

SERGEI KOVBASYUK

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Updated: August 2011

ACADEMIC POSITIONS

Assistant Professor, Einaudi Institute for Economics and Finance (EIEF), August 2011-present.

EDUCATION

Ph.D., Economics, Toulouse School of Economics, 2011.

M.A., Economics, New Economic School, Moscow, 2006.

B.S., Applied Physics and Mathematics, Moscow Institute of Physics and Technology, 2004.

FIELDS OF INTEREST

Economics of Information, Corporate Finance, Economics of Organization, Contract Theory.

WORKING PAPERS

Optimal Certification Design

This paper analyzes the rating of a product of unknown quality by a certifier who internalizes the buyers' surplus and receives payments from a seller. It shows that contrary to conventional wisdom, a regulation that prohibits contingent payments hinders information revelation and harms social welfare when the contract between seller and certifier is public. If the contract is private (buyers do not observe the payments), contingent payments can lead to "rating inflation": high ratings are issued for a wide range of qualities and ratings have limited information value. Mandating flat fees then prevents rating inflation and can increase welfare.

Wisdom of The Crowd

This paper studies a market for new projects with endogenous information acquisition by experts (venture capitalists). It finds that the crowd-like behavior of experts is characteristic of investments in new fields where prospects of new projects are unknown but correlated and experts independently collect small bits of information: each expert acquires a signal about a project and invests when the signal is favorable, given that the projects are related many experts are likely to invest when the projects are promising. The paper shows that investors at IPOs trust the crowd of experts and follow it: booms with high IPO prices occur when many experts are selling their projects because this conveys positive information about the projects. The analysis highlights that a critical mass of independent expert investors with the necessary expertise in a particular industry is essential for an active market for new projects to emerge: if experts are few each of them can manipulate the market by investing at random and driving the projects' prices up, investors at IPOs understand this and do not follow the experts.

Scarce Monitoring Capital, Underpricing of IPOs and Discrimination among Investors

This paper extends the literature on initial public offerings (IPOs) by accounting for the scarcity of monitoring capital and the resulting competition among issuers for enlisting value-enhancing monitors. Different institutions, such as uniform fixed price offering, bookbuilding and underwriting, generate different intensities of issuer competition. It is shown that issuers face a prisoner's dilemma: they collectively benefit from uniform pricing, but individually opt for a bookbuilding which favors monitors.

The paper finds that in a uniform fixed price offering the retail investors face a natural winner's curse and the issuer has to underprice his shares. The underpricing is low when the entrepreneur's agency problem is not severe, the size of the issue is large, monitors have limited resources, regulation prevents the formation of large blocks, and there are very many or very few monitors.

It is shown that bookbuilding eliminates underpricing, since bookbuilding allows issuers to arrange private deals with monitors prior the IPO.

CONFERENCE PRESENTATIONS

Econometric Society European Winter Meeting (2010), Econometric Society World Congress (2010), European Economic Association Meeting (2009), European Economic Association Meeting (2008).

SEMINARS

2011: Crest (Paris); University of Geneva; University of Pompeu Fabra; Einaudi Institute for Economics and Finance; University of Zurich; Boston University; Stanford GSB;
2010: HEC Lausanne; CREST (Paris); Mannheim University; New Economic School (Moscow), Toulouse School of Economics.

LANGUAGES

Russian, English, French, German (beginner).

PERSONAL INFORMATION

Born August 19, 1983, Russian citizen.

REFERENCES

Professor Jean Tirole

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