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. *cum laude* in Economics-Mathematics, 2011

Dissertation Committee

David Thesmar (Chair) MIT Sloan Finance Department 77 Massachusetts Ave E62-632 Cambridge, MA 02142 617-225-9767 thesmar@mit.edu	Antoinette Schoar MIT Sloan Finance Department 77 Massachusetts Ave E62-638 Cambridge, MA 02142 617-258-6855 aschoar@mit.edu
Christopher Palmer MIT Sloan Finance Department 77 Massachusetts Ave E62-639 Cambridge, MA 02142 617-324-3901 cjpalmer@mit.edu	

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

RESEARCH PAPERS

"Who bears flood risk? Evidence from Mortgage Markets in Florida" (Job Market Paper)

This paper explores how residential mortgage contracts distribute flood risk exposures across banks, households, and the government flood insurer. I merge newly digitized flood maps with geo-located mortgage data to obtain loan-level measures of flood risk. Strict flood insurance coverage limits and staggered updates of flood maps provide plausibly exogenous variation in flood risk exposures and assessments. The paper has three findings. First, banks ration credit through lower loan-to-value (LTV) ratios, which reduces negative borrower equity after floods. Second, banks offload flood risk to the government through flood insurance contracts, reducing LTVs only when insurance coverage limits bind. Third, lenders respond to heightened risk assessments from updated flood maps by rationing credit, which shifts the composition of mortgages towards richer and higher credit quality borrowers. I conclude that lenders screen for flood risk when sufficiently incentivized to do so, 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.