

# Jasper Pan

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## EDUCATION

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PhD Finance, Rutgers Business School	Expected in May 2025
MA Economics, Vanderbilt University	2019
BS Applied Mathematics and BA Economics, UCLA	2017

## RESEARCH INTERESTS

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Banking, Financial Regulation, Financial Crises

## WORKING PAPERS

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### 1. Entropy Measure of Bank Diversification (with Profs. Priyank Gandhi and Darius Palia)

We introduce a new measure for assessing bank business line diversification and establish its positive impact on banks. Our novel entropy measure, derived from income across diverse business lines, outperforms all existing metrics in forecasting reduced future idiosyncratic volatility in bank stock returns up to four quarters ahead. This primary finding is consistent in both in-sample and out-of-sample tests. The effectiveness of this measure is more pronounced during economic downturns and is applicable both pre- and post-Great Recession.

### 2. Bank Diversification and Tail Risk (solo paper)

I examine the relationship between bank business line diversification and tail risk by assessing diversification across 16 business lines using a unique entropy-based measure. The results reveal that a one standard deviation increase in diversification is associated with a 2.3% reduction in tail risk in the subsequent quarter. Income from various noninterest business lines is linked to lower tail risk while income from loans is related to higher tail risk. The primary driver of reduced risk is likely a business model channel rather than a hedging channel. That is, conservative banks take lower risks and have higher diversification, while aggressive banks take higher risks and have lower diversification. Banks impacted by higher tail risk during the 1998 financial crisis subsequently reduce their diversification by increasing income generated from loans, trading assets, federal funds sold, repos, and trading activities. Furthermore, diversified banks exhibit higher future stock returns, higher profitability, lower default risk, higher change in loan supply, and lending resilience during the Great Recession. In conclusion, my findings emphasize the crucial role of strategic diversification across business lines in mitigating tail risk and enhancing overall bank performance particularly during periods of financial instability.

## WORK IN PROGRESS

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### 3. Measuring Cost of Capital of Banks (with Profs. Priyank Gandhi and Darius Palia)

The existing banking literature lacks consensus on the optimal metric for assessing banks' cost of capital, despite its frequent use of the Capital Asset Pricing Model (CAPM), which fails to explain significant variations in expected returns. Our study addresses this gap by systematically comparing various metrics and proposing a more effective one, enabling us to revisit the low-risk anomaly in bank stock returns where banks with lower leverage exhibit higher returns. Furthermore, we reassess the impact of the Dodd-Frank Act's Volcker Rule on banks' cost of capital.

## AWARDS AND HONORS

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American Finance Association (AFA) Committee on Racial Diversity Mentee	2023–Present
Graduate School PhD Fellowship, Rutgers University	2023–2024
Dean's Fund for Summer PhD Research, Rutgers Business School	2023–2024
PhD Travel Grant, Rutgers Business School	2023–2024
PhD Teaching and Research Assistantship, Rutgers Business School	2019–2023
Academic Excellence Award, Economics Department, Vanderbilt University	2019
Student Representative Appreciation Award, Economics Department, Vanderbilt University	2019
Mouzon and Sultan Siddiqi Citizenship Award, Economics Department, Vanderbilt University	2018
Dean's Honors Lists, UCLA	2016–2017

## TEACHING EXPERIENCE

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### Primary Instructor of Finance, Rutgers Business School

Financial Management, Undergraduate Class (2 sections, 60 students, average evaluation 4.4/5.0)	2021
Financial Management, Undergraduate Class (2 sections, 50 students, average evaluation 4.7/5.0)	2020

### Teaching Assistant, Rutgers Business School

Investment Analysis, Corporate Finance, Fixed Income (Graduate Class)	2021–2023
Financial Management, Undergraduate Class (200 students)	2020–2021

## OTHER EXPERIENCE

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Research Assistant, Rutgers Business School	2019–2023
Investment Banking Trainee, Investment Banking Institute (Financial Modeling: DCF, LBO, and M&A)	2016
Management Consulting Case Finalist, DaVita Inc. (Fortune 500)	2016

**WORKSHOP PARTICIPATION**

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Northwestern University Workshops on Research Design in Causal Inference	2023–2024
University of Chicago Workshop on Demand System Asset Pricing	2023–2024

**LEADERSHIP**

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Student Representative, Graduate Program in Economics, Vanderbilt University	2017–2019
Vice President, International Association of Students in Economic and Commercial Sciences, UCLA	2014–2015

**OTHERS**

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Programming: Python, R, Stata, LaTeX, SAS, MATLAB, C++

Certificates: CFA Candidate, Bloomberg Market Concepts

Courses: Computer Science in C++, Computer Organization in C, Machine Learning in Python, Asset Pricing in MATLAB, Financial Econometrics in Python, R, and Stata, Financial Data Analysis in SAS, Portfolio Analysis and Trading in Python

**REFERENCES**

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**AFA MENTORS**

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