



Xiaoye Tian

(Updated: Nov 21, 2020)

Department of Economics
University of Wisconsin-Madison
1180 Observatory Drive, Rm 8410
Madison, WI 53706

Phone: (608) 698-8638
Email: xtian37@wisc.edu
Website: <https://sites.google.com/view/phoebetian>
Citizenship: China

Education

University of Wisconsin - Madison - PhD in Economics (*Expected* May 2021)
Central University of Finance and Economics, Beijing - B.S. in Mathematical Economics and Finance (2016)

Dissertation: “Essays on Industrial Organization of Financial Markets”

Job market paper abstract (“The Role of Long-Term Contracting in Business Lending”): This paper studies inefficiencies arising from the lack of long-term contracting between borrower (firm) and lender (bank). Drawing on a proprietary data from a Chinese bank, I find most small firms repeatedly take short-term loans each year, and default risk is the main concern. How, and to what extent can default risk be reduced if they were able to enter long-term contract? I develop a dynamic model of business lending to analyze the joint determination of lending terms and default probability. The model also incorporates a learning process which can explain dynamic features of the data. Estimation of the structural model implies that over seventy percent of observed defaults can be attributed to agency friction. In the counterfactual model, banks are able to offer long-term contingent contract which involves a schedule of future lending terms that can vary with time and firm’s financial status. I find that optimal long-term contract has two main benefits: First, by frontloading prices, it alleviates agency frictions and disincentivizes willful defaults. Second, by cross-subsidization, it provides insurance for firms against negative shocks. As a result, with long-term contracting 17% fewer firms default, and total firm outputs expand by 2.6%.

References:

Jean-Francois Houde
University of Wisconsin-Madison
608-262-7927
houdejf@icloud.com

Kenneth Hendricks
University of Wisconsin-Madison
608-263-3869
hendrick@ssc.wisc.edu

Dean Corbae
University of Wisconsin-Madison
608-263-2989
corbae@ssc.wisc.edu

Research Fields

Industrial Organization, Financial Economics, Applied Econometrics

Research Papers

“The Role of Long-Term Contracting in Business Lending” (*Job Market Paper*) [[Link](#)]
“Unintended Consequences of Policy Interventions: Evidence from Home Affordable Refinance Program”, with Chen Zheng, (*working paper*) [[Link](#)]
“Breaking the Implicit Guarantee: The Case of Wealth Management Products” (*working paper*) [[Link](#)]
“Foreclosure or Modification: A Dynamic Discrete Choice Problem of Mortgage Servicing”, with Chen Zheng, Moussa Diop, (*working in progress*)

Teaching Experience

Econ 711: Microeconomics I (Ph.D.), Fall 2017
Econ 709: Economics Statistics and Econometrics I (Ph.D.), Fall 2018
Econ 705: Econometrics II (Master), Spring 2018



Econ 410: Introductory Econometrics (Undergraduate), Fall 2019 and Spring 2020
Econ 310: Statistics: Measurement in Economics (Undergraduate), Spring 2019
Econ 101: Principle of Microeconomics (Undergraduate), Fall 2016 and Spring 2017

Honors, Scholarships and Fellowships

Ko and Ying Shih Graduate Fellowship, University of Wisconsin-Madison (2020)
Summer Research Fellowship, University of Wisconsin-Madison (2019)
Excellent Graduates Award, Central University of Finance and Economics (2016)

Conferences and Seminars

Annual International Industrial Organization Conference (2020, accepted but not presented due to conference cancelation)
Annual Meeting of the Midwest Economic Association (2020, accepted but not presented due to conference cancelation)
Annual Meeting of the Southern Economic Association (2020)

Publications (Undergraduate)

Na Xie, Chenglong Chu, Xiaoye Tian, Lei Wang, "An Endogenous Project Performance Evaluation Approach Based on Random Forests and IN-PROMETHEE II Methods", *Mathematical Problems in Engineering*, vol. 2014

Programming Languages

MATLAB, Stata, SQL, Python (basic)

Languages

Chinese (native), English (fluent)