



Master Seminar „Household and Behavioral Finance“ Winter Term 2015/16

The seminar will consider different topics that relate to household saving, portfolio behavior, and investment choices. More specially, we examine households' financial decision-making and the role of financial literacy, advice and regulation, of social interactions, trust, and perceived knowledge, and discuss the complexity of improving households' financial capability.

The seminar will be group work. Each group will have 3 members. Students will be asked to hand in a seminar paper and to give a presentation where each member of the group will contribute.

We offer the possibility to work with survey data provided by the Munich Center for the Economics of Aging (MEA). The SAVE panel is a representative, longitudinal study on households' financial behavior, designed to collect detailed quantitative information of households' financial structure, as well as on socio- and psychological aspects. Moreover, in order to track current macroeconomic changes such as the economic and financial crisis of the last years, it regularly introduces new modules in the survey questionnaire. Thereby, the SAVE data perfectly fits the needs of empirically analyzing questions related to the seminar.

Groups working on a specific topic may choose whether they want to investigate the research question empirically or to write a literature review. Some of the topics suggested are better suited for a literature review than for an empirical analysis using SAVE data. In choosing a topic, students should therefore consider in advance whether they would like to work empirically and choose their preferred topic accordingly.

Organization of the seminar:

The seminar is open to Master students from the MoM and the MIEPP. A **compulsory** introductory session will take place on **Wednesday, October 7 2015, 10:00 am – 01:30 pm, in room RW6**. In this session, the groups will be formed and assigned one topic. Groups will have time to prepare their seminar papers until **January 11 2016, 10:00 am**. Papers have to be handed in via E-mail to milena.neubertr@uni-mainz.de. There is a page limit of 20 pages. The organization of arguments and your writing style will affect your grade. For further guidance on formatting and editing the report, see the information on “how to write a thesis” at <http://www.cf.bwl.uni-mainz.de/master-thesis/>. The presentation session will take place on **Wednesday, January 27 2016, 10:00 am – 4:00 pm, in room RW6**.

Application:

Please send your application form together with a current transcript of records, a short letter of motivation (max. 2 pages), and your three favorite topics ranked by preference to

Fachbereich 03:

**Rechts- und Wirtschaftswissenschaften
Lehrstuhl für Corporate Finance**

Univ.-Prof. Dr. Christina E. Banner
Leitung

Johannes Gutenberg-Universität Mainz
55099 Mainz

Raum: 01/208
Tel.: +49 6131 39-22979
Fax: +49 6131 39-29908
E-Mail: banner@uni-mainz.de

Sekretariat:
Angela Frerk
Raum: 01/209

Tel.: +49 6131 39-29904
Fax : +49 6131 39-29908
E-Mail: ferk@uni-mainz.de

Lieferadresse:
Jakob-Welder-Weg 9, 55128 Mainz
Dienstgebäude: ReWi 1

milena.neubert@uni-mainz.de. (this holds for MoM as well as MIEPP students). The application period starts on **August 10 and ends on August 24, 2015**. The number of seminar participants is capped at 21. You will be notified of admission **by August 28, 2015**. To withdraw from the seminar, please send an email to milena.neubert@uni-mainz.de until September 2, 2015.

Grading:

- Seminar paper 70%
- Presentation 30%

Important dates:

- Start of application period: August 10, 2015
- End of application period: August 24, 2015
- Notification of admission: August 28, 2015
- Withdrawal from seminar possible until: September 2, 2015
- Obligatory introductory session: October 7, 2015
- Deadline for handing-in the seminar paper: January 11, 2016
- Presentation session: January 27, 2016

Topics:

(1) On risk attitudes in a social context (literature review)

Subject areas:

- Overview on key findings: Are risk attitudes stable across social contexts?
- Discussion of real-world applications

Literature:

Trautmann, S. and F. M. Viedider (2011): Social Influences on Risk Attitudes: Applications in Economics, in: Roeser, S. (ed.), Handbook of Risk Theory, Springer, Chapter 29.

Black, S. E., P. J. Devreux, Lundborg, P., and K. Mailesi (2015): On the Origins of Risk-Taking, NBER Working Paper No. 21332.

Kocher, M. G., M. Krawczyk, and L. L. Fabrice (2013): Sharing or gambling? On risk attitudes in social contexts, Wirtschaftswissenschaftliche Beiträge (VWL), 2013-16.

Rohde, I. M. and K. L. Rohde (2011): Risk Attitudes in a Social Context, Working Paper.

(2) Unraveling the stockholding puzzle (empirical analysis or literature review)

Subject areas:

- Why do so few people hold stocks?
- Discussion of consequences and policy recommendations

Literature:

Haliassos, M.; Bertaut, C. C. (1995): Why do so few hold stocks?, The Economic Journal 105, 1110-1129.

Rooij, M. van, A. Lusardi, R. Alessie (2011): Financial literacy and stock market participation, Journal of Financial Economics 101, 449-472.

Guiso, L. and T. Jappelli (2008): Awareness and Stock Market Participation, *Review of Finance*, 9 (4), 537-567.

Changwony, F. K., K. Campbell, and I. T. Tabner (2015): Social Engagement and Stock Market Participation, *Review of Finance*, 19 (1), 317-366.

Christiansen, C., J. S. Joensen, and J. Rangvid (2008): Are Economists More Likely to Hold Stocks? *Review of Finance* 12 (3), 465-496.

(3) Financial literacy and the crisis (empirical analysis or literature review)

Subject areas:

- The real consequences of financial literacy: Key pillar of financial market stability?
- Navigating the financial crisis: Are financially literate individuals better prepared to deal with macroeconomic shocks like the financial and economic crisis?
- Being prepared for the next crisis: Between financial education, consumer protection, and regulatory frameworks

Literature:

Bucher-Koenen, T. and M. Ziegelmeyer (2011) Who Lost the Most? Financial Literacy, Cognitive Abilities, and the Financial Crisis, ECB Working Paper 1299.

Gerardi, K., L. Goette, and S. Meier (2010) Financial literacy and subprime mortgage delinquency: Evidence from a survey matched to administrative data, Working Paper 2010-10, Federal Reserve Bank of Atlanta.

Klapper, L., A. Lusardi, and G. A. Panos (2013) Financial literacy and its consequences: Evidence from Russia during the financial crisis, *Journal of Banking and Finance* 37(10), 3904-3923.

Lusardi, A. and O. S. Mitchell (2011b) The Outlook for Financial Literacy, NBER Working Paper 17077.

OECD (2009), *Financial Literacy and Consumer Protection: Overlooked Aspects of the Crisis*. OECD Publishing.

(4) Perceived knowledge and financial behavior (empirical analysis or literature review)

Subject areas:

- Household characteristics and perceptions of knowledge
- How does (unjustified) confidence translate into financial behavior?

Literature:

Asaad, C. T. (2015): Financial literacy and financial behavior: Assessing knowledge and confidence, *Financial Services Review*, 24 (2), 101-117.

Anderson, A., F. Baker, and D. T. Robinson (2015): Optimism, Financial Literacy and Participation, Swedish House of Finance Research Paper No. 15-01.

Allgood, S. and W. Walstad (2013): Financial Literacy and Credit Card Behaviors: A Cross-Sectional Analysis by Age, *Numeracy*, 6 (2).

Finke, M. S., Howe, J. S., and S. J. Huston (2011): Old Age and the Decline in Financial Literacy, Working Paper.

Atin, S., E. Rosenzweig, and D. Dunning (2014): When knowledge knows no bounds: Self-Perceived Expertise predicts claims of Impossible Knowledge, *Psychological Science*, 1-9.

(5) Who demands financial advice? (empirical analysis or literature review)

Subject areas:

- How are household characteristics related to the demand for (peer or expert) financial advice?
- Is financial advice a substitute for financial literacy?

Literature:

- Calcagno, R. and C. Monticone (2015) Financial Literacy and the Demand for Financial Advice, *Journal of Banking and Finance*, 50, 363-380.
- Robb, C. A., P- Babiarz, and A. Woodyard (2012): The demand for financial professional's advice: The role of financial knowledge, satisfaction, and confidence, *Financial Services Review* 21, 291-305.
- Collins, J.M. (2012) Financial Advice: A substitute for financial literacy? *Financial Services Review* 21(4), 307-322.
- Chang, M. L. (2005): With a little help from my friends (and my financial planner), *Social Forces* 83 (4), 1469-1497.

(6) Financial advice: Does it make a difference? (literature review)

Subject areas:

- Do financial advisors undo or reinforce the behavioral biases and misconceptions of their clients?
- Do individuals improve their financial behavior in response to advice?
- Discussion of consequences and policy recommendations

Literature:

- Gaudecker, H.-M. (2015): How does Household Portfolio Diversification Vary with Financial Literacy and Financial Advice? *The Journal of Finance*, 70 (2), 489-507.
- Hackethal, A., M. Haliassos, T. Jappelli (2012): Financial advisors: a case of babysitters? *Journal of Banking and Finance* 36, 509-524.
- Inderst, R. and M. Ottaviani (2009): Misselling through agents, *American Economic Review*, 99, 883-908.
- Bucher-Koenen, T. and J. Koenen (2012) Do Smarter Consumers Get Better Advice? Working Paper.
- Mullainathan, S., A. Schoar, and M. Noeth (2012): The Market for Financial Advice: An Audit Study, NBER Working Paper 17929.

(7) Improving financial capability: Between designing environments and changing minds (literature review)

Subject areas:

- (How) can financial education programs be useful?
- Financial education versus choice architecture: Which way is the right way?

Literature:

- Hastings, J.S., B.C. Madrian, W.L. Skimmyhorn (2012) Financial Literacy, Financial Education and Economic Outcomes, NBER Working Paper No. 18412.
- Dolan, P., A. Elliott, R. Metcalfe, and I. Vlaev (2012) Influencing Financial Behaviour: From changing minds to changing contexts, *Journal of Behavioral Finance* 13(2), 126-142.
- Willis, L. E (2008) Against Financial Literacy Education, Faculty Scholarship Working Paper 199.
- Willis, L. E. (2011) The Financial Education Fallacy, *American Economic Review* 101(3), 249-434.
- Hathaway, I. and S. Khatiwada (2008) Do Financial Education Programs work? Working Paper 08/03, Federal Reserve Bank of Cleveland.