

Simon C. Rother

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Research fields

Financial economics (primary field) and macro-finance (secondary field) with a focus on financial intermediation and financial stability

References

Prof. Isabel Schnabel
(Main advisor)
European Central Bank and
University of Bonn (on leave)
isabel.schnabel@uni-bonn.de

Prof. Markus Brunnermeier
Princeton University
Department of Economics
markus@princeton.edu

Prof. Farzad Saidi
Boston University
Questrom School of Business
fsaidi@bu.edu

Education

- Since 05/2016 **PhD Economics**, expected completion: June 2021
Since 05/2019: Bonn Graduate School of Economics (BGSE)
05/2016 – 05/2019: Graduate School of Economics, Finance, and Management
Universities of Frankfurt, Mainz, and Darmstadt (GSEFM)
- 12/2017 – 03/2018 **Visiting Student Research Collaborator**, Princeton University
Invited by Markus Brunnermeier
- 09/2013 – 05/2016 **MSc Quantitative Economics**
Universities of Frankfurt, Mainz, and Darmstadt
Graduate School of Economics, Finance, and Management (GSEFM)
- 10/2010 – 09/2013 **BSc Economics**, University of Mainz
Graduated best of cohort and with honors for an outstanding thesis

Research experience

- Since 01/2016 Research Assistant
Finance Group, University of Bonn
- 04/2013 – 05/2013 Intern at Deutsche Bundesbank
President's Staff of the Regional Office in Rhineland-Palatinate and Saarland
- 10/2012 – 01/2016 Student Research Assistant (Isabel Schnabel)
(with short gaps) Chair of Financial Economics, University of Mainz
- 09/2012 – 10/2012 Intern at IW Köln (German Economic Institute, Cologne)
Research unit: International Economics

Publication

Asset Price Bubbles and Systemic Risk ([publisher's version](#), [online appendix](#))

with Markus Brunnermeier and Isabel Schnabel

Review of Financial Studies, 2020, 33(9), 4272-4317.

We analyze the relationship between asset price bubbles and systemic risk, using bank-level data covering almost thirty years. Systemic risk of banks rises already during a bubble's build-up phase, and even more so during its bust. The increase differs strongly across banks and bubble episodes. It depends on bank characteristics (especially bank size) and bubble characteristics, and it can become very large: In a median real estate bust, systemic risk increases by almost 70 percent of the median for banks with unfavorable characteristics. These results emphasize the importance of bank-level factors for the build-up of financial fragility during bubble episodes.

Job market paper

The Role of Social Networks in Bank Lending ([job market paper](#))

with Oliver Rehbein

This paper analyzes social connectedness as an information channel in bank lending. We move beyond the inefficient lending between peers in exclusive networks by exploiting Facebook data that reflect social ties within the U.S. population. After accounting for physical and cultural distances, social connectedness increases cross-county lending, especially when lending requires more information and screening incentives are intact. On average, a standard-deviation increase in social connectedness increases cross-county lending by 24.5%, which offsets the lending barrier posed by 600 miles between borrower and lender. While the ex-ante risk of a loan is unrelated to social connectedness, borrowers from well-connected counties cause smaller losses if they default. Borrowers' counties tend to profit from their social proximity to bank lending, as GDP growth and employment increase with social proximity. Our results reveal the important role of social connectedness in bank lending, partly explain the large effects of physical distance, and suggest implications for antitrust policies.

Working paper

Macroprudential Regulation and Systemic Risk ([working paper](#))

Macroprudential regulation can help control macroeconomic developments that are related to financial crises, such as credit and house price growth. However, regulatory arbitrage and the regulation-induced shifting of risks may also spur financial fragility. This paper assesses the consequences of macroprudential regulation for financial stability by estimating its effect on systemic risk. Thereby, the analysis simultaneously considers beneficial and detrimental aspects of the regulation. We find that macroprudential regulation reduces systemic risk, especially in developed countries, when bank-based tools are applied, and when countries are financially interconnected. From a cross-country perspective, macroprudential regulation at home and abroad complement each other. If countries' financial systems are sufficiently interconnected, tighter regulation in a home country reduces its systemic risk exposure to other countries, especially when regulation abroad is strict. Macroprudential regulation abroad also reduces home countries' systemic risk exposure, but to a lesser extent. The results reveal that macroprudential regulation benefits financial stability and call for supranational coordination.

Publication (non-refereed)

Krisenwirkungen auf die Finanzverflechtungen im Euroraum, *IW-Trends* 4/2012

[The Effects of the Crisis on Financial Integration in the Eurozone]

with Jürgen Matthes

Honors, scholarships, and honorary fellowships

Since 09/2020	Young ECONtribute Fellow, Reinhard Selten Institute
08/2017	AFA doctoral student travel grant for the 2018 annual meeting
10/2014 – 09/2015	Deutschlandstipendium, University of Frankfurt
10/2013 – 09/2014	Full stipend, Graduate School of Economics, Finance, and Management

Teaching

2017 – 2020	“Financial Markets and Institutions”, University of Bonn Bachelor level, teaching assistant
2018 – 2020	“Seminar on Systemic Risk”, University of Bonn Bachelor level, graded as best lecturer across all 11 comparable seminars
2015/2016	“Linear Regressions with Stata,” University of Frankfurt PhD-level pre-course
2015 – 2016	“Seminar in Empirical Banking: Too Much Finance?”, University of Mainz Master level, teaching assistant
2012/2013	“Introductory Economics”, University of Mainz Bachelor level, tutor, teaching evaluated with the best possible grade
2012	“Microeconomics 1”, University of Mainz Bachelor level, tutor

Presentations

2020	International Banking, Economics and Finance Association (IBEFA, San Diego), Workshop on Banking (Mannheim), University of Bonn, University of Zurich, 4th CRC TR 224 conference (virtual)
2019	4th SAFE Workshop on Household Finance (Frankfurt), 26th Annual Meeting of the German Finance Association (DGF, Essen), 3rd CRC TR 224 Young Researchers’ Conference (Mainz), Finance Seminar (Bonn)
2018	American Finance Association (AFA, Philadelphia), 2nd CRC TR 224 Young Researchers’ Conference (Montabaur)
2017	EAYE’s Spring Meeting of Young Economists (Halle), 6th Research Workshop in Financial Economics (Bonn), FIRM Research Conference (Mainz), Verein für Socialpolitik (Vienna), 9th European Banking Center Network Conference (Lancaster), German Finance Association (DGF, Ulm), CPB Netherlands Bureau for Economic Policy Analysis (Amsterdam), Workshop on Bubbles in Macroeconomics (CREI, Barcelona)

Invited discussions

2019	SAFE Workshop on Household Finance (Frankfurt), 3rd CRC TR 224 Conference (Mainz), 4th CRC TR 224 Conference (Montabaur)
2018	Research Workshop in Financial Economics (Bonn)
2017	IWH-FIN-FIRE workshop (Halle), Verein für Socialpolitik (Vienna)
2016	German Finance Association (DGF, Bonn), Research Workshop in Financial Economics (Bonn)

Refereeing

2019	Journal of Financial Econometrics, EAYE Spring Meeting of Young Economists
2018	EAYE’s Spring Meeting of Young Economists, Research Workshop in Financial Economics (Bonn)

Miscellaneous

Citizenship:	German
Languages:	German (native speaker), English (fluent), French (a little rusty)