

# Elizaveta Sizova

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## Current Employment

08/2022 - *Assistant Professor of Finance*, Department of Finance, NHH

## Research Interests

Banking, Risk Management, Financial Regulation

## Education

10/2017 - 07/2022 *PhD in Business Economics*, KU Leuven  
09/2019 - 12/2020 *Visiting Scholar*, University of Illinois at Urbana-Champaign (UIUC)  
09/2016 - 09/2017 *MSc in Business Economics* (major and minor *Financial Economics*), KU Leuven  
09/2012 - 06/2016 *BA in Economics*, National Research University Higher School of Economics (HSE)  
09/2015 - 01/2016 *Exchange Student*, KU Leuven

## Current Research

### *"Banks' Next Top Model"* (Job Market Paper)

I study the design of regulation using banks' internal risk models. Specifically, I explore the optimal combination of capital requirements and penalties to ensure truthful reporting. I first characterize optimal regulatory capital and penalties when banks have private information about their risk. I find that penalties in practice could be rationalized provided sufficient variation in banks' preferences. I then use hand-collected data on risk model revisions to show that actual penalties provide only weak incentives for model improvements and fail to deter misreporting. In addition, my model suggests that recent changes in regulation may further impair truthful disclosure.

### *"Strategic Risk-Modelling by Banks: Evidence from Inside the Black Box"* (with Mike Mariathasan and Ouarda Merrouche)

This paper investigates the strategic use of banks' internal models for market risk. We study hand-collected data on modelling and disclosure choices and examine how they relate to banks' reported levels of Value-at-Risk (VaR) and the number of VaR violations. We show that more elaborate internal modelling can correspond to more conservative VaR while being more punitive in terms of capital requirements. At the same time, such modelling is also more opaque and fails to assess risk more precisely than theoretically more inferior modelling. We conclude that capital requirements for market risk are compromised by strategic modelling, and show how the degree of distortion depends on specific modelling choices.

### *"Implied Banks' Risk Exposure: A Model-Free and Forward-Looking Approach"* (with Daniël Linders)

This paper examines how option data can be used to determine banks' riskiness. Such an estimate is called an implied estimate. Option prices convey aggregate views of the market participants on the future stock price level, i.e., not just on its expected value, but rather on the distribution around that expectation. Therefore, an option-implied estimate is automatically forward-looking and fast-moving. We propose a novel model-free approach based on the binomial tree option pricing. We show that our implied estimates serve better as an indicator of individual and system-wide bank distress than their stock-based counterparts.

### *"Currency Mismatch on Bank Balance Sheets and Exchange Rates"* (with Aleksei Oskolkov and Marcos Sorá)

We study the role of banks in the determination of exchange rates through currency mismatch on their balance sheets. Banks have incentives to match the currency composition of their assets and liabilities in order to mitigate foreign exchange risk and avoid the associated capital charge. We develop a model where banks go to the spot market to hedge their foreign exchange exposures.

## Conference and Seminar Presentations (\* co-author)

- 2022 IFABS, EEA, QCGBF Pre-Conference Event, NHH, Nova SBE, Johns Hopkins SAIS, QMUL, University of Bristol, Bank of Canada, City UHK, Bank of England, Durham University, Bank of Lithuania, NES, HSE, ESCP, AFA PhD Student Poster Session
- 2021 Day-Ahead Workshop on Financial Regulation (University of Zurich), DGF Doctoral Workshop (Universität Innsbruck), ECB Forum on Central Banking, Rare Voices in Economics Conference (Graduate Institute Geneva, University of Geneva), 23<sup>rd</sup> INFER Annual Conference (ISEG), 7<sup>th</sup> International Young Finance Scholars' Conference [IYFSC] (PHBS-UK), 14<sup>th</sup> Annual Meeting of the Portuguese Economic Journal [PEJ] (Católica Porto Business School), KU Leuven, Finance PhD Pitch Perfect (Nova SBE)
- 2020 UIUC, Online International Conference in Actuarial Science, Data Science and Finance (Université Lyon 1), PhD Student Symposium (University of Georgia)
- 2019 Simon Conference for Young Researchers in Risk Management and Insurance (Michigan State University), EEA, UIUC, KU Leuven, 36<sup>th</sup> International Symposium on Money, Banking and Finance\*

## Academic and Teaching Experience

- 10/2017 - 05/2022 *Master's Thesis Supervisor* (30 projects), KU Leuven
- 01/2020 - 12/2020 *Graduate Supervisor* at the Illinois Risk Lab, UIUC  
Fall 2020 project: *IRisk Lab Best Project Award* (2021 Risk Analytics Symposium, UIUC)  
Spring 2020 project: *Honorable Mention Award* (2020 Undergraduate Research Symposium, UIUC)
- 04/2020 - 05/2020 *Invited Lecturer* for the course *Predictive Analytics*, UIUC
- 11/2019 - 12/2019 *Invited Lecturer* for the course *Risk Management Practices and Regulation*, UIUC
- 07/2017 - 08/2017 *Research Assistant* (bank data collection), KU Leuven
- 09/2014 - 12/2014 *Teaching Assistant* (Academic English), National Research University Higher School of Economics

## Scholarships, Grants and Awards

- 08/2022 - 07/2025 Norges Bank Academic Programme Junior Professorship
- 07/2022 Finalist in the QCGBF Young Economist Prize Competition
- 09/2021 Finalist in the ECB Young Economists' Competition
- 07/2021 Best Paper in Banking Award at the IYFSC 2021
- 07/2021 Best PhD Paper Award at the PEJ 2021 - Consultaccount
- 01/2020 PhD Student Travel Grant - American Finance Association
- 08/2019 Student Travel Grant - European Economic Association
- 08/2019 Conference Allowance - Doctoral School for the Humanities and Social Sciences, KU Leuven
- 06/2018 - 07/2018 Travel Grant - Research Foundation Flanders (FWO)
- 09/2016 - 06/2017 Master Mind Scholarship - Flemish Government
- 07/2016 Best Student Paper Award - Russian Foundation for Support of Education and Science

## Professional Service

- Referee* European Journal of Finance
- Organizing Committee* 5<sup>th</sup> Benelux Banking Research Day

## Additional Training

- 03/2020 *Spring School in Risk Management, Insurance, and Finance*, European University, St. Petersburg
- 06/2018 - 07/2018 *Banking Summer School*, Barcelona Graduate School of Economics  
(with Xavier Freixas, Steven Ongena, José-Luis Peydró and Enrico Perotti)

## Industry Experience

- 04/2016 - 09/2016 *Trade Contracts Specialist*, Japan Tobacco International, Moscow
- 02/2015 - 09/2015 *Market Research Intern*, Japan Tobacco International, Moscow

## Other Skills

*Languages* English (fluent), Russian (native), Dutch (upper intermediate), French (intermediate)

*Software skills* R, Stata,  $\LaTeX$

## References

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