DIMITRI VAYANOS

May 2025

Professor of Finance and
Director of the Paul Woolley Centre for the Study of Capital Market Dysfunctionality
London School of Economics
Houghton Street
London WC2A 2AE
UK
tel: 44-20-79556382
fax: 44-20-78494647
e-mail: `d.vayanos@lse.ac.uk`

EDUCATION

Ph.D. Department of Economics, MIT, 1993.
Dissertation: Three Essays in Microeconomic Theory.

Diplome d'Ingenieur de l'Ecole Polytechnique, Paris, France, 1988.
Ranked second in graduating class.

EMPLOYMENT

London School of Economics, Professor of Finance, 2004-present.

MIT Sloan School of Management, Associate Professor of Finance, 2001-2004.

MIT Sloan School of Management, Assistant Professor of Finance, 1997-2001.

Stanford University Graduate School of Business, Assistant Professor of Economics, 1993-1997.

PAPERS IN REFEREED JOURNALS

- Passive Investing and the Rise of Mega-Firms, *Review of Financial Studies,* conditionally accepted. (With Hao Jiang and Lu Zheng)

  Winner of the 2024 Swiss Finance Institute Outstanding Paper Award

  Supersedes the earlier paper: Tracking Biased Weights: Asset Pricing Implications of Value-Weighted Indexing.

- A Preferred-Habitat Model of Term Premia, Exchange Rates and Monetary Policy Spillovers, *American Economic Review,* conditionally accepted. (With Pierre-Olivier Gourinchas and Walker Ray)

- The Distribution of Investor Beliefs, Stock Ownership and Stock Returns, *Management Science,* forthcoming. (With Gikas Hardouvelis and Georgios Karalas)
- Asset Management Contracts and Equilibrium Prices, *Journal of Political Economy,* 2022, 130, 3146-3201. (With Andrea Buffa and Paul Woolley)

  Best Paper Award in Asset Pricing in the SFS Cavalcade 2015.
- A Preferred-Habitat Model of the Term Structure of Interest Rates, *Econometrica,* 2021, 89, 77-112. (With Jean-Luc Vila)
- Liquidity Risk and the Dynamics of Arbitrage Capital, *Journal of Finance,* 2019, 74, 1139-1173. (With Peter Kondor)
- Financial Markets where Traders Neglect the Informational Content of Prices, *Journal of Finance,* 2019, 74, 371-399. (With Erik Eyster and Matthew Rabin)
- The Dynamics of Financially Constrained Arbitrage, *Journal of Finance,* 2018, 73, 1713-1750. (With Denis Gromb)
- ESBies: Safety in the Tranches, *Economic Policy,* 2017, 32, 175-220, *lead article.* (With Markus Brunnermeier, Sam Langfield, Marco Pagano, Ricardo Reis, and Stijn Van Nieuwerburgh)
- Bond Supply and Excess Bond Returns, *Review of Financial Studies,* 2014, 27, 663-713, *lead article.* (With Robin Greenwood)
- Bond Market Clienteles, the Yield Curve, and the Optimal Maturity Structure of Government Debt, *Review of Financial Studies,* 2013, 26, 1914-1961. (With Stephane Guibaud and Yves Nosbusch)
- An Institutional Theory of Momentum and Reversal, *Review of Financial Studies,* 2013, 26, 1087-1145, *lead article.* (With Paul Woolley)
- Liquidity and Asset Returns under Asymmetric Information and Imperfect Competition, *Review of Financial Studies,* 2012, 25, 1339-1365, *lead article.* (With Jiang Wang)

  Supersedes the earlier paper: Liquidity and Asset Prices: A Unified Framework.
- The Gambler's and Hot-Hand Fallacies: Theory and Applications, *Review of Economic Studies,* 2010, 77, 730-778. (With Matthew Rabin)
- Strong-Form Efficiency with Monopolistic Insiders, *Review of Financial Studies,* 2008, 21, 2275-2306. (With Minh Chau)

  Previously circulated under the title: Positive Profits when Prices are Strongly Efficient.
- A Search-Based Theory of the On-the-Run Phenomenon, *Journal of Finance,* 2008, 63, 1361-1398. (With Pierre-Olivier Weill)
- Search and Endogenous Concentration of Liquidity in Asset Markets, *Journal of Economic Theory,* 2007, 136, 66-104. (With Tan Wang)

- Persuasion Bias, Social Influence, and Uni-Dimensional Opinions, *Quarterly Journal of Economics*, 2003, 118, 909-968. (With Peter DeMarzo and Jeff Zwiebel)
- The Decentralization of Information Processing in the Presence of Interactions, *Review of Economic Studies*, 2003, 70, 667-695.
- Equilibrium and Welfare in Markets with Financially Constrained Arbitrageurs, *Journal of Financial Economics*, 2002, 66, 361-407. (With Denis Gromb)
- Strategic Trading in a Dynamic Noisy Market, *Journal of Finance*, 2001, 56, 131-171.
- Equilibrium Interest Rate and Liquidity Premium With Transaction Costs, *Economic Theory*, 1999, 13, 509-539, *lead article.* (With Jean-Luc Vila)
- Strategic Trading and Welfare in a Dynamic Market, *Review of Economic Studies*, 1999, 66, 219-254, *lead article.*
- Transaction Costs and Asset Prices: A Dynamic Equilibrium Model, *Review of Financial Studies*, 1998, 11, 1-58, *lead article.*

SURVEYS AND INVITED PAPERS

- Supply and Demand and the Term Structure of Interest Rates, *Annual Review of Financial Economics*, forthcoming. (With Robin Greenwood and Sam Hanson)
- Asset Management as Creator of Market Inefficiency, *Atlantic Economic Journal*, 2023, 51, 1-11, *Presidential Address to the International Atlantic Economic Society.* (With Paul Woolley)
- The Greek Economic Crisis and the Banks, 2022, *DNB-Riksbank-Bundesbank Macroprudential Conference.* (With Gikas Hardouvelis)
- A Restart Procedure to Deal with Covid-19, in Simeon Djankov and Ugo Panizza (eds.): *Covid-19 in Developing Economies,* 2020, chap. 19, 266-276, CEPR eBook. (With Cynthia Balloch, Simeon Djankov, and Juanita Gonzalez-Uribe)
- The Analytics of the Greek Crisis, *NBER Macroeconomics Annual*, 2017, 31, 1-81. (With Pierre-Olivier Gourinchas and Thomas Philippon)
- Forward Guidance in the Yield Curve: Short Rate versus Bond Supply, in Elias Albagli, Diego Saravia, and Michael Woodford (eds.) *Monetary Policy Through Asset Markets: Lessons from Unconventional Measures and Implications for an Integrated World,* 2016, chap. 2, 11-62, Central Bank of Chile, Santiago, Chile. (With Robin Greenwood and Sam Hanson)
- The Sovereign-Bank Diabolic Loop and ESBies, *American Economic Review, P&P,* 2016, 108, 508-512. (With Markus Brunnermeier, Luis Garicano, Philip Lane, Marco Pagano, Ricardo Reis, Tano Santos, David Thesmar, and Stijn Van Nieuwerburgh)

- Introduction to Financial Economics, *Journal of Economic Theory,* 2014, 149, 1-14. (With Franklin Allen and Xavier Vives)
- Market Liquidity—Theory and Empirical Evidence, in George Constantinides, Milton Harris, and Rene Stulz, eds.: *Handbook of the Economics of Finance,* 2013, Chapter 19, North Holland, Amsterdam. (With Jiang Wang)
- Theories of Liquidity, *Foundations and Trends in Finance,* 2012, 6, 221-317. (With Jiang Wang)
- Quantitative Easing and Unconventional Monetary Policy – An Introduction, *The Economic Journal,* 2012, 122, F271-F288. (With Michael Joyce, David Myles and Andrew Scott)
- Limits of Arbitrage: The State of the Theory, *Annual Review of Financial Economics,* 2010, 2, 251-275. (With Denis Gromb)
- Price Pressure in the Government Bond Market, *American Economic Review, P&P,* 2010, 585-590. (With Robin Greenwood)
- A Model of Financial Market Liquidity Based on Intermediary Capital, *Journal of the European Economic Association, P&P,* 2010, 456-466. (With Denis Gromb)

WORKING PAPERS (Papers revised more recently are listed first)

- The Impact of Green Investors on Stock Prices. (With Gong Cheng, Eric Jondeau and Benoit Mojon)
- Long-Horizon Investing in a Non-CAPM World. (With Christopher Polk and Paul Woolley)

  Previously circulated under the title: A Theoretical Analysis of Value and Momentum Strategies.
- Risk Limits as Optimal Contracts.
- Fund Flows and Asset Prices: A Baseline Model. (With Paul Woolley)
- Flight to Quality, Flight to Liquidity, and the Pricing of Risk.
- Financial Markets and Social Networks. (With Peter DeMarzo and Jeff Zwiebel)

BOOKS

- *A Growth Strategy for the Greek Economy*, 2023, CEPR eBook. (With Christopher Pissarides, Costas Meghir, and Nikolaos Vettas)

  The Greek-language version of this report was prepared at the request of the Greek government in 2020 and is available at `https://www.government.gov.gr/schedio-anaptixis-gia-tin-elliniki-ikonomia/`.

- *Beyond Austerity: Reforming the Greek Economy,* 2017, MIT Press. Greek edition by Crete University Press.
  - Book Editor. (With Costas Meghir, Christopher Pissarides, and Nikolaos Vettas)
  - Author of Chapter 1, The Greek Economy before and during the Crisis—and Policy Options Going Forward. (With Costas Meghir, Christopher Pissarides, and Nikolaos Vettas)
  - Author of Chapter 7, Financial Development and the Credit Cycle in Greece. (With Michael Haliassos, Gikas Hardouvelis, and Margarita Tsoutsoura)

CITATIONS (As of 13 May 2025)

Google Scholar: 14552

Web of Science: 3075

HONORS AND AWARDS

Outstanding Paper Award, Swiss Finance Institute, 2024.

Fellow of the Finance Theory Group, 2023-present.

European Research Council Advanced Grant (administered through UKRI), 2022-2027.

Excellence in Refereeing Award, Review of Economic Studies, 2021, 2023.

Fellow of the Institut Louis Bachelier, 2018-present.

Best Paper Award in Asset Pricing in the SFS Cavalcade, 2015.

Fellow of the British Academy, 2014-present.

Fondation Banque de France Research Grant, 2006.

Participant in the Review of Economic Studies European Meetings, May 1993.

Olin Fellowship, 1992-1993.

MIT Economics Department Fellowship, 1988-1990.

Prix pour la meilleure option scientifique, Ecole Polytechnique, June 1988. (Prize for best undergraduate thesis.)

Prix Ampere (Physics), Academie de Lyon, December 1984.

PROFESSIONAL ACTIVITIES

Journal Editorships

Review of Economic Studies: 2011-2015.

Journal Associate Editorships

Review of Asset Pricing Studies: 2017-2023.

Mathematics and Financial Economics: 2006-2013.

Journal of Financial Intermediation: 2005-2013.

Journal of Financial Markets: 2005-2012.

Review of Finance: 2005-2010.

Review of Economic Studies: 2004-2011.

Annals of Finance: 2004-2007.

Review of Financial Studies: 2004-2007.

Economic Journal: 2002-2005.

Directorships

Director of the Financial Intermediation Research Society, 2024-present.

President of the International Atlantic Economic Society, 2021-2023.

Director of the Review of Economic Studies, 2017-2020.

Director of the American Finance Association, 2012-2015.

Director of the CEPR Financial Economics Program, 2005-2011.

Affiliations

CEPR Financial Economics Program, Research Fellow.

NBER Asset Pricing Program, Research Associate.

LSE Hellenic Observatory, Research Associate.

American Economic Association, member.

American Finance Association, member.

Society for Financial Studies, member.

Conference Organization

Nobel Symposium on "Money and Banking," Program Committee, 2018.

European Economic Association, Program Committee, 2009-2011.

Paul Woolley Centre for the Study of Capital Market Dysfunctionality, Co-organizer, 2008-present.

Caesaria Conference, Program Committee, 2008-2011.

Adam Smith Asset Pricing, London, Co-organizer, 2005-2008.

European Summer Symposium in Financial Markets in Gerzensee, Steering Committee, 2003-2008.

Stanford Institute for Theoretical Economics, Program Committee, 2003, 2006.

American Finance Association, Program Committee, 2002, 2007, 2009, 2012, 2014.

Western Finance Association, Program Committee, 1998-present.

Other

Council member of the University of Cyprus Faculty of Economics and Management, 2023-present.

Selection committee member for the editor of the Journal of Finance, 2021.

Director of the Financial Markets Group, London School of Economics, 2018-2023.

Head of the Finance Department, London School of Economics, 2014-2017.

Council member of the Athens University of Economics and Business, 2013-2016.

Selection committee member for the Stephen A. Ross prize, awarded by FARFE, 2012 and 2022.

Selection committee member for the editor of the Review of Financial Studies, 2010.

Selection committee member for the Fischer Black prize, awarded by the American Finance Association to a researcher under age 40, 2010 and 2020.

POLICY WORK

- Main author, together with Christopher Pissarides, Costas Meghir, and Nikolaos Vettas, of the policy report *A Growth Strategy for the Greek Economy*, prepared at the request of the Greek government in 2020. The report is available in Greek at `https://www.government.gov.gr/schedio-anaptixis-gia-tin-elliniki-ikonomia/` and in English as a CEPR eBook.
- Board member of WWF Greece, 2021-present.

TEACHING

Courses

LSE: Introductory Investments (Masters, 2005-2014), Advanced Capital Markets (PhD, 2005-2007, 2009, 2011-2014, 2018-present), Financial Systems and Crises (Undergraduate, 2018-present), Advanced Financial Economics (Undergraduate, 2018-present).

MIT: Introductory Investments (MBA, 1997-2004), Advanced Capital Markets (PhD, 1998-2004).

Stanford: Data and Decisions (MBA, 1994-1996), Microeconomics (PhD, 1993), Contract Theory (PhD, 1995-1997).

Doctoral Thesis Supervision (graduation year, first placement)

LSE: Song Xiao (2024, Chinese U. of Hong Kong), Jamie Coen (2022, Imperial), Ran Shi (2022, Colorado), Bruce Iwadate (2021, Baruch), Karamfil Todorov (2020, BIS), Brandon Han (2019, Maryland), George Karalas (2019, U. Carlos III), Dimitris Papadimitriou (2019, Bristol), Michael Punz (2017, Munich Re), Huaizhi Chen (2016, Harvard), Sergei Glebkin (2016, INSEAD), Cheng Zhang (2016, Victoria U.), Shiyang Huang (2015, Hong Kong U.), Francesco Palazzo (2015, Bank of Italy), Toni Ahnert (2013, Bank of Canada), Nelson Costa-Neto (2013, Catolica Lisbon), Andrea Buffa (LBS, 2012, Boston U.), Thomas Maurer (2012, U. of Washington St. Louis), Qi Shang (2012, Renmin U.), Gyuri Venter (2012, U. of Copenhagen), Vincent Fardeau (2011, FRB), Zijun Liu (2011, FSA), Zhigang Qiu (2011, Renmin U.), Yuki Sato (2011, U. of Lausanne), Gyuri Venter (2011, U. of Copenhagen), Aytek Malkhozov (2010, McGill U.), Elise Paysan (2010, UNSW), Jan Bena (2009, UBC), Gara Afonso-Minguez (2008, New York Fed), Peter Kondor (2006, U. of Chicago).

MIT: Stavros Panageas (2005, U. of Pennsylvania), Ioanid Rosu (2004, U. of Chicago), Albert Wang (2004, Cornell U.), Francesco Franzoni (2003, HEC Paris), Carl Hopman (2003, Oak Hill Partners), Sergey Iskoz (2003, Bracebridge Capital), Antti Petajisto (2003, Yale U.), Joon Chae (2002, U. of Buffalo), Jeremy Ko (2002, Penn State U.), Harry Mamaysky (2000, Yale U.), Paolo Sodini (1999, Stockholm U.), Minh Chau (1998, ESSEC).

Stanford: Andrea Prat (1997, U. of Tilburg), Hakan Orbay (1996, Koç U.), Doron Sonsino (1994, Technion).