

MAHMOUD ELAMIN

Curriculum Vitae: Spring 2015

Education:

<i>Degree</i>	<i>Field</i>	<i>Institution</i>	<i>Year</i>
Ph.D.	Economics	University of Minnesota	May 2011

Current Research Interests: Banking theory, Bank Runs, Liquidity

Current Policy Interests: Bank risks, Bank failures

Work Experience

Research Economist, Federal Reserve Bank of Cleveland, 2011-present

Teaching Experience

Fall 2010 *Project Supervisor*, University of Minnesota, Minneapolis, Minnesota. Supervised an independent study project for an undergraduate economics student.

2007 - 2011 *Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Taught *Principles of Microeconomics*, *Principles of Macroeconomics*, *Intermediate Microeconomics*, *Financial Economics*, and the *Math Refresher Course* for incoming Ph.D. students.

2006 - 2007 *Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Led recitation sections for *Principles of Microeconomics*.

Published Papers

"Believe Only What You See: Structured Finance, Credit Rating Agencies (CRAs) and Bonds" *Bank and Bank Systems*, Volume 8, Issue 4, winter 2013

Fed Working Papers

"Demand-Deposit Contracts and Bank Runs Revisited: Risky Investment and Safe Assets"

We show that risk-averse investors induce competitive intermediaries to hold safe assets, thereby lowering the probability of a run and enhancing financial stability. We revisit Goldstein and Pauzner (2005), who obtain a unique equilibrium in a global games version of the banking model of Diamond and Dybvig (1983) by introducing risky investment and noisy private signals. We show that, in the optimal demand-deposit contract subject to sequential service, banks hold safe assets to insure investors against investment risk. Consequently, fewer investors withdraw prematurely, which reduces the ex-ante probability of a bank run. Safe asset holdings increase investor welfare and affect the bank's provision of liquidity.

"On the Non-Optimality of a Diamond-Dybvig Contract in the Goldstein-Pauzner Environment"

I show, under intuitive conditions on the risk-averse utility function, the non-optimality of the Diamond and Dybvig (1983) contract in the Goldstein and Pauzner (2005) environment. If marginal utility at zero is low enough, then Goldstein and Pauzner (2005)'s claim about the optimality of the Diamond and Dybvig (1983)

contract is true. When it is not, the optimal contract insures the patient depositor against a project default. The contract **may** exhibit risk-sharing with the impatient depositor. Unlike when Goldstein and Pauzner (2005)'s claim is correct, relative risk aversion greater than 1 does not necessarily make the optimal bank contract run-prone. I present a condition under which it is.

“Can Reputation Ensure Efficiency in the Structured Finance Market?”

In Elamin (2013), the CRA cannot credibly fully reveal its information about the quality of a rated structured finance project, when ratings are unverifiable. Can the fear to lose its reputation discipline the CRA? In this paper, there is incomplete information about the type of the CRA. With some probability, it can be a truthful type, always fully revealing its information. At every period, the (updated) probability that the CRA is of the truthful type is its reputation. With only two project types and when the CRA's reputation is high enough, an informationally-efficient equilibrium, where investors are fully informed, exists. With more than two project types, no matter how high the CRA's patience level or its reputation, there is no informationally-efficient equilibrium. The many project types case is clearly the relevant case, therefore I conclude that the fear to lose reputation is not enough deterrent in the structured finance market.

Federal Reserve Policy Commentaries

Rising Interest rate risk at US banks

Maturity and reach for yield at US banks

Honors and Awards

Summer 2010 *Distinguished Instructor Award*, Department of Economics, University of Minnesota, Minneapolis, Minnesota.

Fall 2009 Educational Technology Workshop Award, “Web 2.0 Technologies and Pedagogies,” University of Minnesota, Minneapolis, Minnesota.

Summer 2007 “TA Web Certification Program Award,” Digital Media Center, University of Minnesota, Minneapolis, Minnesota.

Spring 2006 Nordplus Scholarship for Spring Semester study at Aarhus University, Denmark.

Computer Skills

Stata, Mathematica, MATLAB, Microsoft Office, LaTeX

References

Available upon request.