NBER ENTREPRENEURSHIP RESEARCH BOOT CAMP 2013
COVER LETTER FOR **SERGIO CORREIA**

Dear Professor Hellman,

Please find attached my application package for the NBER Entrepreneurship Research Boot Camp. The letter of recommendation from my advisor (professor Puri) will be sent separately by email to Brett Maranjian.

I look forward to the opportunity to participate in the boot camp, which I believe will contribute significantly to my understanding of entrepreneurships and its links with finance. In addition, it would be a more than valuable complement to my current and planned research agenda, which studies the links between banks and SMEs in an emerging country, and the role of startup incubators, respectively.

Sincerely yours,

Sergio Correia

APPLICANT INFORMATION:

Name	**Sergio A. Correia**
Affiliation	Duke University — Fuqua School of Business
Current status	Student (PhD in Finance, 3rd year)
Email	sergio.correia@duke.edu
Phone number	(919) 886-6776
Home address	138 Blue Crest Ln, Durham NC 27705
Research interests	Banking, entrepreneurship, venture capital

ADVISOR INFORMATION:

Name	**Manju Puri**
Affiliation	Duke University — Fuqua School of Business
Email	manju.puri@duke.edu

(Letter of recommendation sent separately)

Manju Puri
J.B. Fuqua Professor of Finance

The Fuqua School of Business
Duke University
P. O. Box 90120
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March 31, 2013

Thomas Hellmann
Academic Coordinator
NBER Entrepreneurship Boot Camp

Dear Thomas,

I am writing this recommendation letter on behalf of Sergio Correia, a third year doctoral student in finance at the Fuqua School of Business.

I have known Sergio since he entered the Ph.D program. He took the Ph.D Empirical Finance class (that I co-taught with John Graham). He served as my teaching assistant for my MBA elective on "Raising Capital." I am also advising him on his research.

Sergio's research interests are in the area of empirical corporate finance. He has been proactive in obtaining data from Peru to address issues relating to financing of small and young firms. He is working on a paper with Phil Schnabl at NYU how access to finance by small firms is affected by bank location and distance. He has been working hard on getting access to very minute data to correctly identify and address the issues at hand and expects to have a first draft of the paper soon.

Sergio is interested in small and young firms in general and how different kinds of financing can make a difference to these firms. He has some ideas that he is currently working on, but would benefit enormously from attending the boot camp as that is sure to influence his thinking and research path in a first order way.

I should add we have another excellent student, Song Ma, also applying to the boot camp, for whom John Graham is writing a letter for. I also advise Song on his research. He is working on what kind of firms choose to do corporate venture capital, the rationale and the consequences on the parent firm.

Both Song and Sergio would benefit immensely from going to the boot camp. It is my understanding that last year, we nominated Song for the boot camp but he was not admitted because he was in a very early stage of the program. At this point both Song and Sergio have finished their comprehensive exams, are actively working on research, and both of them are very interested in the boot camp. Song is working on corporate VC which directly relates to the boot camp. Sergio is working on financing of small firms, which also relates to the boot camp.

I know your policy is normally to admit only 1 student per school to the boot camp but given that there was no one admitted from Duke last year and we have 2 deserving students this year we are hopeful that you will be able to admit both.

Overall, I think both Song and Sergio have excellent potential and I urge you to give them your serious consideration. If you have any questions, please feel free to call me.

Yours sincerely,

Manju Puri

Application Essay

Entrepreneurship is one of the leading sources of innovation and economic growth. From internet startups in Mountain View, CA, to aspiring garment makers in the shanty towns of Lima, Peru, they are critical in both mature and emerging economies.

Given the importance of entrepreneurship, understanding what drives and enhances their success is, in my opinion, a crucial goal for economists; and one which can be studied from a wide array of angles. In my case, I aim to contribute in expanding the understanding of the role of finance in entrepreneurial growth and its success.

Access to finance affects entrepreneurs in several dimensions: it allows them to grow faster and attain economies of scale; but it can also encourage innovation by providing the resources to do R&D or try new markets in cases where the risks or costs would be too high for the entrepreneur to bear them for herself.

One of my current research projects, a joint work with Prof. Philipp Schnabl at NYU Stern, titled "The Effects of Bank Location in SME Credit: geographic and industry-based distances", focuses on the first aforementioned dimension: we want to understand how two types of distances between a bank and a firm affect the firm's access to credit. In the case of geographic distance, we measure the distance between the firm and the closest branch, and estimate how access to credit varies as a response to a (properly exogenized) branch entry that reduces the banks' distance. There are a few reasons for why distance, even within the same city or zipcode, may matter for small firms and entrepreneurs. First, some of the transaction and contracting costs, such as contract signatures and due diligence, are fixed costs and are proportional to the distance. Thus, for small enough loans, these costs may deter credit from banks further away. Second, and more importantly, when lending to small and opaque firms, banks have to incur significant monitoring costs (especially as many of these loans are revolving) which can be ameliorated by lending to closer firms and to firms pooled together.

In the case of industry-based distances, we observe that banks tend to specialize on certain segments and industries, which in turn means that an entrepreneur on a niche or industry far away from the current expertise of the bank will have difficulties in accessing capital. On the other hand, the fact that new firms face easier financing in industries with many competitors is also one of the factors explaining the existence of industry clusters.

A second dimension of finance in entrepreneurship, namely startup finance, is one that I plan to address in a planned project. In particular, I want to understand how very-early-stage incubators and accelerators shape the nature of the startups, and how their role contrasts with that of angel investors and venture capitalists. In contrast to venture capitalists, which

professionalize the firms, and to angel investors, who provide mentoring and access to contacts, I believe that incubators and accelerators have a role even more related to the actual definition and shaping of the product being developed. Documenting this is, however, a difficult empirical task riddled with endogeneity concerns, but one which has been made easier by the resurgence of accelerator and incubator programs, and the large number of startups graduating from these programs.

Given my research interests, I believe that participating in the NBER Entrepreneurship Research Boot Camp will be of great value, providing me with a strong basis for successfully completing my planned projects, and giving me new perspectives on what are the current issues and key research questions in the field of entrepreneurship finance.

I look forward to the opportunity of participating in this program, which would allow me to not only gain a stronger research background in entrepreneurship, but also to learn from and interact with some of the best researchers and students in the field.

SERGIO A. CORREIA TABOADA

(Peru, 1983)

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EDUCATION

2010– **Fuqua School of Business, Duke University**
Ph.D. Program in Finance

2008–2010 **Universitat Pompeu Fabra–Barcelona GSE, Barcelona, Spain**
M.Sc. in Finance. M.Res. in Finance. GPA 4.0

2008 **Pontificia Universidad Católica del Perú, Lima, Peru**
Coursework towards the M.Sc. in Applied Mathematics.
Real Analysis, Measure Theory and Integration

2005 **Superintendence of Banking and Insurance, Lima, Peru**
Certificate in Finance. Graduated 2nd (out of 36), GPA 4.0
Four months graduate level course on financial industry regulation and risk management

2000–2004 **Universidad del Pacífico, Lima, Peru**
B.A. in Economics. Highest honors, graduated 1st (out of 125), GPA 4.0

RESEARCH INTERESTS

Primary Corporate Finance, Banking, Venture Capital
Secondary Economic History

WORK IN PROGRESS

- "Competition in Credit Cards: Credit Limits and Default Externalities"
- "The Effects of Bank Location in SME Credit: geographic and industry-based distances" (with Philipp Schnabl)

FELLOWSHIPS AND AWARDS

2010– Graduate Fellowship, Fuqua School of Business, Duke University
2013 Student Travel Grant, American Finance Association
2009–2010 Research Assistant Scholarship, Consolider-Ingenio Program, Universitat Pompeu Fabra
2008–2009 Graduate Teaching Assistant Scholarship, Universitat Pompeu Fabra
2005 Graduate Fellowship, ESAN and the Superintendence of Banking and Insurance
2005 Excelencia Union Award for outstanding academic achievements in economics, AFP Unión Vida
2004 FOCPI grant (Competitive Fund for Research Projects), Universidad del Pacífico
2004 Robert Maes Award for outstanding academic achievements, Universidad del Pacífico

TEACHING

Lecturer, Banco Central de Reserva del Perú:
Financial Econometrics (Advanced Finance Extension Course, 2012 and 2013)

Lecturer, Universidad del Pacífico:
Principles of Macroeconomics (Fall 2006, two sections, full responsibility for 62 students)
Principles of Microeconomics (Spring 2006, two sections, full responsibility for 70 students)
Introductory Econometrics (Fall 2005 , full responsibility for 37 students)
Applied Econometrics (Fall and Spring 2005, Summer 2008, full responsibility for 80 students)

Teaching assistant, Universitat Pompeu Fabra:

2010	Financial engineering and risk management (M.Sc. in Finance)
2008–2009	Business Economics I, Applied Economics I

Teaching assistant, Universidad del Pacífico:

2003–2005	Financial Economics I, Applied Econometrics, Introductory Econometrics, Applied Microeconomics

RESEARCH EXPERIENCE

2012	Research assistant for professors Sharon Belenzon and Ashish Arora.
2010–2012	Research assistant for professor Jan Eeckhout, in the project "Complementarities in Firms' Production Function".
2010	Master's Thesis: *"The Underissuance of National Bank Notes and the Act of June 1874"*, Universitat Pompeu Fabra
2010	Research assistant for professors Jose Apesteguia, Patricia Funk and Nagore Iriberri, in the project "Promoting Prosocial Behaviour in the Field".
2006	Research assistant for professors Juan Francisco Castro and Eduardo Morón, in the project "Fiscal Policy and Social Expenditures in Peru".
2004	Undergraduate thesis: *"The impact of metal prices on the non-primary economic activity in Peru. Transmission mechanisms and stylized facts, 1993-2004"*.

PROFESSIONAL EXPERIENCE

2008 Superintendence of Banking and Insurance (Peru's banking regulator), Credit Risk Department, Lima, Peru

Studied the Basel II parameters (probability of default, exposure at default) for commercial and consumer loans. This included the calculation of the parameters, their risk drivers and correlations, and the design and implementation of early warning systems.

2006–2007 Inter-American Development Bank, Washington DC

Evaluated the impact of the Bank's largest credit program for Latin America (1990-2005). Studied the effects of past financial crisis in the region, and the Bank's response capabilities in case of crisis.

2005–2006 Superintendence of Banking and Insurance, Credit Risk Department, Lima, Peru

Designed and implemented credit risk models for the Peruvian financial system. Proposed and implemented a new definition of default based on transition probabilities, and a credit scoring system for consumers with credit card debt.

CONSULTANCIES

2006 Scotiabank Perú (3rd largest Peruvian bank)

Constructed a *credit scoring* model for the SME Credit Department. Conducted a training workshop in the use of binary models for credit scoring.

2006 The World Bank – Regional Office for Latin America and the Caribbean

Aided in the update of the Financial Sector Assessment Program for Mexico and Colombia. Modeled their financial systems (stress testing, degree of competition, effects of liberalization), under the supervision of the Senior Financial Economist of the Region.

2005 National Superintendence of Sanitation Services (SUNASS), Lima, Peru

Implemented the system that determines tariff rules for the water sanitation services (PMO – EPS Piura)

OTHER

Programming	Matlab, Stata, LaTeX, Python, Excel VBA, SQL, C++
Languages	English (fluent), Spanish (native speaker), Portuguese (native speaker)

Completed PhD Coursework - Sergio Correia - Duke University

Term	Code	Course Title	Professor(s)	Grade
2010 Fall	BA 551	Finance I (Emp. Asset Pricing)	Hengjie Ai	A
	ECON 301D	Microeconomic Analysis I	Huseyin Yildrim	A-
	ECON 341D	Econometrics I	Federico Bugni	A-
2011 Spring	BA 552	Finance II (Emp. Corporate Finance)	John Graham, Manju Puri	A
	BA 554	Finance IV (Theoretical Asset Pricing)	Ravi Bansal	A
	ECON 302D	Microeconomic Analysis II	Haluk Ergin	A+
2011 Fall	BA 591	Computational Economics	A. Ronald Gallant	A
	ECON 395A	Job Search Models	Arnaud Maurel	A
	ECON 395A	Demand Estimation	Andrew Sweeting	A+
2012 Spring	BA 553	Finance III	Adriano Rampini	A
	ECON 342D	Econometrics II	Shakeeb Khan, Andrew Patton	A
	ECON 395E	Identification	Federico Bugni	A
	ECON 395E	Causal Inference and Treatment Effects	V. Joseph Hotz	A