

FLAVIO MORAES

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ACADEMIC APPOINTMENTS

Mar/2023 – Present Federal University of Rio de Janeiro, COPPEAD Graduate Business School
Assistant Professor of Finance

RESEARCH INTERESTS

Corporate Finance, Labor and Finance, Banking, Law and Economics, Development Economics

EDUCATION

Jan/2019 – Present Fundação Getúlio Vargas (FGV EPGE), Brazil
Postdoctoral Fellow in Economics

Jan/2014 – Dec/2018 Fundação Getúlio Vargas (FGV EPGE), Brazil
Ph.D. in Economics
Advisor: Aloisio Araujo
Dissertation: “The Effects of the Quality of Court Enforcement on Bankruptcy Outcomes”

Sep/2017 – Jul/2018 Northwestern University, Kellogg School of Management, USA
Visiting Scholar at Department of Finance, working with Prof. Jacopo Ponticelli

Jan/2005 – Jul/2008 Fundação Getúlio Vargas (FGV EPGE), Brazil
MSc in Economics
Advisor: Luis Henrique Bertolino Braidó
Dissertation: “Estimating Parameters of Demand and Supply in Markets of Differentiated Products”

Feb/2003 – Dec/2003 EDHEC Business School, France
Visiting Student

Jan/2000 – Jul/2004 Pontifícia Universidade Católica do Rio de Janeiro (PUC-Rio), Brazil
B.A. in Economics

TEACHING EXPERIENCE

May/2023 – Present Federal University of Rio de Janeiro, COPPEAD Graduate Business School, Brazil
Graduate Professor: Corporate Finance

Feb/2020 – Mar/2023 Fundação Getúlio Vargas (FGV EESP), Brazil
Undergraduate Lecturer: Corporate Finance, Stochastic Calculus, Statistics, Political Economy of Development and Dynamic Optimization

Feb/2015 – Dec/2016 IBMEC-RJ, Brazil
Undergraduate Lecturer: Microeconomics

Aug/2006 – Jul/2007 **IBMEC-RJ**, Brazil
Teaching Assistant: Finance

Aug/2006 – Jul/2007 **Fundação Getúlio Vargas (FGV EPGE)**, Brazil
Teaching Assistant: Microeconomics

NON-ACADEMIC EXPERIENCE

Jan/2021 – Mar/2023 **Prefeitura do Município do Rio de Janeiro**
Economic Consultant
Impact assessment of laws and public policies, regulatory sandbox, economic reports

Apr/2013 – Nov/2013 **Banco Itaú Unibanco S.A.**
Risk Control Specialist
Implementation of the Internal capital adequacy assessment process (ICAAP)

Dec/2007 – Apr/2013 **Banco Itaú Unibanco S.A.**
Research and Development Coordinator
Analytical consulting support to credit risk modeling and management

PUBLICATIONS AND ACCEPTED PAPERS

The Labor Effects of Judicial Bias in Bankruptcy (with Aloisio Araujo, Rafael Ferreira, Spyridon Lagaras, Jacopo Ponticelli and Margarita Tsoutsoura), *Journal of Financial Economics*, accepted for publication

- **Presentations (*Coauthors)**: CMU-Pitt-PSU Finance Conference* (2019), Mannheim* (2020), Northwestern Kellogg* (2021), Groningen* (Scheduled), Labor and Finance Group Online Seminar* (Scheduled), Penn State* (2021), CEPR Adam Smith Workshop* (2021), UofToronto Finance Conference* (2021), SFS Cavalcade* (2021), FIRS* (2021), EFA* (2021), FGV EPGE (2021), FGV EESP (2021), INSPER (2021), BYU Red Rock Conference* (2021), RIDGE Public Economics Workshop* (2021), AFA* (2022)

We exploit the random assignment of cases across courts in the state of Sao Paulo in Brazil to study the effect of judicial bias on labor market outcomes. Employees assigned to courts that favor firm continuation are more likely to stay with their employer, but they earn, on average, lower wages after bankruptcy. The effect is concentrated in periods of economic expansion. We explore several potential mechanisms that can drive this result, including risk aversion, adjustment costs, non-wage amenities and information frictions. The evidence suggests that imperfect information about outside options in the local labor market can rationalize this result.

WORKING PAPERS

Court Congestion and Bankruptcy Resolutions: Evidence from Brazil (with Aloisio Araujo, Gustavo Araujo and Rafael Ferreira)

- **Presentations**: 40th Meeting of the Brazilian Econometric Society (2018), 24th LACEA-LAMES Annual Meeting (2019), 14th Annual Conference on Empirical Legal Studies (2019)

In this paper we investigate the effects of the congestion of courts on the resolutions of bankruptcy procedures. Using a novel data set on Brazilian bankruptcy requests, we find evidence that firms operating in municipalities with more congested courts have a lower probability of liquidation during a reorganization procedure. Presenting a simple theoretical framework, we argue that the possible

mechanism is that creditors' recovery in liquidation is lower in less efficient courts, potentially increasing firms' positions on debt renegotiation, what ultimately increases their probability of overcoming the financial distress and not being liquidated. Exploiting a detailed Brazilian employer-employee dataset to create a proxy of firm closure, we find evidence in the same direction, indicating that the higher the level of congestion of the courts, the lower the probability that the firm under reorganization will exit the market. Additionally, we find that, conditional on exiting, it takes longer to a firm exit the market since a reorganization or liquidation request in municipalities with more congested courts.

Court Congestion and Creditor Passivity: Evidence from Bankruptcy Requests in Brazil (with Aloisio Araujo, Gustavo Araujo, Rafael Ferreira and Jacopo Ponticelli)

- **Presentations:** 42nd Meeting of the Brazilian Econometric Society (2020), DEPEP Working Paper Series – Banco Central do Brasil (2021)

This paper uses a novel dataset on Brazilian bankruptcy requests to investigate whether the congestion of courts affects a creditor's decision to request or not the liquidation of a defaulted debtor. Exploiting the large variation in the level of congestion of the courts across the state of São Paulo, we find that banks are more passive with defaulted debtors that are located in municipalities with more congested courts, waiting longer since default until requesting the liquidation. Implementing an instrumental variable strategy based on the laws that rule the judicial organization, we find results in the same direction. With a simple theoretical framework, we argue that the possible mechanism is that creditors' recovery in liquidation is lower in less efficient courts, potentially increasing firms' bargaining power and leading creditors to postpone the decision about requesting the liquidation of a debtor. This evidence suggests that the congestion of the judiciary affects the use by the creditors of their legal protection prescribed by the bankruptcy law.

Asymmetric information in the Brazilian credit market: testing adverse selection predictions (with Gustavo Araujo and Everton Santos)

We explore firm-level data to test predictions of traditional asymmetric information models applied to credit markets, such as incumbent lenders' keeping less risky borrowers while new competitors get riskier ones, implying higher default rates and worse credit conditions for clients who migrate from their incumbent bank to another one. To measure the degree of information asymmetry, we investigated the value of the private information that only incumbent banks can access in the Brazilian credit market, concluding that sharing that information with new competitors could allow the latter to increase the number of their potential clients by more than 100% without raising default rates. Our results provide evidence that new competitors currently face adverse selection problems, since riskier clients are 27% more likely to migrate from their original bank, and after migrating, have a 29% higher default rate. Nevertheless, by exploring private information value in different clusters of clients, we found signs that the usual data available in the Brazilian market are useful to better identify high-risk clients, but not enough to find very low-risk clients. Finally, we tested a random forest model to investigate whether using a more modern modeling approach could replace reliance on private information, but we did not find evidence in that direction, so it seems that more information is more important.

RESEARCH IN PROGRESS

Precedents and Judicial Behavior (with Daniel Chen and Henrik Sigstad)

Estimating Expected and Unexpected Losses: Evidence from an Ecuadorian Microcredit Portfolio (with Adriana Uquillas)

ADDITIONAL INFORMATION

Citizenship: Brazilian

Languages: Portuguese (Native), English (Fluent), French (Fluent), Spanish (Fluent)

Programming: Stata, SAS, R, Python, Matlab