

Finance 4: Empirical Methods for Corporate Finance/Financial intermediation

Syllabus

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Summary and aims: This course is an introduction to empirical research in corporate finance and financial intermediation. To some extent, it is also a “topics” course, reflecting my own interests (as well as those parts of the literature that I would like to become more familiar with!). Although the angle of our class is empirical, this is *not* an econometrics class; it is a class where we discuss how to address corporate finance and financial intermediation questions using the tools of causal inference. The objective is to get you ready to pursue your own empirical work.

Assessment: Presentations, participation, replication assignments/research project.

Textbook: There is no textbook. The background about causal inference and applied micro is covered in:

- Angrist, J. D., and J.-S. Pischke. 2009. *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton University Press.
- Cunningham, S. 2021. *Causal Inference: The Mixtape*. Yale Press.

Both books have great online material. Cunningham (2021), specifically, is entirely available online [here](#), with useful pieces of code in Python, R, and Stata. That said, we will mostly read relevant papers in the literature.

Solid references for the econometrics we will use (again: a tool, not our ultimate focus) are:

- Cameron, A. C., and P. K. Trivedi. 2010. *Microeconometrics: Methods and Applications*. Cambridge University Press.
- Wooldridge, J. M. 2010. *Econometric Analysis of Cross Section and Panel Data*. (2nd ed.) MIT Press.

Outline of the topics

Below you will find an outline of the topics we will discuss; I reserve the right to make changes to it, to serve the best interests of the class. I would like to give you an overview of several strands of literature (“topics”) doing empirical work in corporate finance and financial intermediation, and at the same time introduce the empirical methods they rely on. Since this is the first year I’m teaching this course, below you see many “TBA” – by the time we start the class, those blanks will have been filled.

Topic 1: Introduction; Causal inference/applied microeconomics refresher

Empirical part and papers: TBA

Topic 2: Empirical corporate classics: capital structure, payout policy

Pre-“credibility revolution” methods; event studies.

Empirical part and papers: TBA

Topic 3: Empirical financial intermediation

Applied panel data methods, diff-in-diff.

Empirical part and papers: TBA

Topic 4: Political economy of finance

Regression discontinuity; finding and using less standard sources of data.

Empirical part and papers: TBA

Topic 5: Financial history

Other methods; finding and using less standard sources of data.

Empirical part and papers: TBA