

KODY C. LAW

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JOB MARKET PAPER

“Private Equity and Local Entrepreneurship—Spillover Effects of Institutional Ownership of Single Family Homes,” 2023, solo-authored.

I examine the spillover effects of institutional investment in single family housing on a community’s economic development. Using mergers between institutional investors as quasi-exogenous shocks to ownership concentration, I find significant increases in housing and rental prices. Housing price increases lead to reductions in credit constraints for homeowners, leading to significant increases in refinancing activity and small business lending. Using small business registrations as a proxy for entrepreneurial activity, I find that entrepreneurship significantly increases in a neighborhood post-institutional consolidation. However, as rising rental prices lead to reduced consumption, entrepreneurial growth becomes more concentrated in tradable industries that are less dependent on local demand. Furthermore, job growth spurred by this surge in entrepreneurship predominantly focuses on low-skilled and low-wage positions.

WORKING PAPERS

“The Opioid Epidemic and Mortgage Lending: Credit or Demand Shock?”, 2023, solo-authored.

Local mortgage credit access and availability is reduced in areas with higher rates of opioid abuse. Among depository institutions, lenders' response to the opioid epidemic differs depending on their size and business model. Small banks are more likely to treat the opioid epidemic as a negative demand shock, while large banks are more likely to treat it as a *credit risk shock*. Locally, both small and large banks reduce mortgage lending volume in areas more affected by the opioid epidemic. On a national scale, only small banks experience a reduction origination volume due to exposure to the opioid epidemic, while large banks simply shift lending towards less exposed markets. Large banks are more likely to pass on the risks associated with opioid abuse to borrowers in terms of higher interest rates, raising annual mortgage interest rate payments by roughly \$1.25 billion between 2007 and 2015.

“The Heterogeneity of Bank Responses to the Fintech Challenge,” 2022, with Nathan Mislav.

We examine the impact of fintech lenders on the minority credit access and availability and minority borrower quality in terms of credit risk. Fintech expansion in the mortgage market is associated with greater minority credit access amongst both home purchase and refinancing sectors, but only in less economically disadvantaged communities. Fintech lenders significantly reduce costs for refinancing mortgages originated to minority borrowers in terms of both interest rates and non-interest costs, reducing the discrimination in minority pricing by 100% and 49% respectively. The reduction in costs varies across minority borrowers with Asian, Hispanic, and lower quality borrowers benefiting more than others. Fintech lenders target lower quality borrowers amongst home purchase mortgages, but not so amongst refinancing mortgages.

“Fintech and Minority Welfare: Evidence from the Mortgage Market,” 2022, with Nathan Mislav.

We examine the impact of fintech lenders on mortgage lending done by traditional banks, as well as the heterogeneity in their effect. Fintech reduces total lending volume of traditional banks, the brunt of which is carried by small banks. This effect is greater for all banks in the refinancing sector. In the home purchase sector, mortgage costs increase for both types of banks in the presence of more fintech, but this effect is not seen in the refinancing sector. We view our results as evidence that fintech acts as a direct competitor to traditional banks in the refinancing sector of the mortgage market, but fragments the market in the home purchase sector.

EDUCATION

Johnson Graduate School of Management, Cornell University | Ithaca, NY August 2018 – August 2024
Ph.D in Finance

Rady School of Management, UCSD | San Diego, CA August 2017 – August 2018
M.S. in Business Analytics GPA: 3.9 out of 4.0

University of California, Berkeley | Berkeley, CA August 2011 – December 2014
B.A. in Economics and Statistics GPA: 3.5 out of 4.0

RELATED EXPERIENCE

Ties, Data Scientist / Software Engineer October 2015 – February 2017

Credit Agricole, Investment Banking Analyst January 2015 – June 2015

CONFERENCES

The Opioid Epidemic and Mortgage Lending: Credit or Demand Shock?

Northern Finance Association, Toronto Canada

Financial Management Association, Chicago, Illinois (upcoming)

Sydney Banking and Financial Stability Conference, Sydney, Australia (upcoming)

Presented at

September 8-10, 2023

October 11-14, 2023

December 8-9, 2023

The Heterogeneity of Bank Responses to the Fintech Challenge

Financial Management Association, Atlanta, Georgia

AsRES-AREUEA Joint Conference, Tokyo, Japan

Academy of Finance, Chicago, Illinois

Presented at

October 19-22, 2022

August 4-7, 2022

March 23-25, 2022

Emerging Scholar

Federal Reserve Community Banking Research Conference, St. Louis, Missouri

September 28-29, 2022

TEACHING EXPERIENCE

Lecturer for NCC 5560 (Managerial Finance)

Teaching Assistant (TA) for BANA 5160 (Business Analytics)

T.A. for BANA 5250 (Machine Learning for Investment)

T.A. for NBA 5430 (Financial Markets)

T.A. for NBAY 5300 (Entrepreneurial Finance)

T.A. for NBAY 6730 (Derivatives)

Spring 2021

Summer 2023

Spring 2023

Fall 2022

Fall 2020

2019 - 2021

SKILLS

Research specialization: Financial intermediation, fintech, private equity, real estate, mortgages, machine learning, natural language processing

Programming: R, Stata, Python, Julia

Languages: English (native), Mandarin (native), Cantonese (conversant)

REFERENCES

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