

# Thomas Kroen

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## Office Contact Information

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Department of Economics  
Princeton University  
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## Graduate Studies

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### Princeton University

*2016-present*

PhD Candidate in Economics  
Dissertation: “*Essays in Corporate Finance*”  
Expected Completion Date: June 2022

### REFERENCES

Professor Atif Mian  
Department of Economics  
Bendheim Center for Finance  
Princeton University  
609-258-6718  
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Professor Markus Brunnermeier  
Department of Economics  
Bendheim Center for Finance  
Princeton University  
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Professor Motohiro Yogo  
Department of Economics  
Bendheim Center for Finance  
Princeton University  
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## Prior Education

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### London School of Economics

*2015-2016*

M.Sc. Econometrics and Mathematical Economics

### University of Mannheim

*2012-2015*

B.Sc. Economics (Minor: Mathematics)

## Research Fields

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Corporate Finance, Banking, Macro-Finance

## Working Papers

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1. “Payout Restrictions and Bank Risk-Shifting.” 2021. (Job Market Paper)

*This paper studies the effects of bank payout restrictions imposed during the COVID-crisis in 2020 on risk-shifting incentives within US banks. Using a high-frequency differences-in-differences empirical strategy, I show that when share buybacks are banned and dividends restricted for Fed-supervised banks, their equity prices fall while their CDS spreads and bond yields decline. In sum, these results indicate that payout restrictions shift risk from debt towards equity holders. Consistent with this channel, I further find that after lifting the restrictions, both effects revert. Moreover, payout and risk-taking choices are complements during this episode. Removing the restrictions is followed by higher payouts and by differentially stronger growth in riskier (non-investment grade) lending. While lending portfolios become riskier, spreads charged on loans decline, suggesting that banks bear more risk.*

2. “Payout Policy Reform and Investor Horizons.” 2021.

*In this paper, I study how investor horizons affect corporate payout and investment policies using the 1982 share repurchase liberalization in the US as a natural experiment. Following the reform, firms with greater pre-reform short-termist ownership increase payouts by .85% of total assets relative to firms with a more long-term investor base. This is entirely driven by net share repurchases while dividends do not fall after the event. These results soundly reject perfect substitutability of dividends and share repurchases. The increase in payouts is mirrored by an equally sized decline in investment, showing that share repurchase liberalization has sizable real effects on firm behavior. Tests exploiting newly digitized insider trading data support that the results are driven by myopic considerations, rather than reduced agency costs following the reform.*

3. “Falling Rates and Rising Superstars.” With Ernest Liu, Atif Mian and Amir Sufi. 2021.

*Do low interest rates contribute to the rise in market concentration? Using data on firm financials and high frequency monetary policy shocks, we find that falling interest rates disproportionately benefit industry leaders, especially when the initial interest rate is already low. Falling rates raise the valuation of industry leaders relative to industry followers and this effect snowballs as the interest rate approaches zero. There are multiple channels through which falling rates disproportionately benefit industry leaders: (i) the cost of borrowing falls more for industry leaders, (ii) industry leaders are able to raise more debt, increase leverage, and buyback more shares, and (iii) capital investment and acquisitions increase more for industry leaders. All three of these effects also snowball as the interest rate approaches zero. The findings provide empirical support to the idea that extremely low interest rates and the rise of superstar firms are connected.*

## Work in Progress

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1. “Low Interest Rates, Financial Intermediation and Firm Competition” With Puriya Abbassi. 2021.

## Research Experience

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2020 - 2021	Research Assistant for Prof. Markus Brunnermeier
2019	Visiting Researcher, Bundesbank
2018	Ph.D. Research Intern, Bundesbank
2018	Research Assistant for Prof. Arlene Wong
2017	Research Assistant for Prof. Atif Mian
2015	Research Intern at Halle Institute for Economic Research

## Teaching

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<i>Princeton</i>	Spring 2019	ECO 101: Introduction to Macroeconomics Preceptor and Course Organizer for Prof. Elizabeth Bogan
	Fall 2019, Fall 2020	ECO 101: Introduction to Macroeconomics Preceptor and Course Organizer for Prof. Alan Blinder
	Spring 2020	ECO 462/ FIN 515: Portfolio Theory and Asset Management Preceptor for Professors Yacine Aït-Sahalia and Sebastian Merkel
	Spring 2021	ECO 363: Corporate Finance Preceptor for Professor David Schoenherr

## Presentations (including scheduled)

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2021	Princeton, AFFI Doctoral Workshop, QMU Economics and Finance PhD Workshop, Warwick Economics PhD Conference, German Economic Association, Inter Finance PhD Seminar, NFA PhD Workshop, FMA, Bundesbank Workshop Banks and Financial Markets, EGSC at WUSTL
2020	EGSC at WUSTL, Princeton Macro Lunch, Princeton Finance Lunch
2019	Princeton Finance Lunch

## Awards and Fellowships

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ReMatch Summer 2021 Funding (Mentorship Program)	<i>2021</i>
Griswold Center for Economic Policy Graduate Student Fellowship	<i>2020–2021</i>
Princeton Economic Graduate Fellowship	<i>2016–2022</i>
ERASMUS scholarship for semester abroad at University of Nottingham	<i>2014</i>
Fellowship by Konrad-Adenauer Foundation (monthly stipend)	<i>2013–2016</i>

## Other Activities

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Panelist at JRCPPF Undergraduate Research in Economics & Finance Forum	<i>2021</i>
Organizer of Finance Ph.D. Student Lunch	<i>2020 – 2021</i>
Mentor for Undergraduate Students through ReMatch Mentorship Program	<i>2020 – 2021</i>

## Languages and Skills

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<i>Languages</i>	German (native), French (native), Spanish (intermediate)
<i>Software</i>	Stata, MATLAB, R, Python, L <sup>A</sup> T <sub>E</sub> X, Microsoft Office