

Leandro Sanz

Finance Ph.D. Student
Fisher College of Business
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Education

Ph.D. in Finance, The Ohio State University, Fisher College of Business	(Expected) 2024
M.A. Economics, The University of Texas at Austin	2014
B.A. Economics with Honors, The University of Maryland, College Park	2012
B.S. Mathematics, The University of Maryland, College Park	2012

Research Interests

Financial intermediation, international finance, and empirical corporate finance

Published Articles

"Property Rights Institutions, Foreign Investment, and the Valuation of U.S. MNCs" (with L. Lin, A. Mihov, and D. Stoyanova)

Journal of Financial Economics, 2019, 134(1): 214-235

Abstract:

We study the effect of property rights institutions in host countries, the institutions protecting investors from expropriation by host country agents, on the geographic structure and valuation of US multinational corporations (MNCs). We provide firm-level evidence that better property rights attract investment from MNCs. We disentangle the effects of the Stulz (2005) "twin agency problems" in the context of foreign direct investment and show that our results are not driven by legal institutions protecting investors from expropriation by corporate insiders. Further, we show that changes in the quality of property rights in locations where MNCs operate have material impact on MNCs' valuations.

"Foreign Investment, Regulatory Arbitrage, and the Risk of U.S. Banking Organizations" (with S. Frame and A. Mihov)

Journal of Financial and Quantitative Analysis, 2019, 55(3): 955-988

Abstract:

This study investigates the implications of cross-country differences in banking regulation and supervision for the international subsidiary locations and risk of U.S. bank holding companies (BHCs). We find that BHCs are more likely to operate subsidiaries in countries with weaker regulation and supervision and that such location decisions are associated with elevated BHC risk and higher contribution to systemic risk. The quality of BHCs' internal controls and risk management plays an important role in these location choices and risk outcomes. Overall, our study suggests that U.S. banking organizations engage in cross-country regulatory arbitrage, with potentially adverse consequences.

Working Papers

"Global Banks and Systemic Risk: The Dark Side of Country Financial Connectedness" (with P. McLemore and A. Mihov)

Abstract:

We study the relation between country financial connectedness and systemic risk for U.S. banking organizations with global exposures. We find that banks with more foreign claims in countries that are well connected to global financial markets contribute more to U.S. systemic risk. We document specific bank-level (systemic importance, leverage and illiquidity) and country-level (financial crises) channels that amplify these effects. We also examine the roles different forms of connectedness, and types and sectors of foreign claims, play for cross-border risk propagation. Our findings are particularly relevant for macro-prudential policy given the concentration of U.S. financial claims in well-connected markets.

"Economic Policy Uncertainty and Multinational Companies" (with L. Lin and A. Mihov)

Abstract:

We study the effect of economic policy uncertainty (EPU) in host countries on the valuation and geographic structure of U.S. multinational corporations (MNCs). We find that increases in host-country EPU are associated with decreases in MNC valuations. The negative effects of EPU are exacerbated by MNCs' capital intensity and financial constraints. Higher EPU in host countries is associated with slower asset and employment growth of existing subsidiaries, and also a decline in subsidiary revenue and profitability. An increase in a host country's EPU also leads to MNC entry in new markets, but has no significant effect on the growth of existing subsidiaries located elsewhere.

Work in Progress

"Global Activities and the Value of Insider Information: Evidence from Insider Trading during the Covid-19 Crisis"

Conference Presentations ¹

- 17th Paris December Finance Meeting (2019)
- 4th BIS-CGFS workshop on Research on global financial stability: the use of BIS international banking and financial statistics
- 9th Baffi Carefin International Banking Conference - Banking and Financial Regulation*
- Northern Finance Association*
- Fixed Income and Financial Institutions Conference, University of South Carolina (2017)
- Helsinki Workshop on Banking and Institutions, Bank of Finland (2017)*
- Allied Social Sciences Association Annual Meeting (2017)
- FDIC/JFSR 16th Annual Bank Research Conference (2016)*
- Conference on Financial Intermediation in Emerging Markets, University of Cape Town, South Africa (2016)
- International Conference on Financial Cycles, Systemic Risk, Interconnectedness, and Policy Options for Resilience, University of New South Wales, Australia (2016)
- Reserve Bank of Australia (2016)
- Midwest Finance Association Annual Meeting (2016)
- Southern Finance Association Annual Meeting (2016)

Research Positions

Research Assistant for René Stulz, The Ohio State University, August 2019 - present

Professional Experience

Federal Reserve Bank of Richmond, Charlotte, NC

Senior Quantitative Research Analyst, 2016-2019

¹* denotes presentations by co-authors.

- Project Lead, CCAR Counterparty Credit Risk Horizontal Evaluation Team
- Model Developer, Wholesale Credit Supervisory Modeling Team
- Model Developer, Operational Risk Supervisory Modeling Team

Federal Reserve Bank of Richmond, Charlotte, NC

Associate Quantitative Research Analyst, 2015-2016

- Model Developer, Wholesale Credit Supervisory Modeling Team
- Model Developer, Operational Risk Supervisory Modeling Team
- Quantitative Support Analyst, Basel Advanced Approaches
- Quantitative Support Analyst, CCAR Counterparty Credit Risk Horizontal Evaluation Team
- Model Validation Unit Reviewer, Counterparty Credit Risk

Federal Reserve Bank of Richmond, Charlotte, NC

Research Assistant, 2014-2015

The University of Maryland, College Park, MD

Research Assistant, 2012-2013

Additional Information

Computer Skills: Stata, SAS, R, Python, Matlab, Julia, LaTeX

Languages: English and Spanish

Work Authorization: U.S. Citizen