DANIEL JACOBS

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EDUCATION

University of Houston   August 2014–Present

Ph.D. Candidate, Economics   May 2020 (Expected)

M.A., Economics   2016

Temple University   August 2008–June 2012

B.A., Environmental Studies

RESEARCH FIELDS

Household Finance, Macroeconomics.

WORKING PAPERS

Credit Shocks and Financial Literacy Accumulation (Job-Market Paper)

Do adverse borrowing conditions induce financial literacy accumulation? I calibrate a life cycle model with financial literacy investment and borrowing rate uncertainty to the American Life Panel. When households expect borrowing rates to vary often, they invest in financial literacy to insure against borrowing rate variation. I evaluate the effect of two popular policies developed to ameliorate the effects of low financial literacy—an interest rate cap and a financial literacy subsidy. I find that an interest rate cap discourages financial literacy accumulation, while a subsidy of 10% of the cost of investment leads households to increase their savings return by three basis points. In particular, the subsidy improves the welfare of low-income, highly leveraged households, by 0.2-0.25%.

WORKS IN PROGRESS

A Quantitative Model of Financial Literacy

I build and calibrate a quantitative model of financial literacy accumulation and analyze the effect of income expectations on the rate of accumulation. I find that individuals with steeper income profiles invest more in financial literacy because they expect greater savings later in their lifetime. Using the calibrated model, I evaluate the effect of two experiments: a negative wealth-shock and a school financial literacy program. While individuals with flat income profiles acquire less financial literacy on average, they respond more sensitively to wealth shocks and the financial literacy program than individuals with steep income profiles. In both cases, they invest more in financial literacy and let less of their financial literacy depreciate. These results are useful to policymakers interested in targeting groups that may benefit the most from financial literacy programs and suggest some cohorts may be resource-constrained with respect to financial literacy accumulation.

A Key to the Puzzle: Financial Literacy and the Credit Card Debt Puzzle (Joint Work with Xavier Bautista)

We build a three-asset model of financial literacy, credit card debt and liquid savings and calibrate the model to the NLSY97. We document that a significant proportion of financially literate individuals are co-holding enough liquid savings to pay down their credit card debt and/or student loan debt. In our

model, financial literacy serves as a tool to lower the cost of co-holding debt and savings and helps to explain this observed fact.

TEACHING EXPERIENCE

Principles of Macroeconomics	Summer 2018
Principles of Macroeconomics	Spring 2018
Principles of Microeconomics	Fall 2017
Intermediate Macroeconomics	Summer 2017
Principles of Macroeconomics	Fall 2016

AWARDS

Exceptional Teacher Award, Department of Economics, University of Houston	2018
Cullen Supplemental Tuition Fellowship, University of Houston	2014-Present

COMPUTER SKILLS

MatLab, STATA, R, Fortran, C++, LATEX

CONFERENCE PRESENTATIONS

UT 2019 Macro Job Market Conference	October 2019
Graduate Student Workshop, University of Houston	May 2017 - Present

RESEARCH EXPERIENCE

Hobby School of Public Affairs   August 2018–Present
Research Assistant

Professor Andrea Szabo   August 2016–May 2017
Research Assistant

PROFESSIONAL AFFILIATIONS

American Economic Association

REFERENCES

Bent Sorensen (Committee Chair)
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