



Nanyang Technological University  
**DIVISION OF ECONOMICS**  
Seminar Series

The Division of Economics invites you to a seminar by Associate Professor Chun-Yu Ho

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- Speaker** : **Chun-Yu Ho**  
*Associate Professor, Antai College of Economics & Management  
Shanghai Jiao Tong University*
- Topic** : **"Policy Distortion in Credit Market: Evidence from a Fiscal Stimulus Plan"**
- Chairperson** : **Assistant Professor Wu Guiying, Laura**  
*Division of Economics  
School of Humanities & Social Sciences*
- Date** : **Tuesday, 27 October 2015**
- Time** : **2.30pm to 3.30pm**
- Venue** : **Meeting Room 4 (HSS-04-68)**  
*Nanyang Technological University  
School of Humanities and Social Sciences  
14, Nanyang Drive  
Singapore 637332*

**About the Speaker:**

Professor Chun-Yu Ho earned his PhD in economics from Boston University and his MPhil in economics and BSc in economics and finance from Hong Kong University of Science and Technology. Before joining Shanghai Jiao Tong University, he was an assistant professor of economics at Georgia Institute of Technology. He also held visiting positions at Bank of Finland and Hong Kong Institute of Monetary Research. His research interests include empirical industrial organization, economic development, and applied econometrics. He published papers in various peer-reviewed journals including *International Economic Review* and *Journal of Econometrics*.

**Abstract:**

This paper examines policy distortion in credit allocation across firms. Our empirical analysis is based on a loan-level data set covering the period from August 2006 to July 2010 from one of the largest state-owned banks (SOBs) in China. We exploit the policy announcement of a fiscal stimulus plan in November 2008 as an exogenous shock to the bank's loan supply to show that policy intervention results in credit misallocation between state-owned enterprises (SOEs) and private-owned enterprises (POEs) and between firms in preferential industries and firms in other industries. Our sample bank induces part of this credit misallocation by its loosening credit risk pricing towards SOEs and firms in preferential industries. We further show that the credit misallocation between SOEs and POEs and between firms in preferential industries and firms in other industries is more severe among firms accessing credit from shadow banking activities.

**Reservation:**

Admission is free. Please reply to [d-egc@ntu.edu.sg](mailto:d-egc@ntu.edu.sg) to confirm your attendance.