Leandro Sanz

Finance Ph.D. Candidate
Fisher College of Business
The Ohio State University
810 Fisher Hall, 2100 Neil Avenue
Columbus, OH 43210

(240) 475-0252
sanz.8@osu.edu
leandrosanz.github.io

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.

Global Banks and Systemic Risk: The Dark Side of Country Financial Connectedness (with P. McLemore and A. Mihov)
Journal of International Money and Finance, 2022, 129: 102734

Abstract:

We study the relation between country financial connectedness and systemic risk for U.S. banking organizations with global exposures. Using supervisory data on U.S. banks' foreign claims, we find that banks with exposure to countries with globally connected financial markets contribute more to U.S. systemic risk. These adverse effects are amplified by systemically important and less capitalized banking organizations. Consistent with the idea that financial connectedness is a conduit for risk transmission, risk spillovers to the U.S. from foreign financial crises are magnified when the countries in crisis are well financially connected. Our findings are relevant for macro-prudential policy given the concentration of U.S. financial claims in well-connected markets

Working Papers

The Unicorn Puzzle (with Daria Davydova, Rüdiger Fahlenbrach, and René M. Stulz)

Abstract:
From 2010 to 2021, 639 US VC-funded firms achieved unicorn status. We investigate why there are so many unicorns and why founders grant investors privileges to obtain unicorn status. Unicorns rely more than other VC-funded startups on organizational capital and network effects. Unicorn status enables startups to access new sources of capital, and growth in available funding causes the number of unicorns to increase. As a result, unicorns can stay private longer, which enables them to grow their organizational intangible assets with less expropriation risk and better capture the economies of scale on which their business model relies.

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

Abstract:
We study the impact and propagation of economic policy uncertainty (EPU) via subsidiary networks of U.S. multinational corporations (MNCs). We find that increases in host-country EPU lead to significant decreases in MNC valuations. We document heterogeneous effects across important firm- and country-level dimensions such as intangible capital intensity, financial constraints, and country institutional quality. Higher EPU in host countries is associated with a decline in the growth of local MNC subsidiary assets and employment. We find no significant average spillover effects of host-country EPU on MNC subsidiaries in other countries and some evidence of negative spillover effects among vertically linked subsidiaries.

Conference Presentations [1]

- Northern Finance Association (2022)
- OSU lunch seminar (2021)
- 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 (2017)*
- 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)

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[1]* denotes presentations by co-authors.

- 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

Teaching

Instructor, Investments (undergraduate), The Ohio State University, Summer 2022

Professional Experience

Federal Reserve Bank of Richmond, Charlotte, NC
Senior Quantitative Research Analyst, 2016-2019

- 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