Jiaqi Li

CONTACT INFORMATION

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PLACEMENT INFORMATION

Placement Officer:
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FIELDS

Primary: Macroeconomics, Monetary Economics

Secondary: Industrial Organization, Applied Econometrics

RESEARCH INTERESTS

Banking, Monetary Transmission, Financial Stability, Financial Frictions

EDUCATION

Ph.D. in Economics, University of Cambridge — 2015 - present

Expected Completion Date: June 2019

Thesis title:

Essays on Imperfect Banking Competition, Macroeconomic Volatility and Financial Stability

Thesis advisor and references:

Dr Petra Geraats (Supervisor)
Faculty of Economics
University of Cambridge
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Dr Donald Robertson (Advisor)
Faculty of Economics
University of Cambridge
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Dr Tiago Cavalcanti
Faculty of Economics
University of Cambridge
tvdvc2@cam.ac.uk
Phone: +44 (0) 1223 335262

M.Phil in Economic Research, University of Cambridge — 2014 - 2015

Dissertation title:

The Role of Bank Competition in Monetary Transmission Mechanism

BA in Economics and Management, University of Oxford — 2011 - 2014

Experience

Summer Intern, MCM Department, International Monetary Fund — Jun - Aug 2017

Teaching Fellow, Tripos IIB Banking and Finance, Faculty of Economics, University of Cambridge — 2016 - 2017

College Supervisor, Tripos IIB Banking and Finance, Clare College, King's College, St Catharine's College, etc — 2016 - 2017

Part-time Intern, Baylor Klein (financial advisory), UK — Jul 2014 - Mar 2015

Vice President, OXCIA (student society), University of Oxford — 2012 - 2013

Volunteer, Microfinance project, Global Brigades, Ghana — Sep 2012

Presentations

Ph.D. Macroeconomics Workshop, University of Cambridge — May, Nov 2018; Mar, Oct 2016

Special session, IFABS 2016 Barcelona Conference — Jun 2016

Plenary session, Money Macro and Finance Ph.D. Workshop, University of Birmingham — Apr 2016

Honours and Awards

Distinction for Prelims and Open Scholarship, Pembroke College, University of Oxford — 2011 - 2013

Certificate of Distinction in British Mathematical Olympiad, Round 1 — 2010 - 2011

Working Papers

Imperfect Banking Competition and Financial Stability, *Job Market Paper*

Abstract: Does bank competition jeopardize financial stability? By building a model of imperfect banking competition featuring the accumulation of bank equity via retained earnings, this paper finds that bank competition can have different short-run and long-run effects on financial stability. In the short run, less competition can jeopardize stability as it increases banks' loan assets and thus lowers their equity-to-assets ratios (equity ratios), making them more likely to default. In the long run, less competition tends to enhance stability as banks make higher profits and accumulate equity faster over time, resulting in higher equity ratios and hence lower bank default probabilities. The extent of this long-run stability gain from less competition and whether the stability gain outweighs the efficiency loss crucially depend on banks' dividend distribution or macroprudential policies. Empirically, this paper finds two sets of supporting evidence for the model predictions using bank-level data from EU and OECD countries. First, bank concentration, an inverse measure for competition, has a significant positive effect on the change in bank equity. Second, banks' equity ratios are found to be negatively related to their default probabilities, which are proxied by credit default swap spreads.

Imperfect Banking Competition and Macroeconomic Volatility: a DSGE Framework

Abstract: Following the recent financial crisis, there has been an increasing focus on incorporating financial frictions into a dynamic stochastic general equilibrium (DSGE) model, often by introducing the agency problem which serves to amplify macroeconomic shocks. This paper examines the impact of another important financial friction, imperfect competition in banking, on aggregate fluctuations by incorporating a Cournot banking sector into a DSGE model embedded with the agency problem that gives rise to collateral constraints. In the presence of a binding collateral constraint, imperfect banking competition is found to have an amplification effect on aggregate fluctuations after a contractionary monetary policy shock and adverse collateral shocks. Adverse shocks that make borrowers more financially constrained and their loan demand more inelastic can induce banks with market power to raise the loan rate, resulting in a countercyclical loan interest margin that amplifies the aggregate fluctuations.

WORK IN PROGRESS

Credit Distortions and Capital Misallocation

REFEREEING

The B.E. Journal of Macroeconomics

PERSONAL INFORMATION

Citizenship: Chinese
Date of Birth: July 17, 1992
Languages: Chinese (native), English (fluent), French (basic)
Software: Stata, Julia, Matlab

Last updated: Nov 2018