulatory Heterogeneity and Credit Allocation
This project investigates whether the simultaneous presence of different regimes of bank credit risk regulation (standardized vs. internal-ratings based approach) is socially desirable. Using credit register data, this paper documents heterogeneous lending incentives for banks under different regimes. Moreover, the project aims at measuring the current efficiency of credit allocation under both regimes, as well as the single regime counterfactuals.
–work in progress–

CONFERENCES AND PRESENTATIONS

Conference presentations (including scheduled):
German Economic Association Annual Meeting, AFFI Annual Meeting, CRC TR 224 Retreat, RGS Doctoral Workshop, Bonn-Mannheim PhD Workshop, Muenster Banking Workshop, Workshop on Recent Developments in Banking Research (CRC TR 224), IWH-CIREQ-GW Macroeconometric Workshop (poster), Spring Meeting of Young Economists

Seminar presentations (including scheduled):
Stockholm School of Economics, HEC Paris, Frankfurt School of Finance & Management, Tilburg University, Bundesbank, Bank for International Settlements (2x)

TEACHING EXPERIENCE

Teaching Assistant
Principles of Econometrics (B.Sc.)
University of Mannheim *2018 – 2019*

Teaching Assistant
Principles of Econometrics, Statistics for Economists, Macroeconomics I/II (all B.Sc.)
University of Regensburg *2012 – 2016*

SCHOLARSHIPS AND AWARDS

Exchange Scholarship
German Academic Exchange Service (DAAD) *2021 – 2022*

Ph.D. Scholarship
Stiftung Geld & Währung *2018 – 2021*

Ph.D. Scholarship
German Research Foundation (DFG) *2016 – 2018*

Selected Participant
Lindau Nobel Laureates Meeting *2020*

Finalist
DZ Bank Career Award *2017*

Top of class
M.Sc. Economics, University of Regensburg *2016*

Thesis Award
Outstanding master thesis in economics or business, Christa-Lindner Foundation *2016*

SKILLS

Computer skills: R, Stata, SQL, E-Views, MATLAB, VBA, Python, JMulTi, SPSS

Languages: English, German (*native*), Spanish

OTHER ACTIVITIES

Professional: Ph.D. student representative, founder and organizer of Ph.D. student reading class

Private: Instructor of university sports classes, volunteer at the local animal shelter, futsal enthusiast

Citizenship: German Last Update: August 3, 2021