

# SALOMON GARCIA-VILLEGAS

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## RESEARCH INTERESTS

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Macroeconomics, Mortgage Markets, Banking and Macroprudential Policy, Business Cycles.

## CURRENT EMPLOYMENT

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**Research Economist** 2020 -  
Macroprudential Policy Division, Banco de España

## EDUCATION

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**University of Minnesota, USA** 2014 - 2020  
PhD in Economics. *Advisors:* V.V. Chari, Ellen McGrattan.  
**University of Minnesota, USA** 2014 - 2016  
MA in Economics  
**University of Chile, Chile** 2009 - 2011  
MSc in Economics  
**Polytechnic University of the Coast (ESPOL), Ecuador** 2005 - 2009  
Bachelor in Economics

## WORKING PAPERS

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### **Mortgage Securitization and Information Frictions in General Equilibrium.**

*Working Paper Banco de España, No 2221.*

I develop a model of the U.S. housing finance system that delivers an equilibrium connection between the securitization and mortgage credit markets. An endogenous securitization market efficiently reallocates illiquid assets, increases liquidity to fund mortgage lending, and lowers mortgage rates for households. However, its benefits are hindered by originators' private information about loan quality which leads to adverse selection in securitization. Fluctuations in household credit risk induce expansion and contractions of mortgage credit through the securitization liquidity channel.

### **The Amplification Effects of Asymmetric Information in the Mortgage Market.**

*Accepted, Journal of Housing Economics. Working Paper Banco de España, No 2316.*

This paper studies how information frictions in the securitization market amplify the response of mortgage credit supply to house price shocks. I model securitization as an optimal contracting problem between investors and banks. Investors are uninformed about the risk of mortgages they buy from banks, leading to an adverse selection problem. Banks face stochastic mortgage repayment rates and are less efficient than security investors at managing mortgages.

## PUBLICATIONS

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### **Countercyclical Fiscal Rule, an Analysis for Chile**

Revista Compendium. Cuadernos de Economía y Administración. Vol. 3 Núm. 5 (2016)

## WORK IN PROGRESS

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**On the Interactions between Monetary and Macroprudential Policies.** *Joint with Jorge Abad, Hervé Le Bihan, and Galo Nuño*

**Climate Transition Risk and The Role of Bank Capital Regulation.** *Joint with Enric Martorell*

**Wedges: Taxes vs Policies. A cross-country analysis.** *Joint with Paulina Restrepo-Echavarría, Lee Ohanian and Mark Wright*

**Monetary Policy under an Exchange Rate Rule: an analysis for Small Open Economies.** *Joint with Rodrigo Heresi*

## CONFERENCE AND SEMINAR PRESENTATIONS

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|---|------|
| Lancaster University, CEMFI, University of Edinburgh, Society for Economic Dynamics (SED).  | 2023 |
| European Economic Association (EEA) Annual Congress;<br>Heterogeneous Agents Conference, Bank of France and Bank of Spain.  | 2022 |
| IFABS 2021 Oxford Conference, European Economic Association (EEA) Annual Congress;<br>MadBar, Universidad Carlos III. CEMLA Annual Congress. CEMFI, Banking and Finance RG. | 2021 |
| SUNY Buffalo. NERA economics. Bank of Spain. University of Copenhagen.  | 2020 |
| Midwest Macro Meetings, Michigan State University (MSU). FRB Minneapolis Seminar.   | 2019 |
| LACEA-LAMES 2018 Annual Meeting, ESPO. Midwest Economic Association, Northwestern.  | 2018 |

## PROFESSIONAL ACTIVITIES

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### Refereeing Service

Review of Financial Economics, Research Feature Bank of Spain, Compendium Cuadernos de Economía.

### Short-term Academic Visits

Center for Monetary and Financial Studies (CEMFI). 04/10 - 05/20/2023

### Certificates

Securitization. Regulation and Practice. 2023  
European University Institute - Florence School of Banking and Finance.

### Other Activities

Member of ECB Agile Team on Interactions Macroprudential and Monetary Policy 2022 - 2023  
Member of ECB Agile Team on Inflation and Financial Stability. 2022  
Co-organizer Reading Group in Banking and Finance, Bank of Spain. 2021 - 2023

### Past Appointments

Consultant to the Inter-American Development Bank. 06/2020 - 09/2020  
Research Assistant to Dr. Mark L.J. Wright, Research Department  
Federal Reserve Bank of Minneapolis, Minneapolis, USA 2019 - 2020  
Research Analyst, Opportunity and Inclusive Growth Institute (OIGI)  
Federal Reserve Bank of Minneapolis, Minneapolis, USA 2017 - 2019  
Research Analyst, Department of Modelling and Forecasting (GAM)  
Central Bank of Chile, Santiago, Chile 2013 - 2014

Research Fellow, Office of Oversight and Evaluation (OVE)  
Inter-American Development Bank, Washington DC, USA

2011 - 2013

## TEACHING EXPERIENCE

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### Instructor

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|---|-------------|
| Financial Economics, University of Minnesota, Minneapolis, USA            | 2016 - 2017 |
| Introduction to Microeconomics, University of Minnesota, Minneapolis, USA | 2016        |

### Teaching Assistant

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| Intermediate Microeconomics, University of Minnesota, Minneapolis, USA | 2015 |
| Econometrics II (Master Level), University of Chile, Santiago, Chile   | 2011 |
| Macroeconomics I (Master Level), University of Chile, Santiago, Chile  | 2010 |

## HONORS AND AWARDS

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| Homer Hoyt Doctoral Dissertation Award. The American Real Estate and Urban Economics Association | 2019        |
| Graduate Research Program Partnership (GRPP) fellowship, Summer. University of Minnesota         | 2017        |
| Distinguished Instructor. Department of Economics, University of Minnesota                       | 2017        |
| Distinguished Teaching Assistant. Department of Economics, University of Minnesota               | 2015 - 2016 |
| Kurt Winkelmann and Janine Gleason Fellowship. University of Minnesota                           | 2014 - 2015 |
| Masters Scholarship, Department of Economics. University of Chile                                | 2009 - 2011 |

## OTHER INFORMATION

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| <b>Language</b>         | English (Fluent), Spanish (Native).         |
| <b>Computing Skills</b> | Python, Matlab, Stata, R, MS Office, LaTeX. |

## REFERENCES

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|--|--|--|--|
| Ellen McGrattan<br>Professor<br>University of Minnesota<br>erm@umn.edu | V.V. Chari<br>Professor<br>University of Minnesota<br>chari002@umn.edu | Anmol Bhandari<br>Assistant Professor<br>University of Minnesota<br>bhandari@umn.edu | Dr. Mark L.J. Wright<br>Research Department<br>FRB Minneapolis<br>mark.wright@mpls.frb.org |
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