

VI PREMIO JAIME FERNÁNDEZ DE AROZ
sobre
CORPORATE FINANCE

THE JAIME FERNÁNDEZ DE AROZ PRIZE ON 'CORPORATE FINANCE' IS AWARDED TO AN ARTICLE THAT ANALYSES THE IMPACT ON EMPLOYMENT OF REDUCED CREDIT TO COMPANIES

Madrid, 10 September 2015.- The Spanish researchers Samuel Bentolila, Gabriel Jiménez and Sonia Ruano, and Marcel Jansen, of Dutch nationality, will today receive, from the hands of His Majesty The King, the **VI Jaime Fernández de Aroz Prize on Corporate Finance**, for their article entitled "**When Credit Dries Up: Job Losses in the Great Recession**", which analyses the effects on employment of credits restrictions imposed on Spanish companies during the latest recession.

During the past economic recession, the number of loans granted by banks to non-financial companies in Spain notably fell. At the same time, Spain also registered high unemployment rates. The winning article has examined to what extent the first factor-related to business finance- is able to explain the second. Reduced credit has been a general occurrence in developed countries, which is why the reply to this question is of huge international interest.

Antonio Rodríguez-Pina, Chairman and CEO of **Deutsche Bank España**, chairing the Jury that awarded the Prize, said: "*This article is highly relevant due to its rigorous methodology. It has been constructed on an exceptionally rich database, covering nearly one hundred and seventy thousand companies, including their financial statements, and analyses their relationship with credit entities operating in Spain at the time. There is no precedent in any other country with a similar analysis that uses such a large official database*".

"A rigorous analysis of relations held by Spanish companies with the banks, during the crisis, evidences how necessary corporate finance is for job creation and highlights the adequacy of counting on solid banks that apply responsible credit policies", said Samuel Bentolila, one of the authors of the winning article.

The authors

Samuel Bentolila holds a Degree in Economics from Universidad Autónoma de Madrid, a PhD in Economics from Massachusetts Institute of Technology and is a Professor at Centro de Estudios Monetarios y Financieros (CEMFI).

Gabriel Jiménez holds a Degree in Mathematics from Universidad Complutense, a Masters in Economics & Finance from CEMFI and is charge of the Regulatory Measures Evaluation Unit of the Bank of Spain.

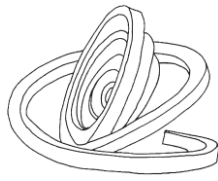
Sonia Ruano holds a Degree in Economics from Universidad Carlos III de Madrid, a PhD in Economics from Universidad Complutense and is currently working as an economist at the Financial Stability Department of the Bank of Spain.

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Marcel Jansen holds a PhD in Economics from European University Institute of Florence, is a FEDEA researcher and Associate Professor at Universidad Autónoma de Madrid.

Conclusions of the article

This empirical analysis, based on data taken from almost 170,000 companies between 2006 and 2010, reaches the following conclusions, amongst others:

- A quarter of the decrease in employment suffered by companies holding a debt with banks that were subsequently intervened was precisely due to this intervention.
- The same results are obtained if both types of bank are defined according to the level of exposure to the real estate sector, instead of considering whether or not they were subsequently intervened.
- Recourse to commercial credit did not alleviate the credit restrictions imposed on companies holding a debt with subsequently intervened entities.
- Unemployment rates due to exposure to subsequently intervened entities were much higher amongst companies with a worse credit track record, and nearly exclusively affected companies that held a debt with more than one bank.

The Prize

The **Prize**, the only one of its kind to be awarded in Spain, intends to contribute towards economic development and corporate finance by acknowledging applied research in this field. This **Prize**, sponsored in this edition by **Deutsche Bank**, in conjunction with **CUNEF** and **Universia**, grants an economic award of 10,000 euros and a sculpture by Martín Chirino.

The members of the Jury enjoy renowned prestige in the economic, corporate and academic worlds. It was presided by Antonio Rodríguez-Pina, Chairman of Deutsche Bank España. Since the Prize began in 2005, more than 200 articles have been received from authors of more than 30 nationalities, all covering a broad range of topics. In this VI edition of the Jaime Fernández de Aroz Prize on Corporate Finance, 49 articles have been received, issued by 112 authors of 27 different nationalities. Most of these authors belong to the academic and university world, and belong to teams representing the world's most important universities and business schools.

The Prize pays tribute to **Jaime Fernández de Aroz Gómez-Acebo**, a Graduate in Economics and Business Studies from CUNEF, who dedicated his career to investment banking. Between 1989 and 2003 he worked for Lehman Brothers, Banco Santander and, finally, as Managing Director of Citigroup, always demonstrating his great worth as a person and professional. He died in 2003 in an accident at the age of 37.

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