This dissertation consists of three chapters in financial economics. The chapters attempt to tackle two key questions. First, how is the informational content of dividend policy affected by leverage? Second, how do banks create liquidity, and what are the implications of liquidity creation for financial stability?

A common thread running throughout is a focus on asymmetric information and incomplete markets. The dissertation uses theoretical models to better understand how financial markets function in the presence of these frictions, and what role policy may have in addressing resulting market failures.

Simas Kucinskas holds an MPhil degree in Economics (2013, cum laude) from Tinbergen Institute and the University of Amsterdam and an undergraduate degree in Economics from Vilnius University. He started his doctoral research at Vrije Universiteit Amsterdam in 2013 under the guidance of Dr. Björn Brugemann. Parts of the dissertation were written during visits to CEMFI and Princeton University.