

**Mark Steven CAREY**

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**Federal Reserve Bank of Cleveland**

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**Current Position:**

Senior Economic and Policy Advisor, Federal Reserve Bank of Cleveland, since September 2021

**Previously:**

Co-President, GARP Risk Institute, 2018-2021

- GARP is a not-for-profit professional association of financial risk managers. GRI is a think tank.

Associate Director, Board of Governors of the Federal Reserve System. At the Board since 1990. (former titles were Economist, Senior Economist, Finance Project Manager, Adviser).

- Responsible for research and policy analysis focused on financial stability, risk management, credit risk, corporate finance, financial institutions, and various aspects of financial reform. Major contributor to the first decade of work on Basel II (1994-2004) and to bank employee compensation reform.
- Also responsible for fostering the finance-related research program of the Division of International Finance and the Board.
- Academic research areas include credit risk, financial risk management, corporate finance, financial intermediation, and bank regulation.

**Education:**

Ph.D. University of California, Berkeley, 1990, economics.

B.A. Oberlin College, 1980, economics.

**Citizenship:** USA

**Teaching Experience:**

Adjunct Professor of Finance, Georgetown University, 1995, MBA Financial Markets.

Teaching Assistant, Berkeley, 4 semesters during 1986-1988.

University Outstanding Graduate Student Instructor, 1987.

**Other Technical Positions:**

Institute for Defense Analysis (1980-81)

SESCO, Inc. (1981-82)  
Decision-Science Applications (1982-84)

**Other Professional Activities**

Co-director, NBER Risk of Financial Institutions Working Group (with Rene Stulz)  
Co-Editor, Journal of Financial Services Research (Associate Editor 1999-2016).  
Member of Editorial Board, Journal of Financial Intermediation, 2013-present.  
Associate Editor, Journal of Money, Credit and Banking, 2001-2007.  
Vice Chair, Society of Actuaries Credit Risk Loss Experience Study, 1994-2004

**Publications in Journals:**

The Bank as Grim Reaper: Debt Composition and Bankruptcy Thresholds, Journal of Financial Economics, forthcoming (with Michael Gordy).

Revenge of the Steamroller: ABCP as a Window on Risk Choices, Review of Finance 24:3, May 2020, 497-528 (with Carlos Arteta, Ricardo Correa and Jason Kotter).

Is the Corporate Loan Market Globally Integrated? A Pricing Puzzle, Journal of Finance 62:6, December 2007 (with Greg Nini).

A Guide to Choosing Absolute Capital Requirements, Journal of Banking and Finance 26:5, 2002, 929-951 (also Federal Reserve IFDP 726)

Parameterizing Credit Risk Models With Rating Data, Journal of Banking and Finance, 25:1, January 2001, 195-270 (with Mark Hrycay).

"Credit Risk Rating Systems at Large U.S. Banks", Journal of Banking and Finance, 24:1-2, 2000, 167-201 (with William F. Treacy)

Credit Risk in Private Debt Portfolios, Journal of Finance 53:4, August, 1998, 1363-1387.

Does Corporate Lending by Banks and Finance Companies Differ? Evidence on Specialization in Private Debt Contracting, Journal of Finance 53:3, June, 1998 (with Mitch Post and Steven A. Sharpe), 845-878.

Partial Market Value Accounting, Bank Capital Volatility, and Bank Risk, Journal of Banking and Finance, 19:3/4, June 1995.

The Economics of Private Placements: A New Look, Financial Instruments, Institutions and Markets 2:3, August 1993, (with Stephen Prowse, John Rea and Gregory Udell).

**Other Publications**

- “Market Institutions, Financial Market Risks, and the Financial Crisis,” Journal of Financial Economics 104:3, June 2012, (with Anil Kashyap, Raghuram Rajan and Rene M Stulz) (introduction to special issue that the four of us edited).
- "Implications of the Crisis for Regulation," in Evanoff, Douglas D., Philipp Hartmann and George Kaufman, eds., The First Credit Market Turmoil of the 21st Century, New Jersey and Singapore: World Scientific, pp. 311-324, 2009.
- “The Risks of Financial Institutions,” in Mark Carey and Rene Stulz, eds., The Risks of Financial Institutions (Chicago: University of Chicago Press), 2006.
- “Some Evidence on the Consistency of Banks’ Internal Credit Ratings,” in Michael Ong, ed., Credit Ratings: Methodologies, Rationale and Default Risk (London: Risk Books), 2002.
- “Dimensions of Credit Risk and Their Relationship to Economic Capital Requirements,” in Frederic S. Mishkin, ed., Prudential Supervision: Why Is It Important and What Are the Issues (NBER and University of Chicago Press), 2001.
- “Implementation of Credit Risk Models at Major International Banks,” in A. Sironi and P. Savona, eds., Credit Risk management at Large Italian Banks (Rome, Italy: Bancaria Publications), December 1999.
- “The Determinants of Corporate Loan Liquidity,” with Vijay Bhasin, condensation in Proceedings of the 35th Annual Conference on Bank Structure and Competition (Chicago: Federal Reserve Bank), May 1999.
- “Credit Risk Rating at Large U.S. Banks,” Federal Reserve Bulletin, November, 1998 (with William Treacy), 898-917.
- “1986-2002 Credit Risk Loss Experience Study: Private Placement Bonds,” Society of Actuaries, 2006 (with other members of the Society of Actuaries Asset Risk Experience and Private Placement Committees).  
And previous editions published in 1996, 1998, and 2002.
- “The Changing Role of Life Insurance Companies in the Private Placement Market,” (with S. Prowse, J. Rea, and G. Udell), in Edward I. Altman and Irwin T. Vanderhoof, eds., The Financial Dynamics of the Insurance Industry (New York: Irwin Professional Publishing), 1995, pp. 425-454.

“Toxic Waste, Accounting and Regulation” Proceedings of the 31st Annual Conference on Bank Structure and Competition (Chicago: Federal Reserve Bank), May 1995.

“Loan Market Competition Between U.S. and Foreign Banks: Some Facts About Loans and Borrowers,” in Proceedings of the 30th Annual Conference on Bank Structure and Competition, 1994 (with Charles Calomiris).

The Economics of the Private Placement Market. Staff Study 166, Federal Reserve Board, December 1993 (with Stephen Prowse, John Rea and Gregory Udell).

“Recent Developments in the Market for Privately Placed Debt,” Federal Reserve Bulletin, February 1993 (with Stephen Prowse, John Rea and Gregory Udell).

“The Private Placement Market: Intermediation, Life Insurance Companies, and a Credit Crunch,” Proceedings of the 28<sup>th</sup> Annual Conference on Bank Structure and Competition, 1992 (with Stephen Prowse, John Rea, and Gregory Udell).

### **Working Papers**

“Stock or Options: Risk Choices and Compensation Design,” October 2015 (with Bo Sun).

“The reach of corporate governance beyond the grave: Impact on bankruptcy decisions and recoveries on defaulted debt,” November 2007 (with Senay Agca, Meghana Ayyagari, and Ugur Lel).

“Measuring Systematic Risk In Recoveries on Defaulted Debt,” December 2004 (with Michael Gordy).

“How Quickly Do Troubled U.S. Banks Recapitalize? With Implications for Portfolio VaR Credit Loss Horizons,” July 2001 (with Irina Barakova).

“Consistency of Internal versus External Credit Ratings and Insurance and Bank Regulatory Capital Requirements,” March 2001.

“Public Debt as a Punching Bag: An Agency Model of the Mix of Public and Private Debt.” with Richard Rosen, June 2000.

“Cash Flow, Risk, and the Role of Private Debt in Capital Structure,” with Mark Hrycay, June, 1999.

“A Flexible Framework for Credit-Risk-Sensitive Capital Allocation and Sustainable Regulatory

Capital Standards,” December, 1998.

“Internal Credit Risk Ratings, Capital, and Agency Problems at Large U.S. Banks,” with William Treacy, November, 1998.

“Financial Covenants, Private Debt and Financial Intermediation,” March, 1996.

“Some Evidence on the Nature of Information Problems in Debt Contracting and Financial Intermediation,” September, 1995.

“Are Bank Loans Mispriced?” December, 1994.

“Spreads on Privately Placed Bonds 1985-89: A Note,” April, 1994 (with Warren Luckner).

“Why Do Banks Gain-Trade?” October, 1992.

“Snacking and Smoothing: Gains Trading of Investment Account Securities By Commercial Banks” July, 1994.

Feeding the Fad: The Federal Land Banks, Land Market Efficiency, and the Farm Credit Crisis,” Ph.D. dissertation, July, 1990.

### **Selected Pre-Ph.D. Publications and Working Papers**

“A Model of the Effects of Transport Delay on Air-to-Air Simulator Engagements”  
Decision-Science Applications Report 260, November, 1982 (with R.M. Kerchner).

“The Shipbuilding Industries of the U.S. and U.S.S.R. etc.,” Institute for Defense Analyses  
Report 260, January, 1981 (with R.E. Kuenne, J.N. Fry, J.H. Henry, J.D. Wells, H. Williams).

“U.S. Gasoline Demand: Will the Decline Continue?” Institute for Defense Analyses Paper  
1539, November, 1980 (with R.W. Thomas).