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## AWI This Week

### **Monday, 2.2.15**

#### **Departmental Seminar**

17.15-18.45

AWI 00.010

Frank Westermann, University of Osnabrück

"On Remittances, Foreign Currency Exposure and  
Credit Constraints: Evidence from Nepal"

### **Wednesday, 4.2.15**

#### **Internal Seminar**

12.15-13.15

AWI 00.010

Andreas Reischmann

"The non-binary Conditional Contribution Mechanism -  
An Experimental Study"

### Departmental Seminar

Frank Westermann

"On Remittances, Foreign Currency Exposure and Credit Constraints: Evidence from Nepal"\*

In this paper, we investigate whether foreign currency accounts help overcome credit constraints in developing countries. We analyze a novel bank-level data set from Nepal, where a steady inflow of remittances has contributed to foreign currency deposits on commercial bank balance sheets. In this data set we find that: (i) Banks hedge their FX exposure by investing in FX assets. (ii) Banks also hedge indirectly via their sectoral lending composition: Banks with a large share of FX deposits primarily lend to firms in traded-goods sectors. They lend only little to the non-traded sectors, as well as deprived sectors of the economy that have been targeted by various support programs. While the direct impact of FX accounts on relaxing credit constraints thus appears small, and biased towards specific sectors, there is also a substantial indirect effect via the additional creation of domestic deposits – that benefits all sectors of the economy.

\*with Nephil M. Maskay, Nepal Rastra Bank, and Sven Steinkamp

### Internal Seminar

Andreas Reischmann

"The non-binary Conditional Contribution Mechanism - An Experimental Study"

There is still no general solution to the free-rider problem in public good environments. The Conditional Contribution Mechanisms were developed recently as an attempt to solve the problem in repeated public goods. In a first experiment the Binary Conditional Contribution Mechanism lead to higher contribution rates than the Voluntary Contribution Mechanism in a binary contribution environment. In this paper we compare the Conditional Contribution Mechanism to the VCM in a non-binary contribution environment. Additionally we compare both mechanisms to a theoretically flawed but simpler version of the Conditional Contribution Mechanism.

## Talks and Research Visits

**Malte Faber** was invited by GCC (Global China Connection) to give a lecture on "China aus der Sicht eines ökologisch ökonomischen Beobachters", Campus Bergheim, January 21, and furtheron was invited by *Real World Economics* to give a lecture on "Bausteine der Ökologischen Ökonomie", Campus Bergheim, January 14.

## New Working Papers

Sandra Schmidt: *Pure Money for a Sound Economy*, AWI Discussion Paper Series no. 580, January 2015.

**Editorial deadline for issue 5/2015 of the newsletter:  
Wednesday, February 4, 2015, 12 o'clock  
newsletter@awi.uni-heidelberg.de**

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