Research Statement

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I. Research

I study household finance, an emergent field that examines how households make saving, investing, and borrowing decisions to build wealth, smooth consumption, and manage risk. Research on these topics has grown rapidly over the last decade, carving out a place within finance for the study of households alongside corporations and asset markets. I am proud to have contributed to defining and developing this field through my published research, presentations, and discussions.

My research focuses on financial advice and household borrowing, both of which play critical roles in the economy. I have explored three broad themes: 1) the impact of financial services on household welfare; 2) the relevance of household finance to macroeconomic stability and economic policy; 3) the roles of intermediation and regulation in shaping the financial services available to households. I have written extensively on the impact of finance on household welfare, exploring the effects of credit access among low-income households, the causes and consequences of default by mortgage borrowers, and the investment returns earned by advised investors. The broad motivation for each of these studies is to better understand the financial market experiences of all households, including those of limited income, wealth, and financial sophistication. I have also studied the Global Financial Crisis and Great Recession deeply in order to understand how household finance factors into macroeconomic stability and public policy. My analysis of mortgage leverage, default, and household spending during this period informs a range of policies, from fiscal stimulus and social insurance to housing support and foreclosure mitigation. Finally, regulation can play a fundamental role in creating or resolving frictions in the provision of credit, advice, and other financial services. My work on financial intermediation and regulation examines agency conflicts in financial advice, the impact of interest rate limits on credit supply, and the effects of pricing restrictions on the provision of bank accounts.

My approach is to select questions motivated by economic theory and relevant to public policy. I have sought out novel administrative data and brought new perspectives to survey data widely used in labor and public economics but understudied in finance. In each study, I place great emphasis on building a credible research design that is both creative and thorough.

In the sections that follow, I summarize the motivation and contributions of my research papers.

1. Household Borrowing

The debts of American households total $17 trillion (Board of Governors of the Federal Reserve System, 2021a), on par with borrowing by financial and nonfinancial firms ($18 trillion each). While mortgages dominate household debt by value, borrowing through other means is also widespread, especially among poor households. An estimated 12 million individuals use high-cost "payday" loans each year (Pew Charitable Trusts, 2016). Credit can be vital to improving the welfare of households that borrow to smooth consumption or invest in housing or human capital. But credit also introduces risk, both for individual borrowers who experience financial distress and, in systemic crises, for lenders and the broader macroeconomy.

Credit Access

Credit Access and Household Well-being

An important question in household finance is whether expanding access to credit improves household well-being. Borrowing can alleviate hardship by allowing households who face income or consumption shocks to finance important expenditures. However, credit comes at a very high price for risky borrowers, who often remain chronically indebted and devote a large share of income to debt repayment. These debt payments can exacerbate financial distress, especially among borrowers who underestimate or discount such costs due to cognitive biases, forecasting problems (Ausubel, 1991; Brunnermeier and Parker, 2005; Bond, Musto, and Yilmaz, 2009) or self-control problems (Laibson, 1997).

In [1] "The Real Costs of Credit Access: Evidence from the Payday Lending Market" (*Quarterly Journal of Economics*, 2011) I make use of the emergence of payday lending to study the relationship between economic distress and loan access. I find that households with proximate access to payday loans are more likely to report difficulty paying important bills (mortgage, rent and utilities) and delay needed health care. While some households may benefit from credit access, the average household therefore experiences more distress

when loans are available. This finding has been influential in economics, since it runs against the conventional wisdom among many economists that expanding choice, in this case the choice to borrow, will benefit households. The finding has also informed public policy, as regulations on payday lending and other forms of high-cost credit have been, and continue to be, a focus of policymakers.

A key innovation of my study is its research design. Economic distress is naturally higher proximate to payday lending because lenders locate in distressed areas where customers demand high-cost loans. I address this issue by focusing on cross-border access to loans that depends only on whether payday lenders are *allowed* to locate nearby. Consistent with a causal effect, economic hardship is higher in border communities where payday lending is allowed across the state line. This difference only emerges once payday loans become available across the border.

In the related article [6] "Spillovers from Costly Credit" (*Review of Financial Studies*, 2018), I examine potential externalities from payday lending. When assessing the economic efficiency of credit expansions, it is important to consider whether increases in household indebtedness entail social costs or benefits that borrowers and lenders fail to internalize. In collateralized lending markets, externalities often relate to costly liquidation of collateral (e.g., Campbell, Giglio, and Pathak, 2011 and Mian, Sufi, and Trebbi, 2015). But in the market for unsecured payday loans, such spillovers may also occur if a borrower's financial distress entails costs that spread beyond the lender and the borrowing household.

The paper's main finding is that payday lending results in fewer child support payments to non-resident family members and greater participation in the food stamps transfer program funded by taxpayers. As borrowers accommodate interest and principal payments on payday loan debt, they prioritize loan payments over other liabilities like child support payments and they turn to transfer programs like food stamps to supplement the household's resources. Expansions of payday lending therefore have social costs that are not borne by borrowers and lenders.

Credit Supply and Financial Regulation

I have written three co-authored papers on how financial regulations affect the supply of credit to low-income and risky borrowers. Regulations shape consumer credit markets in fundamental ways, for example through usury limits that affect the supply of credit. Many states have imposed or enforced such limits on payday loans, auto loans and bank overdraft credit. When evaluating such restrictions, it is important to understand how intermediaries and the credit market adjust. Is credit rationed? Do borrowers substitute to

products or providers that remain unconstrained? Does the price or quality of those substitutes change?

In [2] "Competition in a Consumer Loan Market: Payday Loans and Overdraft Credit" (with Donald P. Morgan, *Journal of Financial Intermediation*, 2015), we study the effect of laws restricting payday lending on the provision of overdraft credit, a possible substitute for payday loans. Banks earn fees when they "bounce," or refuse to pay transactions that overdraw a customer's checking account balance. Many banks choose to pay these items and extend overdraft credit in exchange for a fixed fee. In many ways, these loans are similar to payday loans: they are small, short-term loans with high implicit interest rates, which are used repeatedly by a significant proportion of checking account customers (1/3 of the customers that overdraw do so at least 12 times per year, which matches the proportion of frequent payday borrowers). Our paper explores whether banks respond to payday loan availability in determining overdraft credit supply.

We find that banks increase overdraft credit limits and raise overdraft fees when payday loans are available. We speculate that competition from payday lenders motivates banks and credit unions to extend credit because payday loans provide depositors an alternative to bouncing checks. Despite the risk of credit losses, expanding overdraft lending becomes more appealing when banks are at risk of losing bounced check income. While the rise in prices is at odds with a simple model of price competition, it makes sense given the increase in credit losses resulting from the increase in overdraft credit limits. Our findings illustrate competition in the market for short-term credit.

In [12] "Loan Contracting in the Presence of Usury Limits: Evidence from Auto Lending" (with Aaron Schroeder), we study the effects of usury limits on auto loans. With strong demand for vehicle financing among low-income and risky borrowers, usury limits matter for a significant portion of auto loans. While the conventional view is that usury limits cause rationing, we show that automobile dealers instead contract around binding usury limits by financing purchases themselves and pricing credit risk through the product mark-up rather than the loan interest rate. While rate ceilings constrain interest rates on dealer loans, they also cause substantial increases in loan amounts relative to collateral value. If anything, usury limits raise monthly loan payments for risky borrowers, conditional on collateral value and loan duration. Thus, they push liquidity-constrained borrowers into a smaller, and potentially less competitive, market for credit through dealers, and into contracts that disadvantage borrowers that terminate their loan early. Our findings illustrate a challenge of financial regulation: creative intermediaries can often adjust loan contracting or organizational form to avoid the constraints imposed by regulators. Careful analysis is required to understand the potentially unintended consequences of regulation.

In [14] “Who Pays the Price? Overdraft Fee Ceilings and the Unbanked” (with Jennifer Dlugosz and Donald P. Morgan), we show that overdraft price ceilings reduce both the supply of overdraft credit and the share of low-income households with bank accounts. In response to concerns about punitive fees legislators have proposed federal price ceilings on overdraft credit in recent years, which echo similar limits imposed by a handful of states in the early 2000s. Our analysis makes use of a “natural experiment” in which these state-imposed overdraft fee limits were relaxed for nationally chartered banks by their Federal regulator in 2001. Following this regulatory change, national banks raised their overdraft prices in affected markets but also extended more overdraft credit, consistent with credit having been rationed. Once freed of the overdraft price limit, national banks reduce account minimum balance requirements, suggesting increased supply of checking services. Low-income households in affected markets are more likely to obtain checking accounts and maintain them over subsequent years. Our findings highlight an important trade-off that has not received due attention in the policy debate: consumer protection via overdraft restrictions comes at the cost of reducing banking services for low-income households.

Psychological Determinants of Financial Fragility

A recent Federal Reserve Board survey found that nearly half of adults are in a financially fragile position, ill prepared for a financial disruption and unable to cover emergency expenses of $400 without borrowing (Board of Governors of the Federal Reserve System, 2016). Why do households choose or end up in such a precarious financial position? Is it merely that they have low and volatile incomes or are there other factors that shape their decisions?

In [7] “Non-Cognitive Abilities and Financial Delinquency: The Role of Self-Efficacy in Avoiding Financial Distress” (with Camelia M. Kuhnen, *Journal of Finance*, 2018), we examine the psychological determinants of financial fragility. We show that self-efficacy, or the belief that one’s actions and effort can influence her future outcomes, matters for financial choices. This connection is natural given that financial choices depend on intertemporal trade-offs for which an individual’s self-efficacy can be pivotal. Individuals with lower self-efficacy take fewer precautions to avoid financial distress and are more likely to default, particularly when faced with negative income and health shocks. Consequently, they experience foreclosure or bankruptcy at higher rates, lose access to traditional credit and rely on expensive, alternative credit such as payday loans. Older individuals that lack self-efficacy take fewer steps to achieve financial security, as they forgo retirement planning. Our findings highlight the importance of beliefs for modeling household financial decisions. Consideration of non-cognitive abilities may be important for the design of financial education and counseling.

Credit Supply and Employment Protection

The work in progress "Duality in Labor and Credit Markets: Income Risk, Household Debt, and Consumption" (with David A. Matsa and Michal Zator) studies the effect of labor market regulations on credit supply, housing investments and consumption. Many European countries have developed two-tiered labor markets in which "permanent" workers receive legal protections that improve job security, while "temporary" workers receive less protection and bear disproportionate risk of job loss. Young workers, in particular, are quite likely to work under temporary status. Using a new and comprehensive survey of household finances in Europe, we find that temporary work status is associated with significantly lower credit supply, home ownership and durable consumption, even after controlling for income, occupation and education. Our interpretation is that lenders respond to temporary workers' greater unemployment risk and income variability by reducing credit supply. This constraint on credit has important consequences for young workers, who are unable to invest and build wealth in housing.

1.2 Household Borrowing and Investments in Housing and Durable Goods

The aggregate importance of household credit was evident in the financial crisis of 2008-2009, as mortgage defaults threatened the health of the financial system, and financial constraints contributed to dramatic declines in household spending on durable goods. My research examines important aspects of this episode to shed light on the frictions associated with household borrowing. I study the role of debt overhang in stifling housing investments, the importance of unemployment insurance in stabilizing the mortgage market, and the relevance of household financial constraints to the take-up and design of fiscal stimulus.

Mortgage Leverage, Investment Externalities, and Housing Investments

During the Great Recession, up to 15% of homeowners were in a negative equity position, owing more on their mortgage than the value of their home. Finance theory suggests that homeowners in such a position, who face heightened risk of default, may underinvest due to "debt overhang." As Myers (1977) emphasizes, distressed owners have less incentive to invest because lenders capture much of the investment's payoff in expectation.

In [3] "Mortgage Debt Overhang: Reduced Investment by Homeowners at Risk of Default" (*Journal of Finance*, 2017) I find that homeowners facing debt overhang substantially reduce their spending on home improvements, home maintenance, and unscheduled mortgage principal payments. The home-related spending cutbacks do not

reflect a general spending decline by deeply indebted homeowners, nor are they limited to homeowners who face borrowing or liquidity constraints, as wealthy homeowners in non-recourse states reduce their principal payments and improvement spending substantially when they have negative equity. The cutbacks are also specific to investments in the physical structure of the home, on which the mortgage lender has a claim in foreclosure. Debt overhang best explains this collection of facts.

These findings highlight an important friction by which household credit expansions create economic inefficiency. Deadweight losses due to debt overhang provide an additional economic motivation for mortgage modification programs that reduce borrowers' default risk. The findings also illustrate that households can be forward-looking and quite sophisticated in their investment decision-making when the stakes are high.

Home Purchases and Durable Goods Spending

Understanding why the housing market and household consumption co-move has been a central question in macroeconomic analysis and monetary policymaking since 2000, as the aggregate economy experienced a dramatic expansion and contraction that mirrored the boom and bust in the housing market. My work on debt overhang characterizes one mechanism by which home values (and leverage) affect housing investments. Other studies have focused on the role of housing wealth in spurring household consumption through its effects on overall wealth, credit constraints, and employment. (e.g., Hurst and Stafford, 2004; Campbell and Cocco, 2007; Mian, Rao, and Sufi, 2013; Mian and Sufi, 2014)

In [11] "Making the House a Home: The Stimulative Effect of Home Purchases on Consumption and Investment" (with Efraim Benmelech and Adam Guren, *Review of Financial Studies,* conditionally accepted), we propose and provide evidence for an additional link between the housing market and household consumption that operates through housing transactions rather than housing wealth. Using household-level data to estimate an "event study" model, we show that home purchases coincide with large increases in home-related spending over the year following the home purchase. We argue that home purchases stimulate durable consumption by raising demand for goods complementary to the home. With irreversibility in many home investments and search frictions that prevent households from matching to the perfect home, home purchases can stimulate substantial spending as buyers tailor new homes to their taste. At the aggregate level, our estimates imply that declines in home transactions during the housing crisis explained roughly a third of the decline in home-related spending between 2005 and 2010. Our estimates are useful in estimating how monetary and fiscal policies affect consumption and residential investment through changes in home transactions.

Impacts of Job Loss and Unemployment Insurance on the Mortgage and Housing Markets

Throughout the Great Recession, as the number of foreclosures mounted, housing policy became a key focus of economic policy. While the prospect of avoiding substantial social costs – deadweight losses due to foreclosures – served as shared motivation for government intervention, policymakers struggled to design policies effective in preventing default. Economists debated whether foreclosures were caused by job loss, payment shocks, or underwater borrowers' incentive to "strategically default," and accordingly whether programs should focus on improving borrowers' ability or incentive to repay. In [5] "Unemployment Insurance as a Housing Market Stabilizer" (with David A. Matsa and Joanne Hsu, *American Economic Review*, 2018), we study job loss, unemployment insurance (UI), and mortgage default to shed light on the causes of default, the design of housing policy, and the impact of social insurance.

We show that job loss is an important cause of mortgage default, and that temporary and partial income replacement through UI is effective in preventing default. Notably, unemployment insurance reduces the risk of default even for borrowers with quite substantial negative home equity. Our estimates imply that the federal expansions of unemployment insurance between 2008 and 2013 prevented 1.3 million foreclosures, which corresponds to more than 15% of total foreclosures during this period and substantially exceeds the estimated number of foreclosures prevented by targeted housing programs. Our results thus point to income replacement as a housing policy tool, perhaps to be modeled after unemployment insurance but targeted at mortgagors. An optimal UI policy during housing downturns should weigh, among other benefits and costs, the deadweight losses avoided from preventing foreclosures.

Household Borrowing Constraints and Spending in Response to Fiscal Stimulus

In response to constraints on traditional monetary policy and steep declines in consumer spending during the Great Recession, lawmakers turned their attention to fiscal policy. Two relevant fiscal policy tools are temporary purchase subsidies and tax reductions that accelerate spending on capital investments by businesses and durable goods by households. Such programs can have large effects in theory, but empirically their impact is often found to be quite low. Financial constraints are one potential impediment to program participation: agents who lack the liquidity to make a down payment and the debt capacity sufficient to secure a loan may not participate even if a program offers a substantial economic subsidy.

In [9] “Accelerator of Brake? Cash for Clunkers, Household Liquidity, and Aggregate Demand” (with Daniel Green, Jonathan A. Parker, and Arcenis Rojas, *American Economic Journal: Economic Policy*, 2020) we explore the importance of household financial constraints for the impact and design of fiscal stimulus. We show that the $3 billion “Cash for Clunkers” program (CARS), which provided instant rebates to consumers who traded in old vehicles, induced 500,000 vehicle purchases in the summer of 2009. Our analysis thus provides aggregate impact estimates that complement other CARS evaluations (Busse, Knittel, Silva-Risso, and Zettelmeyer, 2012; Mian and Sufi, 2012; Li, Linn, and Spiller, 2013; Hoekstra, Puller, and West, 2017). Further, we use household-level data to show that the liquidity provided by the instant rebate was crucial to the program’s strong and rapid take-up. Participation in CARS required little if any liquidity, as the generously sized rebate provided sufficient down payment for a financed purchase. Households for which the program required liquidity to participate – those with outstanding vehicle loans to repay – participated at much lower rates, even after conditioning on the household’s other debts and income, and the size of the program subsidy. This finding suggests that bundling liquidity with subsidies is important for maximizing the take-up of purchase subsidies by liquidity-constrained households.

Macroeconomic theorists have proposed using temporary consumption tax reductions to stimulate spending, particularly when monetary policy is constrained by the zero lower bound on nominal interest rates. In [8] “Do Household Finances Constrain Unconventional Fiscal Policy?” (joint with Scott R. Baker, Lorenz Kueng and Leslie McGranahan, *Tax Policy and the Economy*, 2019) we study pre-announced state sales tax changes to understand how durable spending responds to tax-related stimulus. We find that vehicle purchases respond meaningfully to anticipated sales tax changes, though with intertemporal substitution over a fairly short 1- to 2-month horizon. The elasticity of new car purchases to tax changes is largest for consumers with high credit scores, for whom credit is readily available. Our findings reveal that consumers are attentive to future sales tax changes in their vehicle purchases but that credit frictions may dampen spending responses.

2. Financial Advice

Households face difficult financial choices for which they often seek the help of investment advisors. The latest Survey of Consumer Finances (Federal Reserve Board of Governors, 2019) showed that nearly half of American households have sought assistance from an advisor. Despite widespread use of advisors, relatively little is known about whether, and in what ways, they add or destroy value. In a series of co-authored papers, we use data on financial advisory accounts to provide new insights about the costs and benefits of financial advice. We have studied advisors’ role in tailoring asset allocation to clients’

preferences, the relevance of agency conflicts for the quality of financial advice and the impact of advisor oversight on risk-taking.

Financial Advice and Portfolio Customization

Solving the lifecycle asset allocation problem requires an understanding of asset returns and risk as well as risk preferences, investment horizon, and the relationship between asset returns and labor income. Since many households lack the knowledge and sophistication to solve this problem, it would seem a natural place for financial advisors to specialize and add value. Indeed, many advisors market their services in this way, as providing portfolios tailored to each investor's unique circumstances (Bernstein, 1992; Campbell and Viceira, 2002).

In [4] "Retail Financial Advice: Does One Size Fit All?" (with Stephen Foerster, Juhani T. Linnainmaa, and Alessandro Previtero, *Journal of Finance*, 2017), we study the portfolio allocations, fees, and investment performance of advised accounts and ask whether advisors are paid to tailor portfolio allocations to each investor's characteristics. Our data, which were furnished by four large Canadian financial institutions, include many of the investor attributes—such as risk tolerance, age, investment horizon, income, occupation, and financial knowledge—that ought to be of first-order importance in determining the appropriate allocation to risky assets.

The paper makes three contributions.

First, our analysis shows that advisors provide limited customization and instead deliver common portfolios to many of their clients. While an investor's risk tolerance and point in the life cycle affect their allocation to equities, the most striking finding from our analysis is that clients' observable characteristics explain only 12% of the variation in risky share across investors. Advisor fixed effects – a proxy for common recommendations across all clients of the same advisor – explain almost twice as much variation in risky share.

Second, our analysis reveals that an advisor's risk-taking in his *own* portfolio strongly predicts his risk-taking on behalf of clients. It appears, therefore, that advisors project their own beliefs and preferences when selecting investments on behalf of clients. This fact was quite noteworthy to us, especially in light of the concern that agency conflicts cause advisors to behave differently as agents than they would as principals. We picked up on this thread for our subsequent analysis of the cost and quality of advice.

Third, the paper's descriptive analysis uncovers new facts that provide useful context for research and policy discussions on the value of advice. Noteworthy takeaways are: 1) advised accounts are quite expensive, with net alphas ranging from –3% per year to –4% per year, depending on the asset pricing model; 2) much, but not all, of the underperformance pertains to fees, which average 2.5% of assets per year and are divided roughly equally between advisors and mutual funds; 3) investors display substantial home bias even when they are advised—a 50% allocation to Canadian equities that constitute only 5% of the world portfolio.

Agency Conflicts and the Cost and Quality of Advice

A common criticism of the financial advisory industry is that conflicts of interest compromise the quality, and raise the cost, of advice. Advisors who draw commissions on the mutual funds they sell may be tempted to recommend products that maximize commissions instead of serving the interests of their clients. Both academic and policy studies have raised the possibility that sales commissions distort portfolios (e.g., Bergstresser, Chalmers, and Tufano, 2009; Mullainathan, Nöth, and Schoar, 2012; Council of Economic Advisers (U.S.), 2015). Policymakers in Australia, the United Kingdom, and the United States, in turn, either banned commissions or mandated that advisors act as fiduciaries, placing clients' interests ahead of their own.

In [10] "The Misguided Beliefs of Financial Advisors" (with Juhani T. Linnainmaa and Alessandro Previtero, *Journal of Finance*, 2021), we take advantage of a unique aspect of our data on advisory accounts to study conflicts of interest. Since our data include the personal trading and account information of the vast majority of advisors, we are able to compare the trades that advisors carry out as principals to the trades that they make as agents for clients.

The paper's contribution is to show broad similarity in the trades of clients and advisors, contrary to the view that agency conflicts distort advisors' recommendations. We focus on trading behaviors for which advisors have been criticized as offering self-serving recommendations that hurt risk-adjusted performance: high turnover, preference for funds with active management or high expense ratios, return chasing, and underdiversification. We find, however, that both advisors and clients trade quite frequently, chase returns, favor actively-managed and higher-cost funds, and underdiversify. As we saw in our analysis of equity allocations, an advisor's own behavior is a strong predictor of his clients' behavior. Indeed, clients often purchase precisely the same funds at the same time as their advisor. Further analysis implies that advisors do not strategically invest at high cost in their personal portfolio only to convince clients to do the same. When advisors stop advising

clients, they continue to hold expensive portfolios, and when they do deviate from clients, they actually buy worse performing funds.

Our findings suggest a new explanation for costly advice that has starkly different policy implications than agency conflicts: much of clients' poor investment performance in our sample stems from the sincere, but seemingly misguided, recommendations that advisors deliver. Policies that resolve conflicts of interest do not address this problem. Rather, advisory firms or professional licensing bodies would have to improve their screening and education of advisors to correct the problem.

Investor Protection, Financial Advice and Risk Taking

Regulatory oversight of financial advisors is a significant component of investor protection. The rationale for oversight is to root out fraud, rent seeking and incompetence that undermine the value of advice and inhibit financial market participation. However, the resulting regulatory apparatus can also create compliance costs and barriers to entry that inefficiently reduce the supply of advice.

In [13] "Investor Protections and Stock Market Participation: An Evaluation of Financial Advisor Oversight" (with Stephen Foerster, Juhani T. Linnainmaa and Alessandro Previtero), we study the effect of investor protections on the use of financial advice and participation in financial markets. In 2001, five of ten Canadian provinces established oversight of the operations, standards of practice and business conduct of mutual fund dealers. Following this change, we find that households in those provinces were less likely to use financial advice and less likely to invest in equity mutual funds. In lieu of equities, households allocate to low-risk, low-return bank deposits and savings bonds. Despite the goal of strengthening public confidence in the mutual fund industry, Canada's regulations therefore led to a decline in participation in that market. These findings highlight how the regulatory burden of investor protections can work against the goal of promoting delegated investing and market participation. The findings also reveal that financial advisors play an important role in facilitating risk-taking, as investors are inclined to hold low-risk assets in the absence of advice.

Future Work

My plan for future research is to continue with a cohesive agenda focused on household finance. I see great promise for further research on financial advice, for example. The increased availability of survey and administrative microdata has expanded the set of feasible studies. And innovations in financial technology, such as personal finance websites that aggregate account information and "robo-advisors" that automate portfolio

management, are changing the way that households invest and monitor their wealth. FinTech innovations are also shaking up housing and credit markets, whether in housing search, loan underwriting or loan contracting. Economists with knowledge of household finance can play an important role in understanding and shaping these changes.

II. Research Impact

I have presented my work widely, giving presentations at selective conferences and invited seminars at universities and policy institutions. I list those activities in full on my curriculum vitae. Here, I present the highlights of my work's impact among economists and policymakers.

Impact among Economists

Two of my papers have been recognized with prestigious research awards:

"Mortgage Debt Overhang: Reduced Investment by Homeowners at Risk of Default"

- 2017 Brattle Group Prize Distinguished Paper Award, given to the three best papers in corporate finance published by the *Journal of Finance* in that year.

"Retail Financial Advice: Does One Size Fit All?"

- 2017 Amundi Smith Breeden Prize Distinguished Paper Award, given to the three best papers outside of corporate finance published by the *Journal of Finance* in that year.
- 2015 Canadian Investment Research Award, given by the CFA Society Toronto and Hillsdale Investment Management to the best research paper on Canadian investment management in that year.

My research has also been cited multiple times in the annual presidential and keynote addresses given to the largest professional associations in economics and finance:

- *2013 American Finance Association (AFA) Presidential Address.* Titman (2013) cites my research on mortgage debt overhang in his address "Financial Markets and Investment Externalities."
- *2015 AFA Presidential Address.* Zingales (2015) cites my research on payday lending in his address "Does Finance Benefit Society?"
- *2016 Richard T. Ely Lecture.* Campbell (2016) cites my work on payday lending, mortgage debt overhang, and financial advice in his keynote address "Restoring

Rational Choice: The Challenge of Consumer Financial Regulation" at the American Economic Association Annual Meeting.

Impact among Policymakers

I have worked hard to engage with policymakers and disseminate my research findings. Below, I discuss the breadth of that engagement and highlight instances in which my work has been cited in policy reports and legislative testimony.

At Northwestern, I was a Faculty Associate of the Institute for Policy Research (IPR). At the Federal Reserve Bank of Chicago, I was a Senior Financial Economist responsible for giving periodic briefings on the finance sector to the Bank President, Director of Research and other economists.

I have given many presentations at conferences or seminars organized by policymaking or policy research institutions. These presentations include visits to central banks in Norway and Sweden, multiple Federal Reserve Banks (FRB) in the United States, the U.K. Financial Conduct Authority, the Consumer Financial Protection Bureau (CFPB), the Federal Trade Commission, and the Federal Deposit Insurance Corporation. I have also presented and discussed papers at NBER conferences on poverty and social policy, housing policy, and the policy implications of recent findings in household finance. Finally, I have twice served as a panelist to discuss consumer financial protection, including one event for a national association of state Attorneys General.

In further outreach to policymakers, I have briefed policymakers on my research findings. In July 2011, I also gave a briefing and participated in an open discussion on payday lending with economists and lawyers at the CFPB. In October 2013, I gave an invited briefing on unemployment insurance and consumer credit markets to the President, Director of Research, and senior economists of the FRB Chicago. In April of 2021, I briefed the chief operating office of the Department of Labor and staff economists on our findings about conflicts of interest in financial advice, which were pertinent to their oversight of retirement savings plans.

My research has been cited in numerous policy reports or briefs, most notably reports issued by the White House or its Council of Economic Advisers (CEA), the Federal Reserve Bank, the U.S. Department of Labor, the Consumer Financial Protection Bureau, the Canadian Securities Administrators, and the Brookings Institution. Here, I summarize the instances in which my work has been cited, organized by research topic:

Payday Lending

- White House issue brief on financial inclusion (Council of Economic Advisers (U.S.), 2016).
- Consumer Financial Protection Bureau proposed rule to regulate payday and title lending (12 C.F.R. 1041, proposed in June 2016).
- *Journal of Economic Perspectives* article on consumer financial protection (Campbell, Jackson, Madrian, and Tufano, 2011). This journal, which is published by the American Economics Association, aims to synthesize lessons learned from active lines of academic research and to provide economic analysis of public policy issues.
- Three Federal Reserve Bank Community Development articles on payday lending (Cook, Kazantzis, Morris, and Zahradka, 2010; Galperin and Weaver, 2014; Galperin and Mauricio, 2015).
- Remarks by the Commissioner of the Federal Trade Commission at the American Financial Services Association's 2015 Installment Lending Summit. (Wright, 2015)
- National Consumer Law Center report (Saunders, Plunkett, and Carter, 2010).
- UC Davis Center for Poverty Research policy brief on payday lending (Melzer, 2013).
- Center for American Progress report on high-cost debt and financial distress (Valenti and Schultz, 2016).

Mortgage Debt Overhang

- Annual Report of the CEA (Executive Office of the President and Council of Economic Advisers (U.S.), 2012).
- Three Center for American Progress reports on mortgage principal reductions (Griffith and Eizenga, 2012), the housing crisis (Griffith, Gordon, and Sanchez, 2012), and the housing recovery (Zonta and Edelman, 2015).

Unemployment Insurance

- Brookings Institution publication on credit policies in a housing crisis (Eberly and Krishnamurthy, 2014)
- Two Center for American Progress reports on strengthening unemployment protections (West et al., 2016a and 2016b).

Financial Advice

- CEA report on the cost of financial advice (Council of Economic Advisers (U.S.), 2015).
- Department of Labor regulatory impact analysis on fiduciary investment advice (U.S. Department of Labor, Employee Benefits Security Administration, 2015).
- Brookings Institution report on the Department of Labor conflict of interest rule (Baily and Holmes, 2015).
- Canadian Securities Administrators consultation paper on proposals to strengthen financial advisors' fiduciary obligation (Canadian Securities Administrators, 2016).

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