Amir Fekrazad

Contact Information

Department of Economics
The University of Texas at Austin
2225 Speedway, C3100
Austin, Texas 78712

www.fekrazad.net
fekrazad@utexas.edu
(512) 983-0178

Placement Director
Professor Stephen Donald
stephen.g.donald@utexas.edu
(512) 471-8907

Placement Administrator
Ms. Vivian Goldman-Leffler
vivian@austin.utexas.edu
(512) 475-8510

Research Fields

Public Economics, Labor Economics, Applied Microeconomics

Education

The University of Texas at Austin
Ph.D. Candidate, Economics (Expected graduation date: May 2017)
Thesis Title: Essays on Regulation of Subprime Lending and Welfare Implications
Advisor: Michael Geruso

Sharif University of Technology, Tehran, Iran
M.A., Economics (2011)
Thesis Title: Using Student's t Autoregressive (STAR) Model to Predict Financial Variables in Iran

K.N. Toosi University of Technology, Tehran, Iran
B.S., Industrial Engineering (2007)

Work Experience

The University of Texas at Austin
Teaching Assistant (May 2011-Present)
Courses: Intro to Microeconomics, Intro to Macroeconomics, Energy Economics, Health Economics, Behavioral Economics

Integra FEC LLC, Austin, Texas
Data Analyst Intern (May 2016-August 2016)
Job Description: Data-driven fraud detection in healthcare and the home mortgage markets.

Clarity Services, Inc., Austin, Texas
Research Associate (September 2014-December 2015)
Job Description: Performing data analysis, writing research reports and participating in discussions on various projects on non-prime lending.

Honors

Ranked 14th Among Approximately 10,000 Applicants in Iran's Nation-wide Entry Exam to Master's in Economics, 2008

Languages English (Fluent), Persian (Native), French (Elementary)

Computer Skills R, Stata, SAS, MATLAB, SQL, Python, Web Development

Certifications

Machine Learning
Stanford University via Coursera (January 2016)
License Verification Number: Y9CH3YX5FGU5

Personal Information

Date of Birth:	January 17th, 1985
Citizenship:	Iran
Marital Status:	Single

Research Papers

Job Market Paper

Welfare Consequences of Payday Loan Regulation: Evidence from Rhode Island

Payday loans attract a lot of attention from the media and legislators, who criticize the payday lending companies mainly for charging high interest rates and trapping borrowers in "debt cycles." Placing caps on the loan fees is a common regulation, practiced by half of the US states, yet little academic research has examined the impacts or welfare implications. Using a difference-in-difference framework and a unique proprietary dataset of payday loan transactions between 2009 and 2013, I investigate the consequences of a policy change in Rhode Island. The policy lowered the cap on fees from 15% (~390% APR) to 10% (~260% APR) in mid-2010. I find that the lenders always charge the prevailing cap, creating a strong first stage. I also show that borrowers are price-sensitive both at the extensive and the intensive margin. The loan sequences become longer, while default decreases. No lender exits the market after the fees go down, implying that there was significant market power. A neoclassical welfare analysis shows that these changes amount to a 44% increase in consumer surplus. I then develop and calibrate a dynamic model of payday loan usage that allows for time-inconsistency, an assumption particularly suitable to describe subprime consumers. Simulations of the model show that such borrowers would still be better off with the lower fees, suggesting that the welfare gain from the reduced cost of usage outweighs the welfare loss from the heightened time-inconsistent behavior.

Work in Progress

Payday Loans: Out of Sight, Out of Mind?

Many policymakers believe that payday loans are harmful to the financial well-being of consumers, and for that reason payday loans are currently prohibited in 17 states plus the District of Columbia. With an online segment estimated to comprise 25% of the market, and the difficulty of enforcing laws upon the online lenders that identify as offshore/tribal, these prohibitions may be proven not as effective as intended. Arizona imposed a 36% APR cap on payday loans in July 2010 which was effectively a prohibition as it pushed all storefront lenders out of the market. Using a proprietary dataset of online loans, and a difference-in-difference framework, I investigate whether there is an increase in online loans after the new policy, indicating that consumers flow from the storefront market to the online one after the policy change. The results show the number of online loans from Arizona consumers actually declines. This can be due to the negative publicity and the financial education that preceded the policy change, or the result of some form of complementarity between the online and the storefront markets, for example, if the financial distress caused by borrowing from the storefront market leads the consumer to borrow from the online market as well. I also find that on the supply side, the licensed online lenders are substituted by offshore/tribal lenders after the new policy.

References

Michael Geruso
Assistant Professor
Department of Economics
The University of Texas at Austin
mike.geruso@austin.utexas.edu
(512) 475-8704

Jason Abrevaya
Professor
Department of Economics
The University of Texas at Austin
abrevaya@austin.utexas.edu
(512) 475-8527

Gerald Oettinger
Associate Professor
Department of Economics
The University of Texas at Austin
oettinge@eco.utexas.edu
(512) 475-8523

Adrian Ward
Assistant Professor
McComb School of Business
The University of Texas at Austin
adrian.ward@mccombs.utexas.edu
(803) 422-3102