



Department of Business and Economics

Behavioral Finance Research Group

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Seminar in Empirical Finance (M.Sc.)

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

Summer term 2023

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. 2021. Household Finance. *Journal of Economic Literature* 59 (3), 919-1000.
- 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*, 7th Ed., Cengage Learning.

Additional introductory resources (optional, in German)

- <https://unternehmen.union-investment.de/startseite-unternehmen/presseservice/pressemitteilungen/alle-pressemitteilungen/2021/Studie--Die-Sparweltmeistersparen-sich-arm-.html>
- <https://de.scalable.capital/money-market-and-machines/mmm-intuition-ratio>
- [ETF-Sparplan statt Girokonto: Die Deutschen sparen viel – aber falsch - Wirtschaft - SZ.de \(sueddeutsche.de\)](https://www.sueddeutsche.de/wirtschaft/ETF-Sparplan-statt-Girokonto-Die-Deutschen-sparen-viel--aber-falsch-1.5000000)

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, 524563.
 - 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 financial literacy and personal finances of households with migration background
2. Financial Literacy: Do the Big3 predict “smart” financial behavior?
3. The dark side of mental accounting: on the coexistence of low interest savings and high interest debt
4. 30 years after: an analysis of the East-West gap in the saving and investment behavior of German households

5. Consumer loans – who uses them, at what conditions, and why?
6. The entrepreneurial factor: business ownership and households' saving and investment behavior
7. Does house price appreciation affect households' saving and investment behavior?
8. The financial behavior of homeowners versus tenants
9. Do gifts and inheritances impact real estate ownership?
10. Are two heads better than one? The impact of single versus joint financial decision making on households' saving and investment behavior
11. Perceived versus actual investment risk – determinants and consequences of (mis-) alignment
12. The power of imagination: (how) do actual income changes and expectations about future income shape households' saving and investment behavior?

Application and topic assignment

Please apply for the course by handing in a short CV and your Transcript of Records to behavioralfinance@wiwi.uni-marburg.de. Make sure to hand it in by no later than April 2nd, 2023.

After receiving an acceptance notification, you need to indicate your topic preferences. To do so, please 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. Please send the completed application form to behavioralfinance@wiwi.uni-marburg.de by no later than April 20th, 2023.

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 behavioralfinance@wiwi.uni-marburg.de by no later than July 1st, 2023.
- Presentation of (i) until May 30th, 2023 to your individually assigned supervisor and (ii) your completed work on the assigned topic on June 22nd 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, PO20182 and PO20202 respectively.

Timeline

Application deadline	April 2 nd	Hand in a short CV and your ToR to behavioralfinance@wiwi.uni-marburg.de
Admission to seminar	April 7 th	Email notification
Kick-off	April 18 th	2:00 p.m. – 3:30 p.m.
Deadline topic preferences	April 20 th	Use application form on p. 5
Topic assignment	April 21 st	Email notification
Presentation of paper draft	Until May 30 th	with individual supervisor
Final presentation	June 22 nd	9:00 am – 6:00 pm
Submission deadline	July 1 st	Send paper as PDF to behavioralfinance@wiwi.uni-marburg.de

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

Summer term 2023

Last name: _____ First name: _____

Email-address: _____

Student ID: _____ Semester: _____

Please choose three topics and rank them according to your preferences

	1.	2.	3.
1. The financial literacy and personal finances of households with migration background			
2. Financial Literacy: Do the Big3 predict "smart" financial behavior?			
3. The dark side of mental accounting: on the coexistence of low interest savings and high interest debt			
4. 30 years after: an analysis of the East-West gap in the saving and investment behavior of German households			
5. Consumer loans – who uses them, at what conditions, and why?			
6. The entrepreneurial factor: business ownership and households' saving and investment behavior			
7. Does house price appreciation affect households' saving and investment behavior?			
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Signature: _____