Discussion: Financial Literacy Externalities
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Empirical study using Swedish administrative data to show spill-over effects of neighbors’ financial literacy on migrant financial behavior

Contributes to the literature

... on financial literacy acquisition

... on peer effects and financial behavior

Main finding: Increase in neighbors’ financial literacy increases probability to save for retirement and stock market participation among Swedish immigrants.

Policy implications

... for immigration policy (good environment pays off)

... and financial education policy (potentially big multiplier effects)
Critique

Great Paper!

- Well motivated and explained
- Very elaborate data work
- Many sensitivity checks (a lot of tables and a long appendix)
Critique

• More compact presentation of results (fewer tables), summarize main findings
• What is the size of the effect? How does it relate to the effects of the individual characteristics or effects found in the literature?
• Reduced form effect. Do you have a chance of estimating the multiplier?
• What happens if you move a migrant from the parish with the lowest fraction of knowledgeable neighbors to the parish with the best neighbors?
• Main effects on “highly educated men” but: composition effects, can you do a four-way split?

Can you check what happens if you control for the share of women with business/economics knowledge?
Identification of the effect

• Relies on random allocation of migrants to electoral districts

• A bit hard to understand the regional structure: What are the electoral districts? What are the parishes? How do they fit into each other?

• Supply effects? Bank branches, agents? (Esp. for the last set of regressions with private retirement savings as indicator)

• Effect on probability to be employed in the financial sector

• Drop the Stockholm area? What happens?

Try to model the likelihood of interaction (rural vs. urban areas, population density)