

The Public Defense
of the Doctoral Thesis in Economics
by
Erzsébet Judit Rariga
on

Essays on Firm and Household Borrowing

will be held on
Monday, 21 September 2020 at 11:00 am
online via Zoom (registration: oroszv@ceu.edu)

Central European University

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The doctoral thesis is available for inspection
at the CEU Department of Economics and Business

Abstract

This thesis studies firms' and households' borrowing decisions. In the first chapter, I study the long-term borrowing behavior of firms exposed to a large and unexpected financial shock. In the second chapter (joint work with Pálma Filep-Mosberger and Attila Lindner), we investigate firm-bank relationship formation. In the third chapter (joint work with Győző Gyöngyösi and Emil Verner), we study the consumption response of increased household debt by exploiting a household foreign currency debt crisis in Hungary.

Chapter 1: The effect of transitory shocks on firm borrowing

In this paper, I investigate the long-term borrowing behavior of firms exposed to a large and unexpected financial shock. Using census and credit registry data for Hungarian firms, I examine how a balance sheet shock stemming from foreign currency denominated debt during the 2008 financial crisis affects borrowing decisions in the decade after the crisis. My identification strategy relies on the comparison of unhedged Swiss franc borrowers to domestic currency borrowers. Firms exposed to a large revaluation in outstanding debt are more likely to become delinquent in the medium term, are less likely to obtain a new loan up to seven years after the shock and even if they do so, borrowing from the pre-crisis bank is less likely. While the shortage in credit supply contributed to the slow recovery after the crisis, these results suggest that demand side factors might have also played a role.

Chapter 2: Spillover effects in firms' bank choice

with Pálma Filep-Mosberger and Attila Lindner

In this paper, we study firm-bank relationship formation. Combining domestic inter-firm network data from value-added tax declarations and credit registry for Hungary, we estimate the spillover effects in bank choice, identifying from variation on the bank level. We document that having at least one firm in the network who has an existing loan with a bank increases the probability that the firm will borrow a new loan from the same bank. In addition, we show that spillover effects are stronger for smaller firms and the largest when firms obtain bank loans, in comparison with other types of borrowing. Our results suggest that firms can learn about banking practices from their network but they also point to financial stability concerns in the event of shocks to domestic supply chains.

Chapter 3: Consumption, currency crisis and household foreign currency debt

with Győző Gyöngyösi and Emil Verner

This paper studies the consumption response of increased household debt by exploiting a household foreign currency debt crisis in Hungary unfolding in late 2008. We use a consumption survey that follows households for several years. We document that the revaluation of household debt significantly decreases consumption, the consumption of foreign currency debtors declines by 7 percent in the post crisis period. One HUF increase in debt burdens translates to an almost 1 HUF decrease in consumption, indicating that consumption declines one to one for increased debt service.

WORK EXPERIENCE

2020 -present	Financial risk expert European Central Bank
2018-2020	Economist
2016-2017	Analyst
2014-2015	Junior analyst (50%)
2013-2014	Analyst intern (50%)
2012 (fall)	Research intern Central Bank of Hungary
2012 (spring)	Research assistant Centre Pour la Recherche Economique et ses Applications
2011 (summer)	Research assistant Financial Stability Division National Bank of Romania

EDUCATION

2020	Ph.D. in Economics Central European University
2017 (fall)	Visiting Ph.D. University of Oxford
2012	Graduate Program in Analysis and Policy in Economics (M1) Paris School of Economics
2011	MA in Economics Central European University
2009	Bsc in Finance Babes-Bolyai University of Cluj-Napoca

TEACHING

2018	Instructor in Econometrics, applications in Stata Central Bank of Hungary
2015, 2016	TA in Data Analysis, TA in Adv. Game Theory (Prof. Adam Szeidl), TA in Adv. Macroeconomics (Prof. Istvan Konya) Central European University
2015, 2016	Correcting mathematics admission tests Central European University
2015	Visiting lecturer, International Economics (BA level) Eötvös Lóránd University

WORKING PAPERS

The long term impact of transitory shocks on firm borrowing

Spillover effects in firm's bank choice *(with Attila Lindner and Palma Filep-Mosberger)*

Consumption, Currency Crisis, and Household Foreign Currency Debt *(with Gyozo Gyongyosi and Emil Verner)*

POLICY PAPERS

Transformation of the financing and foreign trade model of the Hungarian Economy after EU accession. Book chapter in: Does EU membership facilitate convergence? The experience of the EU's Eastern enlargement. Edited volume of the European Commission, in press. *(with Anna Boldizsar and Zsuzsa Kekesi)*.

Potfolio Cleaning of Problem Project Loans in Hungary-Experiences Related to the Systemic Risk Buffer, as a Targeted Macroprudential Instrument. Financial and Economic Review, Vol. 18 Issue 3, September 2019, pp. 52-82. *(with Peter Faykiss and Marton Zsigo)*.

Service Traders in Hungary. Evidence from Firm Level Data. MNB Occasional Paper 2017/130.

Understanding the Weakness in Global Trade. What is the New Normal? ECB Occasional Paper No 178/September 2016. Joint paper of ECB IRC Trade Task Force members.

Inflation Expectations in Hungary. MNB Occasional Paper, October 2014. *(with Peter Gabriel and Judit Varhegyi)*

Measures of Underlying Inflation in Use at Central Banks. MNB Bulletin, 2013 October. *with Gyorgy Molnar and Peter Gabriel)*

POLICY, NEWSPAPER

Global Trade: Temporary Slowdown or Normalization? In Hungarian newspaper [World Economy](#).

The Way the Central Bank Measures Inflation. In Hungarian online newspaper [Portfolio](#).

SKILLS

Computer: Stata, Matlab, R, Eviews, Microsoft Office, LaTeX

Languages: English (Fluent) Hungarian (Fluent) German (Intermediate)
Romanian (Fluent) French (Beginner)

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