Population Turnover and the Growth of Urban Areas 5
By Jason P. Brown and Colton Tousey

Mobile Banking Use and Consumer Readiness to Benefit from Faster Payments 21
By Fumiko Hayashi and Ying Lei Tob

Corporate Leverage and Investment 37
By W. Blake Marsh, David Rodziewicz, and Karna Chelluri

Reshuffling in Soybean Markets following Chinese Tariffs 57
By Cortney Cowley
**Population Turnover and the Growth of Urban Areas**
*By Jason P. Brown and Colton Tousey*

People in the United States are relocating nearly half as much they did in the early 1980s. Lower population turnover—the propensity of people to move into or out of a given location—may mean a decline in labor market adjustment across industries and occupations; when people move across regions for job-related reasons, they may help smooth out changes that hit certain labor markets harder than others. Population turnover may also lead to better matches between employer and employee, an important factor in the growth of urban areas.

Jason P. Brown and Colton Tousey examine the relationship between population turnover and overall population growth across urban areas of various sizes from 2000 to 2017. They find that larger urban areas tend to have higher population turnover and that higher initial levels of turnover are correlated with faster population growth over subsequent decades. Their findings, which are consistent with other studies showing economic activity increasingly concentrating in larger urban areas, suggest that areas with small populations and lower levels of labor market adjustment face greater economic challenges.

**Mobile Banking Use and Consumer Readiness to Benefit from Faster Payments**
*By Fumiko Hayashi and Ying Lei Toh*

The U.S. payments industry is currently implementing faster payments that will enable consumers and businesses to send and receive payments almost instantly at any time of day, any day of the year. Mobile banking in particular may allow consumers to realize the full benefits of faster payments. As a result, a consumer’s use of mobile banking is a good indicator of their readiness to benefit from faster payments.

Fumiko Hayashi and Ying Lei Toh examine which consumer characteristics are associated with mobile banking use as well as what other factors may influence consumer readiness. They find that banked households that are younger, higher income, college-educated, employed, or that occasionally use alternative financial services are significantly more likely to have used mobile banking for transactions. Their results suggest three additional factors may influence consumer readiness to fully benefit from faster payments: the availability and cost of digital infrastructure, the availability of mobile banking and its transaction functions, and consumers’ perceptions of and savviness with mobile banking and related technologies.
Corporate Leverage and Investment  
By W. Blake Marsh, David Rodziewicz, and Karna Chelluri

The rise in corporate debt over the last decade has led to increased concerns about risks to financial stability and economic growth, as highly indebted firms are more likely to default in the event of an economic downturn. However, elevated corporate debt can influence a firm’s decision-making even in the absence of financial stability risks. Debt service payments reduce net income that could otherwise finance future investment, and higher debt levels drive credit costs up as default risk rises, incentivizing firms to invest in riskier projects. In addition, some investors may be unwilling to finance new firm investments if they fear that any investment returns will accrue only to senior debt holders.

W. Blake Marsh, David Rodziewicz, and Karna Chelluri examine the relationship between high corporate leverage and future firm spending on structures, machinery, and equipment. They find that, on average, more leveraged firms across industries tend to have lower levels of investment activity in the future. This negative relationship between debt and investment is strongest for the most highly indebted firms and is evident in both economic downturns and expansions.

Reshuffling in Soybean Markets following Chinese Tariffs  
By Cortney Cowley

In 2018, China significantly increased tariffs on imports of several agricultural commodities from the United States, including a 25 percentage point rise in the tariff on soybeans. China has been the primary foreign destination for U.S. soybeans over the past decade, accounting for a majority of U.S. soybean exports. A disruption in soybean markets could have broad implications for the U.S. agricultural sector, where soybeans have made up a majority of the growth in exports of bulk agricultural commodities and a growing share of crop production and farm revenues.

Cortney Cowley examines the initial market responses and potential long-term implications of Chinese tariffs amid other supply and demand disruptions. She finds that although some U.S. soybean exports reshuffled to other trading partners, total exports of soybeans declined 21 and 14 percent relative to the previous five-year average in 2018 and 2019, respectively, following the implementation of tariffs. Despite the signing of a “phase one” trade deal in January 2020, tariffs could, in the longer term, lead to expanded production in and exports from other countries, a further reshuffling of global soybean exports, and reduced competitiveness for U.S. soybeans in world markets.