

Curriculum Vitae

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Jean-Edouard COLLIARD

colliard@pse.ens.fr

<http://sites.google.com/site/jecolliardengl/home>

Office contact

Paris School of Economics, Bureau E20

48 Boulevard Jourdan

75014 Paris

Phone: (33) (0)6 61 52 93 35

Personal information: French citizen. Born on January 3rd, 1986.

Placement Officer Christophe CHAMLEY (33) (0)1 43 13 63 30 chamley@pse.ens.fr

Placement Assistant Béatrice HAVET (33) (0)1 43 13 63 63 beatrice.havet@ens.fr

Studies

2008 to present PhD student at the Paris School of Economics, under the supervision of Gabrielle DEMANGE. Thesis title: *Essays in Financial Microeconomics*. Expected completion date: June, 2012.

2009-2010 Visiting PhD student at the London School of Economics, European Doctorate Program. Guest of the Financial Markets Group.

2005–2009 Ecole Normale Supérieure, Ulm. Economics and political science.

2009 Bachelor's degree in mathematics (with honors), Paris VI.

2006–2008 Master's degree APE (with highest honors), Paris School of Economics. Master's dissertation under the supervision of Gabrielle DEMANGE.

2006 Bachelor's degree in econometrics (with honors), Paris I-Panthéon-Sorbonne.

Languages French (mother tongue), English (fluent), German (good), Russian (beginner).

Softwares Advanced knowledge of Microsoft Office, LaTeX, Scilab, Mathematica, basics of SAS.

References

Gabrielle DEMANGE

Research Director EHESS-PSE (advisor)

Paris School of Economics

(33) (0)1 43 13 63 27

demange@pse.ens.fr

Thierry FOUCAULT

Professor of Finance

Department of Finance, HEC Paris

(33) (0)1 39 67 95 69

foucault@hec.fr

Pierre-Yves GEOFFARD

Professor of Economics, Deputy Director of PSE

Paris School of Economics

(33) (0)1 43 13 63 50

geoffard@pse.ens.fr

David MARTIMORT

Research Director EHESS-PSE

Paris School of Economics

(33) (0)1 43 13 63 88

david.martimort@parisschoolofeconomics.eu

Research fields

Primary Microeconomics of banking.
Secondary Market microstructure, financial microeconomics and applied microeconomics.

Research papers

2011 *Rational blinders: is it possible to regulate banks using their internal risk models?* Job Market Paper.
2011 *Trading fees and efficiency in limit order markets*, with Thierry FOUCAULT (HEC). Under revision for the *Review of Financial Studies*.
2011 *Catching falling knives: speculating on market overreaction*. Working paper.
2011 *Cash providers' networks*, with Gabrielle DEMANGE (PSE). In progress.

Teaching experience

2010-2012 Teaching assistant in microeconomics, graduate level, APE Master's programme PSE-EHESS (lecturers Bernard CAILLAUD, Olivier COMPTE, Pierre-Yves GEOFFARD). Taught in English.
2010-2012 Lectures at HEC Paris, graduate level, in "Introduction to Economics" (MS Sustainable development) and "Managerial Economics" (Programme grande école - M1). Taught in English.
2009-2010 Teaching assistant in industrial economics at the LSE, undergraduate level, Ec313 course (lecturers Mark SCHANKERMAN, Philipp SCHMIDT-DENGLER). Taught in English.
2009 Teaching assistant in game theory and contract theory, graduate level, at Université Paris Ouest Nanterre (lecturer Marianne VERDIER).
2007-2009 Teaching assistant in economics and sociology, in "classe préparatoire", undergraduate level, lycée Henri IV (Paris).

Invited presentations and professional activities

Conferences 11th SAET Conference, 26th Congress of the EEA, 65th ESEM, 60th Congress of the Association Française de Science Economique, 28th GdRE Annual International Symposium on Money, Banking and Finance, 1st European Retail Investment Conference - Doctoral Consortium, 12th Symposium on Finance, Banking, and Insurance.
Seminars LEI (ENSAE), European Doctorate Program EDP (GSE Bonn), University of Zürich, TOM (PSE), Risk working group (PSE), Toulouse School of Economics, EDP (Pompeu Fabra Barcelona), Finance PhD WIP (London School of Economics).
Discussant PSE-HEC-INSEAD Workshop on Economics and Finance, 28th GdRE Annual International Symposium on Money, Banking and Finance.

Scholarships, honors

2009 Three years full scholarship from the French government towards completion of a Phd Thesis at Paris School of Economics - EHESS.
2005 Four years full scholarship upon admission at the Ecole Normale Supérieure Ulm.
2005 Nationwide competitive contests to enter French *Grandes Ecoles*: ranked 11th at ENS Ulm, 2nd at ENSAE.

Other experience

2011 to present Part of the ANR project "Information and Networks", directed by Gabrielle DEMANGE.
2008 to present Blog on finance and economics, www.mafeco.fr (in French).
2011 Scientific advisor on the translation into French of Barry Eichengreen, *Exorbitant Privilege*, Oxford University Press 2011.
2010 Research assistant to Gabrielle DEMANGE.
2006-2009 Tutor in "CPES", programme promoting underprivileged students' access to elite studies.
2006-2008 Member of the association "Regards Croisés sur l'Economie", and editor of its review.

Research papers:

Rational blinders: is it possible to regulate banks using their internal risk models? **Job Market Paper.**

Abstract: Financial institutions use quantitative risk models not only to manage their risks, but also to communicate information. The Basel regulation in particular uses banks' own estimates to make capital requirements more sensitive to each bank's risks, and both the models and the regulation have been blamed for their over-optimism. I link over-optimism to a hidden information problem between a regulator and a bank who knows better which models are correct. If the regulator treats this problem as "model risk" and only uses tighter capital requirements (e.g. switches from Basel II to Basel III), a wider adoption of optimistic models to bypass the regulation and an increase of banks' risk can follow. On the other hand, there is a cost of ensuring banks use adequate models, which increases with the extent to which internal models are used to compute finer capital requirements. Informational constraints thus make the case for a model-based regulation much weaker. More broadly, this paper shows how economic incentives can impact the development of new predictive models.

Trading fees and efficiency in limit order markets, joint with Thierry FOUCAULT (HEC). **Under revision for the *Review of Financial Studies*.**

Abstract: Common wisdom is that competition between trading platforms in securities markets benefits investors because it forces platforms to charge smaller fees. We challenge this view by showing that a decrease in trading fees can impair investors' expected welfare in limit order markets. Indeed, a decrease in trading fees can induce investors to strategically post limit orders with a smaller execution probability, in order to earn a greater surplus in case of execution. Hence, a decrease in trading fees yields larger gains from trade when a trade takes place, but it can reduce the likelihood of a trade in the first place. The model has testable implications for the effects of a change in trading fees and their breakdown between investors submitting limit orders (makers) and market orders (takers) on limit order fill rates and various measures of bid-ask spreads.

Catching falling knives: speculating on market overreaction. **Working paper.**

Abstract: Agents on financial markets do not have private information only about an asset *per se*, but also about the market itself. Some hedge funds typically do not possess superior information on fundamental values, but are better at inferring information from observed trades and prices, or at detecting anomalous price movements as during the "flash crash" of May 2010, and thus at identifying over- or undervalued assets. I study such "supply-informed" agents' trading behavior in a dynamic framework and show their impact is ambiguous: they typically decrease the likelihood to observe a large deviation of prices from the asset's value, but do not speed up the price discovery process much on average. Moreover, their presence increases adverse selection, and eventually they will be excluded by too high spreads if their informational advantage is low enough. Supply-informed traders insure the market against short-run extreme events by "catching falling knives", a service for which they get a positive profit on average, with large gains when prices bounce back, but large losses when they don't.

Cash providers' networks, joint with Gabrielle DEMANGE (PSE). **In progress.**

Non refereed publications:

2009 *Les prix Nobel d'économie* (Nobel laureates in economics), with Emmeline TRAVERS, La Découverte, Collection Repères.

2007 "Une brève histoire de l'impôt" (A short history of taxation), with Claire MONTALOUX, *Regards Croisés sur l'Economie*, n°1 (*Quelle fiscalité pour quels objectifs ?*).