Jiayin Hu

Department of Economics

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PLACEMENT CONTACTS

Placement Chair: Martin Uribe, mu2166@columbia.edu   (212) 851-4008

Placement Assistant: Amy Devine, aed2152@columbia.edu   (212) 854-6881

EDUCATION

Ph.D. Candidate, Department of Economics, Columbia University   2019 (expected)

B.A., School of Economics and Management, Tsinghua University   2014

Exchange Student, Wharton School, University of Pennsylvania   Fall 2012

FIELDS OF SPECIALIZATION

Primary Field: Banking, Applied Corporate Finance

Secondary Field: Macroeconomics

REFERENCES

Patrick Bolton	José Scheinkman	Harrison Hong
Barbara and David Zalaznick	Charles and Lynn Zhang	John R. Eckel Jr. Professor
Professor of Business and	Professor of Economics	of Financial Economics
Professor of Economics	js3317@columbia.edu	hh2679@columbia.edu
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HONORS AND AWARDS

Dissertation Fellowship, Department of Economics, Columbia University   2018-2019

Angell Fellowship, Department of Economics, Columbia University   2016-2017

Dean's Fellowship, Department of Economics, Columbia University   2014-2018

National Academic Scholarship (2x), Ministry of Education, China   2011, 2013

First Class Freshmen Scholarship, Tsinghua University   2010-2014

JOB MARKET PAPER

Regulating Shadow Banks: Financial Innovation versus Systemic Risk

Abstract: I develop a model featuring endogenous innovation and asymmetric information to analyze the role of shadow banking and financial regulation. In my model, the traditional banking sector is regulated in a way that it can credibly provide safe assets, while an unregulated shadow banking sector creates space for superior risky assets produced by financial innovation but also provides regulatory arbitrage opportunities for inferior risky assets. I show that when innovation is costly, inferior risky assets are pooled with superior risky ones by uninformed households, increasing funding costs and crowding out the latter. I propose a novel approach of shadow bank regulation, where shadow banks that take excessive risks and do not innovate will be designated and face the punishment of costly regulation as systemically risky entities. The regulation is macro-prudential not only by controlling existing systemic risks of the designated but by deterring excessive risk-taking behaviors of the undesignated. My paper is the first to formalize the designation authority of the Financial Stability Oversight Council (FSOC) of systemically important unregulated non-bank financial institutions in controlling risk buildup in the shadow banking sector.

WORKING PAPERS

To Float or Not to Float? A Model of Money Market Fund Reform.

Abstract: Money market funds compete with commercial banks by issuing demandable shares with stable redemption price, transforming risky assets into money-like claims outside the traditional banking sector. In a coordination game model *a la* Angeletos and Werning (2006), I show that the floating net asset value, which allows investors to redeem shares at market-based price rather than book value, may lead to more self-fulfilling runs. Compared to stable net asset value, which becomes informative only when the regime is abandoned, the floating net asset value acts as a public noisy signal, coordinating investors' behaviors and resulting in multiplicity. The destabilizing effect increases when investors' capacity of acquiring private information is constrained. The model implications are consistent with a surge in the conversion from prime to government institutional funds in 2016, when the floating net asset value requirement on the former is the centerpiece of the money market fund reform.

Optimal Deposit Insurance.

Abstract: Why aren't demand deposits fully insured as suggested in Diamond and Dybvig model? I examine the optimal level of deposit insurance coverage limit in a model with both self-fulfilling and fundamental-driven bank runs. An increase in the insurance cap lowers the probability of self-fulfilling runs, but raises the payout cost when a bank run does occur (payout-cost channel) and subsidizes excessive risk-taking activities (moral-hazard channel). The model demonstrates a negative feedback loop where the high premium charged erodes banks' profits and makes them more vulnerable to runs, especially under narrow interest rate spread. The optimal deposit insurance features risk-based premium and time-varying coverage limit.

REFEREE

International Journal of Central Banking

PRESENTATIONS

2018: Financial Economics Colloquium, Columbia Business School Finance Free Lunch

2017: Becker Friedman Institute Macro Financial Modeling Summer Session for Young Scholars (poster session)

OTHER PROFESSIONAL ACTIVITIES

Member: American Economic Association, American Finance Association

President, Association of Graduate Economics Students, Columbia University, 2016-2017

Student Coordinator, Financial Economics Colloquium, Columbia University, 2017-

RESEARCH AND WORK EXPERIENCE

Consultant, Department of Economic and Social Affairs, United Nations — Summer 2016

Intern, Department of Economic and Social Affairs, United Nations — Summer 2015

Intern, International Finance Division, Research Bureau, People's Bank of China — Summer 2014

TEACHING EXPERIENCE

Columbia University

Behavioral Finance (GU4860), TA for Professor Harrison Hong — Spring 2018

Financial Economics (UN3025), TA for Professor Sally Davidson — Spring 2016

Intermediate Macroeconomics (UN3213)

- Head TA for Professor Xavier Sala-i-Martin   Fall 2016, Fall 2017
  - TA for Professor Irasema Alonso   Spring 2017

Principles of Economics (UN1105)

  - Summer School Instructor   Summer 2017
  - TA for Professor Sunil Gulati   Fall 2015

Tsinghua University

Principles of Economics, TA for Professors Yingyi Qian and Xiaohan Zhong   2013-2014

Critical Thinking and Moral Reasoning, TA for Professor Bin Yang   Fall 2013

SKILLS

Languages: English (fluent), Mandarin Chinese (native)

Programming: LaTeX, Matlab, R, Stata, Python, Julia

PERSONAL

Citizenship: China

Gender: Female

Date of Birth: September 12, 1993