

Chi (Clara) Xu

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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), 2015 – 2018
double minors in Music and German

Fields

Finance and Macroeconomics

Working Papers

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

(Job Market Paper)

Abstract: I document that credit lines account for 90% of bank funding to nonbank lenders (NBLs) in the syndicated loan market. NBLs use them to manage investment and liquidity shocks, while banks’ liquidity advantage makes them natural insurers. To study the welfare and stability implications of this arrangement, I develop a macro-finance model with endogenous credit limits and upfront fees. Credit lines help banks expand safe asset creation. Their contingent features—flexibility and optionality—make them cheaper but riskier than cash, safer but costlier than loans, and welfare superior to both. Quantitatively, relative to loan funding, bank credit lines raise consumption-equivalent welfare by 1.83%. Yet with deposit insurance, banks over-extend limit, necessitating regulation. I show that moderate off-balance-sheet tightening improves welfare, while backstopping NBL debt erodes bank’s liquidity advantage and undermines stability.

“Collateralized Loan Obligations as Fire-Sale Insulation,”

with Will 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.

“On Welfare 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) secondary markets. We develop a model of asymmetric information in the lending market in which borrowers have access to two costly signals. Creditworthy 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.

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
 2024: Carey Finance Conference, Women in Central Banking Workshop (Dallas Fed), WashU EGSC*, Macro Finance Society Workshop (MFS) - Poster, EFA-DT, 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, * presentation by co-author, † denotes discussions)*

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
Research Grant Award Wharton Global Initiatives Research Program	2024
Wharton Doctoral Fellowship Award	2020 - 2025
CAA Leadership Award (University of California, Berkeley)	2018
Dean's List (University of California, Berkeley)	2015

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 6230 Macroeconomics

TA for Prof. Tim Landvoigt

Fall 2023

(MBA) FNCE 750 The Finance of Innovation

TA for Prof. Lucian A. Taylor

Fall 2021

**Professional
Services**

Discussant

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

2025

Referee

Management Science

Organizer

Financial Institutions and Markets Reading Group

2021-2023

Other

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

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

Arts: Piano, Ballroom (international standard and smooth)