Doctoral Training Workshop on Economics of Executive Compensation

National Bureau of Economic Research (NBER)

June 17-18, 2024, Cambridge, MA

Dear Organizing Committee,

I am writing to submit my application to present at the upcoming Doctoral Training Workshop on Economics of Executive Compensation. As a doctoral candidate in Financial Economics at Yale University, I am engaged in researching the effect of governance and executive compensation of financial institutions in advanced and emerging economies and its effects on lending terms and performance. Through empirical analysis and theoretical frameworks, I aim to contribute to the ongoing discourse on historically high executive compensation at financial institutions since the Covid-19 pandemic.

Attending this workshop would provide me with valuable feedback from esteemed scholars and practitioners, helping me refine my research further. Additionally, networking with scholars and industry professionals would broaden my understanding of current trends and challenges in executive compensation research.

I am fortunate to have the support and guidance of Prof. Kelly Shue, who is serving as my advisor and providing a letter of recommendation for my participation in this conference.

Please find attached my curriculum vitae and a short motivation of my research interests for your consideration. Thank you for considering my application. I look forward to the opportunity to participate in the conference.

Sincerely,

Pranav Garg

Doctoral candidate, Financial Economics, Yale University

Pranav Garg

PhD Financial Economics, School of Management, Yale University
Nationality: Indian
Email: pranav.garg@yale.edu

Education

PhD, Financial Economics, Yale University
Advanced courses (received highest grade in all courses): Macro Finance; Mathematical Economics I & II; Financial Economics; Applied Empirical Methods; Behavioral Finance. 2021 –

MSc Economics, Paris School of Economics, *Magna Cum Laude* 2016 – 2018
With a specialization in macroeconomics.

B.A. (Hons.) Economics, University of Delhi, *Summa Cum Laude* 2013 – 2016

Employment

Research Fellow, Fama-Miller Center for Research in Finance, The University of Chicago (Booth School of Business) 2019 – 2021
Worked with Amir Sufi on macro finance, Anthony Lee Zhang on banking, Scott Nelson on consumer finance.

Graduate Researcher, Strategic Research Unit, Reserve Bank of India 2018 – 2019
Worked with Viral Acharya (NYU Stern, RBI) and Jay Surti (IMF, RBI) on financial econometrics.

Economist, Centre d'Etudes Prospectives et d'Informations Internationales, Paris 2017 – 2018

Research Assistant, Agnès Bénassy-Quéré (Professor, PSE | Chair, Economic Analysis Council, France) and Sobhesh K. Agarwalla (Professor, Indian Institute of Management – Ahmedabad) 2017, 2015

Research

Working papers

- "Political dominance of banking regulation", solo author. SSRN (*WP*).
- "Relaxing collateral constraints" with A. L. Delatte, J. Imbs. Old Version: *CEPR (DP 13693)*.
- "Rebalancing channel of monetary policy" with M. Famiglietti.

Policy papers

- "Monetary Policy Transmission in India: New Evidence from Firm-Bank Matched Data" with S. Ghosh, A. Narayanan. Occasional Working Paper Series of the Reserve Bank of India (*DEPR 01/2021*).

Teaching Experience

- TA for PhD course: **Corporate Finance** (Kelly Shue & Song Ma), Yale University
- TA for MBA course: **Global Financial Crisis** (Andrew Metrick & Timothy Geithner), Yale University
- TA for MBA course: **Digitalization of Money** (Gary Gorton), Yale University

Conferences and Seminars

- Presented at the **Yale School of Management** 2023
- Presented at the **Reserve Bank of India, *DEPR Study Circle Seminar*** 2020

- **NYU Stern School of Business** 2020
  - Attended PhD sequence on *Empirical Household Finance* (Theresa Kuchler & Johannes Stroebel)
- **Chicago Booth School of Business** 2019 – 2021
  - Presented at the *Fama-Miller Center Brown Bag*
  - Attended PhD sequence on *Corporate Finance* (Zhiguo He, Douglas Diamond, Amir Sufi)
- **Paris School of Economics** 2016 – 2018
  - Attended PhD Course on *Credit Constraints, Microcredit, Corporate Finance, Improving Firm Productivity, and Micro-Macro linkages in Growth* (Esther Duflo & Abhijeet Banerjee (MIT))
  - Participated in *Inaugural Conference SCOR-PSE Chair on Macroeconomic Risk*
  - Participated in *Recent Wage Dynamics in Advanced Economies*
- **Banque de France** 2017
  - Participated in *Economic and Financial Regulation in the Era of Big Data*

Skills

Statistical analysis: *R*, *MATLAB*, *Python, Stata*

Languages spoken: English and Hindi (Native Proficiency)

Interests: Instruments (drums and guitar), Football, Squash, Poetry, Debating

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Motivation Letter

I am doctoral candidate of Financial Economics at Yale University. My areas of specialization include corporate finance, consumer finance, banking and macro finance. Over the past two decades, large-scale liquidity injection by the Federal Reserve has resulted in record high profitability and executive pay at financial institutions. Research has investigated the effect of quantitative easing on bank risk-taking in lending through the liquidity channel. By contrast, little has been said on the impact of excess liquidity on executive incentives at financial institutions, and its subsequent effect on capital misallocation. I propose a mechanism where banks flush with liquidity inefficiently lend to corporations based on an empire building motive. This can result in a deviation from profit maximization principle for lenders in favor of network based lending, for instance approving loans to corporate executives that share academic or professional networks with bank executives.

In this context, I am interested in exploring the effect of incentives on outcomes at financial institutions (such as banks and non-banks) for the United States. I intend to use data on commercial real estate (CRE) loans at banks combined with data on institution-level executive demographics and compensation via BoardEx. In sum, I intend to study the interlinkages between high net-worth lending relations, loan performance, and executive pay. Through empirical analysis and theoretical frameworks, I aim to contribute to the ongoing discourse on historically high executive compensation at financial institutions since the Covid-19 pandemic.

Participating in the workshop would provide me with a solid foundation to explore such a research agenda via empirical analysis and theoretical frameworks.

Subject: Recommendation letter for Pranav Garg for NBER Executive Compensation summer camp
From: "Kelly Shue" <kellyshue@gmail.com>
To: "Brett Maranjian" <maranjian@nber.org>

Dear NBER committee,

It is with great enthusiasm that I recommend Pranav Garg for NBER Executive Compensation Summer Camp. Pranav is a second year PhD student in the Finance Group at the Yale School of Management. I have served as his advisor for the past two years. Pranav is the most hardworking and driven student I have worked with since I moved to Yale six years ago.
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Pranav emerges as an especially strong candidate for several reasons:

Pranav has served as my TA in my PhD corporate finance class, and he is well prepared with a solid theoretical and empirical background in corporate finance and contract theory.

Second, Pranav already has several promising polished papers on regulation and banking and I think he is well poised to transfer his expertise in banking to study issues of incentives among executives in banking.
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Third, I believe Pranav has the potential to write a dissertation with substantial real-world impact. I have advised him on both his first- and second-year papers on banking sector fragility. They have been excellent in both originality and execution. Even among a highly selective group of Yale PhD students, he stands out as the most hard-working. I literally worry that he is not getting enough sleep. Every time we discuss a new idea or research direction, he dives headfirst into background research, data collection, and analysis.
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Sincerely,
Kelly Shue

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Kelly Shue
Professor of Finance
Yale School of Management
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