

**HAPPY NEW YEAR
2020**

**WISHING ALL OUR
READERS A YEAR OF
PEACE, JOY AND
WELL-BEING!**



NEWSLETTER 2020-01

CALENDAR:

Departmental Seminar

Tabea Bucher-Koenen (ZEW Mannheim):
Do Women get worse Financial Advice?

Monday, January 13
16:30–18:00
H26

IOS Seminar

Olga Popova (IOS Regensburg):
Does Weather Sharpen Income Inequality in Russia?

Tuesday, January 14
13:30–15:30
WiOS 109 (Landshuter Str. 4)

ABSTRACTS:

Departmental Seminar

Tabea Bucher-Koenen:

Do Women get worse Financial Advice?

Abstract: Financial advisors are more likely to recommend costly products to women than to men. We use minutes from 13,000 advisor-client meeting plus archival data on client transactions and portfolios and show that there are systematic differences in why men and women receive expensive fund recommendations: For men, the likelihood of risky funds being recommended is higher and these are generally more expensive; on the other hand, within any given risk category, funds recommended to women are more costly on average. Beyond this, men are significantly more likely to receive rebates on funds' upfront fees. These results can be predicted by a stylized model where advisors observe imprecise signals of clients' financial literacy -- in this case gender -- and less literate clients are more likely to follow advice, even when it is not optimal. In line with the prediction, we show that objectively knowledgeable clients signaling low financial aptitude reject advisor recommendations more frequently than equally knowledgeable clients with high signals.

IOS Seminar

Olga Popova:

Does Weather Sharpen Income Inequality in Russia?

Abstract: This is the first paper that examines how the intensity of extreme weather events affects income inequality. Using subnational panel data from Russia, we account for both single and consecutive extremely hot and cold days. The results suggest that consecutive extremely hot days increase income inequality, while single hot days have no impact. The impact of consecutive hot days is uneven between rich and poor regions. A detailed exploration of labor market channels behind the effects suggests that extremely hot temperature increases inequality through reducing the employment in private sector industries, increasing the unemployment, and increasing the lower-paid public sector employment. Another source of income inequality is price changes driven by consecutive hot days. Extremely cold days, both single and consecutive, have no impact on income inequality and the labor market. This exacerbates the negative impact of extreme weather events on the economy, since extremely hot days become more frequent, while the number of extremely cold days decreases.

NEW PUBLICATIONS:

Eichenseer, Michael and Moser, Johannes (2019), "Conditional Cooperation: Type Stability Across Games", *Economics Letters*, forthcoming.

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**RegensburgEconNews**

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