STEFANO PIETROSANTI
stefanop@sas.upenn.edu
https://sites.google.com/sas.upenn.edu/stefanopietrosanti

UNIVERSITY OF PENNSYLVANIA

Placement Director: Guillermo Ordóñez	ORDONEZ@ECON.UPENN.EDU	Phone: (+1) 215-898-6880
Placement Director: David Dillenberger	DDILL@ECON.UPENN.EDU	Phone: (+1) 215-898-1503
Graduate Coordinator: Gina Conway	GNC@SAS.UPENN.EDU	Phone: (+1) 215-898-5691

Office Contact Information

Perelman Center for Political
Science and Economics, Room 548,
133 South 36th Street
Philadelphia, PA, 19104
Phone: (+1) 267-357-2352

Personal Information:

Nationality: Italian
Visa: F1

Undergraduate and Master Degrees:

B.A. in Economics (*Laurea Triennale)*, Università di Roma 'La Sapienza', *cum laude*, 2011
M.A in Economics (*Laurea Magistrale*), Università di Torino, *cum laude* and printing dignity, 2014
Master in Economics, Collegio Carlo Alberto Allievi Honors Program, with distinction, 2014

Graduate Studies:

University of Pennsylvania, 2014 to present
Thesis Title: "*Essays in Banking and Corporate Finance*"
Expected Completion Date: May 2020

Thesis Committee and References:

Guillermo Ordóñez (Advisor)

University of Pennsylvania
Perelman Center for Political
Science and Economics, Room 505,
133 South 36th Street
Philadelphia, PA, 19104
Phone: (+1) 215-898-1875
Email: ordonez@econ.upenn.edu

Michael R. Roberts (Advisor)

The Wharton School
University of Pennsylvania
3620 Locust Walk, Room 2319
Philadelphia, PA, 19104
Phone: (+1) 215-573-9780
Email: mrrobert@wharton.upenn.edu

Alessandro Dovis

University of Pennsylvania
Perelman Center for Political
Science and Economics, Room 537,
133 South 36th Street
Philadelphia, PA, 19104
Phone: (+1) 215-898-5421
Email: adovis@econ.upenn.edu

Marc Flandreau

University of Pennsylvania
College Hall, Room 215 A
Philadelphia, PA, 19104
Phone: (+1) 215-593-8977
Email: mfl@sas.upenn.edu

Petra Todd

University of Pennsylvania
Perelman Center for Political
Science and Economics, Room 606
133 South 36th Street
Philadelphia, PA, 19104
Phone: (+1) 215-898-5421
Email: ptodd@econ.upenn.edu

Teaching and Research Fields:

Banking, Empirical Corporate Finance, Macroeconomics

Teaching Experience:

Fall 2018	Macro-Modeling, University of Pennsylvania, *Teaching Assistant* for Prof. Guillermo Ordóñez
Spring 2016	Intermediate Microeconomics, University of Pennsylvania, *Teaching Assistant* for Prof. Kenneth Burdett
Fall 2015	Intermediate Microeconomics, University of Pennsylvania, *Teaching Assistant* for Prof. Rakesh Vohra

Research Experience and Other Employment:

July 2018, Fall 2019	University of Pennsylvania *Research Assistant* for Prof. Marc Flandreau, Howard Marks Chair of Economic History
Summer 2016, January 2017, Summer 2019	Financial Stability Directorate, Banca d'Italia *Research Intern*
Spring 2019	Federal Reserve Bank of Philadelphia *Research Analyst*

Professional Activities:

Referee: *Review of Economic Dynamics, International Economic Review*

Honors, Scholarships, and Fellowships:

2016-2018	Bonaldo Stringher Scholarship, Banca d'Italia
2015	Gold Medal for Best Thesis in Economics, University of Turin
2011-2014	Allievi Program Fellowship, Collegio Carlo Alberto

Job Market Paper:

"*The impact of bank regulation on the cost of credit: Evidence from a discontinuity in capital requirements*"
with Emilia Bonaccorsi di Patti and Mirko Moscatelli

Presentations: Banca d'Italia (2017, 2019), University of Pennsylvania (2017, 2019), Wharton (2019), Fourth annual ECB macroprudential policy and research conference (December 2019, scheduled)

Abstract: We study the effect of a change in minimum capital requirements on the cost of credit. We exploit a reduction of the risk weight applied to loans to small and medium enterprises, whose exposure is below a threshold (the Small and Medium Enterprises Supporting Factor). Employing a regression discontinuity design and matched bank-firm data from the Italian Credit Register, we infer an average reduction in interest rates of 9.5 basis points per percentage point drop in minimum capital requirements. We also find that the estimate of the effect is larger, between 12.5 and 15.5 basis points per percentage point change, for borrowers that have low costs of switching between banking relationships. We interpret this result as evidence that the pass-through of capital discounts to borrowers depends on the extent to which banks exercise monopoly power. We suggest that competition between lenders is important for the effectiveness of changes in banks' capital buffers as a macro-prudential policy tool.

<u>Work in Progress:</u>

"*Bank specialization and the design of loan contracts*" with Marco Giometti

<u>Presentations</u>: Federal Reserve Bank of Philadelphia (2019), Wharton (2018)

<u>Abstract</u>: Using data on the US syndicated loan market, we show that banks specialize in lending towards specific industrial sectors. Specialization is persistent over time and common across industries. This contrasts naive interpretations of classical theories of financial intermediation built upon portfolio diversification. Using detailed information on credit agreements, we show that the typical loan contract between a bank specialized in an industry and a firm in the same industry has less restrictive covenants and lower spreads. This, with respect to a loan arranged by the same bank, at the same time, to a firm in another industry in which the bank is not specialized in. This result cannot be fully explained by relationship lending, high propensity to internalize spillovers from credit decisions within an industry, or geographical proximity. Interpreting our findings in light of the information theory of covenants, we suggest that the lending advantage associated with bank specialization is likely to stem from an information advantage in screening and monitoring.

"*Justifying the Glass-Stegall Act: Underwriter competition and risk taking in the 1920s*" with Marc Flandreau

<u>Abstract</u>: The Glass-Steagall Act of 1933 forced commercial banks out of security underwriting. Past empirical work has questioned Glass-Steagall on the grounds that there is no evidence that commercial banks acted any more recklessly than investment banks before the 1929 crisis. We return to this question using new and detailed data on the underwriting of government securities. We suggest that banking competition combined with different supervisory regimes for certain commercial banks resulted in perverse incentives for investment banks to lower lending standards. Commercial banks that were both State chartered and FED members enjoyed laxer regulation and the FED liquidity backstop insurance. We show evidence that these banks engaged in riskier lending and put pressure on lending standards at large. In our novel reading of Glass-Steagall, the exclusion of commercial banks from underwriting does make sense, as part of a comprehensive package of reforms meant to remedy regulatory spillovers, and level conditions for all banks within each market.

"*Entrepreneurial selection and quality of enforcement: Theory and evidence from court district borders*"

<u>Presentations</u>: University of Pennsylvania (2017, 2019)

<u>Abstract</u>: Using Bruegel data on European manufacturing firms (EFIGE) I document that only in Italy the presence of an old (over-65-year-old) manager is associated with a higher probability of obtaining credit. I argue that this is a consequence of long case processing time of Italian courts. Court slowness makes loan recovery more difficult, thus soft relationships more valuable. This may induce an incumbent advantage and explain at least in part the prevalence of old managers in Italy. I introduce a static general equilibrium model of firm allocation explaining how incumbent advantage, caused by difficulty in accessing credit for new managers, can sustain firm misallocation. I use this model to determine in which cases the presence of such frictions in access to funding can justify subsidies to young managers and entrepreneurs. Finally, I investigate the causal relationships between firm allocation, credit access and the quality of courts using the variation in enforcement quality at Italian court districts' borders.

<u>Languages</u>: Italian (native), English (fluent)

<u>Computational skills</u>: Stata, R, Python, Matlab, ArcGIS