ABSTRACT PROCEEDINGS

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Abstract Overview

Paper No.:	Participant Name	Main Session No.
1	Ahmed Marhfor	7.1.

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Co-Authors
M'Zali Bouchra (UQAM)
Jean Claude cosset (HEC Montréal)

strictly double-blind peer-reviewed

Title
Law, Politics and Capital Allocation: International Evidence from the Structural Investment Model

Abstract
In this paper, we assess which approach -legal or political- better explains differences in firms' financing constraints. While many scholars recognize the importance of country institutions in shaping efficient capital markets, there is considerable disagreement on which institutional factors are most important. We find evidence that both political and legal factors are relevant in explaining financing constraints. We also provide evidence on channels through which specific institutions may affect capital allocation. Our results indicate that common law origin and strong public enforcement improve access to finance. Furthermore, we show that high levels of press freedom, less restrictions on investment and low levels of corruption help alleviate firm's financing constraints

Abstract Overview

Paper No.:	Participant Name	Main Session No.
2	Ron Christner	1.3.

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strictly double-blind peer-reviewed

Title

Evaluating the Best Single Stock Beta sources as predictors of future volatility for the D.J.I.A stocks

Abstract

This study compares and evaluates for a recent period the relative accuracy, or predictive power, of the degree of volatility, to the market (proxy), measured by beta, for D.J.I.A. stocks when accessed from various websites. Specifically, we utilize data from our recent article which collected beta coefficients from various published sources about a year ago for the 30 Dow Jones Industrial stocks (D.J.I.A.), as well as the 500 S&P stocks.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
3	Dr. Bernhard Kronfellner	2.2.

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Vienna

Co-Authors
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strictly double-blind peer-reviewed

Title
Alternative Bank Tax Modelling to Increase Bank Stability

Abstract
Problem: The financial crisis of 2007-2009 has proven that the current regulatory regime could not prevent financial institutions to take, mostly knowingly, tremendous amounts of risk. Recent regulatory developments have certainly amended the situation but the incentives for bankers to take riskier business decision still remain. Objective: As a lesson learned of this crisis and to avoid future asset bubbles, new mechanisms (a bank tax alternative) are needed (i) to smoothen the risk appetite of managers in the financial sector, (ii) to rebalance the lately emerged moral hazard due to public bank bail-outs, and consequently (iii) to enhance the soundness of banks. Method: Our analysis uses stochastic models of option- and credit-default-pricing to model creditors´ and managers´ risk taking incentives. Results: In modelling current performance related remuneration schemes as long call option on the firm profit and bank bail-outs as long put option on the firm value, we construct a new mechanism by using put options issued by the state (where the premium is the new bank tax). This mechanism (i) decreases the risk-taking incentives for managers, (ii) enhances the expected bank profit, (iii) lowers the volatility of financial institutions, (iv) strengthens the soundness of banks, and, thus, (v) reduces the risk of future public bank bail-outs.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
4	Joseph Calandro, Jr	1.1.

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USA

Co-Authors
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strictly double-blind peer-reviewed

Title
A PRACTICAL APPROACH TO BUSINESS UNIT HURDLE RATES, PORTFOLIO ANALYSIS AND STRATEGIC PLANNING

Abstract
During the course and scope of our work as both corporate finance advisors and researchers we have encountered a number of executives who struggle with their current methods of estimating business unit hurdle rates, and evaluating business unit portfolios. Therefore, we adopted a well-known financial model and modified it for use in a business unit context through the use of a strategic "accounting beta." Significantly, we also recast and simplify the mathematical expression of the model, which provides a level of transparency to the model that makes it easier for corporate executives to understand and therefore use. It also facilitates a practical form of portfolio analysis, which can be used in conjunction with various capital budgeting methods to question certain strategically significant assumptions, as well as to inform and direct more detailed forms of analysis.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
5 & 6	Steve Asikin	5.1.

Affiliation
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First Paper Title (No. 5)
Asymetric Curvic Octahedral Risk Chances in Industrial Economics for IFRS-GAAP Financial Statement's Optimization Budget Planning (Advancement of Pacioli Accounting Math on Global Public Firms)

First Paper Abstract (No. 5)
In no absolute zero, mutually exclusive variables are better centralized at common means [$\mu X=\Sigma PiXi$, $\mu Y=\Sigma CiYi$, $\mu Z=\Sigma LiZi$], of total X probability $\Sigma P=1$, total Y chances $\Sigma C=1$, total Z likelihood $\Sigma L=1$. Absolute of standard of deviations [$|\sigma X|$,$|\sigma Y|$,$|\sigma Z|$] placed at any suitable distance from [μX, μY, μZ] center on given population densities, that almost 100% lies between maximum distances of [$|\mu X/\sigma X|$, $|\mu Y/\sigma Y|$,$|\mu Z/\sigma Z|$], curvic (normal, hyperbolic or parabolic) octahedral probability topology (with median, modes, shapes and asymetric surfaces) in Gaussian Kriging, Kernel, Klein-Spaddy and Ichimura's model.
Application of this on Financial Statement optimization found useful to make Accounting-financial-measures, easily planned-ahead and Improving Corporate-Reporting, so big public-corporations could have optimum future Balance-Sheet and Income-Statement, according to Pacioli Accounting's Math.
Its Financial-Optimization is using A-Z, all characters as General-Ledger's abbreviations, for shorter-mathematics on International Financial Reporting Standard (IFRS) of Generally-Accepted-Accounting-Principles (GAAP), with no-double usage, as much-more-prudent improved Chart-of-Accounts, sharper Financial-measures ratios and quicker but easier Accounting-algebra.

Second Paper Title (No. 6)
"Non Parametric Central Orthogonal Curvature Econometrics
In-Search of Distribution-Topology in Japanese Survey of Production
(for 3 Mutually Exclusive Dimensions and Higher Grade Economics)"

Second Paper Abstract (No. 6)

"Non-Parametrics are never assuming their data or population have any specific shapes or arrays belong to any specific distribution. Parameter-free econometrics are function of fairly treated sample that never been manipulated to any distributive assumption.

Because of its less assumptions, non-parametrics are more fair, and healthy adjusted.

Mutually exclusive variables in physical, are limited to 3 dimensions [X,Y,Z] orthogonal illustration which 90o separated among others. Phytagoras hypotenuse applied since Cosine 90o=0, R= [X2-2XYCosθ+Y2]0.5= [X2+Y2]0.5. Linear Algebra Matrices needed for higher than 3-dimensions'.

Orthogonal data centralized at means [μX=ΣPiXi, μY=ΣCiYi, μZ=ΣLiZi], of X probability ΣP=1, Y chances ΣC=1, Z likelihood ΣL=1. Absolute deviations [|σX|,|σY|,|σZ|] are distanced from [μX, μY, μZ]. Almost 100% lies between maximum distances (0-Maximum). The [|μX/σX|, |μY/σY|,|μZ/σZ|] curvic (normal, hyperbolic or parabolic) octahedral probability topology (with median, modes, shapes and asymetric surfaces) could be smoothed by Gaussian Kriging, Kernel, Klein-Spaddy and Ichimura's, relevant to its zero and |Max/σZ|."

Abstract Overview

Paper No.:	Participant Name	Main Session No.
7 & 8	Hye-Jin CHO	5.1. & 1.3.

Affiliation
University of Paris 1
France

Co-Authors

strictly double-blind peer-reviewed

First Paper Title (No. 7)
Bank Capital Regulation (BCR) Model

First Paper Abstract (No. 7)
The motivation of this article is to induce the bank capital management solution for banks and regulation bodies on commercial bank. The goal of the paper is intended to mitigate the risk of banking area and also provide the right incentive for banks to support the real economy.

Second Paper Title (No. 8)
Economic Size and Debt Sustainability against Piketty's "Capital Inequality"

Second Paper Abstract (No. 8)
This article presents a methodology designed to facilitate alternative variables measuring economic growth. A capital-labor split of Cobb-Douglas function is adapted for use in the context of economic growth. A capital/income ratio and two fundamental law of capitalism originated by Thomas Piketty illustrate capital inequality undervalued than labor inequality. In addition, the article includes export and external debt as strong alternatives. Empirical data of the World Bank are analyzed to demonstrate broad differences in economic sizes. The case analysis on Latin America as an example of different sized economy is also discussed.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
9	Dr Rama Kanungo	6.4.

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UK

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strictly double-blind peer-reviewed

Title
Is Cash Option better than Stock Option? The UK M&As during the Financial Crisis

Abstract
Purpose – The purpose of this paper is to analyse the payment choice options of the UK M&As during recent financial crisis 2007-09 and to re-examine how the choice of payment as well as firm level characteristics of acquirers are influenced during this crisis. This study incorporates both stock and cash financing options.
Design/methodology/approach – Two sets of methodologies are employed. First, a Financial Stress Index (FSI) is used to evaluate the market response to the payment choice of acquirers. Second, a number of accounting and firm level measures are used to examine the capital structure, ownership, asymmetric information of firms engaged in M&A deals during the financial crisis under a logistic specification.
Findings – The results from the Financial Stress Index (FSI) suggest that a stock financing option is favoured well over a cash financing option by the acquirers during this financial crisis. The firm level characteristics of firms engaged in M&A indicates that Market-to-Book-Value, Ownership, Deal value, Growth, and CAR of stock financed M&A show significant probability of increase in comparison to cash financing options.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
10	Catherine MALECKI	5.3.

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FRANCE

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strictly double-blind
peer-reviewed

Title
The Future of a European SRI Framework: A Vision of Realpolitik

Abstract
The Future of a European SRI Framework depends on Eurosif's commitment to the development of a transparency code for public SRI funds. There is a strong need to reinforce transparency for corporations, and particularly for mutual investment funds, after the 2008 financial crisis. In particular, the two Resolutions of February 6, 2013 are addressing accountable, transparent and responsible business behaviour and sustainable growth insists that the SRI act as a lever of growth while strengthening its focus on social and environmental issues. Many different questions may arise: What could constitute a European framework? How to enhance SRI credibility ? What would be the role of institutional investors? Would a non-financial European rating agency be possible? Could Eurosif communicate the Paris EUROPLACE call for a European label? Would this constitute a useful European approach?

Abstract Overview

Paper No.:	Participant Name	Main Session No.
13	Christian Kamtchueng	6.1.

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strictly double-blind peer-reviewed

Title
Measure of Information Relevance:

Abstract
This note is the result of a discussion following M.Jeanblanc presentation entitled ’The Role of Information’. She referred to the impact of a world with ’extra informed’ market participants. As a practitioner, we usually do not take too much attention to this consideration.
Indeed, before Lehman defaulted, market participants such banks were focus on ’risk neutral’ price under a common filtration associated to the current market information. Under the new pricing theory introduced and explained in more details in ’The Fear Pricing Theory: Credit and Liqudity Adjustment’, we can try to evaluate the benefit and cost of extra information.
First, we define notations and theoretical notions to measure the extra information, then we describe the use trough some practical financial and non financial example.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
14	Olivier Le Courtois	3.1.

Affiliation

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strictly double-blind peer-reviewed

Title

The Tempered Multistable Approach and Asset Return Modeling

Abstract

Typical approaches incorporating jumps in financial dynamics, such as the Variance Gamma and CGMY models, can be made to depart from the i.i.d. hypothesis by using a stochastic clock. In such a context, the introduction of a dispersion of the clock is equivalent to the introduction of a dispersion of the volatility itself. A distinct route that yields comparable features is that of adding a jump component to a stochastic volatility process, or of considering, in discrete time, leptokurtic innovations within a GARCH process. In this article, we take a third route by relying on tempered multistable processes, which convey both jumps and autocorrelation from their very construction, and some of their applications in finance. We obtain the multivariate characteristic function of the asymmetrical field-based tempered multistable process and we study the autocorrelations that stem from the use of this model. We concentrate on three types of applications in finance: we study the term structures of Value-at-Risk that can be obtained with this model, we perform a calibration on stock index data, and we also conduct a calibration on derivatives prices.

Abstract Overview

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Paper No.:	Participant Name	Main Session No.
15	Olga Kolokolova	4.1.

Affiliation
University of Manchester
UK

Co-Authors
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strictly double-blind peer-reviewed

Title
Systematic and Idiosyncratic Risks of Changes in CDS Spreads

Abstract
In this paper we investigate the determinants of changes in CDS spreads based on 436 U.S. firms from 2002 to 2011. Individual firm default risk and their stock liquidity are significant predictors for changes in CDS spreads. However, market-wide factors, such as systemic liquidity and credit risk derived from the CDS market as a whole, are more important determinants of individual spreads than firm specific information. The impact of liquidity factors (both individual and systemic) is asymmetric and pronounced only if liquidity dries up. The proposed model performs well for cross-sectional predictions and can be used to approximate spreads for firms that do not have CDSs as stipulated under the Basel III.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
16	Tatsushi Yamamoto	7.1.

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Takashi Yamasaki, Kobe University

strictly double-blind peer-reviewed

Title
Stock Crash and R-squared around a Catastrophic Event: Evidence from the Great East Japan Earthquake

Abstract
We investigate the effects of opacity of information a firm discloses on stock price synchronicity and crash risk. We develop an analytical model in the presence of firm-specific information and market-wide information. Stock price synchronicity is predicted to increase with the opacity of firm-specific information. Our model also reveals that stock crashes are more frequent and more severe for the opaque firms. These predictions are confirmed empirically. Further, our model predicts that after a catastrophic event stock prices become synchronous with the market because of investors' limited attention and hence the frequency and severity of a stock crash increase. We use the Great East Japan Earthquake as a representative catastrophe to examine these implications, and provide support for the model. Finally, we find that a stock price of a firm disclosing opaque information tends to be synchronous with the market, and hence experiences a more serious crash from the earthquake, which is consistent with the model.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
17	Almir Alihodzic	6.2.

Affiliation
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Co-Authors

strictly double-blind peer-reviewed

Title
Profitability Determinants of BH Banking Sector in Circumstances of Slower Economic Growth

Abstract
The financial system in BH is essentially bank-centric, where more than 80 % of assets constitute assets of the banking sector. In this paper, the focus will primarily be on the analysis of key economic variables that affect only the movement of profitability parameters. The main objective of this paper is to determine whether there is interdependence in the movement between the independent and dependent variables through a multiple linear regression. The return on average assets (ROAA) will be observed as a dependent variable, and total assets of the banking sector, liquidity risk, credit risk, net interest income to total income, non - interest expenses to gross income, growth rate of GDP, Herfindahl - Hirschman Index and EBRD index will be used as independent variables.

Abstract Overview

Paper No.: **18**

Participant Name Nikhil Srivastava

Main Session No. 1.2.

Affiliation
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Co-Authors
Prof. Rishi Mehra

strictly double-blind peer-reviewed

Title
A Feasibility Study of Trading of Fixed Deposit in Financial Market

Abstract
The facility available to depositors that allows premature withdrawal creates an uncertainty in the stability of the funds deposited with the bank. The uncertainty in the stability of funds subsequently affects the reserve requirement in terms of cash. The reserves maintain by the bank in terms of cash lose value equivalent to their opportunity cost.

It is required to reduce the reserve requirements and improve the asset liability management in banks to bring liquidity into system for the growth of the economy. In the presentation, we would discuss, how fixed deposit trading would solve the above mentioned key issues.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
19	Rishi Mehra	5.1.

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strictly double-blind peer-reviewed

Title
The need and importance of creating a volume based index

Abstract
The importance of volume study has already been highlighted through various researches world-wide. However, there is no standard tool or benchmark (Index) to study the significance and pattern of volumes on a continued basis in stock markets. Hence, the need of the hour is a volume based index that can complement the analysis of stock market and facilitate analysts and investors to get a holistic view of the market momentum, valuation and other corporate actions.

Abstract Overview

Paper No.: **20**

Participant Name Cyril Demaria

Main Session No. 1.2.

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-

strictly double-blind peer-reviewed

Title
The predictive power of the J-Curve

Abstract
Dealing with a recurring low level of data quality, we approach the behavior of Private Equity Funds (PEFs) by using illiquidity as a factor of analysis. PEF cash-flows ("J-Curves") are the basis of the research. After identifying aggregated PEF return categories ("ideal-types"), individual J-Curves are compared with the ideal-types. The resulting model acts as a predictor of future performance of PEF, excluding first return categories; and then attributes a fund to a specific category with a certain level of confidence. This model could help reduce solvency costs associated with investing by PEFs, and support the on-going assessment of active PEFs.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
21	Barbara Monda	3.4.

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strictly double-blind peer-reviewed

Title

The effects of Enterprise Risk Management adoption on firmsÕ value and performances: an empirical analysis using structural equation modelling

Abstract

In this paper, we use SEM to investigate the complex relationships among the level of adoption of ERM, its determinants and its effects on firmsÕ value for a sample of 550 listed firms in Europe, North America and Japan. ERM is increasingly considered an essential component for firmsÕ success, growth and value creation. However, empirical results on the value of ERM are still mixed. Moreover, empirical research on the benefits of ERM is still scarce and suffers from some major limitations, including the lack of a robust measure for ERM maturity and the failure to address endogeneity between ERM and value. This paper is innovative in both respects.

The results confirm many findings of previous works concerning ERM determinants and indicate with good statistical significance that ERM implementation benefits firms with positive effects on market value and share price stability.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
22	Agnieszka Perepeczo	1.1.

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strictly double-blind peer-reviewed

Title
BLOCK TRADES AND CORPORATE CONTROL ON THE WARSAW STOCK EXCHANGE

Abstract
The main objective of this paper is to present an event study analysis and abnormal returns of block trades on the Warsaw Stock Exchange. At the beginning of the paper, a review of similar studies was carried out. Next, the sample selection and methodology were discussed. Finally the achieved results were presented. The values of abnormal returns achieved for the whole sample were positive at the level of approximately 12%. In the case of over 40% of block trades the reaction was negative. Moreover a discount or premium price may influence abnormal returns earned by shareholders on the Polish market.

Abstract Overview

Paper No.:
23

Participant Name
Xiaowen Maggie Gao

Main Session No.
3.2.

Affiliation
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Co-Authors

strictly double-blind peer-reviewed

Title
A Trust Model of Institutional Investors Behaviour

Abstract
The ultimate concern of financial economists is that financial resources be allocated to the most promising investment opportunities. Given the limitations of the market caused by information asymmetry, institutional investors have played a central role among other investors in improving the efficient allocation of capital. However, the investment process undertaken by institutional investors are rarely studied in academic research. Despite increasing evidence showing strong personal ties between fund managers and public corporates (Cohen, Frazzini and Malloy 2008; Coval and Moskowitz 2001) and in addition other researches indicate direct interactions between the above pair (Gantchev 2013; Edmans & Manso 2011), the relationship developed between fund managers and listed companies to increase transparency appears a difficult area for research.

Abstract Overview

Paper No.: 24

Participant Name Guldem Gokcek

Main Session No. 3.2.

Affiliation
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Co-Authors

strictly double-blind peer-reviewed

Title
Crowdfunding: threat to or advantage for Venture Capital?

Abstract
Recently, new financing tool has emerged in the field of entrepreneurial finance. Entrepreneurs started to seek financial help from the general public in order to finance either their project-specific investments or their start-up businesses. This new technique is called crowdfunding. This new technique has attracted the interests of academics in regards to its use and benefits relative to venture capital. Common points of these two techniques are to raise investment capital but there are differences between Venture Capital and Crowdfunding. Aim of this research is to explain whether crowdfunding is beneficial to Venture Capital or it will be a direct competitor with Venture Capital.

Abstract Overview

Paper No.: **25**

Participant Name Chia-Fen Tsai

Main Session No. 2.1.

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Co-Authors
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Title
Employee Optimism and Stock Bonus Compensation

Abstract
Using a unique data from the Taiwan tax data center, this study will first use employees' personal equity portfolio to construct employee optimism measures and, second, examine whether the unique stock bonus compensation system in Taiwan might be driven by employee optimism. We find that employee optimism matter. The main results are that: (1) Firms with more optimistic employees are found to be more likely to grant employee stock bonus, increase the market value of employee stock bonus grants and the ratio of the market value of employee stock bonus grants to total compensation. (2) Firms that their employees have higher degree of positive beliefs regarding the firm's prospects have higher profit.

Abstract Overview

Paper No.: **26** | **Participant Name** Neil Reeder | **Main Session No.** 7.4.

Paper No.:	**Participant Name**	**Main Session No.**
26	Neil Reeder	7.4.

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strictly double-blind peer-reviewed

Title
The effect of social value measurement on impact investment decisions

Abstract
Impact investing highlights intangible social benefits as well as financial gains. Measurement of social benefits influences investor behaviour, yet there has been relatively little consideration of financial returns; social and environmental returns (SER); and measurement in an integrated way.
This paper, therefore, extends a basic utility maximisation investment choice model to SER and perceived knowledge. When plausible parameters are put in, the model indicates that investors become less willing to accept lower financial returns when they are less confident about social returns; this effect is exacerbated when SER returns relate to intangibles, such as community empowerment, that are hard to measure.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
27	Falschlunger Lisa	6.3.

Affiliation
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Co-Authors
Eisl Christoph, Losbichler Heimo, and Greil Andreas

Title
IMPRESSION MANAGEMENT – AN EMPIRICAL INVESTIGATION OF THE USE OF GRAPHS IN ANNUAL REPORTS IN EUROPE

Abstract
This paper contributes to the investigation of impression management by conducting a longitudinal study (2006 to 2012) among the top 50 European companies listed in the fortune 500 index. 4,683 graphs are analyzed and the study reveals that two of the three major ways how impression management can occur can be detected: selectivity and graphical measurement distortions. Companies tend to be selective in the topics and the length of time series graphed in order to show positive trends rather than negative ones and graphical measurement distortion occurs in 31.7% of the analyzed graphs. Again graphical distortions are used systematically to highlight positive trends rather than negative ones. The study also indicates that presentational enhancements, the third major area of graphical distortions, cannot be identified as an impression management tool.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
28	Martin Traunmüller	5.2.

Affiliation

Johannes Kepler University Linz

Austria

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Title

The modern labour market and its affinity to poverty on the example of the Welfare State Austria

Abstract

Recent years have been marked by a proliferation of new labor market structures – a significantly growing fraction of the labor force consists of atypical employed workers, (part-time) unemployed or underemployed workers in the sense that they are unable to work as much as they prefer. Yet, it partly seems as there is no con-sensus among scholars about whether atypical employment is an alerting signal or defined as normal working conditions. However, a regard beyond labor market structures – its role and coherence with modern economics, which is characterized with uncountable excesses, implies an obvious tendency of atypical employment. The tangibility of their impacts is relatively low and difficult to measure. Poverty, deprivation, social exclusion or societal de-collectivization is direct and partly measurable consequences, whose accumulation with other (new) societal and economic challenges leads to a totally new situation whose tangibility is once again even more hardly comprehensible.

Abstract Overview

Paper No.: **29** | **Participant Name** Sy-Hoa HO | **Main Session No.** 4.1.

Affiliation
CEPN, University Paris North
France

Co-Authors

Title
A stochastic model of sovereign credit spread

Abstract
In this paper, we investigate the determinants of Sovereign Credit Spread from a stochastic model for four emerging countries in the 2000-2011 period. This depends on two default policies that we propose: the increased corporate income tax and the reduced part of debt. We opt for the maximum likelihood estimation provided by Duan (1994) to find the sovereign credit spread, and cointegration estimation in order to validate the model. Our findings can be summarized as follows: i, the evolution of the sovereign credit spread is fairly homogeneous compared with a benchmark credit spread; ii,the sign and Adjusted R-square value explain a strong relationship between the estimated sovereign credit spread and the benchmark; iii, the existence of cointegration in the long-run between the estimated sovereign credit risk and the benchmark.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
30	Emmanuel Benjamin	7.5.

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Germany

Co-Authors
Dr. Matthias and Dr. Maarten Punt

strictly double-blind peer-reviewed

Title
Agricultural credit constraint and emission certification opportunities: A silver bullet?

Abstract
Formal credit to smallholder farmers is connected to social capital, common pool resources and more recently linked to environmental resource management. However, lending and investment by formal financial institutions to (smallholder) farmers in rural sub-Saharan Africa is limited due to information asymmetry and lack of collateral. On the contrary, smallholder ecosystem services and emission market participation in certain region is on the increase. Are farmers with payment for ecosystem services (PES) are less credit constraint and have favorable interest rate?

Using a game theoretic and ordinary least square (OLS) regression, this paper investigates the impact of conservation agriculture value chain harnessing emission market mechanisms on the risk assessment and credit accessibility of (smallholders) farmers.

Smallholders framers with PES were 2.4 percent more likely to have access to credit compared to conventional smallholders while the difference in interest rate between a conventional and conservation smallholder farmer with similar characteristics due to record keeping can be as high as 5%.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
32	Marouane ANANE	4.2.

Affiliation
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France

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strictly double-blind peer-reviewed

Title
Optimal High Frequency Strategy in Omniscient Order Book

Abstract
A large empirical study based on the optimal omniscient strategy is presented and evidence of the low latency advantage limitation is provided. In particular, it is shown that the bid ask spread and the transaction costs lead to a trading frequency much lower than the information renewal frequency.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
33	Amel Ben Youssef	6.2.

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Faculty of Economic sciences and Management of Tunisia, FSEGT
Tunisia

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Title
The Link between Default Risk and Macroeconomy in Tunisia: Cointegration Approach

Abstract
This paper examines the long-term and short-term causal relationships between default risk and macroeconomic factors in Tunisia, by studying the time series stochastic behavior and cointegration in a set of Non-Performing Loans rate and macroeconomic variables. We consider the linkage in the global economy and in five sectors. This approach requires the construction of macroeconomic credit model providing the framework to perform assessing causal relationship between variable pairs to improve the capture of the relation between macroeconomic variables and probabilities of default for the main Tunisian sectors and which macroeconomic variables are important for each sector and the global economy.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
35	DIPA MITRA	1.3.

Affiliation
BHARATIYA VIDYA BHAVAN INSTITUTE OF MANAGEMENT SCIENCE
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Co-Authors
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strictly double-blind peer-reviewed

Title
DEVELOPING A POSSIBLE OPERATIONAL RISK MEASURE FOR BANKING ACTIVITIES: AN APPLICATION OF BAYESIAN PROBABILISTIC NETWORK

Abstract
Basel accord on capital adequacy norms for financial and banking sector has included operational risk as a specific risk for which separate capital has to be provided. The major problem with any model of operational risk is that these data are inadequate. If subjective choice or prior belief on model parameters is to influence our estimate, one must employ Bayesian analysis.
In this regard, present research has been undertaken to carry on to develop a possible operational risk measure for banking activities.
This model indicates a development plan which includes access to loss data central/banks are in possession of; and advice/deliberations from BIS/central/relevant bank authorities on construction of model (BBN) architecture through appropriate questionnaire and collection of relevant qualitative data.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
36	Hisham Yaacob	1.4.

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strictly double-blind peer-reviewed

Title
Waqf Accounting and Investments: The Case of a State Religious Institution (SRI) in Malaysia

Abstract
Social economy is gaining interest as an alternative to capitalist economy. It is argued that ethics and moral are embedded in social economy and this close alignment to Islamic economics; begin to attract the interest of contemporary scholars. Waqf (endowment) is one of the important institutions in the Islamic socio-economic system. It has been widely practiced by Muslims who seek to follow the teaching of Islam. Waqf was proven to enhance the socio-economic strength of the Muslims especially during the Ottoman era. This study was embarked to analyze and examine contemporary waqf accounting and investments practices of waqf managers in Malaysia. The study adopted qualitative approach and applied a single case study method. It was found that the SRI did not properly account for the waqf assets. The absence of waqf asset register and assets are not revalued are among concerns. It also needs a lot of improvements in the waqf assets accounting and investments, however, the SRI has adequately safeguard the waqf assets.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
37	Yuri Katz	6.1.

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strictly double-blind peer-reviewed

Title

STOCHASTIC VOLATILITY OF FINANCIAL ASSETS AND DEFAULT RISK

Abstract

We present the non-Gaussian extension of the traditional Merton framework, which takes into account slowly relaxing fluctuations of the volatility of the firm's market value of financial assets. The minimal version of the model depends on the Tsallis entropic parameter q and the generalized "distance to default". The empirical foundation and implications of the model are illustrated by the study of 645 North American industrial firms during the financial crisis, 2006 - 2012. Our findings suggest that the level of complexity ("turbulence") of the time series, quantified by q, should be taken into account to improve valuations of default risk.

Abstract Overview

14 FRAP- perspectives
conference - oxford, uk

Paper No.:	**Participant Name**	**Main Session No.**
40	Nikolai Haring	3.5.

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strictly double-blind
peer-reviewed

Title
Financial reporting of donations-collecting NPOs in Austria – empirical evidence

Abstract
Accountability is gaining in importance for donations-collecting NPOs due to scarce financial resources and ever more NPOs vying for them. Although the Austrian Donation Seal of Quality provides an encompassing institutional framework for financial reporting, its provisions are not adhered to by many donations-collecting NPOs in Austria. The total volume of the donations obtained is being identified as main driver for a good development status of financial reporting, whereas the relative importance of donations as a financing source doesn't seem to play a role with regard to its relative importance. The field of activity the NPO was working in also proves to be of no significance.

Abstract Overview

Paper No.: **41**

Participant Name Guillaume ANDRIEU

Main Session No. 2.2.

Affiliation
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Co-Authors
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strictly double-blind peer-reviewed

Title
Unused debt capacity: an international evidence

Abstract
The goal of this paper is to investigate how a firm's ability to access debt financing is linked to firm age and firm size.
Our paper, based on a survey data from 2005, 2006 and 2009 for a sample of SMEs European firms, makes a significant contribution to the literature in at least two ways. First, we investigate empirically the determinant of unused debt capacity, specifically firm age and firm size, at the firm level and at the country level. We use a different proxy of financial flexibility (specifically, of debt capacity) based on a direct measure of debt capacity that is firm' experiences with applications. Second, we examine debt capacity considering information asymmetry problem and agency costs problem of bank loan and trade credit contract (e.g. Biais, B., & Gollier, 1997 ; Sánchez-Vidal & Martín-Ugedo, 2012).

Abstract Overview

Paper No.: 42

Participant Name Ashvin R. Dave

Main Session No. 6.2.

Affiliation
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Co-Authors
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strictly double-blind peer-reviewed

Title
PROFITABILITY DETERMINANTS OF INDIAN BANKING SECTOR

Abstract
Banking sector in any country is considered as backbone of the economy as the performance of almost every sector of the economy gets reflected into the performance of banking sector in one or the other way. Till 1991 Indian banking sector was dominated by public sector banks. The onset of economic liberalization has witnessed a number of private sector banks coming forward to propel the growth of Indian economy. Interestingly in the competitive spirit both public and private sector banks have profusely used information technology to extend their reach and to improve their performance. The speed and accuracy of transactions have increased manifold resulting into substantial reduction in transaction time and cost. E– banking and Fee based services are gradually becoming important features of a bank. However amidst the encouraging developments the sight of profitability must not be lost as it is the profitability which would ensure long term health of banking sector – a necessity for sustained economic development.
In this paper the author aims to examine different variables with reference to their profitability perspective. The variables proposed to be covered are:
1. Cash to deposits
2. Total Debt to Equity
3. Employee cost to total expenses
4. % Growth in net profits
5. Capital Adequacy ratio
6. Yield on advances

7. Profit After Tax / Total income

The variable Profit After Tax / Total income will be the dependent variable and the remaining variables shall be taken as independent variables for this research proposal. The author intends to consider ten years data pertaining to Indian banks for a period of at least 10 years, to weed out cyclical over influence, from authentic sources. The study proposes to use advanced statistical techniques to draw inferences from the analysis. This research is expected to help the bank mangers to devise appropriate monitoring mechanism besides giving valuable inputs to Central Bank in terms of devising measure to ensure financial health of banking sector in general.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
43	Huamao Wang	4.2.

Affiliation

University of Kent

UK

Co-Authors

Professor Yongcheol Shin from Department of Economics, University of York.

Dr. Michael Thornton from Department of Economics, University of York.

Dr. Seungmoon Choi from Department of Economics, University of Seoul.

Title

Dynamic Asset Allocation with Reaction to the Fundamental

Abstract

The analysis of long-run and dynamic asymmetries in the context of nonlinear error correction models has gained prominence in recent years. Using this model to stock returns The dynamic analysis of stock returns shows the predictability of reaction to the fundamental in addition to momentum and mean reversion. We study a continuous-time dynamic asset allocation problem that captures three predictability features. The reaction enhances the predicative power and increases the stock allocation through boosting hedging demands of reversion. The allocation increases with the fundamental drift and the reaction coefficient. The reaction substantially increases the economic value of hedging, and the value increase with the reaction coefficient, the fundamental drift, the fundamental volatility, and investment horizons. The impact of long time horizons dominates the influence of fundamental volatility.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
44	Aziza Ulugova	3.2.

Affiliation

National Research University «Higher School of Economics»

Russia

Co-Authors

Maria Kokoreva

strictly double-blind peer-reviewed

Title

THE IMPACT OF CORPORATE GOVERNANCE ON FINANCING POLICY: EVIDENCE FROM EMERGING MARKETS

Abstract

Corporate governance is one of the crucial characteristics of the firm, which provides not only investor's protection, but also significantly affects all decisions taken by the firm, including financing policy. Corporate governance is also important as efficient way to resolve various types of agency conflicts, thereby reducing agency costs that significantly decrease the corporate value. Thus there is important to study the influence of agency costs and corporate governance on target financial leverage. On emerging markets that are characterized by information asymmetry, lower development of legal system and investors' protection rights results of studies are still inconclusive in contrast to the developed markets, where results of studies show that strong corporate governance provides more favorable terms of financing. Our paper contributes to the existing literature on emerging markets finance by presenting results of the research on the impact of corporate governance of financing policy.

Abstract Overview

i4FRAP-perspectives conference - oxford,uk

Paper No.:	Participant Name	Main Session No.
45	Dr Hamizah Hassan	4.2.

Affiliation

Universiti Teknologi MARA

Malaysia

Co-Authors

Prof Dr Norhana Salamudin, Dr Salwana Hassan, Norzitah Abdul Karim

strictly double-blind peer-reviewed

Title

A Study on the Non-linearity of Ownership Concentration

Abstract

The aims of this study are to investigate on the non-linear relationship between ownership concentration and firm value and the effect of this relationship towards debt level selection by ownership concentration. Using the public listed Malaysian firms in years 2007-2012, we employ two-step system generalised method of moments (GMM) estimation that corrects for the dynamic endogeneity issue. Our findings show that the ownership concentration of the largest shareholder monitors firm managers effectively at a low level of ownership and expropriates small/non-controlling shareholders at a high level. This 'inverse U-shaped' non-linear association does affect the non-linearity between ownership concentration of the largest shareholder and debt, but there is no definite evidence to conclude the second hypothesis.

Abstract Overview

14 FRAP- perspectives
conference - oxford,uk

Paper No.:	Participant Name	Main Session No.
46	Ana C Silva	3.5.

Affiliation
Merrimack College
US

Co-Authors
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strictly double-blind peer-reviewed

Title
Microfinance, Country Governance, and the Global Financial Crisis

Abstract
This study examines the influence of country institutional and governance characteristics on the performance of microfinance institutions (MFIs) during the global financial crisis of 2008-2009. Using a dataset of 364 MFIs from 47 countries during the 2004-2011 period, we investigate whether MFIs operating in environments characterized by higher institutional quality were more resilient to the effects of the global financial crisis. The relation between MFI performance during the crisis and country governance is examined by regressing MFI performance indicators on time dummy variables representing the years of the crisis and the post-crisis years, country governance indicators, and control variables. We find that microfinance performance is positively related to institutional country characteristics and that MFIs located in countries with stronger governance are less severely impacted by the global financial crisis. This analysis, which to our knowledge is the first attempt for the microfinance industry, is particularly relevant since the negative effects of financial and economic crises are specially felt by the low-income individuals that MFIs serve

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Abstract Overview

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conference - oxford,uk

Paper No.:	Participant Name	Main Session No.
47	Guangyao Zhu	4.3.

Affiliation
Erasmus University of Rotterdam
Netherlands

Co-Authors

strictly double-blind peer-reviewed

Title
Nepotism and Equity Prices

Abstract
I study nepotism in a social network perspective and measure nepotism by degree, density and centrality. I find firms with nepotism underperform significantly, and firms with female-dominant nepotism perform no better than male-dominant one. Moreover, I find significant negative abnormal change in nepotism degree around first-time blockholder presence event. I document a "squeeze-out effect'' for the blockholder ownership. Overall, my empirical results demonstrate that unmonitored nepotism relationships destroy firm value, especially for firms having founding-family ownership, while blockholder activism creates firm value by "squeezing out'' founding-family ownership and nepotism relationships.

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Abstract Overview

Paper No.: 48

Participant Name
Saadiah Mohamad

Main Session No.
3.2.

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strictly double-blind peer-reviewed

Title

Enhancing Cross Border Connectivity: Venturing into Islamic Finance as a New Source of Infrastructure Financing

Abstract

One of the major problems with connectivity and infrastructure development is the resource mobilization for project financing. In recent years, rising demand for Islamic securities among global investors in jurisdictions where legal framework and financial infrastructure are well established has made sukuk a cost effective and preferred mode of raising finance. It has also attracted liquidity to and has made Malaysia the leading global sukuk issuer and a regional Islamic financial hub. This paper analyses some selected infrastructure projects that have been financed using shariah compliant instruments in Malaysia and examines how this model can be expanded into other emerging economies.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
50	Georgios P. Kouretas	6.1.

Affiliation

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Co-Authors

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strictly double-blind peer-reviewed

Title

Common stochastic trends in international stock markets: Testing in an integrated framework

Abstract

In this paper we analyze the implications for the identification of common stochastic trends among stock price indices of using data transformed on a ”real U.S. dollar” basis. By applying a “general” VAR model where all the relevant variables (stock indices, consumer price indices and the exchange rate) are included, we show that the expected results from the cointegration analysis differ substantially. In particular it is shown that if four common stochastic trends drive the system then cointegration between the indices transformed in nominal dollars should be the relevant test while the use of their “real dollars equivalent” is superfluous. In cases where three common stochastic trends exist then a reasonable specification of the model would imply that the Purchasing Power Parity condition accounts for one of them while the second one relates to a cointegrating relation between the stock indices in nominal domestic currency terms. We apply the testing methodology developed by Johansen (1992a, 1995a, 1997) and extended by Paruolo (1996) and Rahbek et al. (1999) to examine the presence of I(2) and I(1) components in a multivariate context using monthly data for the US, UK, Germany and Japan for the period 1980 – 2000. Four possible economic scenarios were considered in a bivariate setting and two of them were found to be statistically supported. By imposing linear restrictions on each cointegrating vector as suggested by Johansen and Juselius (1994), the order and rank conditions for statistical identification are satisfied while no support was obtained for the economic identification for each bilateral case, namely US-UK, US-Germany, US-Japan. The main findings cast in doubt

the earlier evidence in favor of cointegration among stock market indices when proper attention is given to issues like the identification and temporal stability of the cointegration vectors as well as the choice of units the stock indices are expressed in.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
51	Frédéric Lemaire	1.4.

Affiliation
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Sandra Rigot (Assistant Professor in economics, University Paris North, CNRS)

strictly double-blind peer-reviewed

Title

Accounting and prudential standards of banks and insurance companies in EU: What stakes for long term investment?

Abstract

This paper focuses on financial intermediaries (banks and insurance companies) and their role in financial markets from the perspective of long term economy and innovation funding. Specifically, it aims at identifying the main regulatory incentives and constraints (accounting and prudential standards) that determine insurers to adopt long term investment strategies and banks to finance long term projects.

The starting point of this research is the contemporary capitalist paradox: there is a real scarcity of long term investment despite the boom of potential long term investors. This gap represents a major challenge: there are important needs for long term financing in developed and emerging countries in strategic sectors such as energy, transport infrastructure, information and communication networks. Moreover, the recent financial and sovereign debt crises, which have respectively reduced the ability of financial banking intermediaries and governments to provide long term financing, questions the identity of the actors able to provide long term financing, their methods of financing and the most appropriate forms of intermediation.

The issue of long term financing is deemed to be very important by the European Commission, as it issued a 2013 Green Paper on long-term financing of the European economy . This paper, by identifying the driving forces of sustainable growth and job creation in accordance with the 2020 European strategy, opens the way for a debate on

development in the European Union. It begins with an attempt to define long term financing Ð which, despite its importance, has no legal definition so far.

Among other topics, the paper discusses the impact of the recent regulatory reforms on long-term investment, both in terms of accounting (in particular fair value) and prudential standards for financial intermediaries (Solvency II for insurance and B‰le 3 for banks). Accounting standards and prudential requirements hold major stakes for financial institutions which play or could play an important role in long term financing, such as insurers (by reallocating savings towards productive and profitable projects) or banks (the European financial system being mainly bank oriented).

Insurance companies, on the one hand, are directly affected by accounting standards since a huge part of their investments (bonds, equity and real estate) could be valued at fair value or amortised cost. The repartition of these two valuation methods is highly important for a fair representation of their business model (specifically their long term business model). Future prudential requirements of Solvency II will use a full fair value basis while the prudential balance sheet will require accounting figures for the ones valued at fair value and new valuation for the others.

For banks, prudential and accounting standards are also crucial. Fair value is indeed well adapted to the trading book in a short term view, but this method hardly suits for a medium and long term portfolio. BanksÕ ability to finance the economy and long term projects depends on their ability to distribute credit and the way credit is valued (fair value or amortised cost) leads to different banking strategies. Furthermore, in the banking industry, accounting standards are directly connected to the prudential standards, as the regulatory requirements of B‰le use accounting figures with prudential filter to define the needs for capital and to compute regulatory ratios.

The objective of these regulatory requirements is to prevent insolvency and financial instability. In the same time, they can represent regulatory constraints to long term investing. The balance between financial stability and the need to stimulate long term financing is a key question raised by the EU Green paper. Does fair value accounting contributes to short-termism in the investment behaviour? Should prudential rules be Òappropriately calibratedÓ and Òprogressively implementedÓ not to prevent banks and insurers from providing long-term financing?

These issues raised by the EU Green paper lead us to question to what extent the main regulatory requirements (accounting and prudential standards) incite or constrain insurers to adopt long term investment and banks to finance long term projects. This will be the question we will investigate in our research.

To that purpose, we study the 292 responses received by the European Commission during the public consultation. We analyze these contributions focusing on particular questions related to fair value accounting and prudential norms. We conduct a two stage content analysis of the responses. First, we proceed to a qualitative coding to identify arguments of respondents and subsequently we run a quantitative coding in order to conduct statistical analyses.

We pursue to analyse the contributions related to the definition of long term financing, in order to identify a consensual position of European stakeholders. Subsequently, we question the regulatory constraints of both prudential and accounting regulations in order to appreciate the stances of the banking and insurance sectors. We form and test a series of hypotheses and identify the impacts of the current institutional and regulatory framework on investment choices of insurance companies and banks.

This paper provides a better understanding of the position that a large panel of European stakeholders have on these issues. Moreover, it adds to the debate on fair value accounting and its effects on prudential requirements for banks and insurance companies.

Abstract Overview

14 FRAP- perspectives
conference - oxford, uk

Paper No.:	Participant Name	Main Session No.
52	Judith Martin	1.2.

Affiliation
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Switzerand

Co-Authors
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strictly double-blind peer-reviewed

Title
Managing financial flows in supply chains: Value added of financial service provider

Abstract
Demand and supply side of financing physical flows along supply chains have changed considerably in recent years. With global trade, challenging customer requirements and continuous competitive pressure financing needs of corporates have become more complex. The financial crises in 2008/09 resulted in severe changes for the supply side of financing physical flows. New regulations and additional competitors require corporates to rethink the role of financial service providers in supply chains. Based on an overview of corporate financing needs, this research provides insights on the added value of financial service providers to the supply chain.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
53	Daniel Martin Katz	6.4.

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Co-Authors
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strictly double-blind peer-reviewed

Title
Law on the Market? Initial Evidence from the United States Supreme Court

Abstract
Are judicial decisions predictable? Do judicial decisions affect financial markets in discernible, predictable ways? To date, there has never been any significant empirical analysis of the impact of individual legal decisions on security prices. This study seeks to determine the frequency and magnitude of such "law-on-the-market" events. Exploring several years (2006-2014) of decisions by the Supreme Court of the United States, we identify a subset of cases where there is any plausible belief that the Court's decision could have affected individual, sector-specific, or market-wide security prices. We define a "law on the market event" as a statistically detectable movement in one or more financial indices within the trading window surrounding a Supreme Court decision. To our knowledge, this is the first study to explore the direct relationship between judicial decision making and the financial markets.

Abstract Overview

Paper No.: **54**

Participant Name
James Ming Chen

Main Session No.
3.1.

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Title

Measuring gaps between hypothetical investment returns and actual investor returns

Abstract

Actual investor returns from mutual funds lag behind hypothetical returns based on a fixed initial investment and reinvestment of all distributions. This gap arises from behaviorally driven errors in timing. The gap correlates positively to downside risk, upside gain, and overall volatility. Documenting the existence of this gap across the universe of publicly traded securities provides a compelling case for requiring mutual fund and exchange-traded fund managers to compute and disclose that gap.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
55	Steffen Kirsch	7.2.

Affiliation
University of Hohenheim
Germany

Co-Authors
Hans-Peter Burghof

Title
Information Production from Individual Saving Behavior and Relationship Lending

Abstract
We develop a theoretical multi-period model of unsecured consumer loan to examine the effects of relationship lending that is based on information production in preceding saving relationships with borrowers. We argue that individuals' saving behavior is basically driven by the same characteristic as their debt service behavior, namely the ability to abstain from consumption regularly. We proof that savings-linked relationship lending, if adopted in equilibrium, leads to a Pareto improvement or an increasing allocative efficiency of the financing market. We further obtain that savings-linked relationship lending is especially beneficial in markets of low time preference or in markets of low average absolute borrower quality.
The model has a rather direct application for contractual saving for housing (CSH), which is a commonly and successfully used product of housing finance in some Continental European economies. We are the first to give a theoretical relationship lending explanation for contractual saving for housing.

Abstract Overview

14 FRAP- perspectives
conference - oxford, uk

Paper No.:	Participant Name	Main Session No.
56	Shahwali Khan	7.3.

Affiliation

Institute of Management Sciences
Pakistan

Co-Authors

strictly double-blind peer-reviewed

Title

COMPREHENSIVE INCOME AND FIRM REPORTING CHOICES

Abstract

In this paper, we explore the authoritative accounting pronouncements related to income presentation. We conduct a chronological review of literature and highlight the position taken by standard setters in the context of all-inclusive and current operating performance concepts of income over the years. The emphasis of standard setters has shifted from the all-inclusive and current operating performance concepts to a hybrid approach, which substantially incorporates the two concepts. Pressure from financial statement users and some internal motivation of the standard setters lead to the reporting of comprehensive income. The reporting location of comprehensive income relates to the size and direction of other comprehensive income components and firm size. Therefore, we intend to find the correlation of firms' comprehensive income reporting choices and firm size for Pakistani firms; whether small businesses differ in location choices as compared to large businesses. Further, we wish to examine the relation between the size and direction of comprehensive income components and reporting choices.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
57	Li-Jiun Chen	4.3.

Affiliation
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Taiwan

Co-Authors
Charles Chang; Tsung-Ju Lee

strictly double-blind peer-reviewed

Title
Fund Age and its Impact on the Performance-Flow Relation

Abstract
We model the performance-flow relation for mutual funds, finding that flows should be less sensitive to performance early in a fund's life. We test this hypothesis using monthly data from Taiwan using a survivor-bias-free dataset that starts from the date of mutual fund deregulation. While the performance-flow relation is significantly positive in aggregate, it is monotonically increasing in age and is insignificant for the youngest funds. Controls for size, market returns, return volatility, expense ratios, and other firm characteristics do not affect results. Chasing performance, investors buy high and sell low, generating average returns below those suggested by the fund's net asset value.

Abstract Overview

Paper No.: **58**

Participant Name Shanty Noviantie

Main Session No. 3.5.

Affiliation
Central Bank of Indonesia
Indonesia

Co-Authors

strictly double-blind peer-reviewed

Title
Sustainable lending activities: A statutory approach

Abstract
This study provides conceptual contribution to internalize socio-environmental spillover of bank's capital allocation. A modified bank's profit maximization function considers economic and socio-environmental risk-return tradeoff in the capital allocation. The model is tested on Indonesian banking data and compares the effect of mandatory impact management and the effect of voluntary mitigation on bank's profit maximization. The results show that the two approaches have different effects on bank's wealth and the interaction of capital supply-demand.

Abstract Overview

14 FRAP- perspectives
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Paper No.:	**Participant Name**	**Main Session No.**
59	Ravi Agarwal	4.3.

Affiliation
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India

Co-Authors

strictly double-blind peer-reviewed

Title
Estimation of Arbitrage in Index Derivatives Using Put-Call Parity

Abstract
The primary aim is to investigate the Call-Put Parity relation using daily closing options prices of an index based underlying – Nifty index. This relation is used to discover arbitrage opportunities in Nifty spot prices. Put and call premium prices for an underlying creates a relationship which must be satisfied for market conditions where no arbitrage opportunities exist. Indian options market being a young market as compared to other options market provides abundant arbitrage opportunities. There are numerous call–put options arbitrage profit opportunities expected to be found even after accounting for transaction costs. The research will also focus on comparing mispricing with volatility, expiry date of contract, and moneyness of the contract. These relations may be used to design an arbitrage model which works on real time data to determine arbitrage.

Abstract Overview

Paper No.: **60**

Participant Name Carola Mueller

Main Session No. 2.3.

Affiliation
University of Hohenheim
Germany

Co-Authors
Hans-Peter Burghof

Title
Leverage ratio and banks' portfolio choice

Abstract
We analyze how the implementation of a leverage ratio will influence individual banks by comparing the optimal portfolio choice of banks before and after the introduction of a leverage ratio while bank capital is constrained by a value at risk regulation. We examine whether the leverage ratio is a suitable measure to amend for model risk in a flawed value at risk regulation. In a setting with two asset classes and banks that are heterogeneous with respect to their return generating ability we show that under reasonable parameterization banks’ probability of default in most cases decreases as desired. Nevertheless, numerical results indicate that of all banks the best in terms of return generating ability are affected reversely, i.e. their probability of default rises.

Abstract Overview

Paper No.: 61

Participant Name Lilit Popoyan

Main Session No. 7.2.

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Co-Authors

strictly double-blind peer-reviewed

Title

Multilateral Aspects of Macroeconomic Instability and Macroprudential Policy in a Stock-flow Consistent (SFC) Agent-based Model(ABM)

Abstract

This work studies interactions between macroprudential policy-macroecoomic performance on the one side, and standalone viz. aggregate impact of macroprudential prudrntial tools on aggregate output on the other on the ground of a stock-flow consistent(SFC) agent-based model(ABM). The direct ancestor of this work is the model developed by Ashraf, Q., Gershman, B., and Howitt, P.,(2011). The model combines what Jevons called the “mechanism of exchange”, the four channels of endogenous money creation and an adaptive learning banking system on the line of disequilibrium macroeconomics models. We find that the positive joint impact of the macroprudential tools reported by Basel III accord is larger than the sum of the individual contributions to stability. However, except for the capital conservation buffer which represents an indispensable instrument to counteract agents’ procyclical behavior, the macroprudential overlay’s impact is more weak.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
62	Tomasz Wiśniewski	4.1.

Affiliation

The University of Szczecin

Polska

Co-Authors

strictly double-blind peer-reviewed

Title

Double Monte Carlo Method – Different Approach to Real Options Valuation

Abstract

The paper analyses new method of real options (RO) valuation based on three elements: marketed asset disclaimer approach (MAD), Monte Carlo simulation and decision trees. Concept of MAD is extended in order to complete valuation of RO. Monte Carlo simulation is carried out for two distinctive scenarios – the base one which is actually simple Monte Carlo simulation of the base case scenario (without option) and the real option scenario with execution of real option comprised in the scenario. The difference in mean values of these two simulations approximates the value of RO. Execution of RO is triggered by the proxy variable and not project value itself as in the traditional approach to valuation of RO. A number of interesting effects of such valuation approach could be observed. One of them is increase of RO value along with the decrease of triggering value of the proxy variable.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
63	Dipl.-Kffr. Andrea Zasada	3.4.

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Co-Authors
Dipl.-Kffr. Lisa Brenner and Prof. Dr. Uwe Hoppe

strictly double-blind peer-reviewed

Title

Identification of Organisational, Functional and Technical Requirements to Establish an Effective Compliance Management

Abstract

We investigate organisational, functional and technical requirements that serve companies to implement and maintain an effective compliance management. Especially companies in highly regulated environments are exposed to numerous risks regarding compliance violations. To avoid the negative consequences of compliance violations, companies try to demonstrate the adherence of regulations. A compliance management is capable to support companies to apply the growing number of compliance requirements by establishing an internal control system that can be fostered by appropriate software. In order to identify relevant approaches in the field of information systems we conducted a literature review, which unfolds articles discussing available software solutions and requirements for compliance management. The literature review has been complemented by a number of expert interviews to proof the reliability of our approach.

Abstract Overview

Paper No.: **64**

Participant Name Veronica Paz

Main Session No. 7.3.

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St. Thomas University
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Co-Authors
Dr. Suri Weisfeld-Spolter

strictly double-blind peer-reviewed

Title
How FASB 123 (R) Effects CEO Compensation, Advertising and R&D Expenses

Abstract
In 2005, SFAS 123 (R), The Share Based Payment, which required all firms to expense stock options to employees based on the fair value at the grant date (Ferri & Sandino, 2009; Lin, Hua, Lee, & Lee, 2011) was enacted. Previous research also demonstrates a recent shift in CEO compensation package away from cash and bonuses to equity holdings, resulting in the CEO now having managerial ownership. Taken together, the strategic decisions of the CEO may be impacted. In particular, we suggest that since the enactment of SFRAS 123 (R), the CEO may make different decisions regarding advertising and research and development (R&D) expenses to better manage earnings. More specifically, we hypothesize that despite the passing of SFAS 123 (R), the CEO, as a managerial owner is incentivized to focus on long-term versus short term growth and thus will continue spending on R&D and advertising so as to secure shareholder wealth.

Abstract Overview

Paper No.: **65**

Participant Name Emily Gallagher

Main Session No. 2.3.

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USA

Co-Authors
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strictly double-blind peer-reviewed

Title
Assessing the Credit Risk of Money Market Funds During the Eurozone Crisis

Abstract
This paper measures credit risk in prime money market funds (MMFs) and studies how such credit risk evolved during the eurozone crisis of 2011-2012. To accomplish this, we estimate the credit default swap premium (CDS) needed to insure each fund's portfolio against credit losses. We also calculate by Monte Carlo the cost of insuring a fund against losses amounting to over 50 basis points. We find that credit risk of prime MMFs, though small, doubled from 12 basis points in June 2011 to 23 basis points in December 2011 before receding in 2012. Contrary to common perceptions, this did not primarily reflect funds' credit exposure to eurozone banks because funds took measures to reduce this exposure. Instead, credit risk in prime MMFs rose because of the deteriorating credit outlook of banks in the Asia/Pacific region. We conclude that the increase in the credit risk of prime MMFs in the second half of 2011 reflected contagion in the worldwide banking system coupled with slowing global economic growth, not actions taken by MMFs.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
66	Katarína Rentková	4.5.

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Mg. Jan Janac, PhD.

strictly double-blind peer-reviewed

Title

FINANCING OF PUBLIC NEEDS BY SELECTED PUBLIC BENEFIT FUND IN THE SLOVAK REPUBLIC AND IN THE REPUBLIC OF SERBIA

Abstract

The presented article deals with the very actual issue of the financing of public needs by public funds in the Slovak Republic and the Republic of Serbia. The subject of public finances is connected with explanation of strategic management importance in the public sector. The existence and the necessity of the public sector are currently indisputable. Many experts are dedicated for analyzing and defining the public sector because of its global effect. The article will focus on the definition of key terms and on definition of earmarked funds as well as on the analyze of the current status and sources of funding in order to evaluate the sufficiency or insufficiency of financial resources, to identify its advantages and disadvantages.

Abstract Overview

Paper No.: 67

Participant Name Mariana Bozesan

Main Session No. 4.5.

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strictly double-blind peer-reviewed

Title
DE-RISKING VC INVESTING FOR OUTSTANDING ROI: AN INTERDISCIPLINARY APPROACH TOWARD THE INTEGRATION OF PEOPLE, PLANET AND PROFIT

Abstract
This paper makes the case for Integral Investing as a sustainable model for early stage investing. It argues that more sustainable de-risking tools could shift mainstream VC investing toward delivering higher financial returns and integral sustainability. It introduces the Theta Model as a de-risking process that integrates financial criteria with Environmental, Social, and Governance criteria, but also with behavioral, cultural, and individual assessment metrics. First, traditional Venture Capital practice and performance are compared with with current developments toward more sustainable investing practices including impact investing. Then, the Theta Model is introduced as an evolutionary-based investment model rooted in Wilber's Integral Theory. The paper shows how the model has been successfully applied in integral due diligence and what were the causes for its outstanding ROI. The paper closes by sharing the lessons learned from positive and negative investment examples and by offering a discussion on how all stakeholders from entrepreneurs to investors could benefit from such integral sustainability metrics in the future.

Abstract Overview

Paper No.: 68

Participant Name Sally Eaves

Main Session No. 2.2.

Affiliation
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Co-Authors

Title
Crowdfunding Motivation and Social Entrepreneurship: A Mixed-Methods Lens to Optimise Opportunity Recognition, Formation and Exploitation.

Abstract
The purpose of this study is to address a paucity of interdisciplinary literature and empirical evidence in respect to crowdfunding motivation within a social entrepreneurial context. It also responds to an underrepresentation of mixed methods research in this field. Following presentation of a panoptic literature review to benefit conceptualisation; a coherent, reflexive and innovative sequential exploratory mixed methods research design is justified. Underpinned by intelligent-action orientated pragmatism alongside theoretical and methodological bricolage, emphasis is directed to dimensions of quality, notably rigour, transparency and integration. Emergent findings are discussed and serve to advance the body of knowledge by elucidating the lens of both project initiators and contributors, alongside identifying exploratory collective investor types, including their interacting motivational, emotional and cognitive affordances and potential constraining factors, such as fear of public failure

Abstract Overview

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conference - oxford, uk

Paper No.:	Participant Name	Main Session No.
69	Swati Khatkale	3.1.

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strictly double-blind peer-reviewed

Title

Comparative Analysis of the Accuracy of Credit Risk (Default Prediction) Modelling using Discriminant Analysis and Logistic Regression

Abstract

Credit Risk is one of the major risk affecting banks and financial institutions. Subprime crisis of 2008, brought the focus back on credit risk management. Credit risk is measured with the help of probability of default, collateral, loan amount & maturity of loan. The probability of default is measured with the help of various Credit Risk/ Default Prediction Models. In the past, various multivariate techniques like Discriminant Analysis, Logistic Regression etc. have been applied to create Credit Risk Models; which combine various financial ratios to predict business failure. With a stratified sample of 200 Indian listed companies (100 non-defaulting and 100 defaulting firms), two different models using Discriminant Analysis and Logistic Regression were created. To validate the results, a hold out sample of 100 Indian listed firms was used. It was found out that Logistic Regression has better predicting power (Hit Rate) than Discriminant Analysis, although both the models predict with more than 90% accuracy.

Key words: Credit Risk, Default Prediction, Discriminant analysis, Logistic Regression.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
70	Emenike Kalu Onwukwe	7.2.

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strictly double-blind peer-reviewed

Title
Domestic Volatility Transmission between Sectors of the Nigerian Economy

Abstract
Volatility transmission between sectors of a market or an economy is important to successful portfolio selection and hedging strategy within the domestic economy. This paper examines domestic volatility transmission between sectors of the Nigerian economy using Multivariate Generalised Autoregressive Conditional Heteroscedasticity (MGARCH) procedure. The central focus is to evaluate the nature and direction shock and volatility transmission between the banking sector, the consumer goods sector and the Shari'ah compliant equities sector of the Nigerian Stock Exchange (NSE). The results indicate existence of unidirectional shock and volatility transmission from the banking sector to the consumer goods sector and the Shari'ah equities sector, and bidirectional shock and volatility transmission between the consumer goods and the Shari'ah equities sectors of the NSE. These findings have crucial implications for domestic portfolio selection and management through the hedging opportunities available in the NSE sectors.

Abstract Overview

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Paper No.:	**Participant Name**	**Main Session No.**
71	Jarrod Ormiston	4.5.

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strictly double-blind peer-reviewed

Title
Measuring and Reporting Social Returns in Social Investment: The Art of Rhetoric

Abstract
Despite the increase in new impact measurement approaches, there are only a limited number of academic studies looking at how these different approaches are utilized and how they are presented to various stakeholders (Ebrahim & Rangan, 2010; Grimes, 2010; Nicholls, 2009, 2010b), especially in the context of social investment. This chapter responds to this gap by exploring: How social investors measure and report their social returns?

To answer this question, the chapter combines a multiple, interpretive, case study design with rhetorical analysis of documentary evidence. Given the emerging field of social investment and the dynamic environments in which it takes place, the case study permits the development of theory through in-depth analysis. This study examines ten case studies of social investment from across the Australian and the United Kingdom ecosystems that employ diverse approaches to impact measurement. The analysis focuses on the discussion of social returns in naturally occurring documents (Creswell, 2003) such as annual reports, impact reports, media releases, newsletters, website materials and corporate materials.

Following similar studies of reporting practices (Higgins & Walker, 2012), the documents are analyzed through rhetorical analysis in order to understand the persuasive ways in which social investors communicate their social returns. In addition to assessing the specific impact measurement practices used by social investors, the chapter characterizes the persuasive communicative strategies used by social investors under the Aristotelian (1992) key elements of rhetoric: ethos (credibility), pathos (stories and emotion) and logos (data and evidence).

Abstract Overview

Paper No.: **72**

Participant Name Minna Martikainen

Main Session No. 7.3.

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strictly double-blind peer-reviewed

Title
Corporate Governance Related Determinants of Risk Disclosures?

Abstract
This paper examines the impact of several unexplored board characteristics on risk disclosures. Firms' risk disclosures are analysed from two perspectives: quantity and coverage. We focus on three novel board characteristics not previously examined in the context of firms' risk reporting behaviour. These are (1) non-executive board members' self-interested financial motives to reduce information asymmetry, measured by their yearly compensation as well as share ownership in the firm (wealth), (2) non-executive directors' perseverance to focus on firms' businesses and risk profiles, measured by the attrition rate of these directors, and (3) the board members' managerial competence and ability to increase the relevance of their firms' risk disclosures to investors, proxied by the level of their prior education. We find that the risk disclosures of these firms can be explained by the new board characteristics (wealth, compensation, attrition rate, education) and ownership related factors (foreign ownership, insider ownership). The results indicate that among the 'best disclosers' the narrative risk disclosures are, on average, on a high level and the quality of board working as well as board and ownership characteristics are significant drivers for firms providing high-quality risk reports.

Abstract Overview

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Paper No.:	**Participant Name**	**Main Session No.**
73	Mag. DI Peter Hofer	3.4.

Affiliation
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Austria

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Dr. Albert MAYR

strictly double-blind peer-reviewed

Title
FORECASTING IN A VOLATILE ENVIRONMENT: AN EMPIRICAL STUDY OF LARGE AUSTRIAN COMPANIES AND SMEs

Abstract
Forecasting is one of the fundamental instruments in the budgeting process, as it is utilized by companies for the prediction of their planning factors through qualitative and quantitative forecast methods with varying degrees of complexity. In the last years the growing volatile business environment has companies struggle with this predictability of their budgets. Now, the question is if Austrian companies are also affected by this increasing volatility in their forecasting behaviour?

The objective of this paper is a dual approach, first focus is set on the overall analysis of forecasting practices of Austrian companies in a volatile environment. The second focus is a further comparison of forecasting behaviour between small and large Austrian firms. Do large firms use more appropriate methods? And, as a consequence, are SMEs and the quality of their forecasts more affected by volatility due to their lack of personal resources? This study provides answers to both objectives and shall be used as a basis for further empirical analysis and discussion.

Abstract Overview

Paper No.:
74

Participant Name
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Main Session No.
5.2.

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strictly double-blind peer-reviewed

Title
test of log-normal process

Abstract
Log-normal process bring some bias on options' premium. Stochastic volatility models or regime switching models can be used to reduce the bias. Then dimension of the resulting model increases exponentially and Monte Carlo integration technique becomes cheapest solution. We test log-normal process with importance sampling MC technique.

Paper No.:	Participant Name	Main Session No.
75	Carol Royal	5.2.

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strictly double-blind peer-reviewed

Title
Are There Limits to Traditional Investment Analysis? – The Quantitative – Qualitative Debate

Abstract
Understanding the change management context for companies globally is the new challenge for managers and for investors. This is particularly important given the continuing risk of 'hyper-reality'.
Hyper-reality occurs when representations of principal assets such as earnings, quantitative investment models, analyst's estimates and debt proposals begin to reflect each other and the outcome does not necessarily represent what is actually occurring in the underlying assets.
Financial market players in global equity markets often forget there is a danger in disassociating the stock code from the underlying asset. Behind the pricing models is a real company with real people and human capital and change management practices and systems. Pricing models which are used by investment market professionals do not typically include this complex interaction. So, investment decision outcomes are often incomplete.
In the context of the global financial crisis, traditional financial analysis models have been shown to be inaccurate. Investors need reliable lead indicators of the potential future value of their investments. While regulators debate how to regulate the financial industry, another important question emerges: is the information to assess corporate performance complete?
At the same time, much investment research is approaching commoditization, with investment managers and the buy and sell-side analysts working on similar data, using similar tools, provided by corporates at similar times.

And yet, there is pressure on investment managers and buy and sell- side analysts to understand “soft” variables in more depth: leadership, governance, management quality and remuneration and systems for managing change, in order to inform and add value to investment decisions.

When qualitative human capital data is used side by side with quantitative analysis, institutional investors have access to more valid and more powerful information on current and potential future financial performance.

“Quantitative Analysis” has a whole spectrum of methods and approaches: from the pure “black box” heavily relied on computer science and machine learning methods to quantitative models based on sound economic theory; from pure mathematical models to statistical models, and; from pure technical analysis to fundamental and economic analysis. Selecting the method depends on the analyst beliefs (and in many cases their knowledge base).

With the current advancements in technology, data feed sources and globalization the need for quantitative analysis to help parse the data in a meaningful way and extract the desired information for investing/trading decisions is increasingly growing. At the same time returns have diminished and Alpha generating strategies have been harder to find, which calls for the demand for innovative investment (and investment analysis) approaches.

Financial markets are too complex to be explained by one research/analysis methodology and all investment philosophies/methodologies have merit – each methodology dissect different aspect of the market and market behaviour and the integrated analysis brings together the full story of market behaviour.

Ben Graham the “father of Value Investing” and the mentor of Warren Buffet (the most famous value investor) – is also considered the first “QUANT Analyst”, even though it was before the era of computers and the internet. His insight on how to analyse numeric information, however, to evaluate and understand the “intrinsic value” of a company is key to the way we use financial statement information to analyse and model companies’ valuation. With today’s computer power quantitative analysts are able to use his methods on a large scale to create “fundamental factor models” for equity portfolio investments.

Charlie Munger, Warren Buffet long-life business partner commented on the best way to approach investing: “You must know the big ideas in the big disciplines and use them routinely – all of them, not just a few. Most people are trained in one model – economics, for example – and try to solve all problems in one way. You know the saying: ‘To the man with a hammer, the world looks like a nail.’ This is a dumb way of handling problems.” This interdisciplinary approach can be taken a step further to infer that we should not only include different disciplines but also different quantitative methodologies; and not only numeric analysis but also text.

Abstract Overview

Quantitative analysis (by definition) relates to the way we use numeric information, which is considered “hard” information and in contrast to the Qualitative analysis, which is mostly based on text and is considered “soft” information. With the advances in computer science it is possible to analyse text – which is referred as “text analytics” and is mostly used to model and predict market sentiment. Text Analytics tries to capture the behaviour of participants in the market. It might not, however, be able to capture all the intricacies of human behaviour and quantitative methods need to be supplemented by fundamental and rigorous qualitative research which takes into account much more broad based change management themes, human capital and special events which factor in the reality of the ebb and flow experienced by firms in changing economic conditions.

Abstract Overview

Paper No.: **76** | **Participant Name** Jacek Welc | **Main Session No.** 6.3.

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Co-Authors

strictly double-blind peer-reviewed

Title
Impact of full-goodwill method of accounting for business combinations on transparency and reliability of financial statements

Abstract
Since 2010 the IFRS allow for a „full-goodwill method" of accounting for business combinations. The main problem with this method lies in its reference to fair value of goodwill attributable to non-controlling interests. Thus, in my opinion, the "full-goodwill method" sacrifices reliability for relevance, with significant potential for "creative accounting". The problems with reliability and transparency of financial statements when „full-goodwill method" is applied are illustrated in my paper by a real-life example of the takeover of Formula Systems Ltd. by Asseco Group (one of the biggest IT companies in Europe, listed on the Warsaw Stock Exchange).

Abstract Overview

Paper No.: **77**

Participant Name Sirus Sharifi

Main Session No. 4.4.

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S.V.D. Nageswara Rao

strictly double-blind peer-reviewed

Title

An Analysis of Operational Risk Management Practices in Indian Banks

Abstract

This paper attempts to analyze the impact of size and ownership of Indian banks on the capital requirements for Operational Risk Management (ORM) practices. Size is measured by business (deposits plus advances) per employee multiplied by number of employees in every bank. Capital requirement is proxied by excess capital which is the difference between actual and minimum capital required as per Basel II norms. Our sample is representative and includes 14 government banks, 20 private banks, and 27 foreign banks in India during the period from 2010 to 2013. We used panel data regression model to analyze the data. The findings suggest that size is negatively related to excess capital while excess capital does not vary across ownership categories.

Abstract Overview

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Paper No.: 78 | **Participant Name:** Dmitry Kokorev | **Main Session No.:** 2.3.

Paper No.:	**Participant Name**	**Main Session No.**
78	Dmitry Kokorev	2.3.

Affiliation
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Russia

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strictly double-blind peer-reviewed

Title
The performance of portfolio firms: do private equity funds matter on emerging markets?

Abstract
Private equity funds are relatively new and yet not thoroughly examined financial market participants. Research papers on private equity that appeared during the last thirty years are mostly focused on the peculiarities of the funds' functioning and their impact on the portfolio companies and, consequently, on the real sector of the economy. These papers however are concentrated on the U.S., UK and other developed markets whereas the studies analyzing the impact of private equity on the effectiveness of the portfolio firms in emerging markets are still rare.
Our pilot study based on event study, panel data analysis and DEA (Data Envelopment Analysis) is constructed to test the set of hypotheses comparing the performance of Russian portfolio companies with peer firms. We also try to estimate the influence of company's industry and controlling interest in a company by PE fund on the efficiency of a portfolio company. Our results confirm that the portfolio companies exhibit higher operational efficiency.

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Abstract Overview

Paper No.:	Participant Name	Main Session No.
79	PhDr. Daniela Majercakova	5.3.

Affiliation

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Title

Social investments as driving forces of social changes in Slovakia

Abstract

At its most basic definition, finance is the act off allocating capital to individuals and businesses that want to make productive use out of it. In short, finance creates also social value. Finance today takes on a wholly different and, some would argue, less socially-conscious meaning. Sustainable finance is the practice of creating economic and social value through financial models, products and markets that are sustainable over time. Strengthen communities in need and broaden economic opportunity by developing new ways to leverage our capital markets expertise. Social enterprises seek to serve the community's interest (social, societal, environ¬mental objectives) rather than profit maximisation. They often have an inno-vative nature, through the goods or services they offer, and through the organi¬sation or pro-duc¬tion methods they resort to.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
80	Christine Chow	6.5.

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Co-Authors

strictly double-blind peer-reviewed

Title
The Social and Sustainable Finance Landscape in Hong Kong

Abstract
This Paper studies social and sustainable financing in Hong Kong. There is growing interest in financing high impact initiatives with social and sustainable outcomes. Funds available for social and sustainable finance in Hong Kong are estimated at US$19 billion. The paper is divided into four sections: First, we explore the size of social and sustainable finance in Hong Kong. Secondly, we take a top-down approach to examine the views, expectations and approach of capital providers in social and sustainable finance. Thirdly, we take a bottom-up approach through case studies on the different financing models deployed by prominent impact innovators. The choice of financing model is linked to three main factors: (1) organisational culture; (2) business nature; and (3) network accessibility. Finally, we conclude with analysing the expectation mismatch "gap" between financers and impact innovators, and how these gaps may be narrowed through engagement, layered capital and stewardship.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
81	Dr. Elisabeth Menschl	2.1.

Affiliation

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strictly double-blind peer-reviewed

Title

Occam`s Razor or simplicity versus reductionism

Abstract

Occam's razor is often expressed in as the the law of parsimony or law of economy. In its simplest form, Occam's Razor states that one should not make more assumptions than needed. When multiple explanations are available for a phenomenon, the simplest version is preferred. From the beginning of the 20th century, these views fell out of favour as scientists presented an increasingly complex world view. Occam's Razor is currently conceived of as a methodological principle. The scientific method does not consist of looking at the world, constructing multiple theories which might explain the observed facts, and then choosing the simplest. Occam's razor is certainly a valid tool in the sciences and philosophical discourse, but it is not the only tool, and it is certainly not infallible. Reductionist arguments supported by Occam's razor may fall apart without supporting evidence.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
82	Dmitry Sizykh	3.3.

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Russia

Co-Authors

Title
Stable Growth Rate of Stock Prices: evaluation and use

Abstract
At present is given important priority to methodology, methods and obtained by their application evaluation indicators, which are directed to increase the quality of investment decisions. The rating system used for stocks evaluation served as enough easy-to-use evaluation form in respect of visualization and consideration of risk factors. However, it is recommended to carry out own analysis for making of investment decision, based not only on rating evaluation.
Choice of one or another investment object is determined by concrete investor's aims. Investment decisions formation can be realized on the basis of various factors. In practice are used a number of indexes of value, risk and stock quality. Not only stock quotations, but also their changes dynamic are important for investors, traders, specialists, making of investment decisions. The special attention is given for calculation methods of fair market value of company's stocks and for evaluation of stocks quotation amplitude on stock exchanges. Thus it is necessary to consider that stock prices amplitude depends on a number of factors, including on possible speculations in stock market. Generally, the amplitude of current stock prices is described by maximum and minimum values of theirs change for the given time period.
Besides the risks and profitability evaluations of company's stocks, it is possible to use characteristics describing qualitative component of stocks movement, for example, stability of stocks prices growth for the analyzed period.
In this research is proposed the method of evaluation of Stable Growth Rate of Stock Prices, which allows to take into account change depth of stock price. The proposed Stable Growth

Rate of Stock Prices allows to combine stock price values with risk, connected to prices fluctuations (growth and fall).

Abstract Overview

Paper No.:	Participant Name	Main Session No.
83	Radha D. Banhatti	5.3.

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Germany

Co-Authors
Annette Zimmer

Title
Crowd-funding of communal and social projects in Germany – role of the individual and sustainable models

Abstract
After briefly introducing the phenomenon of Crowd-funding, we discuss the role that an active and engaged individual plays both as a creator and more importantly as a funder. Further, we present our view on where Crowd-funding can be positioned in the larger socioeconomic and socio-political setting. We argue that Crowd-funding can be a potent instrument for the civil society. On one hand, Crowd-funding can act as a facilitator of social projects and enterprises. Alternatively, Crowd-funding can act as a catalyst, straddling the interface between the third sector and the first sector, namely state and community projects. We then enumerate various factors on which Crowd-funding depends so that it functions not only as an innovative phenomenon, but as a sustainable one. The article is thus primarily based on an in-depth study of literature. In addition, case studies of selected crowd funding drives within Germany will be presented.

Abstract Overview

Paper No.: 84

Participant Name Md Humayun Kabir

Main Session No. 7.4.

Affiliation
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South Africa

Co-Authors
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strictly double-blind peer-reviewed

Title
Formal Strategic Planning and Humanistic Culture – CSR Demonstration: South African Listed Companies

Abstract
The study investigates whether JSE listed companies emphasize the use of multiple inputs in the formal planning process. Also, we determine whether such companies demonstrate humanistic tendencies when making a greater commitment to stakeholder demands for CSR. The study reveals that the use of the planning inputs was strongly emphasized in the formal planning process by 66% of the sample companies and a strong demonstration of humanistic culture in the work place was taken place. The findings of the study are consistent with the literature and support the proposition that formal strategic planning and humanistic culture are important endogenous factors that influence firms when addressing stakeholder demands for CSR. The results will add important empirical evidence to the literature on formal firm strategic planning and humanistic culture in developing countries; particularly in an African context.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
85	Dr. Monira Essa Aloud	7.5.

Affiliation
King Saud University
Saudi Arabia

Co-Authors

strictly double-blind peer-reviewed

Title
Agent-Based Simulation in Finance: Design Choices

Abstract
To understand the behavior of financial markets, and predict possible financial crises, we have to analyze market microstructure. Agent-based simulation is one of the most successful innovations in modeling complex behavior. The availability of computing power and access to financial market data has opened up new avenues for scientific research. While classical financial approaches fail to explain some existing phenomena, agent-based simulations offer a potential approach for understanding the behavior of financial markets. The paper briefly outlines the scope and agenda of agent-based financial simulation research. In particular, this paper outlines the design choices need to be made in building agent-based market.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
86	GHAZIEH LOUAI	6.5.

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strictly double-blind peer-reviewed

Title

Accountability Mechanisms of Managers and Its Impact on Performance and Value Creation: Comparative Analysis (France, Germany and the UK)

Abstract

We study the impact of accountability mechanisms on the corporate performance and the value creation in three European countries. Based on a sample of 284 French, British and German companies quoted on stock exchanges comprising 2272 annual reports examined during the period 2005 – 2012, this study aims to explain the differences between the companies practices within these three countries regarding the accountability mechanisms. First, we examine, for the sample size, the relationship between the characteristics of accountability mechanisms and the financial performance. The results show that the good functioning of the board of directors and the specialized committees are determinant factors in accountability mechanisms of managers which will in turn have positive effect on the company's performance and the value creation. Furthermore, our results show that the high quality of ethical environment within the company has great impact on managers' ethical behavior and their decisions making processes. We also study the relationship between the management characteristics (management networks, compensation packages, experience, and age) and the financial performance. Our results highlight the existence of a negative relation between the management networks, age, and high remuneration (positive in the case of experience) and the company's performance. This study should have academic and practical contributions particularly for regulators seeking to improve the companies' practices and organizational functioning within capital market economy.

Abstract Overview

Paper No.: **87**

Participant Name Gadaf Rexhepi

Main Session No. 2.1.

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strictly double-blind peer-reviewed

Title
Entrepreneurial strategies for starting a business

Abstract
In this paper we focus on how entrepreneurs should select the right strategies in starting their business. In the first part we try to give some contribution on the way how entrepreneurs should select their strategies which is different from the current literature which is offered on the field of selecting the entrepreneurial strategies. We propose that in selecting the strategy enterprises should pay attention to industry life cycle, or in what stage of development the industry where the enterprise is trying to enter is in the moment. Those if the industry is in the introduction stage, this means that majority of enterprises in this industry are in the introduction or growth phase. This means that the new enterprises that want to enter in these industries (maturity) need to choose a strategy which will be different from the one of enterprises that is in the maturity phase where their position in the market is very strong.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
88	Dalina Amonhaemanon	3.3.

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Title
Do Thai real estate add value to investment portfolio? Thailand evidence in 1994-2013?

Abstract
This study examine the role of Thai real estate sector with regard to their value added performance after adding real estate to a stock portfolio (benchmark portfolio) from a Thai perspective over the period 1994M1 to 2013M6. Whist there is a strong evidence of a diversification benefits and superior risk adjusted performance of Thai property sectors in mixed asset portfolio since the year of 2000. We compare the performance of a stock portfolio (benchmark portfolio) and that of an optimal mixed portfolio comprising of stock and real estate (direct and indirect real estate) by using the Sharpe ratio to measure portfolio performance. We test whether there is a statistically significant difference between the benchmark portfolio and the mixed portfolio. From our study, the results show that investing in all types of real estate entail benefits for Thai investors in the sense that the mixed portfolio always shows better performance than the benchmark portfolio.

Abstract Overview

Paper No.: 89

Participant Name Dr Sandy Chau

Main Session No. 1.3.

Affiliation
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Co-Authors
Dr Andy Tai

Title
Modelling the term structure of Hong Kong Inter-Bank Offered Rates (HIBOR)

Abstract
Hong Kong Inter-Bank Offered Rates (HIBOR) represent the interest rates at which banks are willing to lend in Hong Kong interbank market in Hong Kong dollar (HKD). Reference banks in HIBOR provides their "estimated offer rates at which deposits in HKD are quoted to prime banks in the Hong Kong interbank market at 11am of each trading day. In this paper, different single-factor models to estimate the term structure of HIBOR. These models use stochastic differential equations which effectively reflect market characteristics of short-term and long-term interest rates, such as capability of mean reversion and interest rate level fluctuation. For the period from 2005 to early 2007, the economy of Hong Kong had been relatively stable with pretty low volatilities in interest rate. However, starting from 2008 to beginning of 2012, the Hong Kong and the world economies had been steering from relatively stable to fluctuations, the 2008 financial tsunami initiated by the U.S. had been sweeping the globe causing financial instability; with the U.S. government taking quantitative easing monetary policy, interest rates fluctuated and submerged rapidly. In short, during the period of early 2008 to early 2012, volatility of short-term interest rate were extremely sensitive.

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
90	Jan Kruger	

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strictly double-blind peer-reviewed

Title
Flexible Approach To Pricing Asian Options

Abstract
Asian options are financial derivatives where the underlying is an average price. The usage of Asian options allow financial institutions to avoid a problem common to European options; that by manipulating the price of the underlying spot price near to the maturity date speculators can drive up option gains. In this paper, the price of an Asian option is shown to be the solution of a partial differential equation (pde). The flexibility associated with this pde, Asian option pricing approach is examined by pricing options where both the underlying spot and strike prices are discretely averaged. The flexible, Asian option pricing, approach is accurate as the pricing results were found to be within the 99.5% simulated price confidence interval. The flexible, Asian option pricing, approach is robust as the mean price error measured over 90 different financial market scenarios, were found to be only 6 cents.

Abstract Overview

Paper No.: 91

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Main Session No.

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strictly double-blind peer-reviewed

Title

The Dependency of Corporate Bond returns on Sovereign Default risk

Abstract

The default of a country on its debt obligations is referred to as the sovereign default. The increase in the risk of sovereign default usually gives rise to a significant increase in the borrowing costs of corporates. To understand the default pass-through effects the dependency of corporate bond returns on the sovereign default risk is studied. The South African bond and credit default swap data are used to establish the time varying nature of sovereign risk. The causality and cross correlations of the government and corporate bonds are investigated. In conclusion, a note is made on the fair risk premium of defaultable bonds, given its dependency on the sovereign default risk.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
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strictly double-blind peer-reviewed

Title
Modified Replacement Cost as the New Approach to Asset Valuation

Abstract
The paper is aimed at the issues associated with valuation of assets and its impacts on determination of an enterprise value. Financial statements prepared on the basis of historical cost have been often criticized by both theoretical and practical public. At the same time there is an effort to apply the fair value approach more often. It is important to pay attention not only to impacts of asset valuation on financial statements and economic result, but also to potential influence of these factors on determination of company value, especially if revenue methods are applied, which are based on data from company books. The aim of the paper is to demonstrate the proposal of new method for valuation of assets that should eliminate the difference between historical prices and real value. This method may become a basis for development of a new approach to company value determination.

Abstract Overview

Paper No.: **93**

Participant Name Deborah Cotton

Main Session No. 7.5.

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strictly double-blind peer-reviewed

Title
Ambiguity in markets: A test in an Australian emissions market

Abstract
Research suggests that ambiguity not only reduces the desirability to trade but also the overall effectiveness of financial markets. This paper tests the hypothesis that information reduces the ambiguity surrounding investor participation in Australia's largest emissions trading scheme. This market was chosen due to the high level of ambiguity surrounding Government policy and the ability to determine the factors likely to reduce ambiguity. We use Government announcements and international and locally significant events as sources of information. From this we find that information does reduce the level of ambiguity as shown by reduced bid ask spreads and increased relative trading volume.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
94	Khairina Rosli	6.3.

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strictly double-blind peer-reviewed

Title
Perceptions towards Audit Technology Acceptance: Perspectives of Audit Firms' Practitioners

Abstract
This paper provides empirical results of audit technology adoption in audit firms and their perceptions on the technological, organizational and environmental factors affecting its adoption. Survey on 166 audit firmsÕ practitioners in Malaysia revealed that almost 70% of the practitioners had never used advanced audit technology tools. Many respondents extensively utilized electronic spreadsheets in performing audit tasks. Despite the low adoption of advanced audit technology, the respondents acknowledged the technologyÕs relative advantage. However, the respondents gave relative lower mean values to other technological and organizational aspects i.e. cost-benefit, compatibility, complexity and trialability of audit technology. Low mean ratings were also given to environmental aspect (complexity of clientÕs accounting information system, competitive pressure and professional accounting bodiesÕ supports). This study contributes in developing audit technology adoption model by adding two new elements i.e. clientsÕ systems complexity and professional accounting body supports.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
95	MAIZATULAKMA	1.4.

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strictly double-blind peer-reviewed

Title
VOLUNTARY RISK MANAGEMENT DISCLOSURE AND FIRM VALUE: EVIDENCE FROM MALAYSIAN LISTED COMPANIES

Abstract
The objective of this study is to examine the relationship between Voluntary Risk Management Disclosure (VRMD) and Firm Value (FV). Empirical evidence on the association between VRMD and FV is still not yet established. Based on a sample of 395 firms listed on the main market of Bursa Malaysia in year 2011, this study uses univariate and multivariate statistical tests and found that VRMD has a positive and significant relationship with FV. This study also found Positive Risk Management Disclosure (PRMD) has a positive and significant relationship with the Firm Value. While Negative Risk management Disclosure has negative relationship with the Firm Value. Our results tend to suggest that VRMD is relevant to the investors in their investment decision-making. Our findings provide evidence that should be of interest especially to firms in terms of deciding upon whether to provide or avoid disclosing voluntary risk management information to their stakeholders.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
96	Kent Hickman	6.5.

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strictly double-blind peer-reviewed

Title
The Forbes 400 and the Gates-Buffett Giving Pledge

Abstract
Large disparities in the distribution of wealth across the world's population may contribute to political and societal instability. While public policy decisions regarding taxes and transfer payments could lead to more equal wealth distribution, they are controversial. This paper examines a voluntary initiative aimed at wealth redistribution, the Giving Pledge, developed by Warren Buffet and Bill and Melinda Gates. High wealth individuals signing the pledge commit to give at least half of their wealth to charity either over their lifetime or in their will. We attempt to identify personal characteristics of America's billionaires that influence their decision to sign the pledge. We find several factors that are related to the likelihood of giving, including the individual's net worth, the source of their wealth, their level of education, their notoriety and their political affiliation.

Abstract Overview

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conference - oxford, uk

Paper No.:	Participant Name	Main Session No.
97	Mohamad Sepehri	1.1.

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strictly double-blind peer-reviewed

Title
The Investment Decision: An empirical Study

Abstract
The objective of this paper is to utilize maximization method to construct an optimal portfolio for small business investors who may be holding less-diversified portfolios due to high transaction costs. The empirical results and the efficient frontier both show that the performance of the constructed portfolio outperforms the three major U.S. indices.

Abstract Overview

Paper No.: **98**

Participant Name Yana Shigina

Main Session No. 1.4.

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strictly double-blind peer-reviewed

Title
Social Media for The Benefit of Companies, Investors and Stock Price Informativeness

Abstract
Nowadays social networks play a crucial rule in a company's relationship with investors, requiring a stronger emphasis and more effort on the development of social media channels. We discuss a definition, classification and comparison for social media types. Then we consider the importance of social media for a company and investors, and provide evidence that social media use by firms can improve its stock price informativeness. A unique dataset was collected for an international analysis. Finally, an implementation plan is suggested for firms to maintain and manage social media.

Abstract Overview

Paper No.: 99

Participant Name Zaimah Abdullah

Main Session No. 7.1.

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strictly double-blind peer-reviewed

Title
Does the Type of Director matter for Foreign Equity Ownership? A Case for Malaysia.

Abstract
In the aftermath of the 1997-1998 Asian financial crisis, there are signs that in Malaysia, corporate governance is gradually converging towards the Anglo-American model. Drawing on the multi-theoretical approach, this study investigates a previously unexplored phenomenon in corporate governance reformation, namely the directors' attributes and the level of foreign equity ownership in Malaysian companies. This study embraces a multi-theoretical approach, incorporating institutional theory, agency theory and resource dependency theory to examine the antecedents of corporate governance reformation in attracting foreign investors in relation to the directors' attributes. The study's hypotheses are tested using panel data derived from 1,836 observations performed throughout a span of a 12 year period, between 2000 and 2011. By considering the existence of heteroscedasticity and the serial correlation problem, the generalised least square (GLS) method was employed to estimate the model. To enrich the findings, logistic regression analysis with random effect was further applied and the endogeneity issue was resolved with a GMM test. Our findings indicate that the level of foreign equity ownership in Malaysian companies is significantly related to foreign directors and multiple-directorships. Interestingly, the results defy the significant relationships of outside directors as generally proposed in extant literatures. A negative relationship between women-directorship and foreign ownership is also observed in this study.

Abstract Overview

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Paper No.:	**Participant Name**	**Main Session No.**
100	Gerald QUIRCHMAYR	4.4.

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strictly double-blind peer-reviewed

Title
Framework for a Generic Meta Organisational Model (presentation together with Johannes Göllner)

Abstract
A comprehensive risk management is the foundation of all management, core and support processes in an organisation. In particular, a special emphasis is placed on risk management on a strategic and operative level due to the sensitive tasks and challenges in this area. As a first step we apply a Multi-Layer Multiple Vector Model in order to structurally categorise threats. A meta organisation model connects these generic concepts. It identifies four major groups: organisational development, actor model, resources and enablers. By applying this approach we are able to map risk aspects of finance and banking. Furthermore we plan to develop a meta risk model (plan and base for the design of the future information system architecture and IT-Tools) which considered all national, supranational and international bank- and finance risk requirement of current and future development of capabilities and organisational frameworks/requirements in relation to an development of an enterprise risk model which is relevant for banking and insurance companies.

Abstract Overview

Paper No.:	Participant Name	Main Session No.
101	Jagoda Anna Kaszowska	6.4.

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Title

The role of risk perception in the systemic risk generation and amplification: agent-based approach.

Abstract

The authors model dependence of the financial market risk distribution on the agents' perception of risk. The perception of risk attitudes of the other market participants is also analyzed. They use insights from the social amplification of risk framework to built an agent-based model of Spanish financial system. The perception of risk attitudes increases the vulnerability of the financial system to external shocks. Furthermore, the perception of risk attitudes can fasten the self-organization of the system and lead to emergence of new kinds of risks that generate the systemic effects. As a result, the notion of systemic risk endogeneity seems to be redefined.

Abstract Overview

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Paper No.:	Participant Name	Main Session No.
102	Supranee Sugaraserani	4.4.

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Title
Quality-Image Of Stocks In MAI and Judgment Of Investors: Empirical Evidence of CG and ROIC

Abstract
The objective of the study was to examine the relationship between Quality-Image (QI) of stocks; corporate governance (CG), return on invested capital (ROIC) and the stock price of listed companies in Market for Alternative Investment (MAI) by using Feltham – Ohlson (FO) Valuation Model. The population for this study was 44 listed companies in MAI which their securities were first traded before 2008. Regression analysis was used to test the research hypotheses. The findings showed that the CG Rating and ROIC met the "Clean surplus relation" condition and furthermore, with 95% confidence, the change in 2009, 2010 and 2011 stock price could possibly, be explained by FO valuation model. Nonetheless, the unsystematic correlations which did not follow FO framework had provided 3 conclusions- (1) the liability of listed company in MAI during 2009-2011 might not have an impact on the firm value (2) investors did not concern the negative abnormal earnings and (3) investors did not pay attention to CG Rating but used ROIC in their judgments.

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Abstract Overview

Paper No.: **105**

Participant Name
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Main Session No.
6.4.

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strictly double-blind peer-reviewed

Title
Establishing and Assuring a Risk Culture in Organisations and Sustaining it over time

Abstract
If there is no effective and communicated risk appetite and risk culture, organisations will be surprised when they fail. If the culture and appetite are not aligned across the organisation then the organisation will have less ability to take opportunities as they arise. Importantly this risk culture must carry across borders. Companies that operate in many jurisdictions know that the corporate risk appetite and culture cannot be circumvented in any country. Those who do not follow the culture of risk should be disciplined and as appropriate terminated.

Abstract Overview

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conference - oxford, uk

Paper No.:	Participant Name	Main Session No.
106	Christa Hangl	7.4.

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Title
A Literature Review about the landscape of Social Finance

Abstract
The financial and economic crisis, from 2007 on, adversely affected the whole world. The rebound in the economy from the effects of the crisis will take some time. Consequentially, public welfare spending has been stretched to the limits and more and more social services are on the verge of discontinuation. In addition to the public sector, more and more traditional NGOs stemming from the third sector and an increasing number of social entrepreneurs as hybrid organizations are emerging, tackling these new societal challenges in need for finance. As a result, social banking and social finance providing means to start and support such initiatives have become important activities in Europe, despite a seemingly under-developed set of regulations and instruments for rational portfolio building.

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Abstract Overview

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Paper No.:	Participant Name	Main Session No.
109	CHINWEN HSIN	2.3.

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Title
Idiosyncratic Risk and Investor Sentiment of Emerging Market Stock Returns: A Decomposition Analysis

Abstract
This research decomposes the idiosyncratic volatility according to various driving forces, institutional as well as firm-specific, and uses those decomposed volatility components to explore their relations with cross-sectional expected returns. This research finds that those emerging market stocks of smaller size, lower profitability, higher profitability uncertainty and younger age tend to exhibit greater idiosyncratic risk. Those markets having greater innovations and growth opportunities also drive up the idiosyncratic risk. These findings conform to the suggestion that good quality as well as bad quality of firm-market characteristics may drive up stock idiosyncratic risk. Further explorations find that stocks of higher idiosyncratic risk tend to be over-priced, while such over-pricing does not change with investor sentiment. The part of idiosyncratic volatility associated with firm-specific characteristics however tend to cause mild underpricing, and such mis-pricing moves positively with the BM mispricing measure of sentiment.

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Abstract Overview

Paper No.:
110

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strictly double-blind peer-reviewed

Title
HYBRID MODEL OF ZAKAH & WAQF QARD-HASSAN & ISLAMIC FINANCE FOR A JUST AND SUSTAINABLE MICROFINANCE

Abstract
The failure of interest based programmes, such as micro-finance and anti-poverty programmes, in assisting the destitute, eradicating poverty and reducing income inequality encouraged the authors to study in depth the alternative financial institutions to interest/riba that can solve such problems rather than harming individuals, communities, societies and countries. This raises the question of whether the different Islamic financial institutions can eradicate poverty, reduce inequalities and provide microfinance with zero-interest. The answer to this will be presented throughout this paper.

Abstract Overview

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Paper No.: **111**

Participant Name Hylmun Izhar

Main Session No. Islamic Banking Panel

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Co-Authors
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strictly double-blind peer-reviewed

Title
ISLAMIC FINANCE OUTLOOK: CURRENT STATE, FUTURE TRENDS AND THE TASKS AHEAD

Abstract
The world financial markets continue to relentlessly examine the fundamental pillars of global and domestic banks in the wake of the perpetual changing international economic and political environment. Islamic financial institutions (IFIs), on the contrary, are demonstrating resilience as the world events continue to reshape the landscape of global financial services. The test, however, will be the way through which Islamic finance (IF) industry prepares itself for the opportunities and challenges thrown up by such an inevitable rapidly changing global economy

Abstract Overview

Paper No.:	**Participant Name**	**Main Session No.**
113	Steven C. Michael	1.1.

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Co-Authors
Yong Li

Title
Cultural Distance, Global Integration and Performance of Cross-Border Corporate Venture Capital Investments

Abstract
Does cross-border corporate venture capital (CVC) investment experience any liability of foreignness? Despite the rising globalization of venture capital over the last two decades, little research has been done to address this question. This study not only examines whether cross-border CVC investments experience any liability of foreignness, but also analyzes whether the liability of foreignness varies depending on the level of global industry integration. Our empirical analysis suggests that the performance of cross-border CVC investments, be it corporate investors' market value or the likelihood of a successful exit, declines with cultural distance. However, the diminishing effect of cultural distance on the likelihood of exit success becomes insignificant for investments in globally integrated industries.