

ANDREA PASSALACQUA

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Employment

Analysis Group, Inc.

Associate

2022 - Present

Board Of Governors of the Federal Reserve System

Financial Economist

2020 - 2022

Education

Harvard University, Cambridge, MA

Ph.D. in Political Economy and Government – Econ Track

May 2020

Dissertation Committee: Jeremy Stein (chair), Josh Lerner, David Scharfstein, Adi Sunderam, and Marco Di Maggio

M.A. in Political Economy – Econ Track

May 2015

Bocconi University, Milan, Italy

M.S. in Economics, *Summa cum Laude*

2012

B.S. in Economics, *Summa cum Laude*

2008

Research Interests

Financial Intermediation, Corporate Finance, Valuation, Corporate Governance, Entrepreneurship, Household Finance

Publications

The Political Economy of Government Debt

with Alberto Alesina (Harvard University)

2016

Handbook of Macroeconomics, 2:2599:2651. North Holland, 2. Elsevier

Working Papers

The Real Effect of Bank Supervision: Evidence from On-Site Inspections

Winner of Best Paper in Institutions at the 2021 EFA

Winner of the Elsevier Sponsored Award for Best Paper on Financial Institutions at the 2021 WFA

Semifinalist for Best Paper in Financial Markets & Institutions at the 2021 FMA Annual Meeting

We show that bank supervision reduces distortions in credit markets and generates positive spillovers for the real economy. Combining a novel administrative dataset of unexpected bank inspections with a quasi-random selection of inspected banks in Italy, we show that inspected banks are more likely to reclassify loans as non-performing after an audit. This behavior suggests that banks are inclined to misreport loan losses and evergreen credit to underperforming firms unless audited. We find that this reclassification of loans leads to a temporary contraction in lending by audited banks. However, this effect is completely driven by a credit cut to underperforming firms, as the composition of new lending shifts toward more productive firms. As a result, these productive firms increase employment and invest more in fixed capital. We provide evidence of a mechanisms for our results: a change in bank governance. Finally, we find positive spillovers from inspections: entrepreneurship increases, underperforming firms are more likely to exit the market, and there is an overall increase in productivity in the local economy as a result. Taken together, our results show that bank supervision is an important complement to regulation in improving credit allocation.

Regulatory Disclosure and Access to Credit

with Jeffrey Jou (Wharton), Anya Kleymenova (Fed Board), Rajesh Vijayaraghavan (UBC Sauder), and Laszlo Sandor (CFPB)

We study whether the disclosure of consumer complaints about their banks changes affected banks' provision of consumer credit. Using a novel confidential dataset containing consumer complaints from the Consumer Financial Protection Bureau (CFPB) and matching it with confidential data on mortgages, deposits, and market prices, we find that banks subject to prudential and CFPB oversight, which receive consumer complaints experience a decline in their share prices and an increase in trading volumes. These banks also see a decrease in deposit and mortgage market shares, with more complaints resulting in higher

deposit withdrawals. We find limited evidence that banks change deposit rates in response. Finally, we implement textual analysis to study the differential impact of consumer complaints. Overall, we provide new evidence on the role of information disclosure as a disciplinary mechanism in providing credit.

Independent Monitoring and the Credit Market: Evidence from Random Selection of Auditors

with Filippo Mezzanotti (Northwestern Kellogg School of Management), and Giovanni Soggia (Bank of Italy)

We study the role of independent auditing of municipalities in the credit market. Using the random selection of auditors introduced by a reform in 2012, combined with a confidential dataset on the universe of bank loans and interest rate, we find that after the introduction of the drafting rule, municipalities are more likely to increase their borrowing from banks by 4 percentage. Additionally, banks are more likely to reclassify a loan as non-performing. This is line with a model in which the new system improves the quality of information provided to banks. Finally, we show that the individual component of the auditor matter.

Work in Progress

The Role of Information in the Corporate Governance of Firms

with Jiakai Chen (University of Hawaii Shidler College of Business) and Teng Wang (Fed Board)

Grants, Honors & Awards

Best Paper Award on Financial Institutions at the 2021 WFA	2021
Best paper award on Financial Institutions at the 2021 EFA	2021
Semifinalist for Best paper in Financial Market & Institutions at the 2021 FMA	2021
Boston FED Dissertation Fellowship	2020
Harvard University Derek Bok Certificate of Distinction in Teaching	2019
Jens Aubrey Westengard Award	2018
Travel and Research Grant, Harvard (x2)	2017
Research Grant, LEAP, Harvard University	2017
Research Grant, IQSS, Harvard University	2016
Harvard GSAS Fellowship	2013-2018
Erasmus Scholarship	2007
INPDAP Scholarship	2005-2008

Presentations

Seminars

University of Cagliari	2023
Federal Reserve Board (3), CAFRAL Reserve Bank of India	2021
NYFED, Federal Reserve Board (3), Boston FED, Purdue University Krannert School of Management, CEMFI, John Hopkins University, Queen Mary University of London, Brandeis University International Business School, Goldman Sachs, NERA	2020
HBS Finance, HBS Entrepreneurship and Innovation Brownbag, Harvard Macro Lunch, Bank of Italy	<i>prior</i>

Conferences

7 th JAAF-ATP India Symposium (scheduled)	2024
AEA*	2023
MFA, EFA, FIRS, SFS Cavalcade, WFA, Global Finance Conference, NFA 2021, FMA 2021, Community Banking in the 21st Century Research and Policy Conference	2021
Wharton Innovation Doctoral Symposium (WINDS)	2017

Teaching

Introduction to Econometrics (undergraduate level), Harvard University Teaching Fellow for James Stock, and Elie Tamer	2016-2017
Theoretical and Empirical Perspective on Entrepreneurship (Ph.D. level), HBS Teaching Fellow for Josh Lerner and Bill Kerr	2019-2020
Empirical Methods in Financial Economics (PhD level), HBS Teaching Fellow for Adi Sunderam and Sam Hanson	2018-2019
Macroeconomics (undergraduate level), Harvard University Teaching Fellow for Chris Foote	2016-2017
Cultural Economics (undergraduate level), Harvard University Teaching Fellow for Alberto Alesina	Fall 2015
Microeconomics (undergraduate level), Bocconi University Teaching Assistant for Maristella Botticini	Fall 2012

Professional Activities

Referee Service:

American Economic Review: Insight, International Economic Review, European Journal of Political Economy, Journal of Comparative Economics, Economic Inquiry, Journal of Economic Geography

Program Committee:

EFA Annual Meeting (2021), MFA Annual Meeting (2021)

Session Chair:

EFA Annual Meeting (2021)

Discussions:

Papanikolaou and Sun (2021) "The impact of traditional and modern media on financial stability" [GFA 2021]

Herpfer and Maturana (2020) "Credit rating inflation: is it still relevant and who prices it?" [EFA 2021]

Frame, McLemore and Mihov (2020) "Haste makes waste: banking organization growth and operational risk" [FMA 2021]

Liu and Tanner (2021): "Designing agile banking supervision" [FMA 2021]

Departmental Service:

Peer Mentor Committee, Analysis Group Inc.	2023-Present
Member of the FED Board Research Publication Group, Fed Board	2020-2022
Co-organizer of the Seminar Series "Banking and Finance", Fed Board	2022

Other Experiences

Coursera Course on Private Equity and Venture Capital	2023
CFA candidate	2023
Visiting research fellow, Bank of Italy	2018-2019
Affiliated Graduate Student, The Institute for Quantitative Social Science	2016-2020
Entrepreneurship boot camp, NBER	2015
Summer school on the history of economic thought, Duke University	2014
Visiting scholar, University of Chicago Booth School of Business	2013
Research assistant, UCLA Anderson School of Management and IGER Bocconi	2012
Intern, OECD Centre for Entrepreneurship, SMEs, Regions, and Cities	2012
Visiting Student, Helsinki School of Economics	2007

Other Information

U.S. Permanent Resident; Italian native speaker. Proficiency in English. Beginner in Spanish; Fully vaccinated;
Fluent in Statistical Analysis (Python, Stata, R, Microsoft Office, Tableau, Latex, Bloomberg Terminal)