Lulu Wang

Contact Information

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Education

Stanford Graduate School of Business — 2018-2023 (Expected)
PhD in Finance

University of Michigan — 2012-2016
B.S. Honors Economics and Honors Mathematics

References

Amit Seru (Primary)
Steven and Roberta Denning
Professor of Finance
Stanford Graduate School of Business
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Darrell Duffie
Adams Distinguished Professor of
Management and Professor of Finance
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Ali Yurukoglu
Professor of Economics
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Claudia Robles-Garcia
Assistant Professor of Finance
Stanford Graduate School of Business
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Research Interests

Household Finance, Corporate Finance, Industrial Organization

Teaching Experience

Industrial Organization for Ali Yurukoglu (PhD) — Winter 2022
Empirical Corporate Finance for Juliane Begenau (PhD) — Spring 2020
Accelerated Corporate Finance for Jonathan Berk (MBA) — Fall 2019, 2020

Honors, Scholarships, and Fellowships

Myron S. Scholes Prize — 2022
National Science Foundation Graduate Research Fellowship Program — 2018

Research Experiences and Past Employment

Research Assistant for Claudia Robles-Garcia — 2020-2021
Investment Associate at Bridgewater Associates — 2016-2018

Job Market Paper

Payment Network Competition September 2022

Three networks – Visa, Mastercard, and American Express – dominate U.S. consumer payments. Payment markets are two-sided: consumers are paid rewards for card usage, and merchants are charged fees to accept cards. I show that network competition increases merchant fees and consumer rewards and decreases consumer and total welfare. Data on bank payment volumes and consumer payment preferences suggest that consumers are sensitive to rewards, but merchants are insensitive to fees. I develop a structural two-sided model of network pricing, consumer adoption, merchant pricing, and merchant acceptance, and estimate it by matching the reduced-form facts. Using the estimated model, I simulate network entry. Given that consumers are more price sensitive than merchants, the entrant charges high fees and pays large rewards. Incumbent credit card networks respond by raising merchant fees and rewards, increasing credit card use. Merchants pass on merchant fees to retail prices, creating a regressive transfer from cash and debit card consumers to credit card consumers. Entry exacerbates excessive credit card use, reducing annual consumer and total welfare by $7 billion and $10 billion, respectively. Three counterfactuals on price regulation and mergers demonstrate that excessive credit card adoption shapes the welfare effects of payment policies.

Other Working Papers

Cornered Borrowers: Lender Segmentation in the Provision of Minority Mortgages November 2022
(with Gregor Matvos and Amit Seru)

We study the equilibrium consequences of differences in mortgage shopping behavior between majority and minority borrowers. We identify minority-specialized lenders, who disproportionately lend to minority borrowers and originate one-fifth of minority mortgages. These smaller lenders charge high mortgage rates and borrowing from them is partially responsible for the minority interest rate gap. Minority-specialized lenders are more likely to employ minority employees and have higher market shares in areas with more non-English speakers. Borrowers are also less likely to withdraw mortgage applications from these lenders. These facts suggests that minority-specialized lenders provide costly minority-specialized services, rather than discriminate against these borrowers. To quantify the effect of minority-specialized service provision in equilibrium, we estimate a model in which minority specialized lenders compete with mainstream lenders, and majority and minority borrowers differ in loan demand as well as the types of lenders they consider. Our novel identification strategy uses withdrawn mortgage applications to separately identify borrower consideration sets and preferences. The estimated model can rationalize the minority gap in rates as well as consideration set size across groups. Minority-specialized lending attracts minorities by providing services valued by minorities, and by lowering search frictions. Minorities gain from a broader diffusion of minority-specialized lending, and these gains are large relative to potential gains from eliminating residual racial discrimination in interest rates. Our model suggests fair lending laws can disincentivize mainstream lenders' investments in minority-specialization, reducing competition and welfare for minority borrowers.

Financial Frictions and Startup Antitrust June 2022

Financial frictions can overturn conventional antitrust analysis of startup acquisitions. I extend Myers-Majluf to include the option to be acquired. Low types are acquired, medium types issue equity, and high types do not invest. Blocking acquisitions lowers the average type of equity issuers and raises the cost of capital for standalone startups. The welfare loss from lower investment can overwhelm the welfare gains from blocking anticompetitive acquisitions. A case study from the pharmaceutical industry suggests antitrust policy can have a large effect on the valuations of startups who are unlikely to be acquired for anticompetitive reasons.

Work in Progress

What Drives Fee Dispersion in in Private Equity? (with Juliane Begeneau, Claudia Robles-Garcia, and Emil Siriwardane)

Lending to Lemons (with Joseph Hall)

Minority Lenders and Monetary Policy Passthrough (with Amit Seru, Gregor Matvos, and Francesco Spizzuoco)

Personal

Citizenship: United States
Legal Name: Yichuan Wang