Lingnan 嶺南大學 University

Department of Economics Seminar

"Bank Information Sharing and Liquidity Risk"

(in English)

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Biography: Kebin (Ph.D. in Finance, Tilburg University) is currently an Assistant Professor of Finance at University of Warwick. His research focuses on banking, financial stability and regulation. Before joining Warwick Business School, he visited Universitat Pompeu Fabra as a Marie-Curie research fellow, and The World Bank as a short-term consultant. Kebin's work has been presented at major professional conferences such as AFA, EFA, and conferences organized by CEPR and FDIC.

Date:	**18 June 2015 (Thursday)**
Time:	**1:00 pm – 2:00 pm**
Venue:	**WYL113, Dorothy Y. L. Wong Building**

Abstract: This paper proposes a novel rationale for the existence of information sharing. We suggest that information sharing arises because of banks' need for market liquidity. Banks can reduce their funding liquidity risk by entering in information sharing schemes because, in case of liquidity needs, they will face less adverse selection in the secondary market in which assets are sold. This reduces the costs of asset liquidation. Such benefit however has to be traded off with the higher competition on the loan market, and the corresponding lower profits. Information sharing can arise endogenously as banks trade off between asset liquidity and rent extraction. We also relax the common assumption in the literature by allowing borrowers.credit history to be non-verifiable, and show that banks still have incentives to truthfully disclose such information in competitive credit markets.

All Are Welcome

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