

**School of Business**

**Research Seminar Series 2020-2021**

***“Industrial firms and systemic risk”***

**Dr Thomas Flavin – School of Business**

**Date: Friday 12, February 2021
Time: 10am-11am**

**Venue: MS Teams**

**Paper Abstract**

Systemic risk and the systemic importance of financial institutions was propelled to the forefront of financial research and debate by the global financial crisis of 2007-09 and later by the Eurozone sovereign debt crisis. Bank failures across many developed countries and the impairment of debt and asset-backed securities markets brought the issue of systemic risk, its measurement and how to combat its threat to global attention. Much of the focus has been on banks and other financial institutions but we investigate the systemic importance of U.S. industrial firms and analyse the firm-specific characteristics that identify systemically important industrials. We compute two firm-specific measures of systemic risk (Marginal Expected Shortfall and Delta CoVaR) for 367 non-financial corporations and confirm that industrial firms are both vulnerable to systemic shocks and contribute to system-wide risk. Systemic risk measures exhibit substantial variation across firms and over time. Debt and trade credit are related to both dimensions of systemic risk, while a range of other firm characteristics are associated with systemic risk in at least one direction. The differences between the dimensions of risk and their associated characteristics underline the importance of analysing both measures of risk. Finally, we report some striking differences vis-à-vis the extant literature on banks and non-bank financials.

**About the Speaker**

**Thomas Flavin** is an Associate Professor in Finance at Maynooth University School of Business. Thomas completed his D.Phil on ‘Tactical Asset Allocation’ at University of York, under the supervision of Michael Wickens. His main research interests are in financial market linkages and shock transmission, financial contagion, and in empirical models of asset allocation. He has published in leading peer-reviewed academic journals such as Journal of International Money and Finance, Journal of Banking and Finance, Economics Letters, Emerging Markets Review, Journal of Forecasting, International Review of Finance among others. He has held visiting positions at University of York, University of Cambridge and the Federal Reserve Bank of Atlanta.

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