

MAI LI

Department of Economics
Columbia University
New York, NY 10027

(+1) 917-863-4978
ml3689@columbia.edu
<https://econ.columbia.edu/e/mai-li/>

Placement Chairs: Martin Uribe, mu2166@columbia.edu; Donald Davis, drd28@columbia.edu
Placement Assistant: Amy Devine, aed2152@columbia.edu, (+1) 212-854-6881

EDUCATION

Department of Economics, Columbia University	
Ph.D. Candidate in Economics	2020 (expected)
M.Phil. in Economics	2017
M.A. in Economics	2016
Guanghua School of Management, Peking University	
B.A. in Finance	2014
Minor in Statistics	2014
The Wharton School, University of Pennsylvania	
Exchange Student	Spring 2013

FIELDS OF SPECIALIZATION

Primary: Macroeconomics
Secondary: International Finance, Corporate Finance

JOB MARKET PAPER

Dollar Funding, Bank Currency Mismatch, and the Transmission of Exchange Rate Policy

Abstract: This paper studies a novel transmission channel for exchange rate policy in emerging markets that acts through financial institutions. According to this “credit-supply channel,” banks in emerging markets fund themselves in U.S. dollars, lend in the local currency, and bear foreign exchange risk if hedging is imperfect. This currency mismatch exposes banks to exchange rate fluctuations and makes economies vulnerable to adverse global financial conditions. To ascertain the significance of this transmission mechanism, I focus on the large and unanticipated currency depreciation episode following the U.S. Fed’s decision to taper the size of its security purchases and exploit the heterogeneity in banks’ pre-determined exposure to currency risk. Using loan level data in Taiwan during 2012-15, I provide evidence that the effect of depreciation on credit supply is contractionary. Banks with higher net USD liabilities cut lending more and were less likely to renew loans to firms with which they had pre-existing relationships. In turn, firms with greater dependence on exposed banks hardly switched to alternative funding sources and disproportionately decreased investment and employment as compared to other firms that relied less on these banks. I find that the credit-supply effects of depreciation on investment and employment are both economically and statistically significant. The extent to which the credit-supply channel contributes to the overall effect of the exchange rate policy is shown to be sizeable when the competing channels—namely, the exporter trade channel and the corporate credit constraint channel—are taken into account.

WORKING PAPER

Corporate Debt Substitution and Spillover of ECB Corporate Bond Purchase Program

Using the corporate bond purchase program undertaken by European countries in the aftermath of the sovereign debt crisis as a laboratory, this paper highlights the role that corporate bond market can play in mitigating adverse financial shocks emanating from the banking sector. The direct purchase by the central bank resulted in more bond issuance and lower bond spread by eligible non-financial borrowers relative to the valid counterparts with the equal access to the bond market. Moreover, the decreasing reliance on bank financing by borrowers with the access to the bond market generated a pass-through effect on the real economy. Banks that have pre-existing relationships with borrowers eligible for the program are found to strongly reallocate credit supply towards firms fully relying on bank for external financing. The financial spillover translated into a higher propensity to invest and to hire by the bank-based borrowers, which are more likely to be capital-constraint.

HONOR AND AWARD

Dissertation Fellowship, Columbia University	2019-2020
Dean's Fellowship, Columbia University	2014-2019
Summer Research Fellowship, Columbia University	2017-2018
Honor Student Scholarship, Peking University	2010-2013

RESEARCH EXPERIENCE

Research Assistant for Prof. Jesse Schreger	2018 - 2019
---	-------------

TEACHING EXPERIENCE

Financial Economics (B.A. Level), Columbia University	Spring 2018, Fall 2018, Spring 2019
Intermediate Macroeconomics (B.A. Level), Columbia University	Spring 2016, Fall 2017
Money and Banking (B.A. Level), Columbia University	Fall 2016, Spring 2017
Introduction to Econometrics (B.A. Level), Columbia University	Fall 2015

SKILL AND PERSONAL

Programming & Software: Stata, Matlab, SAS, R
Language: Mandarin Chinese (native), English (fluent)
Citizenship: China

REFERENCES

Martin Uribe (co-sponsor)
Department of Economics
Columbia University
(+1) 212-851-4008
mu2166@columbia.edu

Jesse Schreger (co-sponsor)
Columbia Business School
Columbia University
(+1) 212-851-0171
jesse.schreger@columbia.edu

Stephanie Schmitt-Grohé
Department of Economics
Columbia University
(+1) 212-851-4010
ss3501@columbia.edu

Last Updated: November 15, 2019