

# HEON LEE

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## EDUCATION

Ph.D. Economics	University of Missouri, Columbia, MO	2021 (Expected)
• Dissertation Title: Essays on Money and Banking: A Search-Theoretic Approach		
• Advisor: Chao Gu		
M.A. Economics	Kyung Hee University, Seoul, Korea	2015
B.A. Political Science	Kyung Hee University, Seoul, Korea	2012
B.A. International Trade	Kyung Hee University, Seoul, Korea	2012

## RESEARCH INTEREST

Monetary Economics, Search Theory, Banking, Applied Time-series Econometrics

## WORKING PAPERS

“Money Creation and Banking: Theory and Evidence” [**Job Market Paper**]

This paper develops a monetary-search model where the money multiplier is endogenously determined. I show that the money multiplier can depend on the nominal interest rate and the interest on reserves rather than the reserve requirement. The calibrated model can explain the evolution of the money multiplier and the excess reserve-deposit ratio in the pre-2008 and post-2008 era. The quantitative analysis suggests that the dramatic changes in the money multiplier after 2008 are driven by the introduction of the interest on reserves with the low nominal interest rate.

“On the Instability of Fractional Reserve Banking”

This paper develops a dynamic general equilibrium model to study the (in)stability of the fractional reserve banking system. The model shows that the fractional reserve banking system can endanger stability in the sense that equilibrium is more prone to exhibit endogenous cyclic, chaotic, and stochastic dynamics under lower reserve requirements, although it can increase welfare in the steady state. Introducing endogenous unsecured credit to the baseline model does not change the main results.

## WORK IN PROGRESS

“Implementing Monetary Policy: the Role of Repo and Federal Funds Markets”

“Yield Curve Control: A Search-Theoretic Approach”

“Joint Fiscal and Monetary Policy without Commitment” (with Saroj Dhital)

## CONFERENCE AND SEMINAR PRESENTATIONS (including scheduled\*)

- “Money Creation and Banking: Theory and Evidence”
  - ◇ Southern Economic Association Meeting, 2020\*; Korea International Economic Association Meeting, Winter 2019; Missouri Valley Economic Association Conference, 2019.
- “On the Instability of Fractional Reserve Banking”
  - ◇ Missouri Valley Economic Association Conference, 2020.

## CONFERENCE DISCUSSIONS

Discussion of “Central Bank Digital Currency, Credit Supply, and Financial Stability”  
by Young Sik Kim and Ohik Kwon, KIEA Annul Meeting

Discussion of “The Effects of Sector-Specific Credit Supply Shocks on the U.S. Economy”  
by Maximillian Littlejohn, MVEA Annual Conference

## AWARDS, HONORS AND FELLOWSHIP

*University of Missouri*

Harry Gunnison Brown Graduate Fellowship (best first-year performance)	2016
MU Korean Alumni Association Scholarship	2015