# Quynh-Anh Vo

Bank of England
Policy Strategy and Implementation Division
Research Economist
Threadneedle Street,
EC2R 8AH London, UK

Email: quynh-anh.vo@bankofengland.gsi.gov.uk

---

**RESEARCH INTERESTS**

Banking, Financial Regulation, Corporate Finance, Contract Theory

**CURRENT POSITION**

Research Economist, Bank of England

**PREVIOUS POSITIONS**

- Research Associate, Department of Banking and Finance, University of Zürich, Switzerland. 9/2010 – 08/2016

- Research Economist, Research Department, Norges Bank (Central Bank of Norway), Norway. 10/2009 – 8/2010

- Junior Lecturer, University of Toulouse 1, France. 9/2007 – 8/2009

**EDUCATION**

| | | | |
|---|---|---|---|
| - Ph.D. | Economics (with highest distinction) | Toulouse School of Economics | 2009 |

Thesis Title: "*Essays on Banking and Corporate Finance*", Advisor: Jean-Charles Rochet

| | | | |
|---|---|---|---|
| - M.Sc. | Quantitative Economics | Toulouse School of Economics | 2005 |
| - M.A. | Financial Markets and Intermediaries | Toulouse School of Economics | 2004 |
| - B.A. | International Trade and Economics | Hanoi Foreign Trade University | 2003 |

**GRANTS & SCHOLARSHIPS**

- Visiting Scholarship, University of Tasmania (Australia) March 2015

- Research Grant of the Accounting and Finance Association of Australia and New Zealand (AFAANZ) (with Thu Phuong Pham) 2014 – 2015

- Travel Grant, Econometric Society World Congress 2010

- Fellowship for Research and Teaching (ATER), University of Toulouse 2007 – 2009

- Eiffel Scholarship of Excellence for Ph.D. studies, French Ministry of Foreign Affairs 2004 - 2007

- Grants from Sumitomo Corporation for Outstanding Students, Hanoi Foreign Trade University 1998 - 2002

## WORKING PAPERS

- "Liquidity Management in Banking: What is the Role of Leverage?" (Job Market Paper), October 2015

- "Disciplining Entrepreneurs by Short-Term Debt: A Quantitative Assessment" (with Rafael Repullo and Jean-Charles Rochet), October 2015

- "Agency Problems, Recapitalization Costs and Optimal Resolution of Financial Distress" (with Santiago Moreno-Bromberg), October 2015, *R&R at the Journal of Banking and Finance*

- "Banking Competition, Monitoring Incentives and Financial Stability", Norges Bank Working Paper 2010/16.

- "Optimality of Prompt Corrective Action in a Continuous-Time Model with Recapitalization Possibility", Norges Bank Working Paper 2009/28.

## WORKS IN PROGRESS

- Capital and Liquidity Mismatch in Banking: Evidence from the United States (with Thu Phuong Pham)

## POLICY PAPERS

- "Countercyclical Capital Buffer Proposal: an Analysis for Norway", Norges Bank Staff Memo 2011/03.

## CONFERENCE & SEMINAR PRESENTATIONS

| | |
|---|---|
| - Bank of England, University of Basel, University of Zurich, IFABS 2016 Barcelona Conference | 2016 |
| - Paris Financial Management Conference, University of Tasmania | 2015 |
| - EEA/ESEM Annual Meeting | 2013 |
| - FINRISK Research Day, EEA/ESEM Annual Meeting | 2011 |
| - Norwegian Business School, University Paris Sorbonne 1, University Paris Nanterre X, University Cergy Pontoise, World Congress of Econometric Society, Norges Bank conference on "Government intervention and moral hazard in the financial sector", University of Oslo, FMA Annual Meeting | 2010 |
| - ADRES Doctoral Day, ASSET Annual Meeting, Norges Bank | 2009 |
| - EEA/ESEM Annual Meeting, ASSET Annual Meeting | 2008 |
| - Spring Meeting of Young Economists, EEA/ESEM Annual Meeting, ASSET Annual Meeting | 2007 |

**TEACHING EXPERIENCE**

UNIVERSITY OF ZÜRICH (SWITZERLAND)

| | |
|---|---|
| Advanced Banking Exercises – Master | 2010 – 2013 |
| Supervisor, 10 Master and 3 Bachelor theses in Banking and Finance | |

UNIVERSITY OF TOULOUSE 1 (FRANCE)

| | |
|---|---|
| Mathematics for Finance – Master, TA | 2008 – 2009 |
| Financial Management – Master, TA | 2008 – 2009 |
| Microeconomic Analysis – BSc Economics, TA | 2008 – 2009 |
| Statistical and Mathematical Analysis – BSc Economics, TA | 2008 – 2009 |
| Macroeconomics – BSc Economics, TA | 2007 - 2008 |

**SEMINAR ORGANIZATION**

Seminar on Contract Theory and Banking, University of Zürich 2010 - 2013

**SKILLS**

| | |
|---|---|
| Languages | English (fluent), French (fluent), German (basic) Vietnamese (native) |
| Software | Scientific Workplace, MS Office, Mathematica, Matlab |

**REFERENCES**

Jean-Charles Rochet
Professor of Banking
University of Zürich
Tel: +41 (0)446344055
Email: jean-charles.rochet@bf.uzh.ch

Rafael Repullo
Professor of Economics
CEMFI, Madrid
Tel: +34 (0)914290551
Email: repullo@cemfi.es

Michel Habib
Professor of Finance
University of Zürich
Tel: +41 (0)446342507
Email: michel.habib@bf.uzh.ch

**RESEARCH PAPERS**

**1) “Liquidity Management in Banking: What is the Role of Leverage?”**

*Abstract*: This paper examines potential impacts of banks' leverage on their incentives to manage their liquidity. We analyze a model where banks control their liquidity risk by managing their liquid asset positions. In the basic framework, a model with a single bank, where the possibility of selling long-term assets when in need of liquidity is not taken into

account, we find that the bank chooses to prudently manage its liquidity risk only when its leverage is low. In a model with multiple banks and a secondary market for long-term assets, we find that a banking system where banks are highly leveraged can be prone to liquidity crises. Our model predicts a typical pattern of liquidity crises that is consistent with what was observed during the 2007-2009 crisis.

**2) "Agency Problems, Recapitalization Costs and Optimal Resolution of Financial Distress" (with Santiago Moreno-Bromberg)**, *Revise and Resubmit at the Journal of Banking and Finance*

*Abstract*: We introduce in a dynamic-contracting framework with moral hazard the possibility of recapitalization as an alternative to liquidation when a firm is in financial distress. This is achieved by considering a loss-averse agent and by allowing the latter to inject additional capital into the firm when necessary. We show that firm recapitalization may arise in an optimal, long-term contract. As a consequence, we find that there are two mechanisms at a firm's disposal so as to deal with financial difficulties: one corresponds to a recapitalization process, the other to a liquidation one. The choice of mechanism is based on a cost-benefit analysis.

**3) "Disciplining Entrepreneurs by Short-term Debt: a Quantitative Assessment" (with Rafael Repullo and Jean-Charles Rochet)**

*Abstract*: This paper addresses the optimal maturity structure of the firms' liabilities. We examine the validity of the argument according to which the maturity mismatch of the firms' balance sheet can be seen as playing a disciplining role to address the managers' incentive problem. In our model, the incentive problem comes from the fact that managers can secretly influence the probability of success of their investments. We determine the optimal mix of short-term and long-term debts as a function of the characteristics of the investment. We find that using some short-term debt is optimal only when the assets' profitability is low. Moreover, the gains from short-term financing are typically small.

**4) "Banking Competition, Monitoring Incentives and Financial Stability"**

*Abstract*: This paper analyses the impact of competition on the banks' stability through its impact on the banks' monitoring incentives. In a model where banks compete on both deposit and loan markets, and can use monitoring to control borrowers' behavior, we point out two possible effects of competition on the banks' monitoring efforts: attractiveness and efficiency effects. The first effect operates through the link between competition and loan margin. The second effect is due to the fact that the marginal impact of monitoring on borrowers' management efforts depends on the loan rate. We characterize the sufficient condition under which greater competition will increase the banks' monitoring incentives as well as the banks' stability. We also analyze the role of capital requirement in correcting potential negative effects of competition vis à vis financial stability.

**5) "Optimality of Prompt Corrective Action in a Continuous-Time Model with Recapitalization Possibility"**

*Abstract*: Prompt Corrective Action (PCA) is a system of predetermined capital/asset ratios that trigger supervisory actions by a banking regulator. Our paper addresses the optimality of this regulation system by adapting a dynamic model of entrepreneurial finance to banking regulation. In a dynamic moral hazard setting, we first derive the optimal contract between the banker and the regulator and then implement it by a menu of regulatory tools. Our main findings are the following: first, the insurance premium is a risk-based premium where the risk is measured by the capital level; second, our model implies a capital regulation system

that shares several similarities with the US PCA. According to our proposed system, regulatory supervision should be realized in the spirit of gradual intervention and the book-value of capital is used as information to trigger intervention. Banks with high capital are not subject to any restrictions. Dividend distribution is prohibited in banks with intermediate level of capital. When banks have low capital level, a plan of recapitalization is required and in the worst case, banks are placed in liquidation.