

JOHN HACKNEY

University of South Carolina, Darla Moore School of Business
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PROFESSIONAL APPOINTMENTS

Darla Moore School of Business, University of South Carolina

Assistant Professor of Finance

2016-present

EDUCATION

University of Washington

PhD in Finance & Business Economics

2016

MS in Finance & Business Economics

2014

Gonzaga University

BA in Business Administration

2010

Concentrations- Finance & Economics

Summa cum laude

RESEARCH INTERESTS

Corporate Finance, Law and Finance, Corporate Governance, Small Business, Banking

WORKING PAPERS

“Legal Determinants of External Finance: the Case of Small Business Credit”

Abstract: I examine how creditor protection affects aggregate small business credit volume. I use staggered increases in state-level homestead exemptions as exogenous reductions in protection for small business creditors and find that an average increase in exemptions increases the number of small business loans by commercial banks in local regions by 1.1%, and volume by 2.5%. The increase in quantity is concentrated in areas with higher risk aversion and higher wealth, and where local banks have superior screening technology. These suggest a greater role of demand-side factors in determining aggregate credit quantity, and highlight important distributional effects for policy debate.

“Financial crises and filling the small business credit gap: the role of government-guaranteed loans”

Abstract: This paper investigates whether the presence of government-guaranteed lenders helps alleviate small business financial constraints during financial crises. The results indicate that areas with a greater proportion of Small Business Administration 7(a) lender branches experienced higher small business loan volume and small firm employment during the recent financial crisis, and also lower loan default rates. IV analysis utilizing program characteristics that determine SBA lending intensity confirms the baseline results. The findings suggest that targeted government small business support can play a beneficial role in the presence of private credit market frictions when financial constraints are

severe.

“Information Asymmetry and Organizational Structure: Evidence from Small Business Lending”

Abstract: I utilize staggered changes in state-level personal bankruptcy exemptions as exogenous shocks to the primary information frictions facing small business lenders: adverse selection and moral hazard. I find that a 10% increase in exemptions, reduces the average distance between borrowers and lender headquarters, where presumably high-level capital allocation decisions are made, by 7-8.8%. I find that this result is weaker where social and cultural factors are likely to lessen the scope for moral hazard. Additionally, I find that areas whose bank branch headquarters are more distantly located experience a reduction in credit following exemption increases, and that these areas also experience adverse small business outcomes. These results are consistent with theories of soft information and organizational structure where flatter organizations maintain an information advantage over their hierarchical peers, and suggest that information frictions play a prominent role in shaping the competitive landscape of local markets by reducing competition from outsiders.

“Short Selling, Convertible Bond Pricing, and Convertible Arbitrage” (with Tyler Henry and Jennifer Koski)

Abstract: We use the insight that short selling around convertible bond issue dates is arbitrage trading to explore the pricing consequences and determinants of arbitrage short selling. Neither pre-issue short selling nor short selling on the issue date is associated with higher issue discounts in the convertible bond market. Convertible arbitrage short selling is negatively related to issue day stock returns and positively associated with future returns, consistent with temporary price pressure from uninformed short sellers. Firm-specific characteristics related to the ease and cost of short selling similarly affect both informed and arbitrage short selling. Deal-specific characteristics, especially those related to the magnitude of hedging demand from arbitrage positions, also strongly determine short selling around convertible bond issue dates. Arbitrage short selling lasts about two days after the issue day before tapering off.

WORK IN PROGRESS

“What is Fueling the Fintech Lending Revolution? Weak Competition from Small Banks, Large Banks, or Both?” (with Allen Berger and Tetyana Balyuk)

“Managerial Scapegoating: Director Networks and Executive Turnover” (with Ran Duchin)

“Local Banking and Recovery from Natural Disasters” (with Allen Berger and Hugh Kim)

“Debtor Protection and Local Crime” (with Chao Jiang)

“Cramming for the Exam: Small Business Lending around CRA Examinations” (with Lamont Black)

PRESENTATIONS

“Legal Determinants of External Finance: the Case of Small Business Credit”
University of Washington (2015)

University of South Carolina (2015)
Oregon State University (2015)
Midwest Finance Association Annual Meeting (2016)
FMA Annual Meeting (2016)

“Financial crises and filling the small business credit gap: the role of government-guaranteed loans”

Fixed Income and Financial Institutions Conference (2017)
Community Banking and the 21st Century Research and Policy Conference (2017)
FMA Annual Meeting (2017)
Southern Finance Association Annual Meeting (2017)

“Cramming for the Exam: Small Business Lending around CRA Examinations”

University of South Carolina (2018)

South Carolina Bankruptcy Lawyers Association Annual Meeting (2017)

Keynote Address

AWARDS

2016 Moore School Research Grant
2016 Dean A. Dudley Fellowship
2015 Evert McCabe Fellowship in Private Enterprise
2014-2015 PhD Student Teaching Award
2014-2015 AFA Travel Grant
2011 Top Scholar Awardee

MEMBERSHIPS

American Finance Association
Financial Management Association
Midwest Finance Association
Alpha Sigma Nu Jesuit Honor Society
Beta Gamma Sigma Business Administration Honor Society
Alpha Kappa Psi Professional Business Fraternity
Knights of Columbus

AD HOC REFEREE

Journal of Banking and Finance

TEACHING

Instructor

Spring 2014-Spring 2015

International Finance

University of Washington Professional and Continuing Education Center

Spring 2014 rating: 4.5/5.0

Fall 2014 rating: 4.5/5.0

Spring 2015 rating: 4.9/5.0

FINA 463 (Case Studies in Corporate Finance)
University of South Carolina
Spring 2017 rating: 4.6/5.0

Spring 2017

Teaching Assistant

University of Washington
FIN 502 (Evening MBA Core Finance)
Winter 2014 rating: 5.0/5.0
Winter 2015 rating: 5.1/5.0

Winter 2014-Spring 2015

FIN 540 (Executive MBA International Finance)
Spring 2014 rating: 5.0/5.0

FIN 500 (MBA Core Finance)
Fall 2014 rating: 4.8/5.0

FIN 512 (Technology Management MBA Corporate Financial Strategy)
Spring 2015 rating: 4.5/5.0