

# KAUSHALENDRA KISHORE

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## Education

Ph.D., Finance, University of Minnesota, 2019 (expected)

M.Phil, Development Economics, Indira Gandhi Institute of Development Research, Mumbai, 2013

B.Tech. Mechanical Engineering, Indian Institute of Technology Kanpur, 2008

## Research Interests

Financial Intermediation, Corporate Finance, Contract Theory, Financial Crisis

## Working Papers

“Why Risk Managers?” (Job Market Paper)\*

*Banks rely on risk managers to prevent their employees from making high risk low value investments. Why can't the CEOs directly incentivize their employees by offering them the right contract instead of relying on the risk manager? I show that having a separate risk manager is more profitable for banks and is also socially efficient. I study a multi-task principal agent problem where a bank employee has to be incentivized to do two tasks—choose the investment with the highest value and then exert effort on it—and show that there is a conflict between providing incentive for both tasks. Incentivizing effort requires offering high powered contract (convex payoff) which will incentivize the employee to indulge in risk shifting and choose riskier investments with lower value. If the tasks are split between a risk manager who approves the investments and a loan officer (or trader) who exerts effort, then both optimal investment choice and optimal effort can be achieved. I further examine some reasons for risk management failure wherein a CEO may ignore the risk manager when he suggests safe investments.*

(\*An earlier version was circulated under the title “Why Can't CEOs Foresee a Crisis?”)

“Credit Insurance, Bailout and Systemic Risk”

*This paper studies the impact of expectation of bailout of a credit insurance firm on the investment strategies of the counterparty banks. If the failure of credit insurance firm may result in the bankruptcy of its counterparty banks, then the regulator will be forced to bail it out. This imperfectly targeted time inconsistent policy incentivizes the banks to make correlated investments ex ante. All banks want their assets to fail exactly at the time when the bailout is occurring to indirectly benefit from the bailout of the insurance firm and hence they make correlated investments. I build a model in which correlated investment by banks, under priced insurance contracts and a systemically important insurance firm arise endogenously and show that while credit insurance helps in risk sharing during good times, it can also create systemic risk. I also show that putting a limit on size of insurance firm can mitigate this problem.*

## Conference Presentations

2018—American Finance Association (poster session), FIRS Ph.D. Session, Financial Management Association

2017—Southern Finance Association, Spanish Finance Association (AEFIN), University of Warwick (poster Session)

## Teaching Experience

*Primary Instructor*, University of Minnesota, 2015-16

Finance Fundamentals, 4 credits, 60 students per section

*Teaching Assistant*, University of Minnesota, 2013-2018

Corporate Finance, Financial Management, Financial Markets & Interest Rates, Global Economy, International Finance, Introduction to Derivatives and Risk Management, Portfolio Management & Performance Analysis, Mergers & Acquisitions, World Economy

## Awards

FIRS Doctoral Student Travel Grant, 2018

AFA Doctoral Student Travel Grant, American Finance Association, 2018

Graduate Student Fellowship, Carlson School of Management, 2013-present

Summer Fellowship, Carlson School of Management, 2014-2017

B.tech Project: Awarded the second prize, 2008

Kishore Vaigyanic Protsahana Yojana (KVPY) Scholarship given to 50 students all over India by the Department of Science and Technology, Government of India, 2001

National Talent Search Scholarship, by National Council of Educational Research and Training, 2001

## Professional Experience

Diamond Management and Technology Consultants as Associate, Oct 2010 - Jul 2011

BASIX Academy for Building Lifelong Employability Ltd. (B-ABLE) as Project Executive, Jun 2009 - Apr 2010

ZS Associates India Private Ltd. as General Analytics Associate, Jan 2009 - May 2009

Lehman Brothers Services India Pvt. Ltd. as Analyst, Jul 2008 - Oct 2008

## Additional Information

*Computer*: Stata, SAS, Matlab, R

*Language*: English, Hindi (native)

## References

### **Andrew Winton (Committee Chair)**

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### **Raj Singh**

Professor of Finance, Curtis L. Carlson Chair in Finance  
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### **Martin Szydlowski**

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