ZAICI LI

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EDUCATION

University of Mannheim, Mannheim, Germany *2020 - 2022 (expected)*
Postdoc Researcher in Microeconomics Department

Imperial College Business School, London, UK *2015 - 2020*
PhD Candidate in Finance
Advisors: Franklin Allen, Gilles Chemla and Alexander Michaelides
Viva Examers: Patrick Bolton and Martin Oehmke (pass without amendment)

Centro de Estudios Monetarios y Financieros (CEMFI), Madrid, Spain *2012 - 2014*
Master in Economics and Finance

Central University of Economics and Finance, Beijing, China *2008 - 2012*
Bachelor in Applied Economics

RESEARCH INTERESTS

Primary Fields: Financial Intermediation and Macroeconomics
Secondary Fields: Socially Responsible Investment and Corporate Finance

WORKING PAPERS

Insurance Provision and Securitization Dynamics (Job Market Paper)
I provide a dynamics model of shadow banking and securitization in which intermediaries assemble loans into diversified portfolios and create safe assets by holding the junior tranches, providing insurance against aggregate risk. Intermediaries' capital and risk perception play key roles in driving securitization dynamics. The model features a self-reinforcing effect between high risk perception and low securitization. High risk perception reduces intermediaries' willingness to hold junior tranches, leading to low level of securitization. Since learning positively depends on issuance, learning slows down and risk perception remains high, resulting in very slow recovery. During financial crisis, massive write-downs of subprime mortgage related securities wipe out intermediaries' capital, leading to the collapse of issuance in all major securitization markets. The rise of risk perception in PL RMBS market keeps issuance low until now while other securitization markets recover after intermediaries are recapitalized.

WORKS IN PROGRESS

Reputation and Socially Responsible Investment
I look at an economy where fund managers maximize fund flows from both green and non-green investors, invest in projects and buy corporate social responsibility (CSR) rating from rating agency. When investors directly observe whether projects are green or not, socially optimal allocation is achieved. To maximize fund flow, fund managers invest in green projects. The accuracy of CSR rating can be guaranteed through repeated interaction between rating agency and fund managers, referred as reputation effect in the model. When investors can not observe whether projects are green, reputation effect disappears. To attract fund flow from both green and non-green investors, fund managers want

to invest in non-green projects with higher return. Catering to the demand, rating agency inflates the rating for non-green projects. The reputation effect disciplining the rating agency disappears because there is no demand of quality rating from fund managers.

Endogenous Market Liquidity and Credit Cycle
I propose a macroeconomics model of originate-to-distribute banking, where arrangers originate long-term loans then sell them to investors. Asymmetric information of loan quality endogenously determines liquidity in loan sales market. Due to arrangers limited risk-bearing capacity, liquidity is key to offload risk thus affecting arrangers origination incentive. Equilibrium liquidity is determined by balancing the cost of loan sales (due to information asymmetry) and benefits of risk-sharing. During the crisis, market liquidity deteriorates due to the increase of loan default, leading to the increase of arrangers retention and decrease in credit supply

ACADEMIC CONFERENCES AND TRAINING

Adam Smith Workshops in Asset Pricing and Corporate Finance	2016-2019
CEPR-FRI conference Modelling Credit Cycles London	2017
Financial Theory Group Summer School at Wharton	2019
CEMFI Summer School: Heterogeneous Agent New Keynesian models	2017

TEACHING EXPERIENCES

Corporate Finance, Imperial College Business School (rating 4.46 /5)	2017-2019
Corporate Strategy and Financial Management, Imperial College Business School (rating 4.54 /5)	2018
Principles of Finance (rating 4.1/5), Imperial College Business School	2018

ACADEMIC REFERENCE

Alexander Michaelides	Franklin Allen	Gilles Chemla
Department of Finance	Department of Finance	Department of Finance
Imperial College Business School	Imperial College Business School	Imperial College Business School
f.allen@imperial.ac.uk	g.chemla@imperial.ac.uk	a.michaelides@imperial.ac.uk

AWARDS AND FELLOWSHIPS

CEMFI Master Scholarship	5,000 Euros per year
Imperial College Business School GTA	18,500 Pounds per year

LANGUAGES AND SKILLS

Lauguages: Chinese (native), English (fluent), Spainish(beginner)
Skills: Stata, LaTeX, Matlab, Mathematica