

## Stockholm School of Economics

### Empirical Corporate Finance

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Fall 2021

#### CLASS OVERVIEW AND REQUIREMENTS

**Overview:** This course provides an empirical treatment of selected topics in corporate finance and financial intermediation, with an emphasis in the critical discussion of empirical methods designed to answer counterfactual questions. There will be two types of lectures: methods and topics. In the methods lectures the emphasis will be in a particular method and its application in different settings. In the topics lectures, we will perform an in depth critical assessment of the empirical literature in a selected topic in financial economics.

The course is designed for Ph.D. students interested in corporate finance, consumer finance, and banking. This course will be based on academic articles. Those marked with a (\*) will get primary emphasis in class. Please make sure to read those articles with (\*) before the lecture.

**Course Requirements and Grading:** Course requirements include (1) regular attendance and reading of (\*) articles prior to class, (2) two homework assignments based on paper replications [40% of the grade], and (3) an empirical research exercise [60% of the grade] that is due on November 8. The empirical exercise can be done in groups of up to two students and a presentation of the preliminary results will be delivered during the last lecture.

#### COURSE SCHEDULE

Class	Date	Lecture type	Topic
1	<b>Sep 15</b> (9:00-12:00)	Methods	Introduction: The inference problem in Corporate Finance (applications: financing constraints, social connections, political risk, determinants of capital structure and cash)
2	<b>Sep 20</b> (13:00-16:00)	Methods	Causal regressions I: when regressions are causal, hidden bias, bad controls, propensity scores, RDD (applications: investments, cost of financial distress, governance)
3	<b>Sep 22</b> (13:00-16:00)	Methods	Causal regressions II: difference-in-differences (applications: capital structure, information frictions, governance)
4	<b>Sep 23</b> (13:30-16:30)	Topics	The lending channel
5	<b>Sep 27</b> (9:30-12:30)	Methods	Instrumental Variables I: homogeneous effects (applications: family firms)
6	<b>Sep 29</b> (13:00-16:00)	Methods	Instrumental Variables II: heterogeneous effects (lending channel pass through)
7	<b>Sep 30</b> (13:30-16:30)	Topics	Bank runs
8	<b>Oct 6</b> (10:00-13:00)	Topics	Financial Intermediation: monitoring and its limitations
9	<b>Oct 13</b> (10:00-13:00)	Topics	Financial Intermediation: new technologies
10	<b>Apr. 20</b> (10:00-13:00)		Student Presentations