

Sarah Khoei

Contact Information

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Academic Appointment

Clinical Assistant Professor of Finance

August 2026 - Present

Indiana University, Kelley School of Business

Education

- Ph.D. in Finance; University of Kentucky; USA
- Master's in Finance; University of Tehran; Iran; Summa Cum Laude
- Bachelor's in Finance; University of Economic Sciences; Iran; Summa Cum Laude

Research Interests

Household Finance, FinTech, Public Policy, Risk Management

Working Papers

When Models Fail: Evidence from Automated Underwriting in Auto Loan Markets (JMP)

Abstract: While prior studies find that automated underwriting outperforms manual underwriting, I show that there is significant heterogeneity in the adoption of automated underwriting both within and across lenders. To explain this heterogeneity, I examine the performance of automated underwriting systems under conditions of heightened data uncertainty caused by the COVID-19 pandemic. Using a combination of difference-in-differences and regression discontinuity designs, I estimate the impact of this unprecedented shock on the performance of automated underwriting in the auto loan market. My findings show that the performance of automated underwriting, as measured by ex-post default rates, deteriorated substantially relative to human underwriters during the pandemic period. The effect is particularly pronounced among higher-risk segments of borrowers, whose income and employment were more likely to be disrupted by the pandemic. Together, these results highlight the limitations of automated underwriting systems when faced with unprecedented shocks outside the scope of their historical training datasets, underscoring the continued relevance of human underwriters in the auto lending industry.

- *The American Finance Association Conference (2026), Poster Session*
- *The Financial Management Association Annual Meeting (2025)*

Tax Incidence in Consumer Financial Markets: Evidence from Auto Leases

with David Sovich & Morteza Momeni

Abstract: Using a novel dataset on auto leases and a tax policy change by the state of Georgia, we estimate how tax savings on financial products are passed through to consumers and study the determinants of the pass-through rate. We find that (1) auto dealers, rather than lenders, capture a substantial portion of this tax subsidy and (2) consumers spend about 50% of their subsidy to upgrade

and lease a more expensive vehicle. In contrast to prior literature on consumer credit markets, we find no evidence that demand factors, including credit score and past experience, affect the pass-through rate. Our findings suggest that the market structure of the auto lease market is the main driver of heterogeneity in the pass-through rate.

- *The Best Paper Award, FMA 2024, Semi-Finalist*
- *The American Finance Association Conference (2025), Poster Session*
- *The Financial Management Association Annual Meeting (2024)*

The Marginal Propensity to Default on Auto Loans

with David Sovich & Morteza Momeni

Abstract: How does the interest rate on a loan affect its likelihood of default after disbursement? What economic forces drive such a relationship? We examine these questions in the context of the indirect auto loan market. Using lender-specific discontinuities in auto loan interest rates as sources of quasi-exogenous variation, we find that a 100 basis point increase in interest rates is associated with a 41 basis point increase in the auto loan default rate. The increase in the default rate is concentrated among liquidity-constrained borrowers. We find no evidence of higher default sensitivities among borrowers with lower default costs or higher strategic default motives. Our results suggest that the ability to pay — and not the incentive — is the predominant driver of the ex-post relation between default and the auto loan interest rate.

Teaching Experience

University of Kentucky

Primary Instructor

FIN410: Investment Analysis Spring 2026

FIN410: Investment Analysis Spring 2024

**Nominated for Gatton Teaching Excellence Award*

Teaching Assistant

FIN452: Options, Futures, and other Derivatives (Undergraduate) Fall 2024

FIN652: Options, Futures, and other Derivatives (Master's) Fall 2024

FIN645: Corporate Investment & Financing (Master's) Spring 2023

Professional Activities

Conference Program Committee

The Financial Management Association Annual Meeting 2024, 2025 & 2026

Discussions

The Financial Management Association Annual Meeting 2023

Media and Public Engagement

Expert commentary for WalletHub's report on car-insurance rate comparisons (Sep. 2025). [Link](#)

Expert commentary for WalletHub's report on vehicle insurance affordability (Dec. 2025). [Link](#)

Industry Experience

Tamadon Investment Bank

Tehran, Iran

- **Head**, Investment Banking Department / Debt Financing 2020–2021
Financing strategy design; debt issuance management; underwriting decisions
- **Senior Associate**, Investment Banking Department 2017–2020
Working-capital financing; long-term debt solutions; seasoned equity offerings; Venture financing
- **Financial Analyst**, Investment Banking Department 2015–2017
Financial modeling; forecasting; IPO preparation; equity valuation; R&D

Technical Skills

Programming: Python, Stata

Document Rendering: $\text{\LaTeX}$, Microsoft Office

References

David Sovich (Chair)

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