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 include both seminal and current research papers in the area. As a result, the list will be highly 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. As you read the papers, one thing that I want you to focus on is what open research questions on the topic may be. What questions did the papers leave unanswered? What might be other analyses that you could do?

In class, I will start by presenting one of the two assigned papers. This paper will usually 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, what are other things we’d like to do going forward)?

After that, the second paper will be presented by one of the students for about 30 minutes. This presentation should cover the following topics:

- What is the research question?
- Which open questions in the literature is the paper addressing?
- What is the data and research design?
- What are the main findings, and how do they answer the question discussed?
- What are potential concerns with the results?
After the 30 minute presentation of the second paper, we will have a general discussion about open questions on the week’s research topics. The idea is for this to be a forum for students to generate their own research ideas.

If you are not presenting a paper in a given week, you are expected to write a referee report on one of the two papers – this referee report should briefly address the same questions as the presentation. Each report should also include a short section at the end on one idea for additional research on the week’s topic. These research ideas should include:

- What is the research question?
- What research design would I employ?
- What data I would need for this? Do the data exist?

These reports should be emailed to me by 11am of the day of the class. Writing these report ensures that we all benefit maximally from the discussion in the class.

Note: 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 (40%), class participation (30%) and referee reports (30%).

**Week 1: Introductory Lecture (October 27, 2017)**

**Part 1: Overview of Household Finance**


**Part 2: Household Risk and Time Preferences**


Week 2: Unsecured Credit & 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


Note: Guest Lecture by Professor Theresa Kuchler (NYU Stern)


Week 5: Information Frictions in Consumer Credit Markets (Thursday, November 30, 2017)

Empirical Strategy: Field Experiment


Week 6: Financially-Constrained Households & Monetary and Fiscal Policy (December 8, 2017)

Empirical Strategy: Regression Discontinuity Estimation


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


