

Issam Hallak

Center for Studies in Economics and Finance
University of Salerno

Office Contact Information:

Center for Studies in Economics and Finance
Dipartimento di Scienze Economiche e Statistiche
Università di Salerno
Via Ponte don Melillo
I - 84084 Fisciano (SA)
Italy
Tel. +39 089 96 3167

Email: hallak@ifk-cfs.de

Home Contact Information:

Graefstrasse 49
60486 Frankfurt am Main
Germany
Telephone: +49 69 71035577

Education

European University Institute (Florence, Italy).

- PhD. in Economics, 2003
Thesis title: *Essays on Sovereign Loan Contract Designs*.
Committee: James Dow (London Business School, main advisor)
Jan Pieter Krahnen (Goethe University Frankfurt and CFS)
Marco Pagano (University of Naples Federico II)
Anindya Banerjee (European University Institute, co-advisor)
- PhD. seminars in Micro -, Macro-economics and Econometrics, 1996-1998.

Paris Dauphine University (Paris, France)

- MA. (*DEA*), Management and Financial Markets, 1995.
- BSc. (*DEUG*, *Licence*, and *Maîtrise*) with distinction,
Mathematics, Econometrics and Economics, 1994.

Other Education

- Center for Financial Studies at Goethe University Frankfurt
Summer School in *Financial Contracting*, 2002.
Faculty: Patrick Bolton (Princeton), Ernst-Ludwig von Thadden (Lausanne).
- University of Rome 2 - Tor Vergata
Summer School in *Economics*, 2001.
Faculty: Michele Boldrin (Minnesota), David Levine (UCLA),
Franco Perrachi (Rome), Robert Waldman (Rome).

Research Interests

Subject Area: Financial Economics

- Banking & Financial Intermediation
- Corporate Finance
- Law and Finance
- Sovereign Debt

Grants and Awards

- Southwestern Finance Association meeting, Orlando, 2004.
Best Paper in Financial Institutions and Markets Award.
- Fellowship on the European Commission RTN Programme *Understanding Financial Architecture: Legal and Political Frameworks and Economic Efficiency*, Feb-Jul. 2004.
- Fellowship on the European Commission RTN Programme *Understanding Financial Architecture: Legal and Political Frameworks and Economic Efficiency*, 2001-2002.
- Fellowship on the European Commission TMR Programme *Financial Market Efficiency and Economic Efficiency*, 2000- 2001.
- European University Institute Grant, 1998-2000.
- French Ministry of Foreign Affairs *Bourse Lavoisier*, 1996-1998.

Work in Progress

- The Economic Motivation for Arrangers in Syndicated Loan Markets.
- Is there any Private Information in Sovereign Debt Markets? Evidence from the Effect of Loan Arranger Identity on Sovereign Borrowing Terms.

Working Papers

- “Courts and Sovereign Eurobonds: Credibility of the Judicial Enforcement of Repayment,” Center for Financial Studies Working Paper 2003/34, 2003.
- “Bank Loans Non Linear Structure of Pricing: Empirical Evidence from Sovereign Debts,” Center for Financial Studies Working Paper 2003/33, 2003.
- “Why Borrowers pay Premiums to Larger Lenders: Empirical Evidence from Sovereign Syndicated Loans,” Center for Financial Studies Working Paper 2002/02, 2002 (revised).
- “The Determinants of Up-front Fees on Bank Loans to LDC Sovereigns,” Oxford University Department of Economics Discussion Paper Series 75, July 2001.

Professional Activities

Research Fellow

- Center for Studies in Economics and Finance, University of Salerno, Feb.-Jul. 2004
Supervision: Marco Pagano
- Center for Financial Studies, Goethe University Frankfurt, Oct. 2001-Dec. 2003.
Supervision: Jan Pieter Krahnen
- University of Oxford, Department of Economics, Oct. 2000 – Sept. 2001.
Supervision: Hyun Song Shin

Research Assistant

- European University Institute, Assistant to Roger Farmer, July 2000 – Sept. 2000.

Selection Committee Member

- ECB-CFS Research Network on *Capital Markets and Financial Integration in Europe*.

Ad-hoc Referee

- International Journal of Finance and Economics
- Journal of Economic Integration.

Consulting

- *European Investment Bank* (Luxembourg): Advice on the risk of an *Asian-type* crisis in Eastern Europe (report for the Board of Directors), 1998.
- *European Investment Bank* (Luxembourg): Advice on concentration and efficiency in the European banking industry, 1998.
- *BNP-Paribas* (Paris): Internship on the design of international syndicated loans, 1993.

Presentations

Conferences

- 2004: Southwestern Finance Association, Orlando. (scheduled)
- 2003: European Finance Association, Glasgow.
European Association of Law and Economics, Nancy.
French Finance Association, Paris.
German Finance Association, Mainz
Simposio de Análisis Económico, Seville.
Tor Vergata Conference on “Monies, Markets and Banks,” Rome.
- 2002: German Finance Association, Cologne.
International Economics and Finance Society-UK, Heraklion.
Portuguese Finance Network, Évora.
Symposium on Finance, Banking and Insurance, Karlsruhe.

Discussant only

- 2002: CEPR and Said Business School Conference, Oxford.

Invited Seminars (since 2001)

- 2003: Goethe University Frankfurt, University Bocconi.
- 2002: Catholic University of Leuven, CFS-Summer School (Frankfurt), CSEF (University of Salerno), Goethe University Frankfurt, Mannheim University, Said Business School (Oxford).
- 2001: CEMFI (Madrid), Center for Financial Studies (Frankfurt), Goethe University Frankfurt, London Business School, London School of Economics, Said Business School (Oxford), University of Rome Tor Vergata-Summer School.

Association Memberships

American Finance Association; Associazione Internazionale degli Economisti Italiani; European Association of Law and Economics; European Finance Association.

Personal

Birth	22 April 1972
Nationality	French
Marital Status	Married, one child
Languages	French (Native), English and Italian (Fluent), German (Good).

Job Preferences

- Academia; Central banks.
- Country preference: Western Europe.
- Available: September 2004.

References

- **James Dow**, PhD Supervisor
London Business School
Regent's Park, London NW1 4SA, United Kingdom
Tel: +44 20 7262 5050, Email: jdow@london.edu
- **Jan Pieter Krahnen**, Director of the Center for Financial Studies
Professor and Chair, Department of Finance
J.W. Goethe University Frankfurt
Mertonstrasse 17-21, D-60325 Frankfurt am Main
Tel: +49 69 798 22568, Email: krahnen@wiwi.uni-frankfurt.de
- **Anindya Banerjee**, PhD Co-supervisor
Department of Economics, European University Institute
Villa San Paolo, Via della Piazzuola 43, I-50133 Florence
Telephone: +39 055 4685 956; Email: anindya.banerjee@iue.it

Issam Hallak

**Why Borrowers Pay Premiums to Larger Lenders:
Empirical Evidence from Sovereign Syndicated Loans**

Abstract

All other terms being equal (e.g. seniority), syndicated loan contracts provide larger lending compensations (in percentage points) to institutions funding larger amounts. This paper explores empirically the motivation for such a price design on a sample of sovereign syndicated loans in the period 1990-1997. I find strong evidence that a larger premium is associated with higher renegotiation probability and information asymmetries. It hardly has any impact on the number of lenders though. This is consistent with the hypothesis that larger lenders act as main lenders, namely help reduce information asymmetries and provide services in situations of liquidity shortage. This constitutes new evidence of the existence of compensations for such unique services. Moreover, larger payment discrepancies are also associated with larger syndicated loan amounts. This provides further new evidence that larger borrowers bear additional borrowing costs.

JEL classification : G21; G33; F34

Keywords : Relationship Lending; Number of Lenders; Syndicated loans;
Sovereign Debt.