Research Topics in Consumer and Household Finance

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Meeting time:

Fridays, 1.30pm – 4.30pm, 10/27/2017 - 12/8/2017, Room KMC 5-80 (NYU Stern).

Interested students from all years and departments are welcome. Please email me if you have any questions about the class (johannes.stroebel@nyu.edu).

Overview:

This seven week PhD mini-course presents research topics in the growing area of Household and Consumer Finance. Each week, we will read a number of a papers in one research area within household finance. Most of the papers will be empirical, and in many weeks our discussions will focus on how the papers we read use various empirical strategies (instrumental variables estimation, differences-in-differences estimation, regression discontinuity estimation, and field experiments) to identify causal effects.

The topics are chosen to give students a taste of the types of research done under the “household finance” umbrella, rather than to provide a comprehensive overview of household finance research. The papers on the reading list are chosen to include both seminal and current research papers in the area. The list is equally incomplete – please email me if you want directions for further research in any area.

In the first class, I will give an introductory lecture to provide an overview of the field. In each of weeks 2-7, we will discuss two papers in detail – on the reading list below, these are marked by a (*). All students are expected to have read the two papers closely.

The first paper will be presented by one of the students for 30 minutes, before another student presents a discussion of the paper for 15 minutes; we will also discuss the paper together. These papers provide a mix of both seminal papers in the literature and more recent contributions.

The second paper will be presented by me, and will be part of my own research agenda. In my presentation, I will also discuss the process of writing the paper (how did we come up with the idea, what were the challenges we faced, what happened in the refereeing process, what did people like/dislike about the paper, and how does it fit into the broader literature)? If you are not presenting or discussing, you are expected to write a 2-page referee report on one of the two papers.

As you will see, many of the most exciting empirical research projects use large and novel data sets. One of the things I will focus on in this class is to introduce students to the process of working and collaborating with companies and regulatory agencies (e.g., Trulia, Facebook, the OCC) to obtain access to such data sets.

Grading will be done based on the quality of students’ presentation and discussion (40%), and class participation (30%) and referee reports (30%).
Week 1: Introductory Lecture (October 27, 2017)


Week 2: Regulation of Consumer Financial Products (November 3, 2017)

Empirical Strategy: Differences-in-Differences Estimation


Week 3: Housing Wealth and Household Decision Making (November 10, 2017)

Empirical Strategy: Instrumental Variables Estimation


(*) Stroebel, J., & Vavra, J. (2015). House Prices, Local Demand, and Retail Prices, Working paper


**Week 4: Financially-Constrained Households & Monetary and Fiscal Policy (November 17, 2017)**

**Empirical Strategy: Regression Discontinuity Estimation**


**Week 5: Information Frictions in Consumer Credit Markets (December 1, 2017)**

**Empirical Strategy: Field Experiment**


Week 6: Social Interactions and Peer Effects in Financial Decision Making (December 8, 2017)


Week 7: Mortgage Choice, Refinancing, and Mortgage Default (December 15, 2017)


