

Seminar in Empirical Finance (M.Sc.)

## **Germany, how are you doing financially? Insights from the Panel on Household Finances**

Summer term 2021

### **Scope**

In this empirical seminar, you will gather data-driven evidence on the financial situation of households in Germany. Using the Panel on Household Finances, a large-scale survey which is administered by the Deutsche Bundesbank and representative of the German population, you will, e.g., explore novel determinants of savings and investment behavior, investigate the use of consumer credit and state-subsidized pension plans, and analyze why some household balances simultaneously feature low-interest savings and high-interest debt.

Upon successful completion of this seminar, you will have acquired a number of valuable competencies. You will be able to research the literature, structure the collected information efficiently, and apply this knowledge to a specific problem. Moreover, you will have gathered hands-on experience in the handling, describing, and analyzing of a real-world dataset. While this course provides you with an optimal preparation for your empirical Master's thesis, its take-aways do continue to be relevant beyond university: knowing how to translate data into information is a much sought-after skillset for a wide range of job profiles in the finance sector and elsewhere. Last but not least, you will hone your presentation and discussion skills when sharing the results of your empirical analysis with your fellow students.

Most importantly, however, you will feel the sensation of working on something original – none of the research questions raised in this seminar has been addressed before and it is you who will first come up with well-researched answers!

### Introductory readings (required)

- Gomes, F., M. Haliassos, T. Ramadorai. 2020. Household Finance. Forthcoming in: *Journal of Economic Literature*.
- Campbell, J.Y., 2006. Household finance. *Journal of Finance* 61, 1553-1604.
- Tufano, P., 2009. Consumer finance. *Annual Review of Financial Economics* 1, 227-247.
- Wooldridge, J.M. Carrying out an empirical project. Chapter 19 in: *Introductory Econometrics – A modern approach*, 7<sup>th</sup> Ed., Cengage Learning.

### PHF resources (required)

- In this course, you will be provided with ready-to-use data elicited in the 1<sup>st</sup> and 2<sup>nd</sup> wave of the PHF (selected data items). **The data is made available by courtesy of the Deutsche Bundesbank and you can only use it after having completed the [data request form](#).** Please submit the request form, including your personal data, together with the seminar application to [anna-lena.bauer@wiwi.uni-marburg.de](mailto:anna-lena.bauer@wiwi.uni-marburg.de).
- Von Kalckreuth, U., M. Eisele, J. Le Blanc, T. Schmidt, J. Zhu. 2012. [The PHF: a comprehensive panel survey on household finances and wealth in Germany](#). *Deutsche Bundesbank Discussion Paper* 13/2012.
- [PHF user guide](#)
- Codebooks and additional user documentation: <https://www.bundesbank.de/en/bundesbank/research/panel-on-household-finances/user-documentation>

### Methodological resources (optional)

- The PHF data is provided as a STATA data file (\*.dta) and it highly recommended to conduct your empirical analyses using STATA.
- If you have not yet used STATA or want to brush up on your STATA skills, you may do so in the companion course [Quantitative Methods in Empirical Finance \(M.Sc.\)](#), which features an introduction to data analysis using STATA.

### PHF-based research at the Behavioral Finance Research Group (optional)

- PHF as the primary dataset
  - Brenner, L., O. Stolper. 2020. [Mind the gap: inheritance and inequality in retirement wealth](#). Working Paper.
  - Pauls, T., O. Stolper, A. Walter. 2016. [Broad-scope trust and financial advice](#). Working paper.

- PHF as supplementary data
  - Stolper, O., A. Walter. 2019. Birds of a Feather: The Impact of Homophily on the Propensity to Follow Financial Advice. *Review of Financial Studies* 32, 524-563.
  - Stolper, O. 2018. It Takes Two to Tango: Households' Response to Financial Advice and the Role of Financial Literacy. *Journal of Banking and Finance* 92, 295-310.

### Research projects

1. "The dark side of mental accounting: on the coexistence of low-interest savings and high-interest debt"
2. "Perceived versus actual investment risk – determinants and consequences of (mis-)alignment"
3. "Consumer loans – who uses them, at what conditions, and why?"
4. "The power of imagination: (how) do actual income changes and expectations about future income shape households' savings and investment behavior?"
5. "Does house price appreciation affect households' savings and investment behavior?"
6. "State-subsidized pension saving using Riester and Rürup plans – determinants of contract choice at the household level"
7. "The impact of the global financial crisis on households' savings and investment behavior"
8. "30 years after: an analysis of the East-West gap in the savings and investment behavior of German households"
9. "The entrepreneurial factor: business ownership and savings and investment behavior"
10. "Are two heads better than one? The impact of single versus joint financial decision making on households' saving and investment behavior"

### Application and topic assignment

Please first register with the course on Marvin. In order to indicate your topic preferences, use the application form at the end of this document and name three topic preferences. We do our best to accommodate your topic preferences; however, indicating topic preferences does not create a claim on a specific topic. In case you are unable to attend the seminar kick-off,

please send the completed application form to [anna-lena.bauer@wiwi.uni-marburg.de](mailto:anna-lena.bauer@wiwi.uni-marburg.de) by no later than April 19<sup>th</sup> 2021.

### Course requirements and grading scheme

- Term paper of 15 pages ( $\pm 10\%$ , excluding cover page, table of contents and appendix). For further guidelines, please refer to the information sheet [Formal guideline for writing term papers and theses](#) provided by the Behavioral Finance Research Group. You may write up the paper in English or German. Please submit a hard copy of your seminar paper to the Behavioral Finance Research Group and send a PDF file to [anna-lena.bauer@wiwi.uni-marburg.de](mailto:anna-lena.bauer@wiwi.uni-marburg.de) by no later than June 30<sup>th</sup> 2021.
- Presentation of (i) your paper concept on May 12<sup>th</sup> 2021 and (ii) your completed work on the assigned topic on July 1<sup>st</sup> and 2<sup>nd</sup> 2021 in the seminar. You are encouraged to seize the opportunity to present in English. As a minimum, your slides should be in English.
- Attendance and active participation in the seminar.
- Conditional on the examination regulation which applies, your final grade is a weighted average of
  - your grade on the term paper (4 credits) and your grade on the presentations and active participation during the seminar (total of 2 credits) under PO20112.
  - your grade on the term paper (3 credits) and your grade on the presentations and active participation during the seminar (total of 3 credits) under PO20181 and PO20182, respectively.

### Timeline

Kick-off	April 12 <sup>th</sup>	5:00 pm – 6:00 pm (all Zoom invites for the seminar meetings will be sent via IL- IAS)
Application deadline	April 19 <sup>th</sup>	Use application form on p. 6
Topic assignment	April 20 <sup>th</sup>	Email notification
Presentation of paper draft	May 12 <sup>th</sup>	3:00 pm – 6:00 pm
Submission deadline paper	June 30 <sup>th</sup>	Send paper as a PDF to <a href="mailto:anna-lena.bauer@wiwi.uni-marburg.de">anna-lena.bauer@wiwi.uni-marburg.de</a>
Final presentation	July 1 <sup>st</sup> July 2 <sup>nd</sup>	2:00 pm – 6:00 pm 10:00 am – 6:00 pm

Registration for the Seminar in Empirical Finance at the Behavioral Finance Research Group

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Summer term 2021

Last name: \_\_\_\_\_ First name: \_\_\_\_\_

Email-address: \_\_\_\_\_

Student ID: \_\_\_\_\_ Semester: \_\_\_\_\_

Please choose three topics and rank them according to your preferences

	1.	2.	3.
Topic 1			
Topic 2			
Topic 3			
Topic 4			
Topic 5			
Topic 6			
Topic 7			
Topic 8			
Topic 9			
Topic 10			

Signature: \_\_\_\_\_