

Chi (Clara) Xu

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Link to personal [website](#)
Link to the most up-to-date CV

Education

University of Pennsylvania, The Wharton School

PhD in Finance 2020 – 2026 (exp.)

Columbia University

MIA in International Finance and Economic Policy 2018 – 2020

University of California, Berkeley

BA in Applied Mathematics (major), Music and German (minors) 2015 – 2018

References

Urban Jermann (chair)

Professor of Economics, Professor of Finance
Wharton, University of Pennsylvania
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Tim Landvoigt (chair)

Associate Professor of Finance
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Will Diamond

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Fields

Finance and Macroeconomics

Working Papers

“The Value of Contingent Liquidity from Banks to Nonbank Lenders,”

(Job Market Paper)

Abstract: This paper shows that the contractual features governing bank lending to nonbank lenders (NBLs) are a key source of financial stability. I document that credit lines account for 90% of bank funding to NBLs in the syndicated loan market. NBLs use credit lines to manage investment and liquidity shocks, while banks' liquidity advantage makes them natural insurers. To study the financial stability and welfare implications of this arrangement, I develop a quantitative model with endogenous credit limits and fees between banks and NBLs. Credit lines generate insurance revenues for banks that fund loan origination, reinforcing deposit creation. Credit lines' contingent features make them cheaper but riskier than cash, and safer but more costly than loans. Quantitatively, credit lines raise welfare by 0.02% relative to cash and 1.83% relative to loans. Yet, deposit insurance induces banks to extend limit beyond the social optimum, making moderate tightening of capital and off-balance-sheet requirements welfare-improving. In contrast, partial guarantees to NBL debt weaken banks' relative liquidity advantage, constrain credit line supply, and reduce welfare, underscoring the importance of bank credit lines to NBLs for financial stability.

Presented at: WFA, FIRS, Carey Finance Conference, Dallas Fed, EFA-Doctoral Tutorial, Macro Finance Society (poster), Macro Finance Research Program (poster), Dauphine Finance PhD Workshop, WE_ARE_IN Macroeconomics and Finance Conference (poster)

“Collateralized Loan Obligations as Fire-Sale Insulation,”

with William Diamond and Luigi Falasconi

Abstract: We develop a model where CLOs are the optimal financial structure for securitizing assets that trade in illiquid markets. CLOs hold portfolios of risky loans, sell low-quality loans during crises, and finance themselves with safe, long-maturity debt. Banks that invest in CLOs’ safe debt are insulated from loan fire sales that could trigger a run if banks held risky loans directly. Unlike banks, CLOs with long-term financing can hold underperforming loans during a fire sale without triggering a run. Introducing CLOs to a bank-only financial system improves welfare and financial stability, but macroprudential regulation should also constrain CLOs’ leverage.

Presented at: Finance Theory Group,* EFA, RCFS Winter Conference,* Finance Theory Webinar,* NY Fed,* Fed Board*

“Equilibrium Entry in Over-the-Counter and Centralized Markets,”

with Luigi Falasconi and Alfonso Maselli

Abstract: This paper studies the welfare implications of accessing centralized versus decentralized over-the-counter (OTC) markets. We develop a model of asymmetric information in the lending market in which borrowers have access to two costly signals. Credit-worthy borrowers signal their type by liquidating non-pledgeable assets in a centralized market or exchanging them for collateralizable assets in an OTC market. Equilibrium prices and haircuts determine signaling costs endogenously. In the optimal separating contract, the cheapest market in terms of signaling costs is accessed. We establish conditions for existence of equilibria in which different markets are accessed - CM-only, OTC-only, and dual-market - and rank them by the welfare they provide to borrowers. We show that OTC-only equilibria offer the highest welfare, followed by dual-market and CM-only equilibria.

Presented at: EGSC WashU,* Micro Theory Lunch (UPenn),* Fed Board Summer Workshop on Money, Banking, Payments, and Finance,* Vienna Macroeconomics Workshop

Award, Grants and Fellowships

Brattle Group Ph.D. Candidate Award For Outstanding Research	2025
Macro Finance Society PhD Student Travel Grant	2024
AFA PhD Student Travel Grant	2024
Jacobs Levy Center for Quantitative Financial Research Grant	2024
EFA PhD Student Travel Grant	2024
Rodney White Center Research Grant Award	2024
Wharton Global Initiatives Research Grant Award	2024
Wharton Doctoral Fellowship Award	2020 - 2025
CAA Leadership Award (University of California, Berkeley)	2018
Dean’s List (University of California, Berkeley)	2015

Professional Services

Discussant

ECWFC (Pre -WFA): Gorton, Ross and Ross, “Where Collateral Sleeps”	2025
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Referee

Management Science

Organizer

Financial Institutions and Markets Reading Group	2021-2023
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Conferences and Seminars

2026: AFA

2025: EFA, WFA, ECWFC, [†] FIRS, JCF Milan,* Fed Board,* Finance Theory Webinar,* NY Fed,* RCFS Winter Conference,* AFA - Poster, WE_ARE_IN Macroeconomics and Finance Conference, Finance Theory Group*

2024: Carey Finance Conference, Women in Central Banking Workshop (Dallas Fed), Economics Graduate Student Conference (Washington University in St. Louis),* Macro Finance Society Workshop (MFS) - Poster, EFA - Doctoral Tutorial, Federal Reserve Board Summer Workshop on Money, Banking, Payments, and Finance,* Macro Finance Research Program (MFR) - Poster, Dauphine Finance PhD Workshop

2023: Vienna Macroeconomics Workshop

*(including scheduled, *denotes presentation by co-author, † denotes discussions)*

Teaching

(PhD) FNCE 9370 Topics in Macro-Finance

TA for Prof. Tim Landvoigt

Fall 2022

(PhD) FNCE 9110 Financial Economics

TA for Prof. Winston Wei Dou

Fall 2022

(UG) BEPP/FNCE 2020 Consumer Financial Decision-Making

TA for Prof. Olivia Mitchell and Prof. Nikolai Roussanov

Summer 2023

(EMBA) FNCE 7030 Advanced Corporate Finance

TA for Prof. Itay Goldstein

Summer 2023

(EMBA) FNCE 6130 Macroeconomics & the Global Economic Environment

TA for Prof. Joao Gomes and Prof. Tim Landvoigt

Fall 2023 - 2024

(MBA) FNCE 6130 Macroeconomics & the Global Economic Environment

TA for Prof. Lars Ljungqvist

Spring 2024

(MBA) FNCE 6230 Macroeconomics

TA for Prof. Tim Landvoigt

Fall 2023

(MBA) FNCE 7500 Venture Capital and the Finance of Innovation

TA for Prof. Lucian A. Taylor

Fall 2021

Other

Programming: MATLAB, Python, R, Stata, Julia, Mathematica

Languages: English and Mandarin (native/bilingual), French, German and Italian (elementary)

Arts: piano, ballroom dancing (international standard and smooth)