Applicant Information Sheet

Name: Federico
Surame: Lenzi
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Address: 2211 Campus Drive, Evanston, Illinois 60208, United States
School: Kellogg School of Management, Northwestern University
Research Interests: Payment Systems, Corporate Finance, Innovation
Phd program: Finance
Phd start year: 2021-2022
Phd end year (expected): 2026-2027
Letter of recommendation: Prof. Filippo Mezzanotti

Federico Lenzi

Curriculum Vitae

PERSONAL DETAILS

Address	Kellogg Global Hub, Room 4382, 2211 Campus Drive, Evanston, Illinois 60208, United States
Mail	federico.lenzi@kellogg.northwestern.edu
Interests	Payment Systems, Corporate Finance, Innovation

EDUCATION

PhD in Finance *2021-Current*
Kellogg School of Management, Northwestern University, Evanston, United States

MSc. in Economics *2017-2019*
University of Bologna, Bologna, Italy

BSc. Business and administration *2014-2017*
University of Salerno, Fisciano, Italy

WORKS IN PROGRESS

"Bundling Loans and Deposits" (with G. Cascarino)
Bundling operating deposits and loans reduces asymmetric information and lowers financing costs for young firms. However, this practice can create informational market power, allowing banks to price debt more favorably than equity. Financing young firms through debt ties their future to the bank's long-term revenue goals. This approach often involves cherry-picking or steering business plans through covenants to ensure loan repayment while generating additional returns through cross-selling. Expanding the use of open banking for equity financing and monitoring purposes can help mitigate this dynamic.

"Mobile-Money Design"
A key distinction in mobile money applications stems from their relationship with pre-existing payment methods. While bank-centric solutions subtract and add money directly from underlying accounts, fintech-centric solutions divert liquidity from traditional bank accounts to digital wallets. This mechanism shifts liquidity from local branches to fintech partner banks, leading to a heterogeneous reallocation of credit supply across regions and sectors. However, restricting such dynamics preserves the incumbent role of banks while limiting innovation and price competition.

WORKING PAPERS

"Downside-Risk Sharing and the Renewed Case for a Fiscal Union" (with L. Rossi)

PUBLICATIONS

"Subnational Income, Convergence and the Covid19 Pandemic" (with A. M. Choudhary, I.A. Haqqani, N. Limodio). World Bank Economic Review.

TEACHING EXPERIENCE

Kellogg School of Management: FINC-442 *2024-2025*
Financial Decisions (MBA)

Kellogg School of Management: FINC-431 *2023-2024*
Finance II (MBA)

Kellogg School of Management: FINCX-940 *2023-2024*
Mergers and Acquisitions(E-MBA)

University of Bologna: Corporate Finance *2018-2019*
Corporate Finance (MBA)

RESEARCH EXPERIENCE

Kellogg School of Management: Efraim Benmelech *2024-2025*
Research Assistant

Kellogg School of Management: Filippo Mezzanotti *2022-2024*
Research Assistant

Bank of Italy: Luca Rossi *2021-2021*
Summer Intern

London School of Economics: Riccardo Crescenzi *2020-2020*
Overseas Consultant

Bocconi University: Nicola Limodio *2019-2021*
Pre-doc

University of Bologna: Francesca Barigozzi *2018-2019*
Research Assistant

PRESENTATIONS

2023	Young Scholars Matchmaking Workshop 2023, PEDL
2022	Future Workshop, Bocconi University

AWARDS

2023	PEDL, Grant MMW31: "Trade Finance and Firms' Response in Africa"
2021	Bank of Italy, Bonaldo Stringher Scholarship
2020	Bank of Italy, Bonaldo Stringher Scholarship

SKILLS

Languages	Italian, English
Software	SQL, Amazon Redshift, Python, R, Stata, Gretl, QGis, ArcGIS

Research Agenda and Motivation

My current research agenda focuses on the intersection of innovation and payment systems. As networks with externalities, payment markets create complex trade-offs between collective welfare and market concentration. My first paper examines the practice of bundling payment systems with credit products as a way to reduce risk through enhanced monitoring, which in turn also dampens the innovativeness of financed firms. My second paper investigates how competition in mobile money services fuels innovation in payments but risks drawing credit supply away from local markets to innovative hubs. Below, I provide a more detailed overview of these projects.

The practice of bundling operating deposits and loans has been widely documented in the US (Ibrahim (2009), SVB), as well as to SMEs firms (Norden and Weber (2010)) and mortgage market in Europe (Press coverage). While the utility of transaction data has already been demonstrated in loan subscription (see open banking literature) and cross-selling (Cao et al. (2024)), my paper takes a different stance by examining its role in loan monitoring and the potential distortions caused by this private informational advantage. Indeed, according to Jensen and Meckling (1976), banks have a vested interest in loan repayment and this informational advantage may lead them to steer firms away from riskier/more innovative projects. This assumption is particularly relevant since most firms start with bank financing before accessing other funding sources (Robb and Robinson (2014)). Supporting evidence comes from the documented negative relationship between bank market power and innovation as shown by Chava et al. (2013) and Core (2023). Beyond testing the hypothesis, this work proposes a theoretical model to assess the potential expansion of the EU open-banking directive to real-time monitoring and equity providers. By eliminating the informational advantage in debt markets, such a reform aims to enhance competition and foster innovation.

The rise of e-commerce (Bloom et al., 2024) and the advent of wearable devices have fueled the expansion of digital payment services. Fintech competition in this space has led to lower prices and more innovative products, such as mobile money. In response, banks have developed their own versions of these services. A key distinction lies in their design: bank-centric solutions (e.g., Zelle) facilitate transfers between existing bank accounts, while fintech-led alternatives (e.g., Venmo) store funds in digital wallets. By redirecting deposits toward partner bank headquarters, fintech solutions shift funds and lending away from local communities and toward innovation hubs. While this dynamic fosters entrepreneurship at the national level, it may also exacerbate economic inequalities. Using patent and contract data on payment products, this study finds that bank-centric solutions have a weaker impact on pricing and innovation in payment systems. This insight helps reconcile the contrasting findings on the effects of digital wallets and CBDC services[1] on the banking sector. Sampaio and Ornelas (2024) found a positive impact in Brazil, where Pix operates as a bank-centric system. In contrast, Di Maggio et al. (2024) documented a negative effect in India, where UPI functions as a fintech-centric system.

Ahead of the boot camp, I plan to complete the syllabus to fully engage in discussions and integrate key insights into the current drafts of my two papers. Once at the boot camp, I am eager to learn how faculty and participants interpret the same readings, gaining fresh viewpoints that can challenge and enhance my work. One of my projects has been developed in collaboration with a policymaker, and I am looking to expand my second project internationally using novel data. By sharing these experiences, I hope to contribute valuable insights to the group while refining my own approach through diverse perspectives. Equally important is the opportunity to engage with faculty and peers, building relationships that could lead to meaningful discussions and future collaborations.

[1] The relationship between CBDCs and existing payment systems allows the application of the same theory developed for mobile money.

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To whom it may concern,

It is my pleasure to write a recommendation letter for Federico Lenzi for his admission to the Entrepreneurship Research Bootcamp.

Federico is a PhD student at Kellogg in Finance and has been actively engaged in research at the intersection of corporate finance, financial technologies, and innovation. Federico has worked with me as a research assistant, and he has been talking regularly with me about his individual research work.

Federico has demonstrated strong creativity and an ability to develop novel research ideas and gather new data. His current work focuses on how bundling loans and deposits can influence firms' financing decisions and innovation strategies, as well as the role of mobile money design in reshaping lending strategies. With this last project on mobile money, Federico seems interested in understanding how this technological development can affect the competitive landscape for smaller, entrepreneurial businesses. His research approach is rigorous, combining theoretical modeling with empirical evidence, and his insights have the potential to be highly impactful.

I believe Federico would be an excellent candidate for the Bootcamp. He is highly motivated and can generate original and meaningful research questions. Additionally, his participation in the Bootcamp would provide him with an opportunity to refine his interest in entrepreneurship, potentially shaping the direction of his research agenda. Given Kellogg does not offer a specialized class in this field, the bootcamp would be an invaluable opportunity for him to deepen his expertise.

I generally compare Federico positively to Shi Gu, another student of mine that participated in the NBER bootcamp a few years ago. The bootcamp experience was extremely valuable for Shi, who ended up writing a job market paper on the role of outsourcing in drug innovation and has had a successful job market season, landing several tenure-track offers in Asia. Similarly, I think Federico would be a terrific candidate for the bootcamp and would also greatly benefit from this experience.

Overall, I strongly support his application for the Bootcamp. If I can provide any additional information about him, please do not hesitate to contact me.



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