

## Michal Kowalik, Ph.D.

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### SUMMARY OF EXPERIENCE

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- Federal Reserve financial economist with 11 years of policy-oriented and academic research in banking and finance
- 5-year experience in managing teams of Ph.D. economists, research assistants, and analysts both at the bank- and System-level
- Research and analysis of the banking industry, household sector and financial stability
- Expertise in designing and applying econometric and machine learning models for policy and research
- Multiple years of experience presenting and communicating economic research and analysis to senior executives, senior policy makers, industry professionals, academic peers, and students
- Visiting researcher at MIT Sloan and adjunct professor at Boston College

### EDUCATION

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Ph.D. in Economics, University of Mannheim, Germany (2009)	(graduated in June)
n title: Three Essays in Microeconomics of Banking	Dissertatio
Visiting Ph.D. student, Centro de Estudios Monetarios y Financieros, Madrid, Spain	(2006-07)
M.A. in Economics, University of Mannheim, Germany (2004)	(graduated in June)
M.A. in Economics, Warsaw School of Economics, Poland (2004)	(graduated in January)

### WORK EXPERIENCE

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<b>MIT Sloan School of Management and MIT Golub Center for Finance and Policy</b>	(Cambridge, MA)
Visiting Researcher	(Sep 2018 – Sep 2019)
▪ Hosting professors: Deborah Lucas, Christopher Palmer	
▪ Work on a project about borrowers' default behavior using comprehensive data on borrowers' credit exposures	
<b>Federal Reserve Bank of Boston</b>	(Boston, MA)
Senior Financial Economist and Manager	(Oct 2014 – Present)

**Overall responsibilities:** policy-oriented and academic research, team management, stress-testing

#### Policy-oriented and academic research

- Interest in banking, corporate and household finance
- Produce academic research relevant for the policy makers at the Boston Fed and within the Federal Reserve System
- Empirical projects on borrowers' creditworthiness and default behavior, small business lending, competition between large and small banks, mergers and acquisitions in banking industry, and private equity activity in banking
- Expertise in econometric techniques such as matching, instrumental variables and difference-in-difference design
- Theoretical projects on banks' liquidity and capital management, bank-borrower relationships, use of hard and soft information in lending, as well as behavior of credit card borrowers
- Present own research, discuss others' work, and referee articles for academic journals
- Associate editor of a top-field banking/finance journal, Journal of Money, Credit and Banking

#### Team management

- Responsible for three teams on both bank- and System-level
- Manage of a team of 4 Ph.D. economists and 2 RAs (academic and policy-based research) as well as 6 quantitative analysts responsible for model risk management for the DFAST program
  - Responsible for the team's performance and professional development, as well as their research, policy and business agenda
- Manage two teams modelling DFAST losses (see above)
- Managed various teams working on short-term projects at the System-level (development of alternative models to stress test credit card portfolios, replication of existing models in different coding environments, managing teams of analysts reviewing bank-internal stress testing models)

## Stress-testing

- Manage two teams modelling losses in credit card and auto loan portfolios of the largest U.S.-operating banks subject to the semi-annual Dodd-Frank Act Stress Tests (DFAST); credit cards are the largest contributor to losses in the banking book; each team consists of 4-5 Ph.D. economists and quantitative analysts
- Own the process of model development and maintenance (data analysis, modelling, and model performance) for all components of loss estimation (default probability, loss given default, exposure at default)
  - Curate and analyze the large account-level data set with extensive borrower-level characteristics
  - Use various econometric/statistical techniques to model default and losses in cross-section and time series (simple transition models, competing risk models, machine learning methods)
  - Monitor the models' performance and propose changes to the models as needed
  - Develop alternative models as benchmarks for the existing models
- Develop and implement long-term plans for the teams (such as data needs, model development plans)
- Execute short-term tasks and ensure timely delivery of high-quality output (results' presentations, model documentation, memos, public disclosure documents)
- Serve as a liaison between the modelling teams and the DFAST management
  - Communicate and explain loss estimation results in the context of the model and overall macroeconomic situation to the DFAST management and help them understand the consequences of the results within the context of the entire stress testing exercise
  - Communicate and justify proposed changes to the models and data to the DFAST management
  - Incorporate management's feedback into all aspects of the model development and maintenance process
- Successfully re-built the teams by hiring additional Ph.D. economists to help with the model development and maintenance process, improved the model development and maintenance process as well as loss estimation production by increasing analytical rigor, introduced coding solutions to increase automation of the processes to increase the production efficiency and speed, and contributed to a significant increase in the teams' motivation and willingness to work

*Federal Reserve Bank of Kansas City*  
Financial Economist

*(Kansas City, MO)*  
*(Oct 2009 – Oct 2014)*

**Policy-oriented and academic research:** as above

## Policy work

- Stress-testing: review and opine on the bank-internal stress testing models for revenues, costs, and profits
- Policy advice: advise the Bank's president on regulatory and supervisory issues
- Write white papers on various policy-related matters (see below)

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## CODING SKILLS

- Advanced in Stata, basics in R and Python

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## ACADEMIC EXPERIENCE

**Editorial service:** Associate Editor, *Journal of Money, Credit and Banking*, 2014-present

### Publications:

“*Endogenizing the Scope of the Stigma of Failure*”, (joint with Kerstin Gerling and Heiner Schumacher), *The B.E. Journal of Economic Analysis and Policy* 15 (3), 2015, pp. 1455-1480.

“*A Theory of Failed Bank Resolution: Technological Change and Political Economics*”, (joint with Robert DeYoung and Jack Reidhill), *Journal of Financial Stability* 9(4), 2013, pp. 612-627.

### Policy-related publications:

*"Countercyclical Capital Regulation: Should Bank Regulators Use Rules or Discretion?"* Federal Reserve Bank of Kansas City Economic Review Q2, 2011.

*"Basel Liquidity Regulation: Was It Improved with the 2013 Revisions?"* Federal Reserve Bank of Kansas City Economic Review Q1, 2013.

*"Bank Consolidation and Merger Activity Following the Crisis"* (joint with Troy Davig, Charles S. Morris , and Kristen Regehr), Federal Reserve Bank of Kansas City Economic Review Q1, 2015.

**Working Papers (from the newest to the oldest):**

*"Mortgage Forbearance and Repayment Behavior During the Pandemic"*, with Sean An, Lily Liu, and Annie Zhang  
Analysis of mortgage borrowers' repayment behavior under the federal forbearance programs.

*"How Did the U.S. Banks Finance the Paycheck Protection Program Loans?"*, with Scott Schueller  
Analysis of the choice banks made between deposits and Federal Reserve facilities to finance PPP loans.

*"Changes in the Credit Score Distribution During the Pandemic"*, with Lily Liu  
Analysis of significant changes in the credit score distributions in 2020.

*"Capital and Liquidity Requirements"*, with Claire Labonne  
Analysis of interaction between capital and liquidity requirements in a standard model of bank panics by Diamond-Dybvig.

*"Teaser Rates"*, with Lukasz Drozd  
Analysis of promotional pricing on the U.S credit card market and its consequences for the leverage of the U.S. households.

*"Private Equity Investments in U.S. Banks"*, with Robert DeYoung and Gokhan Torna  
Empirical analysis of private equity fund involvement in the U.S. banking industry during the recent financial crisis.

*"The Changing Role of Small Banks in Small-Business Lending"*, with Lamont Black  
Empirical evidence for the hypothesis that large banks' competition for small-business borrowers forces U.S. community banks to specialize their small-business lending among the medium-sized businesses.

*"To Sell or to Borrow?"*  
Explanation for simultaneous collapse of securitization markets and resilience of unsecured interbank markets in the U.S. in 2007-2008.

*"Can Small Banks Survive Competition from Large Banks?"*  
Theoretical underpinnings of the current shift in the small-business lending patterns at community banks in the U.S.

*"The Creditworthiness of the Poor. A Model of the Grameen Bank"*, with David Martinez-Miera  
Theoretical model and empirical evidence supporting the idea that the Grameen Bank's success is based on the premise that the poorest borrowers have the strongest incentives to repay loans.

*"Bank Capital Regulation and Secondary Markets for Bank Assets"*  
Disclosure of banks' risk exposures to the market destroys their incentive to share this information with their supervisors.

**Referee activities:** CEJEME, Economics of Transition, International Journal of Central Banking, Journal of Corporate Finance, Journal of Financial Stability, Journal of Money, Credit, and Banking, Review of Finance

**Conference committee member:** Financial Management Association 2019, 2020, Midwest Finance Association 2014, ASSA/IBEF 2015, 2017, The Chicago Financial Institutions Conference 2016.

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## **TEACHING EXPERIENCE**

Adjunct Professor, Boston College, Woods College of Advancing Studies: Financial Economics (graduate), Labor Economics (undergraduate) (2019-present)

Lecture on stress testing at the MIT Department of Mathematics for a class on applications of mathematics in finance (2016-present)

Lecture on the use of econometric models in bank supervision for the quantitative analysts and economists the Federal Reserve System (2016-present)

Teaching assistant for undergraduate micro- and macroeconomics at the University of Mannheim (2004-2009)

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## **PRE-PROFESSIONAL EXPERIENCE**

Research Assistant, Centre for European Economic Research (ZEW), Mannheim, Germany *(2003-04)*

Intern, Targus Management Consulting, Ratingen, Germany  
*(2000-01)*

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## **LANGUAGES**

Polish (native), English (fluent), German (fluent), Spanish (basics)

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## **CITIZENSHIP**

U.S. and Polish