



CERF Fellow Report

Please note this information will be published on the CERF website.

1. Personal Details

Name and Faculty:	Farzad Saidi, Judge Business School
Date:	July 10 th , 2014
CERF Fellowship Period:	2014-2016

2. Research Update

Research Title and Abstract Please tell us your CERF Funded Research Title and Abstract (250 words max)	Real Effects of Financial Development: Bank Scope and Informal Finance Abstract: My main set of projects analyses the deregulation of scope in financial intermediation. I argue that a lender's scope of banking activities is crucial in determining its incentives to acquire information about a borrower. Universal banks are intermediaries with a wide scope and can, thus, be considered informed lenders. I am empirically evaluating (i) to what extent informed lending leads to a reduction in the size of loan syndicates and (ii) international spill-
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	<p>overs of the U.S. deregulation of bank scope. The second part of my current agenda looks at the development of informal financial institutions in a developing country context.</p>
<p>Key Research findings to date: (250 words max)</p>	<p>One part of my research agenda on bank scope deregulation is the formulation of a theoretical model, joint with my co-author Daniel Neuhann, of endogenous information acquisition by syndicates of lenders with heterogeneous bank scope.</p> <p>In the course of this research, I am currently in the process of taking the model's prediction regarding the impact of bank scope on syndicate structure, in the form of loan shares retained by universal banks, to the data. In essence, I find that by enabling the realization of economies of scope across loans and non-loan products by means of cross-selling, increasing the scope of banking leads to universal banks (i) retaining larger shares of loans and (ii) being more likely to become lead arranger. These effects are especially pronounced in the presence of greater (ex-ante) information asymmetry between the borrower and syndicate lenders.</p>

3. Weblinks to your work

We would like to provide CERF Managers with weblinks to the research output of CERF Funded Projects and the following information:



- links to your research outputs
- publications generated during the CERF fellowship
- seminars, conference presentations, press releases and other academic activities

First new working paper in Michaelmas 2015 (paper on bank scope deregulation and the structure of loan syndicates). First revision of paper on informal finance (currently titled “Networks, Finance, and Development: Evidence from Hunter-Gatherers”) to be expected by November/December 2015.

Seminars:

“Networks, Finance, and Development: Evidence from Hunter-Gatherers” – to be presented at Boston University (Department of Economics) this November

Conferences:

Research on bank scope deregulation – presented at London Business School Summer Finance Symposium, forthcoming presentations at Cambridge-Princeton Finance Conference this September & Bocconi-CAREFIN International Banking Conference this October



4. Additional information

Is there any other information you would like to share with us about your work to date?

Please return completed form to The Administrator, admin@cerf.cam.ac.uk