

Statement of Purpose

In 2007, when I was working in my first job at JP Morgan - I had been trained only to work on rational problems. I had been simulating air pollution at a lab before and my task at the bank was to improve the methods to calculate credit risk exposures for the firm's OTC portfolio. I was thrilled - to say the least - at the sophistication involved in what was seemingly an accounting activity. I worked with the firm for three years - and joined a trading desk soon afterwards.

It would be grossly incorrect to say that trained as a scientist, I had quit the risk management division because I was tired of reading accounting rules. On the contrary, the experience had only made me learn more about humanities - particularly since my limited understanding of economics had often led me to a void. Reading the Basel III accord, for example, it occurred to me for the first time that such rules are written not to invent a new theory - but only in response to the kind of incidents we had talked about in our daily meetings. Having been presented the issues of risk management always as a rational problem seemed to have hindered my understanding of the largely human forces in an economy. Kant's claim that "properly mathematical propositions are never empirical" had never made more sense to me until that point.

The curiosity drove me to work at trading desks on both sides of the Atlantic. During the time, the need to understand underlying economics and human factors in a primarily technical field - were fulfilled by reading and communicating with other teams. In the course of six years, I had indeed worked on many mathematical models and learned to quantitatively search for arbitrage opportunities in markets - but I couldn't have said that I had even appreciated economics so much. It was only last year in a class at London Business School on behavioural finance, that I came to realize the true scope of my work. It was after reading Adam Smith, Irving Fisher, Lord Keynes along with Max Weber, Karl Marx and David Graeber that I realized how fundamental societal insights are in what I had once viewed as a number-crunching task.

As a student of finance, I find that an understanding of our motives of making money can be as important as understanding the so-called economic conditions - which model our needs and rational expectations. This academic curiosity is what I intend to study in the Applied Psychology program at Royal Holloway College with.

The research focus of the college is particularly relevant to the interdisciplinary nature of such problems. My initial ideas for a study project are related to risk appetite in different social groups. I wish to test the whether an interest in trading and investments is sufficiently explained by the relative household income and juvenile skill-levels in mathematics. I wish to find whether socio-cultural background can have a significant statistical correlation with participation in financial industry, through interest in mathematics or the desire to make money. At this point, I only have empirical ideas on designing surveys for the network of investment professionals which I have access to and my knowledge of psychological issues concerning an education in mathematics or the research methods involved in parametrizing social motives is fairly elementary. With the program at Royal Holloway College, I hope to learn from related problems in the literature and from other individuals working on similar problems in social psychology.

As someone trained in mathematics and computer science, the framework of rationality continues to appeal to me, but that at the heart of it all, business is about human interactions - is a truth that I have realized only through practice. With the Applied Psychology program at Royal Holloway College, I hope to build upon this understanding, speed up some of my learnings and connect with the research community which I aspire to contribute to.