

Annual Report

2018

Centre for Finance
University of Gothenburg



GÖTEBORGS UNIVERSITET



RESEARCH AND INNOVATION
FOR SUSTAINABLE GROWTH

Annual Report 2018

Centre for Finance

University of Gothenburg

Visiting address:

Vasagatan 1, D5

Postal address:

Box 640

405 30 Göteborg, Sweden

Tel: +46-31-786 52 40

Fax: +46-31-786 51 14

cff@handels.gu.se

www.cff.handels.gu.se

Research 2018 – Annual Report

Centre for Finance research catalogue

University of Gothenburg, July 2019

CONTENTS

1. Research activities at CFF
2. Published works during 2018
3. Presentations at scientific conferences, symposiums, workshops etc, 2018
4. New working papers 2018
5. CFF Seminars and Conferences 2018

1. Research activities at CFF

1.1. Mission and Vision

In 2010 the Centre for Finance (CFF) received a grant from VINNOVA to establish one of Sweden's three new research centers within finance. The Centre is also financed by the business community, the University of Gothenburg and the School of Business, Economics and Law.

CFF's mission is to contribute to a sustainable financial system through:

- Excellent research focusing on financial intermediation, specifically the interaction between financial institutions and business/households.
- An open and creative multidisciplinary research environment.
- Close interaction with practitioners, education and society at large.

CFF's vision is to advance the understanding and practice of financial intermediation and to be the leading Nordic research center in this field, with expertise in great demand. It is also to be a highly regarded and exciting arena for collaboration among researchers, students, financial practitioners and policy makers.

1.2. Highlights 2018

5th AP2-CFF Conference December 10

"Can Financial Research be used in the Finance Industry?"

Many financial institutions base part of their operations on results produced by researchers in finance. Recently, the robustness and interpretation of some of these results have been questioned and it is unclear whether they will hold up in the future. The reasons being e.g. so called p-hacking and issues related to the interpretation of statistical significance. The conference brought together researchers and practitioners to facilitate the discussion and development of ideas related to how and to what extent the finance industry can rely on financial research for their operations. The academic key-note speeches were by delivered Amit Goyal, University of Lausanne, and Lu Zhang, Ohio State University.

The 10th Nordic Corporate Governance Network Conference, June 14-15

The Centre hosted the yearly Nordic Corporate Governance Workshop June 14-15. Academic papers from all Nordic countries were presented at the workshop. We were especially happy that several Law Scholars participated in the workshop. The keynote speeches were given by Ronald Gilson, Professor Stanford Law School, and Inga-Britt Ahlenius, the former Under-Secretary General for the United Nations Office of Internal Oversight Services.

Edward Altman gave the 2018 Tore Browaldh lecture, May 31

Professor Edward Altman, Stern School of Business, New York University, gave the 2018 Tore Browaldh lecture. The title of the talk was "A 50-Year Retrospective on Credit Risk Models, the Altman Z-Score

Family of Models and Their Applications to Financial Markets and Managerial Strategies". Professor Altman's lecture was highly appreciated by finance professionals as well as by researchers and students.

2. Published works during 2018

Basu Bal, A., **Elliot, V., Lindblom, T.,** Malmberg, L-G., Rajput, T. and Woxenius, J. 2018. Different Perspectives on Supply Chain Finance - In search of a holistic approach. In Cullinane, C. and Gong, S. "Financial and Risk Management in International Transport, Logistics and Supply Chain Management". Elsevier.

Carlander, A. Gamble, A. Gärling, T. Carlsson Hauff, J. Johansson, L.O. and **Holmén, M.** 2018. The role of perceived quality of personal service in influencing trust and satisfaction with banks. *Financial Services Review* 27, 83-98.

Elliot, V. 2018. Funds Transfer Pricing in Swedish Savings Banks: An Exploratory Survey. *Scandinavian Journal of Management* 34, 289-302.

Elliot, V., Lindblom, T. 2018. The impact of recent regulatory reform on the use of supply chain finance – the case of reverse factoring. In García-Olalla, M. and Clifton, J. "Contemporary Issues in Banking: Regulation, Governance and Performance". Springer.

Elliot, V., Willeson, M. 2018. Does bank regulation spill-over to firm financing? SME financing, bank monitoring and the efficiency of the bank lending channel. In García-Olalla, M. and Clifton, J. "Contemporary Issues in Banking: Regulation, Governance and Performance". Springer.

Farago, A., Hjalmarsson, E. 2018. Stock price co-movement and the foundations of pairs trading. *Journal of Financial and Quantitative Analysis*, Forthcoming.

Farago, A., Tédongap, R. 2018. Downside Risks and the Cross-Section of Asset Returns. *Journal of Financial Economics* 129, 69-86

Hjalmarsson, E. 2018. Maximal predictability under long-term mean reversion. *Journal of Empirical Finance* 45, 269-282.

Jeppsson, H. 2018. Initial Public Offerings, Subscription Precommitments and Venture Capital Participation. *Journal of Corporate Finance* 50, 650–668

Jeppsson, H. 2018. Biomarker of Quality? Venture-backed Biotech IPOs and Insider Participation. *Journal of Applied Corporate Finance* 30, 78–88

3. Presentations at international scientific conferences, symposiums ,workshops etc, 2018

Alizada, P. Wolpertinger conference, University of Modena and Regio Emilia, Modena, Italy, Aug 29 - Sep 1.

Paper: *Duration of supplier-customer trade relationships*

Elliot, V. Wolpertinger conference, University of Modena and Regio Emilia, Modena, Italy, Aug 29 - Sep 1.

Paper: *The impact of recent regulatory reforms on cross-border correspondent banking: A study of the Nordic markets.*

Elliot, V. 10th Nordic Corporate Governance Network Conference, Gothenburg, June 14-15.

Paper: *The impact of banks' net regulatory burden on financial supply-chains.*

Fang, D. Society for Advanced Economic Theory Annual Conference, Taipei, June 12.

Paper: *Market Structure and the Speed of R&D*

Fang, D. Midwest Economic Association Annual Meeting, Evanston, March 23.

Paper: *Turning up the heat: The demoralization effect of competition in contests*

Fang, D. Financial Management Association Annual Conference, San Diego, Oct 11.

Paper: *Turning up the heat: The demoralization effect of competition in contests*

Fang, D. Economics Seminar, Chapman University, Orange Country, May 3.

Paper: *Turning up the heat: The demoralization effect of competition in contests*

Fang, D. Micro Theory Seminar, UC Berkeley, Berkeley, March 19.

Paper: *Less Competition, More Meritocracy?*

Fang, D. Micro Theory Seminar, National University of Singapore, Singapore, Aug 15.

Paper: *Less Competition, More Meritocracy?*

Fang, D. Economics Seminar, Singapore Management University, Singapore, Aug 16.

Paper: *Less Competition, More Meritocracy?*

Herbertsson, A. 10th World Congress of the Bachelier Finance Society, Dublin, July 17.

Paper: *CDS index options in Markov Chain Models*

Hjalmarsson, E. Workshop on Financial Econometrics, Örebro University, November.

Paper: *Compound returns*

Hjalmarsson, E. European Summer Meeting of the Econometric Society, Cologne, August.

Paper: *Testing Return Predictability with the Dividend-Growth Equation: An Anatomy of the Dog*

Jeppsson, H. World Finance Conference, Mauritius, July 25–27.

Paper: *Initial Public Offerings, Subscription Precommitments and Venture Capital Participation*

Kiss, T. Summer Workshop at the Hungarian Academy of Sciences, Budapest, August 9-11.
Paper: *Predictive Regressions in Predictive Systems*

Lindblom, T. FMA European Conference, Kristiansand, June 13-15.
Paper: *Funds Transfer Pricing, Liquidity Premium and Market Structure*

Mavruk, T. 22nd Financial Management Association International, European Conference, Kristiansand, Norway, June 13-15.
Paper: *Cross Regional Differences in News Tone and the Change in Local Portfolios.*

Mavruk, T. India Development Foundation Seminar, Gurgaon, India, April 22-23.
Paper: *Cross Regional Differences in News Tone and the Change in Local Portfolios.*

Mavruk, T. 54th Eastern Finance Association Annual Meetings, Philadelphia, USA, April 11-14.
Paper: *Cross Regional Differences in News Tone and the Change in Local Portfolios.*

Zamojski, M., International Association for Applied Econometrics, Montreal, June 26-29.
Paper: *Filtering With Confidence: In-sample Confidence Bands For GARCH Filters*

Zamojski, M., Econometric Society European Meeting, Cologne, August 27-31.
Paper: *Dynamic term structure models with score-driven time-varying parameters: estimation and forecasting*

4. New Working Papers 2018

Carlsson Hauff, J., A. Carlander, T. Gärling, and G. Nicolini. Stages of Retirement Financial Behavior Related to A New Survey Measure of Financial Literacy. Manuscript, Centre for Finance, University of Gothenburg.

Elliot, V., T. Lindblom, and M. Willeson. The impact of recent regulatory reforms on cross-border correspondent banking: A study of the Nordic markets. Manuscript, Centre for Finance, University of Gothenburg.

Fang, D. and T. Noe. Less competition, more meritocracy?. Manuscript, Centre for Finance, University of Gothenburg.

Fang, D. and T. Noe. Market structure and the speed of R&D. Manuscript, Centre for Finance, University of Gothenburg.

Banerji, S. and D. Fang. Money as a weapon: Financing a winner-take-all competition. Manuscript, Centre for Finance, University of Gothenburg.

Fang, D., M. Holmen, and T. Mavruk. Category changes matter: Morningstar ratings and mutual fund flows revisited. Manuscript, Centre for Finance, University of Gothenburg.

Gangopadhyay, S., T. Mavruk, and S. Chakravarty. Patents' time to grant: A study of China and India. Manuscript, Centre for Finance, University of Gothenburg.

Gärling, T., D. Fang, and M. Holmen. Review of behavioral explanations of increased risk taking induced by rank-based incentives to delegated investment managers. Manuscript, Centre for Finance, University of Gothenburg.

Herbertsson, A. CDS Index Options in Markov Chain Models. Manuscript, Centre for Finance, University of Gothenburg.

Hjalmarsson, E., A. Chaboud, and F. Zikes. The Changing Nature of Price Discovery: Evidence from the FX market 2008-2015. Manuscript, Centre for Finance, University of Gothenburg.

Jeppsson, H. Corporate and Independent Venture Capital: Substitutes or Complements? Manuscript, Centre for Finance, University of Gothenburg.

Kiss, T. Predictive Regressions in Predictive Systems. Manuscript, Centre for Finance, University of Gothenburg.

Mavruk, T. Do men outperform women in finance classes? Manuscript, Centre for Finance, University of Gothenburg.

Willesson, M. and V. Elliot. The impact of banks' net regulatory burden on financial supply-chains. Manuscript, Centre for Finance, University of Gothenburg.

5. CFF Seminars and Conferences 2018

Research seminars 2018

- Pete Kyle (Maryland)
– *"Dimensional Analysis, Leverage Neutrality, and Market Microstructure Invariance"*
– March 1

- Darya Yuferova (NHH Bergen)
– *"Intraday Return Predictability, Informed Limit Orders, and Algorithmic Trading"*
– March 8
– [Read paper](#)

- Egle Karmaziene (Groningen)
– *"Incentives of Financial Analysts: Trading Turnover and Compensation"*
– March 22
– [Read paper](#)

- Angelo Ranaldo (St Gallen)
– *"OTC Premia"*
– April 12

- Björn Hagströmer (Stockholm University)
– *"A Network Map of Information Percolation"*
– April 19
– [Read paper](#)

- Jörg Rocholl (ESMT Berlin)
– *"The Cleansing Effect of Banking Crises"*
– April 26
– [Read paper](#)

- Stefan Pitschner (Uppsala)
– *"Shortages in Corporate Liquidity During Crises and Normal Times: Evidence From Corporate Filings"*
– May 3
– [Read paper](#)

- Evangelos Benos (Bank of England)
– *"Centralized Trading, Transparency and Interest Rate Swap Market Liquidity: Evidence from the Implementation of the Dodd-Frank Act"*
– May 17

- Edward Altman (NYU)
– *"Credit Cycle Outlook and the Altman Z-Score Models After 50 Years"*
– Browaldh lecture
– May 31

Youngju Nielsen (Sungkyunkwan University)
"The Value of Due Diligence: The Case for Passive Hedge Fund of Funds"
September 27
[LinkedIn](#)

Kasper Roszbach (Norges Bank)
"Collateral Damaged? Priority Structure, Credit Supply, and Firm Performance"
October 4

Jens Josephson (SBS Stockholm University)
"Credit Ratings and Structured Finance"
October 18

Igor Letina (Bern)
"Designing Dynamic Research Contest"
October 25
[Read paper](#)

Matthew Ringgenberg (Utah)
"Passive Investors and Passive Monitors"
November 8
[Read paper](#)

Julia Schaumburg (VU Amsterdam)
"Do information contagion and business model similarities explain bank credit risk commonalities?"
November 22
Read paper

Xin Zhang (Riksbanken)
"Score-driven tail shape, with application to bond yields at a high frequency"
November 29

Andrea Vedolin (Boston University)
"Central Bank Communication and the Yield Curve"
December 13
[Read paper](#)

Seminars 2018

"Some experiences from running start-ups"

with Jacob Rudbäck, CEO Yepstr

Date: Wednesday February 7

"Financial due diligence at EY Corporate Finance"

with Camilla Lindau and Sebastian Backlund, Ernst & Young

Date: Wednesday February 14

"Entrepreneurship and Curiosity"

with Bile Daar, Keel Capital

Date: Wednesday February 28

"Effekten av migration och höjd pensionsålder på pensionen resp. samhällsekonomin"

with Tommy Lowén, Pensionsmyndigheten

Date: Wednesday March 7

"Incitamentssystem för lärare, elever, föräldrar och stat i framtidens skola"

med Magnus Henrekson

Dag: onsdag 21:e mars

"Future retail arena"

with Camilla Wernlund, Head of New Business at Kapp Ahl

Date: Wednesday March 28

"Hur skall Kommuner och Landsting klara sitt uppdrag när inte skatter kan höjas? – Hur ser incitamenten ut för att minska beroendet av statsbidrag?"

with Annika Wallenskog, Chefsekonom SKL

Date: Wednesday April 18

"From Idea to Product – Challenges for Entrepreneurs"

with Anders Martin-Löf, CFO Wilson Therapeutics

Date: Wednesday April 25

"Trafikverket presenterar kalkylerna bakom Höghastighetstågen"

med Peter Bernström, Trafikverket

Dag: Onsdag 26:e september

"Global In Vitro Fertilization Market"

with Peter Svalander, founder of Vitrolife

Date: Wednesday October 10

[See presentation](#)

"The Economic Consequences of Brexit"

with Gianmarco Ottaviano, Bocconi University and London School of Economics

Date: Wednesday November 7

[See presentation](#)

"Bodenholm Capitals Hedge Fund Strategy"

with Per Johansson, CEO Bodenholm

Date: Wednesday December 5

5th AP2-CFF Conference December 10

"Can Financial Research be used in the Finance Industry?"

Many financial institutions base part of their operations on results produced by researchers in finance. Recently, the robustness and interpretation of some of these results has been questioned and it is unclear whether they will hold up in the future. The reasons being e.g. so called p-hacking and issues related to the interpretation of statistical significance. The conference will bring together researchers and practitioners to facilitate the discussion and development of ideas related to how and to what extent the finance industry can rely on financial research for their operations.

13.30-14.00 Coffee

14.00-14.45 Hans Fahlin, Christoffer Grände and Tomas Morsing, AP2

"A case study of applied financial research: the Second Swedish National Pension Fund, AP2"

14.45-15.30 Lu Zhang, Ohio State University

" q^5 : Stress-testing factor models"

15.30-16.00 Coffee Break

16.00-16.45 Amit Goyal, University of Lausanne

"Anomalies and multiple hypothesis testing: Evidence from over two million trading strategies"

16.45-17.30 Utz Weizel, Utrecht University

"Risk perception of financial professionals and bubbles"

17.30-17.45 Break

17.45-18.15 Youngju Nielsen, Sungkyunkwan University

"Restoring confidence in finance academics"

18.15-18.45 Adam Farago, CFF

"Compound Returns"