Recently published papers

The real impact of FinTech: Evidence from mobile payment technology

Sumit Agarwal, Wenlan Qian, Yuan Re, Hsin-Tien Tsai, Bernard Yeung

Management Science, Volume 72, Issue 5, May 2026

We utilize the introduction of mobile payment technology by the largest bank in Singapore in 2017 to study how mobile payment technology reshapes economic activities and stimulates business creation. After the introduction, business-to-consumer industries witnessed 18.3% more business creation relative to business-to-business industries, with the effect driven by small firms and more pronounced among industries with higher cash handling costs. Underlying this pattern is consumers' strong adoption of mobile payment and a reduction in ATM cash withdrawals during the post-shock period. The reduced transaction cost also increases consumers' spending capacity, which justifies the business growth. Interestingly, part of the increased consumer demand is credit card spending. The pattern of changes is consistent with the bank's adjustment to the technological change: it reduces ATMs and allows more credit card openings and higher credit limits.

Partial Specialization and Heterogeneous Task Assignments

Liu Chen

American Economic Journal: Macroeconomics, Volume 18, Issue 2, April 2026

I develop a general equilibrium model featuring multidimensional skills and partial specialization in tasks to quantify the impact of several determinants on within-occupation inequality growth from 1980 to 2000. The model introduces a new mechanism by which demand shifts affect inequality: Workers within the same occupation perform multiple and different tasks. I structurally estimate the model using microdata and account for inequality growth due to three sources: changes in occupation demand, changes in the task content of occupations, and changes in labor composition. My findings indicate that changes in task content explain the majority of within-occupation inequality growth.

Understanding Mechanisms of Persistence in Prosocial Behavior: Evidence from a Large-Scale Field Experiment

Adrian Bruhin, Simon Haenni, Lingqing Jiang, Adrian Roethlisberger, Regula Buchli, Beat M. Frey, Lorenz Goette

Journal of Political Economy Microeconomics, Volume 4, Issue 1, February 2026

We test whether asking individuals to donate blood leads to a persistent change in behavior and examine the underlying mechanism. In a field experiment, we randomize a phone call asking potential blood donors to turn out and follow them over up to 18 months. We observe significant behavioral persistence for at least 1 year. Using naturally occurring adverse weather conditions as a second instrument for donor turnout allows us to distinguish between action-based persistence (or habit formation per Stigler and Becker) and motivation-based persistence. Our results strongly favor action-based persistence as the underlying mechanism.

Identification and Inference in First-Price Auctions with Risk-Averse Bidders and Selective Entry

Xiaohong Chen, Matthew Gentry, Tong Li, Jingfeng Lu

The Review of Economic Studies, Volume 93, Issue 1, January 2026

We study identification and inference in first-price auctions with risk-averse bidders and selective entry, building on a flexible framework we call the Affiliated Signal with Risk Aversion (AS-RA) model. Assuming exogenous variation in either the number of potential bidders (N) or a continuous instrument (z) shifting opportunity costs of entry, we provide a sharp characterization of the nonparametric restrictions implied by equilibrium bidding. This characterization implies that risk neutrality is nonparametrically testable. In addition, with sufficient variation in both N and z, the AS-RA model primitives are nonparametrically identified (up to a bounded constant) on their equilibrium domains. Finally, we explore new methods for inference in set-identified auction models based on Chen et al. (2018, *Econometrica*, vol. 86, 1965–2018), as well as novel and fast computational strategies using Mathematical Programming with Equilibrium Constraints. Simulation studies reveal the good finite-sample performance of our inference methods, which can readily be adapted to other set-identified flexible equilibrium models with parameter-dependent support.

The Dramatic Rise of the New Society Journals in Economics

John C Ham, Julian Wright, Ziqiu Ye

The Economic Journal, Volume 136, Issue 673, January 2026

We produce updated rankings of economics journals based on established and new methodologies, and use these rankings to document the spectacular rise of the new society journals in economics. We show that, while several factors (editor reputations, editor experience, citations from parent journals and the number of articles published) help determine these journals' impact factors, none help explain why the new journals outperform natural comparison journals. However, soliciting top authors connected to the editors can explain their outperformance. We also consider factors such as fast turnaround times, the transfer of referee reports and associations leveraging their reputations.

The domestic political economy of China's foreign aid

Joris Mueller

The Review of Economics and Statistics, 1-45, October 2025

I study how domestic political considerations influence the foreign policy choices of autocratic regimes, by analyzing China's foreign aid. First, using contractor-level data, I document how the regime uses foreign aid projects to help maintain domestic stability: aid projects are awarded to state-owned firms in Chinese prefectures hit by social unrest, increasing employment and future political stability. Second, I find that this strategy to manage domestic unrest affects the global allocation of Chinese aid, since state-owned firms pursue projects in countries where they have prior connections.

Information design in allocation with costly verification

Yi-Chun Chen, Gaoji Hu, Xiangqian Yang

International Economic Review, Volume 66, Issue 3, August 2025

We study information design in a single-agent allocation problem with costly verification, where the principal has a positive reservation value. The agent learns privately a signal about the principal's allocation value, drawn from a distribution controlled by an information designer. Given the signal distribution, the principal designs a mechanism to maximize her net value. We show that the agent-optimal information pools high values at a signal just worth verification, whereas the principal-optimal information features full disclosure. Moreover, any agent-optimal information is principal-worst, despite their partially aligned interests and the absence of transfers.

A stepping stone approach to norm transitions

Gulesci Selim, Sam Jindani, Eliana La Ferrara, David Smerdon, Munshi Sulaiman, Peyton Young

American Economic Review, Volume 115, Issue 7, July 2025

We propose a model to study when an intermediate action can serve as a stepping stone that enables the elimination of a harmful norm. While the intermediate action may facilitate the first "step," it may also become a new norm. We derive intuitive conditions for stepping stones, which depend on the relative size of social penalties and intrinsic utility benefits. We propose an econometric approach to testing whether an intermediate action is a stepping stone, and apply it to original data on female genital cutting in Somalia. The analysis shows that the intermediate action may become the new norm.

Inference in a stationary/nonstationary autoregressive time-varying-parameter model

Donald W. K. Andrews, Ming Li

Quantitative Economics, Volume 16, Issue 3, July 2025

This paper considers nonparametric estimation and inference in first-order autoregressive (AR(1)) models with deterministically time-varying parameters. A key feature of the proposed approach is to allow for time-varying stationarity in some time periods, time-varying nonstationarity (i.e., unit root or local-to-unit root behavior) in other periods, and smooth transitions between the two. The estimation of the AR parameter at any time point is based on a local least squares regression method, where the relevant initial condition is endogenous. We obtain limit distributions for the AR parameter estimator and t-statistic at a given point τ in time when the parameter exhibits unit root, local-to-unity, or stationary/stationary-like behavior at time τ. These results are used to construct confidence intervals and median-unbiased interval estimators for the AR parameter at any specified point in time. The confidence intervals have correct asymptotic coverage probabilities with the coverage holding uniformly over stationary and nonstationary behavior of the observations.

Information systems, service delivery, and corruption: Evidence from the Bangladesh civil service

Martin Mattsson

American Economic Journal: Applied Economics, Volume 17, Issue 3, July 2025

Slow public service delivery and corruption are common problems in low- and middle-income countries. Can better management information systems improve delivery speed? Does improving the delivery speed reduce corruption? In a large-scale experiment with the Bangladesh Civil Service, I send monthly scorecards measuring delays in service delivery to government officials and their supervisors. The scorecards increase on-time service delivery by 11 percent but do not reduce bribes. Instead, the scorecards increase bribes for high-performing bureaucrats. A model where bureaucrats' reputational concerns constrain bribes can explain the results. When positive performance feedback improves bureaucrats' reputations, the constraint is relaxed, and bribes increase.

Data-driven auditing of business and self-employment earnings

Parimal Bag, Neelanjan Datta, Peng Wang

Social Choice and Welfare, Volume 64, June 2025

Entrepreneurs' profits depend on their individual abilities and a common market shock. In some situations only low ability, high profit earners submit tax returns truthfully while high ability, high profit earners underreport, when in complementary situations high ability, high profit earners submit returns truthfully and low ability, high profit earners underreport. An ability type is truthful only if its likelihood ratio of high profits under favorable market shock relative to unfavorable market shock dominates the corresponding likelihood ratio of the other ability type. Auditor audits all low submissions if the proportion of 'high submissions' exceeds a cutoff. We provide a characterization of all pure strategy tax evasion and auditing equilibria. Because the number of high submissions depends on the ex-post distribution of types and the realization of the market shock, entrepreneurs cannot tailor tax returns to systematically avoid audit scrutiny unlike in the exogenous cutoff-income tax audit models. Data-based auditing helps combat the high 'tax gap', a well-known problem in tax enforcement.

Public financing under balanced budget rules

Minjie Deng, Chang Liu

Review of Economic Dynamics, Volume 56, April 2025

This paper analyzes the impact of a balanced budget rule (BBR) on government financing costs and its implications for the government balance sheet. Exploiting the variation in BBR implementation across US states, we find that states with more stringent BBRs exhibit significantly lower bond spreads and credit default swap spreads, demonstrating the crucial role of default risk. A sovereign default model, which features long-term debt, endogenous investment and output, as well as a BBR, aligns with the empirical result. Calibrated to Illinois, our quantitative analysis suggests that implementing a BBR could dramatically decrease the state bond spread, gradually lower the debt, and improve welfare in the long run.

Spotlight on faculty research

NUSEconDigest

January 2026

Is a Fourth "Honours" Year Worth It? Evidence from NUS

Is a fourth year of university a wise investment, or just a way to delay adulthood? A study published in the *Journal of Public Economics* (2023) examines this by looking at a unique "natural experiment" at the National University of Singapore (NUS).

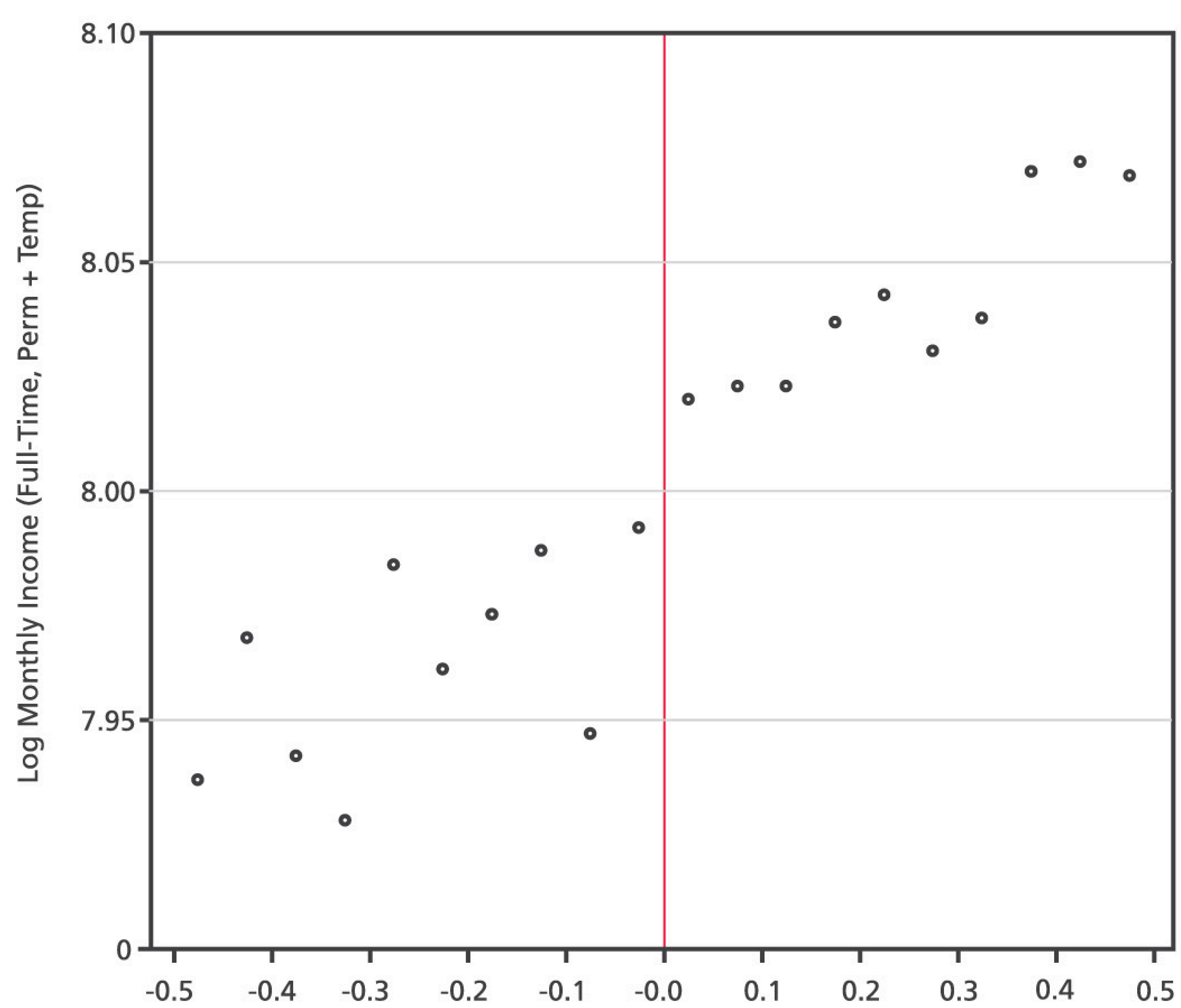
Many university systems offer a three-year bachelor's degree with an optional fourth "honours" year, but there is surprisingly little causal evidence on what that extra year yields in the labour market. In "The returns to an additional year of education for college graduates," Jie Gong and Jessica Pan study this policy-relevant margin using data from the National University of Singapore (NUS), where students in several faculties can graduate after three years with a regular bachelor's degree or complete a fourth, more advanced honours year.

The paper exploits a sharp institutional rule: in selected faculties, eligibility to enrol in the fourth (honours) year is governed by a third-year Cumulative Average Point (CAP) threshold. Students just above the cutoff are much more likely to complete the honours year than students who narrowly miss it, yet they are otherwise comparable in academic performance and background characteristics. This creates a fuzzy regression discontinuity design.

Using NUS administrative student records linked to Graduate Employment Survey (about six months after graduation), and for some cohorts, to tax records, the authors estimate the earnings payoff to the additional year of advanced undergraduate study. The main result is economically meaningful: completing the fourth year raises monthly earnings by about 12% around six months after graduation. These gains do not appear to be short-lived; administrative tax data show that the earnings premium persists for at least four years after graduation.

What drives the return — human capital or signalling? While disentangling these channels is difficult, the paper offers suggestive evidence against a "pure signalling" story. First, if honours status were merely a signal that fades as employers learn, returns should decline with experience. However, the estimated returns remain substantial over the early career window observed in tax data. Second, when NUS later lowered the eligibility threshold to encourage more students to enrol in the honours year, the estimated return remained sizable rather than being "diluted," which is hard to square with a model where the payoff is primarily the scarcity value of an honours label.

— *Summarized by* Jingyuan Guo



Distance from Honors CAP cutoff of 3.5
AY2005-2011 Cohorts
Bin Width: 0.05

Using NUS grade cutoffs, an extra honours year raises graduates' earnings about 12%, with gains persisting for several years.

Reference:
Gong, Jie, and Jessica Pan. "The returns to an additional year of education for college graduates." Journal of Public Economics 218 (2023): 104796: https://www.sciencedirect.com/science/article/abs/pii/S0047272722001980