

# PARINITHA (PARI) SASTRY

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EDUCATION	Massachusetts Institute of Technology Ph.D. Financial Economics, Expected completion June 2022 Dissertation: “Essays in Household Finance and Climate Risks”  Columbia College, Columbia University B.A. <i>cum laude</i> in Economics-Mathematics, 2011	
DISSERTATION COMMITTEE	David Thesmar (Chair) MIT Sloan Finance Department 77 Massachusetts Ave E62-632 Cambridge, MA 02142 617-225-9767 <a href="mailto:thesmar@mit.edu">thesmar@mit.edu</a>	Antoinette Schoar MIT Sloan Finance Department 77 Massachusetts Ave E62-638 Cambridge, MA 02142 617-258-6855 <a href="mailto:aschoar@mit.edu">aschoar@mit.edu</a>
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FIELDS	Primary: Corporate Finance, Household Finance Secondary: Climate Finance, Real Estate	
TEACHING EXPERIENCE	15.S16 Practice of Finance: Regulating Financial Markets and Institutions TA to Profs. Ben Bernanke & Ed Golding, 2021 15.473 PhD Advanced Corporate Finance TA to Profs. David Thesmar & Antoinette Schoar, 2019, 2020, 2021 15.425 Mfin Corporate Finance TA to Prof. David Thesmar, 2019, 2020	
PERSONAL	Citizenship: United States Gender: Female	
RELEVANT EXPERIENCE	Research Assistant to David Thesmar, MIT, 2016-2017 Research Assistant to Ben Bernanke, Brookings Institution, 2014-2015 Secretariat, Task Force on Climate-Related Financial Disclosures, 2016 Research Assistant, Federal Reserve Bank of New York, 2011-2014	

FELLOWSHIPS, HONORS, AND AWARDS	MIT Mark Kritzman and Elizabeth Goreman Finance Research Fund, 2021 MIT “Above and Beyond” TA Award (PhD Corporate Finance), 2019 MIT Bennett W. Golub Fellowship in Economics and Finance, 2017-2018 MIT Presidential Fellowship, 2016 MIT Sloan Graduate Fellowship, 2016 National Science Foundation Graduate Research Fellowship, 2016-2021 Federal Reserve Bank of New York President’s Award for Excellence, 2012 Departmental Honors in Economics, Columbia University, 2011
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RESEARCH PAPERS	<b>“Who bears flood risk? Evidence from Mortgage Markets in Florida” (Job Market Paper)</b>
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This paper explores how residential mortgage contracts distribute flood risk exposures across banks, households, and the government flood insurer. I merge newly digitized federal flood maps with geo-located mortgage data to obtain loan-level classifications of flood risk. Strict flood insurance coverage limits and staggered flood map updates provide plausibly exogenous variation in flood risk exposures and assessments. I find that banks manage flood risk by rationing credit through lower loan-to-value (LTV) ratios, which reduces negative borrower equity after floods. However, banks only adjust LTVs when flood insurance coverage limits bind, showing that they offload flood risk to the government flood insurer. Increased credit rationing after flood map updates shifts the composition of mortgages towards richer and higher credit quality borrowers. I conclude that lenders screen for flood risk when they retain residual exposures to it, and that their credit rationing has distributional consequences for who moves into flood zones.

**“Do Investors Care About Corporate Externalities? Experimental Evidence”** (with J.F. Bonnefon, A. Landier, and D. Thesmar)

We measure how shareholders value a firm's ethical actions via an experiment. Our findings are threefold. First, the "selfish investor hypothesis" is strongly rejected. Participants are willing to pay \$ .7 more for buying a share in a firm giving one more dollar per share to charities. Symmetrically, a firm that makes profits by exercising a negative externality of \$1 on a charity is valued \$.9 less than a similar company with no externality. The scaling of non-pecuniary preferences is linear: doubling the size of a social externality doubles its impact on willingness to pay. Second, the data show that whether investors are pivotal or not with regard to the ethical actions of the firm does not affect their willingness to pay. Third, when participants make investment decisions on behalf of a third party (delegation), their generosity level remains similar. Our results appear to be compatible with a utility model where non-pecuniary benefits are conditional on stock holding.