



Maryam Farboodi Receives the 2024 Elaine Bennett Research Prize

Maryam Farboodi, the Jon D. Gruber Career Development Associate Professor and an Associate Professor of Finance at the MIT Sloan School of Management is the recipient of the 2024 Elaine Bennett Research Prize. Established in 1998, the Elaine Bennett Research Prize recognizes and honors outstanding research in any field of economics. Professor Farboodi will formally accept the Prize at the Business Meeting and Award Ceremony of the American Economic Association (AEA) Committee on the Status of Women in the Economics Profession (CSWEP), held during the 2025 AEA/ASSA Meeting on January 4, 2025.

Professor Farboodi is an applied theorist whose research focuses on the economics of big data with applications to finance and macroeconomics. She also works on developing methodologies to estimate the value of data. Furthermore, Professor Farboodi studies intermediation and network formation among financial institutions, and the spillovers to the real economy. She is also interested in how information frictions shape the local and global economic cycles. Most recently, her research has also focused on understanding the covid-19 pandemic and associated policies. In her work, Professor Farboodi identifies the key questions of our times and provides conceptual frameworks to address them.

Professor Farboodi has made significant contributions to the understanding of how economic growth interacts with the evolving role of big data in the financial sector. Her influential paper with Laura Veldkamp, “Long-Run Growth of Financial Data Technology,” published in the *American Economic Review*, demonstrates how improvement in big data technologies influences market dynamics and investor behavior. While big data can improve predictions, it may also create risks and thereby reduce market liquidity. The paper has strong implications for the efficiency of capital markets going far into the future. In another paper with the same co-author, published in *the Review of Financial Studies*, Professor Farboodi investigates how the accumulation of big data affects firms of different sizes. The findings show that while large publicly traded firms benefit disproportionately from enhanced data processing capabilities, smaller firms do not experience the same advantages—an observation with profound implications for capital allocation and firm dynamics. This work addresses a pressing issue in macroeconomics, given the growing dominance of technology companies that have been accumulating vast amounts of data about households and businesses.

An important strand of Professor Farboodi’s research sheds light on the risks posed by complex and excessively interconnected financial networks through examining the impact of financial intermediation on the market structure. Her paper “Intermediation and Voluntary Exposure to Counterparty Risk” published in the *Journal of Political Economy* reveals how financial institutions may inefficiently expose themselves to systemic risks in pursuit of intermediation spread profits. Her research explains how network structures emerge endogenously, often resulting

in socially inefficient equilibrium network structure. In another paper on networks with Gregor Jarosch and Robert Shimer, titled “The Emergence of Market Structure” and published in the *Review of Economic Studies*, Professor Farboodi and her co-authors develop a model in which the network structure emerges endogenously due to heterogeneity in trading frictions. This paper makes a significant theoretical contribution by offering a framework to explain the market structures observed in practice, including the prevalence of fat tail risks, and to study their efficiency.

Additionally, Professor Farboodi explores the intersection of financial markets and behavior in the real macroeconomy. Her work with Peter Kondor, such as the paper “Endogenous Lending Standards” published in the *Journal of Financial Economics*, offers insights into the cyclical nature of lending standards and real economic outcomes. The paper illustrates how the interaction between credit markets and production fundamentals gives rise to endogenous credit cycles, occasionally producing cleansing effects. An important extension, titled “Heterogeneous Global Booms and Busts” and published in the *American Economic Review*, analyzes the core-periphery dynamics of financial intermediaries and their impact on economic disparities across countries.

Professor Farboodi received her Ph.D. in Financial Economics joint between the Department of Economics and the Booth School of Business at the University of Chicago in 2014. Among her many honors are receiving the 2024 Sloan Research Fellowship from the Alfred P. Sloan Foundation and winning the 2019 Young Researcher Award from the SCOR-PSE Chair on Macroeconomic Risk. She is a Research Fellow at the National Bureau of Economic Research and at the Center for Economic and Policy Research.

CSWEP awards the Elaine Bennett Research Prize in memory of Elaine Bennett, who made significant contributions to economic theory and experimental economics during her short professional career and mentored many women economists at the start of their careers. The prize is given every year to a woman economist not more than ten years beyond her Ph.D. (with adjustments for family responsibilities and/or medical leaves). Previous winners of this prize are Maya Rossin-Slater (Stanford University), Rebecca Diamond (Stanford), Stefanie Stantcheva (Harvard), Melissa Dell (Harvard), Marina Halac (Yale), Emi Nakamura (UC Berkeley), Anna Mikusheva (MIT), Erica Field (Duke University), Amy Finkelstein (MIT), Monika Piazzesi (Stanford University), Marianne Bertrand (University of Chicago), Esther Duflo (MIT), Susan Athey (Stanford University), and Judith Chevalier (Yale University).

CSWEP is a standing committee of the American Economic Association charged with promoting the careers and monitoring the progress of women economists. It sponsors mentoring and networking activities, conducts an annual survey of economics departments, and distributes professional development materials and career advice. CSWEP endeavors to raise awareness of the challenges unique to women's careers in economics and best practices for increasing diversity in the economics profession.

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