

Getting prepared for applying to a Ph.D. in Economics or Finance Deadlines, requirements and suggestions ... A small guide by former colleagues

The following is a collection of advice, strategies and suggestions for applying to a Ph.D. program in Economics or Finance written by former students of the University of Naples Federico II.

It is intended for students attending the Master in Economics and Finance (MEF or the laurea magistrale LMEF) at the University of Naples Federico II. Remember to be forward looking and rational, and always think about future contingencies. This is true especially in September (or even earlier) when you start attending the MEF. This outstanding master is a very intensive program that will provide you with the tools to continue your studies and successfully complete a PhD program. You can also terminate your graduate studies after the master and start making money as a consultant. In this guide we focus on the first possibility.

A. General Advice.

Following a PhD is a full-time job. A great job. But it's tough. The best Ph.D. programs are divided in two main parts: a first part (usually of two years) in which you attend courses and acquire the tools necessary for doing good and innovative research; a second part in which you start your own research projects. The first two years are usually horrible. You study a lot and courses are very intensive. The compulsory courses are usually a sequence of Micro, Macro and Econometrics. The most used (basic) books are Mas-Colell for micro, Romer or Sargent-Lijunqvist for Macro, Greene/Wooldrige for econometrics. If you have already seen these books when you start the PhD, you are already on a good track. After the MEF you will have already studied from all those books!!! So MEF represents a good starting point to be successful in the first two years. As anticipated, doing a PhD is as stressful as any other rewarding job. There is no free lunch on that market. It is also a psychologically challenging experience, because if you will be enrolled in a good PhD program, you are probably one of the best students in your university (congratulations!). However, you will interact, and sometimes compete against top students from all over the world. This means redefining your expectations, be humble, and work even harder. Not being in the top half of the class will not be uncommon, but this cannot discourage you from going on. To be successful, you need to be the best researcher you can be, not the best exam-taker. Thus, when you start, your motivation should be really high!!

B. Why do a PhD.

By the beginning of the final year of the PhD (end of October) you are supposed to finish a paper that represents your job market paper, and look for a job. A PhD is normally completed in order to pursue a career in academia. Every year, about 70% of the available jobs in the market are for post-docs or assistant professor positions. If you are an applied economist, you can also find a job in institutions (Central banks or International Organizations) - these represent 20% of the available jobs. The remaining 10% is in the private sector. A PhD in Finance and Economics are appreciated in the Investment banking sector for example, but for those jobs you will need to move to specific cities: London, New York and so on...

The job market after a PhD in Economics or Finance is very peculiar. It takes place every year in early January, during the meetings of the most important economic association, namely, the American Economic Association, in a city of the US (which changes every year). All of your interviews, both for academic and non-academic jobs, will take place during the three days of

the conference. You will mainly talk about your job market paper, which needs to be innovative and able to show your independent skills as a researcher. If successful, the candidates are then invited to give a seminar at the institutions (or to have another interview at the bank or international organization) in front of the entire faculty. Finally, if they have impressed the members of the hiring institution, they will make you an offer to become one of their faculty members as Assistant Professor.

C. Where to apply.

Best ECO and FIN departments in the world are in US. These programs usually provide you with a grant for the whole length of the PhD. However even in US there is a lot of heterogeneity. From very top departments (Harvard, MIT etc.) to very average ones. The list of departments to which it is reasonable to apply is the top 50/60 departments. You can easily find this list on google. There are also good departments in Europe. In Italy, Bocconi and EUI. In Spain, Pompeu Fabra and CEMFI. In the UK, the LSE, UCL and Oxford. Stockholm and Toulouse are top places in the world. German universities are getting better and better (Bonn, Mannheim, Goethe etc.).

If you want to do a PhD in Finance you should look at US business schools (every top department also has a business school: examples are Chicago Booth, NYU Stern etc.). In Europe there are LSE, LBS, Stockholm business school, Swiss Finance Institute, Bocconi, Imperial College etc.

This represents only a small list. Depending on your dissertation work, you (and your adviser) will know more about the best-fit places for you. In general European Departments are very good in specific fields of research. If you go to US top departments, you instead find top professors in all fields. So when you apply to European Universities you should preliminary check if in the department there are people that match your future research interests.

Before applying check the job market record of the institutions you are considering. Specifically, you want to know where the best students in that department are usually placed in academia. This is because your success on the job market will heavily depend also on the institution's ability to promote and support its students. Then, if you are considering the department X, because maybe it's close to home, or is in the city of your dreams, but the best students from that university are only placed in unknown universities in the middle of nowhere, then rethink your choice. The five or six years of your PhD will go fast, but you need to make them worthwhile by having the best possible opportunities for your future career.

Remember that this is also a life choice. You will spend 5 or 6 years at the place you study.

D. When to apply

Deadlines are a crucial part of the application process. In US, deadlines are usually between November and December. In Europe usually between January and March. There may be exceptions. So, again, go and check on the university websites!!!

The deadline means that you have to be in possess of all the required documents a couple of weeks before the deadline !!

Required documents usually are: 3 letters of reference, CV, a cover letter, a TOEFL/IELTS and a GRE.

CV and cover letter are the easiest documents to obtain. You can find formats on the internet. But you should be very careful. People usually don't have time to read these documents. So you should find the best compromise between efficiency and efficacy. Highlight the most

important information. A CV and a cover letter, if not specified, should be never longer than 2 pages.

Letters. It is very important that you find three professors that know you well and write you good letters. Ideally you should have a couple of letters from your home university and a letter from a professor of the Master. You have to be sure that letters are good and detailed. The best strategy is to go and speak with professors. Go to office hours with clear ideas about your application strategy. You have to be clear in which field you want to do research, which is your target university, which are the strengths of your profile. Being shy does not pay. Showing inaccuracy is not a sound strategy. Try to fix your ideas before going to ask for a letter. Speak frankly and try to understand where your letter-writers think you can be admitted, e.g. top 10, top 50 departments in the US or Europe. Usually they will have a pretty accurate idea, if they have done this before, so that you can try to manage expectations.

If you do not still have a TOEFL or a GRE in September it is time to do it!!! Immediately book the exam on the GRE and TOEFL websites (the earlier the better). You do not want to end up in November with the Master exams coming up and with GRE and TOEFL exam to be done together. Behave strategically. Be forward looking and if needed, sacrifice some Saturdays or Sundays.

Regarding the TOEFL, a usually required grade is close to 100. For GRE only (or quite only) the quantitative part matters. You have to end up at least in the top 10% percentile. 5% is a good result. This basically means obtaining more than 780/800 to have a shot at a top US school. ALL US universities ask for a GRE. Not all European ask for a GRE. Again, check on the websites.

Most of schools select candidates based on these documents, in particular the reference letters. Reference letters should be written by professors that know you better and have a very good opinion of your dissertation, your curiosity, your ambition.

However, some also perform a telephone interview with the members of the admission committee, especially for a PhD in Finance. Bear in mind, that the tests and the transcripts of the exams will only buy you a spot on the desk (all applications with low scores at the GRE, for instance, are usually thrown in the bin right away), but what can really get you admitted are the letters and whatever else you might bring as a statement of your motivation and abilities (e.g. honours and awards, as well as, publications).

E. Funding.

Most departments in the US and Europe provide funding support for the first 4 or 5 years of the program. However, there is heterogeneity, in the sense that public schools tend to fund fewer students (usually the very best), while other privately funded universities have the resources to support all of the admitted students. Usually, the scholarships range from 20 to 35 thousand dollars. In exchange, the students starting in their second or third year work as Teaching or Research Assistants, which means working for about 20 hours/week.

However, it is always good to apply for external funding. There are quite a few opportunities for Italian students. For instance, Bank of Italy has a fellowship to support a student during a PhD abroad, similar opportunities are offered by the Unicredit Universities Foundation and the Marco Fanno Association. The deadlines are usually in October/November.

There are three advantages of applying for external funding. First, it provides an easy hedging mechanism in case of admission to a top department without funding. Second, it also provides a signal in your application that you are among the very best students in your cohort. Moreover, there are some schools which allow you to cumulate their funding support with an external one, which might get in handy to purchase a few more airplane tickets to come back home.

F. Final suggestions.

Be ambitious. Obviously try to calibrate the applications according to your profile; but once you have a list in hand, do not be selective. In the worse scenario you will get a rejection. The marginal cost of an extra application is really zero, in fact, the average student applies to more than 50 places if there are no geographical restrictions. Try to contact ex-students of the MEF by e-mail if you are applying to the PhD program in which they are or have been enrolled. You can usually find their e-mail addresses on the universities website. They will be more than happy to help you. Again, don't be shy.

Good luck!

PS. These notes are based on the personal experience of the authors and do not represent an exhaustive list.

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