

# Victor Lyonnet

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## Employment

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2018–present      **Assistant Professor of Finance, Ohio State University**  
Fisher College of Business

## Education

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2018                **PhD in Economics, École Polytechnique/CREST**  
Visiting student, HEC Paris  
Visiting scholar, Harvard University and Columbia University

2012                **Masters Degree in Economics, École Polytechnique/ENSAE/SciencesPo**

2009                **B.A. in Economics, University of Paris IX-Dauphine**

## Research

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### Publications:

- **“Invoicing Currency and Financial Hedging,”** *Journal of Credit, Money, and Banking* (conditionally accepted), with J. Martin and I. Méjean

### Working Papers:

- **“Can Risk be Shared Across Investor Cohorts? Evidence from a Popular Savings Product”** with J. Hombert

### **Revise and Resubmit – Review of Financial Studies**

This paper shows how one of the most popular savings products in Europe – life insurance financial products – shares market risk across investor cohorts. Insurers smooth returns by varying reserves that offset fluctuations in asset returns. Reserves are passed on between successive investor cohorts, causing redistribution across cohorts. Using regulatory and survey data on the 1.4 trillion euro French market, we estimate this redistribution to be quantitatively large: 1.4% of savings value per year on average, or 0.8% of GDP. These findings challenge a large theoretical literature that assumes inter-cohort risk sharing is impossible. We develop and provide evidence for a model in which the elasticity of investor demand to predictable returns determines the amount of risk sharing that is possible. The evidence is consistent with low elasticity, sustaining inter-cohort risk sharing despite predictable returns. Demand elasticity is higher for investors with a larger investment amount, suggesting that low investor sophistication enables inter-cohort risk sharing.

- **“Are Traditional and Shadow Banks Symbiotic?”** with E. Chrétien

SUERF Marjolin Prize Winner (2017), Best Finance Paper Award (cercle K2, 2017)

This paper documents how traditional and shadow banks interacted with one another during the 2007 and 2020 financial crises, when both assets and liabilities flew from shadow to traditional banks. To rationalize their behavior, we propose a simple model which demonstrates the symbiotic coexistence and mutual reliance of traditional and shadow banks through their interaction in a crisis. In our model, shadow banks escape the costly regulation traditional banks must comply with, but give up deposit insurance, which traditional banks can rely upon. Without deposit insurance, shadow banks repay their creditors in a crisis by selling assets at fire-sale prices to traditional banks. By using deposit insurance to purchase these assets, traditional banks are able to generate enough profit to offset their regulatory costs. We study the (unintended) consequences of regulations for traditional banks on the shadow banking sector and how the Fed might affect the nature of the coexistence between the two types of banks.

- **“Build or Buy? Human Capital and Corporate Diversification”** with P. Beaumont and C. Hébert

Best Student Paper Award , 2018 ECGC Workshop on Governance and Control

Why do some firms enter a new sector by acquiring an existing company (“buy”), while others do so using their existing resources (“build”)? Using a novel dataset constructed by merging French employer payrolls with commercial M&A datasets, we show that firms are more likely to buy when their existing workforce does not include skills needed in the sector of entry. This relationship is more pronounced when labor market frictions make it difficult to hire key workers. Firms that enter by building realize lower entry sales when their existing workforce is not adapted to the sector of entry, especially in the presence of labor market frictions. Our results suggest that firms buy to acquire their target’s human capital when adapting their existing workforce is too costly.

#### Work in Progress:

- “Understanding High-Growth Entrepreneurs ” with M. Bonelli and J. Liebersohn
- “How do Life Insurers Manage Liquidity Risk?”
- “M&As, Labor Reallocation, and Productivity” with P. Beaumont, and C. Hébert

## **Grants and Awards**

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2019	Leadership Research Grant for “Understanding High-growth Entrepreneurs”, \$4k
2018	AFFI FNEGE best thesis award in corporate finance Best Student Paper Award for “Build or Buy?”, ECGC Workshop Research Fellowship, Labex Louis Bachelier & Fédération Française de l’Assurance
2017	SUERF Marjolin Prize for “Traditional and Shadow Banks” Research Grant, Fondation Banque de France for “Banks as Safety Providers”, €30k First Prize: Best Finance Paper, Cercle K2 for “Traditional and Shadow Banks”
2015	Research Grant, Europlace Institute of Finance for “Traditional and Shadow Banks”, €10k

## Conferences and Seminars

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2020	American Finance Association, IPC Spring Research Symposium, Junior Entrepreneurial Finance/Innovation Lunch Group*, Rotman*, McGill Desautels*, PUC Chile, Bank of Italy / CEPR / EIEF conference
2019	Boconi/Carefin New Frontiers in Banking Conference, University of Toronto, SFS Cavalcade*, IDC Herzlyia, LSE Paul Woolley Centre Conference, EFA, Labor and Finance Conference at University of Chicago*, CEAR-RSI Household Finance Workshop, CEAR-MRIC Behavioral Insurance Workshop, Université Laval
2018	SKEMA, Warwick Business School, Luxembourg School of Finance, Bocconi, Rotterdam School of Management, Ohio State University, McGill Desautels, Carlson School of Management, Bank of Italy, Bank of France, Cornerstone, New York Fed, Fed Board, 28th Mitsui Labor and Finance Symposium*, HEC Paris*, FFA, Northern Finance Association, Ohio State University University of Texas at Austin, Paris EUROFIDAI/AFFI
2017	NBER Insurance workshop*, University Paris Dauphine*, CREST, Duke University*, Tilburg University*, Banque de France, London Business School*, European Economic Association*, Bank of Finland (SUERF), FFA, HEC Paris
2016	EDHEC, HEC Paris, ACPR, CREST, Swiss Finance Institute (Zürich)
2015	MIT Sloan, NYU macro lunch, Harvard Business School, Harvard University, CREST, HEC Paris
2014	Columbia University, Columbia Business School, IMF Research Department, École Polytechnique, CREST

\* presentations by co-authors

## Refereeing Activities

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Quarterly Journal of Economics, Review of Economic Studies, Review of Financial Studies, National Science Foundation, European Economic Review, Journal of Banking and Finance

## Teaching

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Ohio State	Corporate Finance
HEC Paris	Financial Markets
SciencesPo	Graduate Macroeconomics, Mathematics for Economists, Financial Markets

## Professional Experiences

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2014	International Monetary Fund, Fund Internship Program (Washington DC)
2011	Southampton University – Providence Asset Management Ltd. (UK)

## Other

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Languages	English: Fluent, French: Native, German: Intermediate
Softwares	Stata, R, Python, Matlab, Mathematica, Office, $\LaTeX$
Hobbies	Music