swiss:finance:institute

Activity Report 2014

As a world-leading financial center building on a rich history, Switzerland's financial sector has the natural ambition of housing a world-leading research and training center in banking and finance.

The Swiss Finance Institute is the product of this ambition. Established at the initiative of the Swiss Bankers Association, it is a private foundation created in 2006 with the support of the Swiss banking and finance community, the Swiss stock exchange, the Swiss Confederation, the Swiss National Science Foundation, and several Swiss universities with the aim of advancing research activities in finance and executive education in the banking and finance sector.

The Swiss Finance Institute encompasses three pre-existing foundations – the International Center for Financial Asset Management and Engineering (FAME), the Swiss Banking School, and the Stiftung Banking und Finance an der Universität Zürich. This merger has led to the creation of one of the major European providers of research, doctoral training, and advanced executive education in banking and finance.

This report gives an overview of the Swiss Finance Institute's activities from January to December 2014.

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A Word from the Board

The Year of Cohesion

2014 saw SFI strengthen collaboration amongst the SFI activity areas, SFI members, and external partners. The relationship with SFI's stakeholders remains of vital importance and continued efforts are being made to make SFI's success more visible.

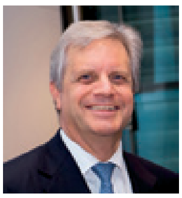
The highlight of the year was SFI's co-hosting with the Università della Svizzera italiana of the 41st Annual Meeting of the European Finance Association in August. The conference was attended by 800 senior economists from around the world and was a unique opportunity to raise the profile of Switzerland as a center of leading financial research and practice. Professor Robert J. Shiller, 2013 Nobel Laureate, made the keynote address. SFI hosted a one-day session for senior industry professionals on "Opportunities and Challenges in Asset Management" and gave insights into the latest academic research and the best business practices in this field.

In Research, collaboration by professors on projects within the Research and Knowledge Center areas reinforced faculty cohesion. The research projects, which commenced in 2012 thanks to the funding received from the State Secretariat for Education Research and Innovation, received further funding in 2014. The projects are showing promising results; 22 projects, of which 3 are directly funded, will continue into 2015. The SFI PhD program continues to achieve notable placements, enhancing SFI's visibility and profile at an international level.

In Education, the focus continues to be on broadening the degree program offering - the new Certificate in Advanced Studies in Real Estate Finance was launched during the year; adapting to the important paradigm shift in education by focusing on, and developing, customized programs of the right size; and further developing a state-of-the-art e-learning series that enables SFI Education to provide harmonious learning in the most effective manner.

In the Knowledge Center, the Knowledge Catalyst project continued to be highly successful. This is a placement program that assists in matching up industry-oriented Master's students from SFI Academic Partner Institutes with local companies during their course or thesis work. The biggest beneficiaries of SFI Knowledge Catalyst projects since the program's launch have been SFI's founding member banks, accounting for 39% of the total number of completed projects. The events run by Knowledge Transfer built awareness of SFI's purpose and activities. Press coverage of events increased significantly in 2014.

2014 saw the transformation of the Executive Education Advisory Board to the Education and Knowledge Advisory Board. This new body will focus on both Education and Knowledge Center activity areas. On behalf of the Foundation Board we would like to take this opportunity to thank Philipp Halbherr, Bernard Keller, and Pieren Vincenz for their contributions to SFI, now that they are at the end of their terms. We would also like to welcome Michael Auer, Boris Collardi, and Stephanino Isele as new members of the Foundation Board. Without the ongoing commitment and dedication of such members, SFI could not be the Institute that it is today.



Olivier Steimer
Chairman of the Foundation Board

Claudio Loderer
Managing Director

Swiss Finance Institute Faculty

The Swiss Finance Institute (SFI) aims to build up an outstanding faculty across Switzerland. SFI works with its academic partners to create and establish academic expertise. SFI has an extensive network of over 60 local and international faculty members to support its Research and Education activities.

Research Faculty
(as of December 2014)

The SFI Research faculty is made up of exceptional researchers from SFI academic partner institutes. Their outstanding publications contribute to the international research community and ensure that Switzerland makes its mark on the international research agenda.

**** *Senior Chair*
*** *Distinguished Service Senior Chair*
** *Junior Chair*
* *SFI Tenure-track Assistant Professor*

Education Adjunct Faculty
(as of December 2014)

The SFI Adjunct Professor title is awarded to selected professors from recognized universities and universities of applied science. Recipients are chosen because of the importance of their contribution to SFI's industry training programs.

ECOLE POLYTECHNIQUE FÉDÉRALE DE LAUSANNE
UNIL | Université de Lausanne
UNIVERSITÉ DE GENÈVE
University of Zurich
ETH zürich
Università della Svizzera italiana

Research Highlights

The Swiss Finance Institute (SFI) strives for a top-ranking position among the research institutes in finance of Europe. One way to measure progress towards this goal is through the number and quality of publications by SFI researchers that appear in top academic journals. The SFI Faculty's research is recognized internationally due to the significant number of publications in top journals. SFI is on a par with some of the foremost international institutions.

The SFI Scientific Council places extra weight on publications appearing in journals that historically have been first in promoting the ideas that have changed financial practice: the Journal of Finance, the Journal of Financial Economics, the Review of Financial Studies, the American Economic Review, the Journal of Political Economy, the Quarterly Journal of Economics, Econometrica, and the Review of Economic Studies. In 2014 the following 10 articles were published by SFI researchers:

2014

Preemptive Bidding, Target Resistance and Takeover Premiums, **T. Dimopoulos** and S.Sacchetto, *Journal of Financial Economics*, vol. 114(3), pp 405-620.

Asset Demand Based Tests of Expected Utility Maximization, **F. Kübler**, L. Selden, and X. Wei, *American Economic Review*, vol. 104(11), pp 3459-3480.

Time-Changed Levy LIBOR Market Model for the Joint Estimation and Pricing of Caps and Swaptions, **M. Leippold** and J. Stromberg, *Journal of Financial Economics*, vol. 111(1), pp 224–250.

Money and Liquidity in Financial Markets, **K. Nyborg** and **P. Östberg**, *Journal of Financial Economics,* vol. 112(1), pp 30-52.

Hazardous Times for Monetary Policy: What do Twenty-Three Million Bank Loans Say About The Effects of Monetary Policy on Credit Risk-Taking?, G. Jiménez, **S. Ongena**, J. Peydró, and J. Saurina, *Econometria*, vol. 82(2), pp 463-505.

Opacity in Financial Markets, **Y. Sato**, *Review of Financial Studies*, vol. 27(12), pp 3502-3546.

When Uncertainty Blows in the Orchard: Comovement and Equilibrium Volatility Risk Premia, A. Buraschi, **F. Trojani**, and A. Vedolin, *Journal of Finance*, vol. 69(1), pp 101-137.

When There is No Place to Hide - Correlation Risk and the Cross-Section of Hedge Fund Returns, A. Buraschi, R. Kosowski, and **F. Trojani**, *Review of Financial Studies*, vol. 27(2), pp 581-616.

The Swaption Cube, **A. Trolle** and E. Schwartz, *Review of Financial Studies*, vol. 27(8), pp 2307-2353.

The Executive Turnover Risk Premium, F. Peters and **A. Wagner**, *Journal of Finance*, vol. 69(4), pp 1529-1563.

Names appearing in bold indicate SFI Faculty members at the time of acceptance or publication of an article in the journal.

Other Publications

For the second year running SFI had 74 research papers included in the Swiss Finance Institute Research Paper Series hosted on the Social Science Research Network (SSRN). A complete list of the 2014 papers is available on pages 28–32 of this report.

The **SFInsight** reports on finance leaders' experience with current research results, recent SFI research findings, developments in the SFI Knowledge Center and SFI Education activities, as well as upcoming SFI events and news. The SFInsight can be accessed via SFI's website.

November 2014

Focus on Executive Compensation and Corporate Governance

- Corporate Governance and the Future of Proxy Advising, interview with Prof. Alexander Wagner, UZH
- The Executive Turnover Risk Premium

September 2014

Focus on Swiss Real Estate

- New Developments in the Swiss Real Estate Market, interview with Prof. Martin Hoesli, UNIGE
- New SFI Education Offer in Real Estate Finance, interview with Prof. Donato Scognamiglio, UNIBE
- Housing Finance in Switzerland

July 2014

Focus on Liquidity Risk

- Liquidity Risk in Strategic Asset Allocation, interview with Mr. Felix Schlumpf, Zurich Insurance Group
- Private Equity Performance and Liquidity Risk

May 2014

Focus on Beta Strategies

- Beta Strategies for Quantitative Funds, interview with Mr. Renaud de Planta, Pictet Group
- Beta-Arbitrage Strategies

March 2014

Focus on Risks and Regulation

- The Impact of Basel 3 on Swiss Banks, interview with Ms. Helen Campbell, KPMG Financial Services
- Bank Capital, Liquidity, and Insolvency Risk

January 2014

Focus on Behavioral Finance

- Behavioral Finance for Wealth Management, interview with Dr. Matthias Uhl, UBS Wealth Management
- Value Around the World

SFI Research Days

SFI organizes the annual SFI Research Days. This event, aimed at both PhD students and academics, takes place over two days in June at the Study Center Gerzensee. The event offers both Swiss-based academics and PhD students a forum to present and discuss their current research and features keynote speeches, parallel academic research sessions, doctoral workshops, individual research meetings for PhD students, prizes (Best Paper Doctoral Award and Best Discussant Doctoral Award), and social events. The SFI Research Days are regularly attended by more than 75 Swiss researchers. The event promotes collaboration between researchers from all across Switzerland.

Best Discussant winners András Sali (top) and Demian Berchtold with Olivier Steimer and Norman Schürhoff

Awards and Honors of SFI Faculty 2014

Tony Berrada

- *Mathematical Finance Days Best Paper Award* for "Asset Pricing with Regime-Dependent Preferences and Learning".

Rajna Gibson Brandon and Ines Chaieb

- *Dauphine-Amundi chair in Asset Management prize* for "Integration of Sovereign Bonds Markets: Time Variation and Maturity Effects".

François Degeorge

- *WRDS Outstanding Empirical Paper Award* for "Do Analysts' Preferences Affect Corporate Policies?".

Rüdiger Fahlenbrach

- Best Teacher Award at *EPFL Master Program in Financial Engineering*.

Kjell Nyborg

- *RCFS Best Paper Award* for "Bank Bailout Menus".

Outstanding Paper Award

The Outstanding Paper Award winners for the year 2014 were Ralph Koijen (London Business School) and Motohiro Yogo (Federal Reserve Bank of Minneapolis) for their paper entitled "Shadow Insurance".

The Swiss Finance Institute's Outstanding Paper Award is presented annually to an unpublished research paper circulated over the previous 12 months that makes an outstanding contribution to the field of finance. The jury selecting the winning paper is composed of all Swiss Finance Institute Chaired professors and is headed by Prof. Rajna Gibson Brandon, SFI Head of Research, and Prof. Norman Schürhoff, Chairman of the Jury.

OPA winner Ralph Koijen

Research Projects

The Swiss Finance Institute (SFI) supports and promotes promising research projects in selected subject areas through funding received from the State Secretariat for Education, Research and Innovation (SERI) and through direct funding. The research funds are awarded on a strictly competitive basis among researchers based in Switzerland under the supervision of the SFI Project Evaluation Committee.

In 2014, 22 projects were funded across eight Swiss Universities (EPFL, ETHZ, UNIBE, UNIGE, UNIL, UNISG, USI, and UZH). The research projects focus on the asset pricing and asset allocation, banking, behavioral and experimental finance, corporate finance, finance and society, financial markets, and international finance expertise areas.

"Why" Research:

The goal of this fundamental research is to better understand the mechanisms at work in financial economics. Industry-relevant findings help the financial industry make better decisions.

First Take-Aways:

Develop a benchmark model to improve the understanding of co-movements of bonds and stock markets across the business cycle. *(Project Berrada).*

Outline how savings, work decisions, and health expenditure influence being insured or not at a given point in life, and consequently quantify the welfare associated with alternative insurance schemes. *(Project Hugonnier).*

Obtain a correct understanding of the relevant risk-returns in financial sectors such as the hedge fund industry during economic and financial crises, and quantify the impact of opaque financial markets and heterogeneous market views when pricing assets. *(Project Trojani).*

Improve the understanding of security pricing and risk evolution in security markets by revising the expectations and decisions of investors, regulations, and risk managers. *(Project Barone-Adesi).*

Determine when M&As can be beneficial for both shareholders and the economy in general. *(Project Dimopoulos).*

Analyze how the tone managers use during corporate conference calls can affect stock prices. Experienced analysts respond appropriately in revising their forecasts; inexperienced analysts overreact to unexpected tone. *(Project Wagner).*

Better inform market participants and policy makers on the trade-offs between existing market structures and optimal financial market design, and increase know-how for designing and implementing financial market regulation. *(Project Schürhoff).*

Improve our understanding of the economic determinants of sovereign bond markets' integration with implications for funding costs; develop an international asset pricing model that prices liquidity risk for partially segmented markets; and offer a tool to evaluate liquidity-risk exposure of emerging market equity. *(Project Chaieb).*

PROJECT SUMMARIES

Asset Pricing and Asset Allocation

Asset Pricing with Regime Dependent Preferences and Learning
Project leader: Prof. Tony Berrada
(University of Geneva and SFI)
This project studies the impact of regime dependent preferences on equilibrium asset prices when information pertaining to the state of the economy is incomplete. The key insight is that the marginal utility of the representative agent is influenced by the probability of hidden states and in particular by its volatility. This additional source of risk is priced and allows the model to address a number of empirical asset pricing puzzles.

The Role of Betas versus Characteristics in Cross-Sectional Asset Pricing
Project leader: Prof. Amit Goyal
(University of Lausanne and SFI)
By developing a new methodology for cross-sectional asset-pricing tests, this study disentangles the relative importance of betas and firm characteristics in explaining the cross-sectional variation in expected returns. Data suggests there is evidence of positive beta premiums on the profitability, market, and investment factors, a negative premium on the size factor, and no reliable pricing evidence for the book-to-market and momentum factors; yet, firm characteristics consistently explain a much larger proportion of variation in estimated expected returns than all combined factors.

Financial and Health-Related Allocations over the Life Cycle
Project leader: Prof. Julien Hugonnier
(Ecole Polytechnique Fédérale de Lausanne and SFI)
This project develops a tractable dynamic framework capable of modeling the joint determination of a household's financial and health-related decisions over its life cycle. The project focuses on the implications for health and financial allocations as retirement plans

are shifting from a defined benefit scheme to a defined contribution one.

CDS Market Liquidity

Project leader: Prof. Anders Trolle
(Ecole Polytechnique Fédérale de Lausanne and SFI)
With liquidity effects in the credit default swap (CDS) market in mind, this study constructs a new measure of market-wide CDS illiquidity and assesses the impact of liquidity risk on expected returns of CDS contracts. The advantage of the illiquidity measure developed within this project is that it captures the many dimensions of illiquidity in the CDS market and that its innovations can be closely tracked by a tradable liquidity factor.

Term Structures and Cross Sections of Asset Risk Premia

Project leader: Prof. Fabio Trojani
(University of Lugano and SFI)
This project sheds further light on the price formation of individual financial assets across different markets, in dependence of the level and term structure of the assets' uncertainty. Project contributions include a class of general trading strategies for replicating and hedging the distinct characteristics of market uncertainty, as well as multi-factor parametric models able to describe the joint dynamics of the term structure of volatility risks, volatility risk premia, and option returns.

Banking

Systemic Risk and Dynamic Contract Theory

Project leader: Prof. Jean-Charles Rochet
(University of Zurich and SFI)
This project studies liquidity management by banks and its implications for systemic stability. Results show that liquidity requirements are not necessary when capital requirements are well designed. The project also studies sovereign default risk and develops a methodology to evaluate debt sustainability in advanced countries.

Behavioral and Experimental Finance

Contagious Defaults in Credit Markets - an Experimental Analysis

Project leader: Prof. Martin Brown
(University of St. Gallen)
This project helps better understand, through experimental evidence, whether mortgage defaults are predominantly driven by inability to repay or by strategic behavior. It also incorporates the role of social norms in containing strategic default.

Sentiment and Risk in Financial Markets

Project leader: Prof. Giovanni Barone Adesi
(University of Lugano and SFI)
This project measures investor sentiment – optimism and overconfidence in particular – and models its evolution through time. It also studies the implications of investor sentiment on asset management. Findings show that early identification of mispricing can help revise the expectations and decisions of investors, regulators, and risk managers.

Corporate Finance

The Corporate Aging Phenomenon

Project leader: Prof. Claudio Loderer
(University of Bern and SFI)
This project documents and explains the aging of companies. To focus on their core competences, firms choose organizational structures, incentives, and processes that make them, on average, increasingly inflexible and unable to embrace radical innovation. Predictably, they become more efficient producers, but their profitability and growth opportunities decline over time. They invest less, are less active in R&D, and prefer to divest assets and return money to investors.

Corporate Liquidity, Governance, and Agency Costs

Project leader: Prof. Erwan Morellec
(Ecole Polytechnique Fédérale de Lausanne and SFI)
This project sheds light on the magnitude of manager-shareholder and shareholder-debtholder conflicts around the world, on their effects on corporate behavior and economic growth, and on the effectiveness of governance mechanisms in alleviating such agency conflicts. Empirical estimates show that agency costs are high, vary widely between and within countries, and have important value effects. Legal origin, bankruptcy proceedings, and provisions for investor protection affect agency costs, but their impact is small compared to within country variation.

The End of Germany Incorporated

Project leader: Prof. Rüdiger Fahlenbrach
(Ecole Polytechnique Fédérale de Lausanne and SFI)
This research studies the effects of a major tax reform on corporate ownership and the consequences of ownership changes for firms' investment decisions and performance. The repeal of a capital gains tax on minority holdings led to a dramatic reduction of cross-holdings among companies and was beneficial for shareholders and firms.

Merger Activity in Industry Equilibrium

Project leader: Prof. Theodosios Dimopoulos
(University of Lausanne and SFI)
This project characterizes the interactions across the business cycle between merger activity, on the one hand, and firms' entry, exit, and investment decisions, on the other. The model developed shows that merger activity does not just reduce the number of existing firms in a sector, but interestingly encourages the entry of new firms.

Words and Deeds: Communication in Capital Markets

Project leader: Prof. Alexander Wagner
(University of Zurich and SFI)
This project advances knowledge on the reasons behind the variation in style of managerial communication, what investors can learn from implicit facets of communication, and how firms achieve credible communication. Data reveals that the understanding of communication in capital markets is still largely limited.

Finance and Society

The Financial Crisis of 2007/2008: Causes and Consequences

Project leader: Prof. Rüdiger Fahlenbrach
(Ecole Polytechnique Fédérale de Lausanne and SFI)
This project advances the knowledge on the causes and consequences of the recent financial crisis. Estimates suggest that banks have difficulties learning from crises on their own, either because their business model is hard to change or because their organization has a persistent culture. The project also focuses on the composition of regulatory capital; data reveals that banks engage in regulatory arbitrage by issuing hybrid capital instruments, such as trust-preferred securities, to optimize their balance sheet.

Delegated Portfolio Management, Resource Allocation, and Social Welfare

Project leader: Prof. Yuki Sato
(University of Lausanne and SFI)
This project focuses on the impact of the growth in size of mutual funds and hedge funds on the formation and stabilization of asset prices, the allocation of resources, and social welfare. The results indicate that as more investor capital is intermediated by funds, stocks' aggregate demand becomes less price-elastic, making prices more volatile.

Financial Markets

Analyzing Microfinance Markets

Project leader: Prof. Urs Birchler
(University of Zurich)
Using worldwide data on microfinance markets, this project analyzes differences in the development of microfinance across countries and constructs an index of both the financial and social performance of microfinance investments.

Institutional Trading: Liquidity Provision, Managerial Incentives, and High-Frequency Trading

Project leader: Prof. Francesco Franzoni
(University of Lugano and SFI)
This project investigates whether hedge funds' liquidity provision varies along market cycles. Further, it explores how different hedge fund characteristics affect hedge fund exposure to changes in funding conditions. The project contributes to the debate on the role of financial intermediaries, in stabilizing/destabilizing financial markets at times of crisis. Finally, it shows the importance of hedge fund market participation in affecting market liquidity, for example the bid-ask spread.

Liquidity and Leverage

Project leader: Prof. Semyon Malamud
(Ecole Polytechnique Fédérale de Lausanne and SFI)
This project analyzes the interactions between leverage, liquidity, and asymmetric information and their feedback effects on the real side of the economy. New theoretical models developed in this project provide new results for understanding amplification mechanisms through which financial shocks propagate in financial and real sectors. These results have important implications for institutional investors.

Nonlinear Effects in Financial Markets

Project leader: Prof. Martin Schweizer
(ETH Zurich and SFI)
This project studies the effects of nonlinearities in imperfect financial markets by concentrating on the combined issues of transaction costs and price impact, transaction costs and dividends, and financial bubbles as a possible manifestation of nonlinearities.

Opacity in Financial Markets

Project leader: Prof. Yuki Sato
(University of Lausanne and SFI)
This study investigates how opacity of investment companies and of financial products affects investor behavior, asset prices, and social welfare. Opacity occurs at both the fund level (e.g. mutual vs. hedge) and at the asset level (e.g. plain-vanilla vs. structured), and investors observe neither opaque funds' nor assets' payoffs. The model shows that opaque funds take on excessive leverage, causing overpricing of opaque assets.

Over-the-Counter Financial Markets

Project leader: Prof. Norman Schürhoff
(University of Lausanne and SFI)
In view of recent regulatory initiatives regarding over-the-counter markets in Europe and the US, this project studies the interrelation between financial market structure, liquidity, and asset price formation. This research is particularly relevant for policy makers and the general public in light of the recent financial and economic crisis and various regulatory initiatives in Europe (MiFID I & II) and the U.S. (Dodd-Frank). This project improves know-how for designing and implementing financial market regulation.

International Finance

Market Integration

Project leader: Prof. Ines Chaieb
(University of Geneva and SFI)

This project seeks to better understand what drives sovereign bond market integration. Results show substantial dispersion in the level and dynamics of market integration across countries and maturities. Countries with better credit quality, lower political risk, higher liquidity, and more stable inflation are better integrated. Moreover, the project examines how assets are priced in an increasingly global environment when market frictions such as transaction costs are present. Results show that liquidity risk is globally and locally priced for emerging markets specifically in crisis periods.

PhD Program in Finance

The Swiss Finance Institute PhD Program in Finance is targeted towards the pursuit of academic excellence. It aims at providing rigorous and inspiring PhD studies in finance with an intellectual environment and curriculum comparable with the top PhD programs in Europe and North America. The program seeks to offer the best training possible to both future academics and those contemplating a career in industry.

As of January 2014, there were 85 active students enrolled in the SFI PhD program in finance. The program takes place across the three SFI Centers with students in Léman (39), Lugano (22) and Zurich (24). The 2013/2014 academic year had an intake of 23 students, mostly from Europe but also from overseas. The SFI finances students in their first year of the program so they can study full-time. In subsequent years, the students often work as teaching and research assistants in local institutes while writing their theses, following advanced courses, and pursuing their research interests. SFI further supports students by providing financing for traveling to international conferences and workshops, and helps them prepare for the academic job market.

PhD Awards & Support:
Swiss Finance Institute Best Paper Doctoral Award

The annual SFI Best Paper Doctoral Award started in 2003 by the International Center FAME, was extended to all Swiss doctoral students in finance under the auspices of FINRISK and SFI from 2006 to 2013 and is now awarded by SFI. It awards a PhD student for an outstanding research paper presented at the SFI Research Days organized by SFI. The winning paper is nominated by a committee formed of external experts participating in the Research Days and is selected by faculty representatives from each SFI Academic Center. The Award is presented at the SFI Annual Meeting and the recipient receives a financial prize. In 2014, Ilaria Piatti (University of Lugano) won the award for her paper entitled “Heterogeneous Beliefs about Rare Event Risk in the Lucas Orchard”.

Swiss Finance Institute Best Discussant Doctoral Award

The annual SFI Best Discussant Doctoral Award was launched by SFI in 2007. It is awarded to Swiss doctoral students in finance for an outstanding discussion of a paper presented at the SFI Research Days. The recipients are selected by the chairpersons of the respective workshop sessions. The Awards are presented at the SFI Annual Meeting and the recipients receive a financial prize. In 2014, the award winners were András Sali (University of Lugano) and Demian Berchtold (University of Bern).

Advanced Doctoral Grants and PhD Study Abroad

- **Stefano Colonnello** from Ecole Polythechnique Fédérale de Lausanne visited Ohio State University (Fisher College of Business), USA from March to May 2014 (faculty sponsor: Prof. René Stulz).
- **Gianpaolo Parise** from University of Lugano is visiting Harvard University, USA from January 2014 to May 2015 (faculty sponsor: Prof. Robin Greenwood).
- **Stefanie Schraeder** from University of Lausanne visited Columbia University, USA from February to May 2014 (faculty sponsor Prof. Michael Johannes).
- **Jovan Stojkovic** from the University of Lugano is visiting London School of Economics, UK from September 2014 to June 2015 (faculty sponsor: Prof. Christopher Polk).
- **Francesca Zucchi** from Ecole Polythechnique Fédérale de Lausanne visited Kellogg School of Management (Northwestern University) from April to June 2014 (faculty sponsor: Prof. Kathleen Hagerty).

SFI PhD Workshop Series

The SFI PhD workshop series (organized by PhD students) was launched in 2011. It aims to stimulate student interaction across the three SFI centers.

Two SFI PhD students, Nikola Vasiljevic and Cornelia Rösler, organized the SFI Corporate Finance workshop, hosted by the Department for Banking and Finance, at the University of Zurich on October 30, 2014. The main aim of the workshop was to give PhD students an opportunity to present and discuss their theoretical and empirical work in corporate finance with fellow students and senior researchers. Allowing participation of PhD students from universities outside of the SFI network increased the competition and the diversity, and helped students establish connections with their colleagues from other academic centers. Eight papers were selected for presentation at the workshop. Students making representations came from eight different universities and five different countries in Europe. Participants enjoyed lively and interesting discussions during the workshop, and expressed their appreciation to the professors and their fellow students for the feedback they received regarding their research.

PhD Graduate Placements

SFI has one of the world's largest PhD programs in finance. SFI PhD Program graduates are successful at securing notable positions at prestigious academic and financial institutions, both in Switzerland and abroad.

SFI PhD graduates have secured placements principally in North America and Europe as shown on the map below.

SFI PhD Graduates 2014

The following students graduated from the SFI PhD Program during 2014.

- **Chris Bardgett**, Post-Doctoral Position, University of Zurich, Switzerland.
- **Dominic Burkhardt**
- **Nilüfer Caliskan**, Post-Doctoral Research Associate, University of Zurich, Switzerland.
- **Ibrahim Ethem Güney**, Economist, Central Bank of the Republic of Turkey, Turkey.
- **Ilya Kolpakov**
- **Dörte Kreher**, Post-Doctoral Position, University Humboldt of Berlin, Germany.
- **Emmanuel Leclercq**
- **Tamara Nefedova**, Post-Doctoral Research Scholar, NYU Stern School of Business, USA.
- **Alexander Eisele**
- **Rémy Praz**, Assistant Professor of Finance, Copenhagen Business School, Denmark.
- **Tatjana-Xenia Puhan**, Portfolio Manager Asset Allocation & Equity, Swiss Life Asset Managers, Switzerland.
- **Reza Solgi**, Post-Doctoral Fellow, Harvard University, USA.
- **Kristoph Steikert**, Post-Doctoral Position, University of Zurich, Switzerland.
- **Volodymyr Vovchak,** Model Developer, Swiss Rating Agency, Switzerland.
- **Hien Vu**, Researcher, Worldquant, Vietnam.
- **Qunzi Zhang**, Assistant Professor of Finance, Shandong University, China.

"I chose the SFI PhD program for the rigorous training as well as the quality of the faculty. The program is demanding and stimulating and provides a fruitful research environment. The working environment is supportive and collegial. In addition, the program gives the opportunity to travel abroad for a semester. I took this opportunity to present my work and enlarge the exposure of my research agenda. A few years after graduation, I can say that the SFI not only provides quality education necessary to become a successful and accomplished scholar and the possibility to find a job, but also gives the opportunity to take part in a leading financial community which is conducive to fostering collaboration. Several of my former classmates are, for example, now my co-authors."

Boris Nikolov, SFI PhD Graduate '08

Education

2014 Highlights

2014 was another year of transformation for SFI Education, marked by three main developments on the offering side and a number of operational, staff quality, and efficiency changes. The Education team continued to broaden its degree program offering by launching the new Certificate in Advanced Studies in Real Estate Finance, adapted to the important paradigm shift in education by focusing on and developing customized and scalable programs, and further developed a state-of-the-art e-learning series, that enables SFI Education to provide blended learning in the most effective manner.

Swiss Finance Institute Education offered 50 courses in 2014.

- > 4 degree offerings for a total of 13 weeks' study (plus one "Nachzertifizierung" for an earlier non-degree program)
- > 1 C-level offering for a total of 1 weeks' study
- > 2 executive offerings for a total of 7 weeks' study
- > 18 specialist offerings for a total of 6 weeks' study
- > 25 in-house training courses for a total of 11 weeks' study.

A total of 871 participants took part in one or more of the Institute's courses during 2014.

Once again, the Education unit of Swiss Finance Institute finished the year with a positive financial result, absorbing its investments into new programs and e-offerings, in spite of a difficult and increasingly fragmented market environment. Financial institutions around the world are continuing to refocus their external education demands in response to the challenging market and cost situation. The international trend toward certified courses and more in-house programs continues. These programs are increasingly customized, representing excellent quality at a competitive price.

SFI is constantly evaluating, together with its partner Rochester–Bern Executive Programs, the needs for further specialized certificate programs by the finance industry. Aiming at a competitive and sustainable education offering, we have made substantial progress in broadening the degree programs: The Master of Advanced Studies (MAS) in Banking was launched in March 2014. In addition, the first block of the new Certificate of Advanced Studies (CAS) in Real Estate Finance - a joint venture with IAZI AG - started in September 2014 with great success. 15 participants joined the first cycle of this program and their feedback was very positive. In fall 2015 we also plan to launch another Certificate of Advanced Studies with a special focus on Asset Management.

In 2014 SFI Education has moreover successfully redesigned one of its international offerings to make it more focused and adjusted to market needs. The "SFI International Bank Management Program" ran for the first time in September 2014 and achieved excellent feedback from the participants, who joined the program some of whom came from Brazil, Indonesia, and the United Arab Emirates. SFI also launched a series of so-called "SFI Spotlight Courses" to enlarge its participant population and deliver shorter, "spot-on" programs. The series is expected to be extended considerably in 2015.

SFI Education has also strengthened its ability to deliver international in-house programs providing highly successful customized programs for Asian clients. Among these clients are Singapore Management University and the Wealth Management Institute, who have been clients for several years. We were extremely pleased to celebrate the tenth anniversary of our collaboration with these institutes in 2014. Since 2003 we have welcomed more than 450 students of the Master of Science in Wealth Management Program to a Wealth Management study block in Switzerland.

Together with its partner, Centro di Studi Bancari (CSB), SFI has extended its cross-border seminars and begun to offer them alongside the open enrolment programs as in-house training courses for specific banks. While we are well aware of the competitive nature of this market, we are confident that our high-caliber, customized offerings will continue to attract Swiss and international banks.

SFI e-Finance Series

In 2014 SFI Education continued to develop its own e-learning offering, the "SFI e-Finance Series". The offering is primarily tablet-based and applications are available for iPad and Android tablets. The content is presented in the form of interactive e-books. The e-learning offering has so far only been used within our programs and in-house training courses but will be made publicly available as stand-alone offerings at a later stage.

SFI Education follows a two-fold content approach, focusing on the one hand on core knowledge for finance such as mathematics, statistics, and basic finance, and on the other hand on more specific finance topics such as mortgaging, trade finance or the regulatory environment.

Collaborations

On June 18th, 2014 the new **"SFI Campus at Credit Suisse Bocken Estate"** was officially presented to SFI lecturers, participants, alumni, and special guests during an inauguration event. Reto Isenegger, COO, Credit Suisse Switzerland, and Gabriela Maria Payer, Head of Education, Swiss Finance Institute, welcomed the participants and informed them about the collaboration and the history of the training and convention center. Participants at many of our programs and seminars will now be able to enjoy this wonderful setting above Lake Zurich.

sfi CAMPUS
CREDIT SUISSE BOCKEN ESTATE

SFI also continued its collaboration with the **CFA Society Switzerland in 2014**. The partnership is focused on delivering practical, relevant academic knowledge created by SFI to the Swiss and global practitioner communities. The partnership will also help SFI to maximize its practical impact and enhance the competitive advantage of the Swiss financial center. Swiss CFA members can now collect Continuous Education credits by participating in SFI Education programs and attending Knowledge Transfer events.

Successful collaborations have also continued with Centro di Studi Bancari, IAZI AG, Rochester-Bern Executive Programs, Singapore Management University, and Wealth Management Institute Singapore.

The 2014 Education Offering

The focus of the SFI Education offering is to provide insight into key knowledge and trends in the financial industry, both on a strategic and an operational level. The concepts underlying these trends are presented by academics and practitioners selected for their extensive industry involvement and their understanding of the implications of these concepts for the finance industry. Senior executives are invited to present the feedback of their institution to these developments. A systematic and regular update of the topics and course structure ensures that the needs of the market are constantly met. Finally, the carefully selected participants are of the highest caliber, ensuring a critical peer discussion of the ideas presented and the benefit of outstanding networking and interaction platforms.

The Education Offering: C-level Offerings for Top Management

International Wealth Management Retreat

SFI's most prestigious offering is the International Wealth Management Retreat for senior executives. The retreat brings together academic opinion leaders and top private banking executives to discuss research and practical advances in the increasingly complex and globalized wealth-management sector. The 2014 retreat, held at SFI Campus at Credit Suisse Bocken Estate, provided insights into where to find solutions in order to lead in "the new wealth management". It specifically focused on three main topics: how to actively engineer wealth management in a changing governance environment, how to address leadership in client relations, and how to build and rely on sustainable talent strategies. High-profile academics, among them Prof. Rüdiger Fahlenbrach, EPFL and Swiss Finance Institute, Prof. Heike Bruch, University of St. Gallen, Prof. Donato Scognamiglio, IAZI and University of Bern, and practitioners such as Iqbal Kahn, the CFO, Private Banking & Wealth Management, Credit Suisse, attracted a very interesting group of participants from diverse countries. The opening speech was given by Jürg Zeltner, CEO Wealth Management, UBS on the topic of "Leadership in the World of the Global "New Normal"".The different sessions were rounded off by a plenary discussion under the title, “Leadership Through Dynamic Decisiveness”, with inputs from the high-powered collection of attendees. The sessions were complemented by social programs adding to the topic of leadership and wealth management in a different context. This was highly appreciated by all participants.

The Education Offering: University Degree Offerings

Diploma of Advanced Studies in Banking (former SFI Executive Program)

A total of 43 participants have registered for this German language, part-time bank management program in 2014/15. The aim of the program is to reach a broadened understanding of the finance industry, improve the quality of decision-making and develop skills that will enhance interaction with colleagues from other business areas.

Participants are taught how to interpret their own responsibilities as part of the financial system and how to apply these in line with modern thinking and requirements from all market players. A great deal of attention is therefore paid to the study of the latest international developments in this context.

The Diploma of Advanced Studies in Banking runs for seven weeks spread over a two-year period. It is aimed at young vice presidents and is offered in collaboration with the Rochester–Bern Executive Programs.

Certificate of Advanced Studies in Corporate Banking

Today’s advisors and specialists in corporate banking face increasing challenges in their everyday business. They need to serve their clients in a highly professional manner, and to identify and develop new business opportunities while being able to recognize the early warning signs of potential failure. The Certificate of Advanced Studies (CAS) in Corporate Banking helps participants to excel in these fields. With a focus on medium-sized companies, the CAS in Corporate Banking conveys insights into corporate strategy, corporate finance, management accounting, legal & compliance, and risk management. The program, conducted in German, is offered in collaboration with the Rochester-Bern Executive Programs and was held for the second time in 2014. It is aimed at the experienced corporate banker level and parts of the program have also been opened to members of the Swiss Finance Institute Alumni Association.

Certificate of Advanced Studies in Real Estate Finance

The Certificate of Advanced Studies in Real Estate Finance provides an unparalleled opportunity for professionals and executives from the finance and real estate industry to obtain state-of-the-art insights and skills about the key factors and investment strategies driving real estate markets. The program highlights aspects like valuation, real estate portfolio management, and real estate financing, but also dedicates time to legal and tax aspects of real estate investments. The certificate program is held in German and is targeted at real estate specialists from the finance as well as other industries. It comprises 12 class days and leads to a Certificate of Advanced Studies issued by the University of Bern.

The Education Offering: Executive Offerings

Advanced Executive Program

The SFI Advanced Executive Program helps senior managers and experts from financial and related sectors to strengthen their management competences, broaden their factual knowledge, and promote integrated thinking around the current dramatic trends in the financial industry. The program, held predominantly in German, consists of 22.5 days spread over roughly one year.

International Bank Management Program in Banking

The SFI International Bank Management Program is an international executive program that explores the drivers behind the developments confronting the industry today. On one hand, the program explores critical finance concepts pitched at a level that is tailored to non-specialists. On the other hand, the program addresses managerial responses to the production and delivery of modern financial services in these challenging times. The program, taught in English, attracts and brings together a dynamic international faculty, industry leaders and international peers. It takes place in one block of 9 days.

Both executive offerings are comparable in style to a shortened MBA program, with extensive use of cases, class discussions, and group presentations to incorporate the experience of the widely diverse participants. Each of the two programs calls on around a dozen academics selected from Swiss and foreign universities, who are responsible for leading one specific module each. These are then supported by up to eighty senior executives who join the programs for special presentations and in-depth discussions.

The Education Offering: Customized Bank Seminars

Cross-border Seminars

Following a request from a group of Swiss private banks in 2012, SFI, together with its partner the Centro di Studi Bancari, offers cross-border seminars on Belgium, Brazil, France, Germany, Italy, Spain, and the UK. Since 2013 we are also offering parts of these seminars exclusively to specific banks as in-house training courses. In 2014, SFI and the Centro di Studi Bancari conducted 23 cross-border seminars as in-house offerings.

The Singapore Master's Program

SFI is also responsible for a one-week Swiss module of the "Master of Science in Wealth Management" offered by the Singapore Management University and Wealth Management Institute. The Swiss module was held for the tenth time in 2014, bringing together 17 participants from China, 11 from Singapore, 9 from East and Southeast Asia, and 1 participant from New Zealand. The program includes wealth-management related lectures from both academics and senior bank executives and a site visit to a bank in Zurich.

China Customized Training Courses

In recent years, we have been approached by various organizations requesting in-house training courses for major Chinese banks. A successful collaboration has been established and will continue with repeat business already for the fourth year.

The Education Offering: In-house Offerings

As mentioned above, in addition to its open-enrolment programs, SFI also offers company-specific, in-house training courses for both Swiss and internationally active financial institutions. These courses, workshops, or focused certification programs are tailored to clients' individual requirements.

Why In-house Offerings from SFI?

> Focus on the finance industry

SFI's focus on financial institutions results in a profound understanding of the needs and challenges of the financial industry. With a teaching faculty of more than 50 SFI professors, a total faculty of around 120 educators from academia and industry specialized in banking and finance, and an open architecture approach to lecturing, SFI offers in-depth and unmatched expertise.

> Strong and experienced partner in education

Built on more than 25 years of experience in banking and finance education, SFI offers customized training courses not only in Switzerland, but also in Europe and Asia. Clients include Swiss and international banks, universities and bankers' associations, and the Swiss State Secretariat for Economic Affairs (SECO).

> Thought leaders

A unique network of leading researchers, teachers, and senior bank practitioners puts SFI in a position to offer exceptional value in education. The Institute's lecturers are aware of the challenges in the finance industry, can combine theoretical concepts and practical examples, and ensure best-practice knowledge transfer to the client company.

Training Development Process

In order to address company-specific needs, detailed preparation takes place for each client institution:

- Identification of training goals & learning framework
- Analysis of status quo & internal courses conducted
- Determination of company-specific needs
- Development of customized curriculum
- Conduct of in-house training sessions
- Certification & review process

The process begins with scientific coordinators working in close collaboration with the client's internal training representatives to establish client-specific training goals and requirements. This stage takes previous training courses and content into account with a view to using existing content as the basis for a customized curriculum. It also examines individual participant experience and background alongside company specific training needs. This leads to the development of an individual, tailor-made training program that can also involve internal experts.

The next stage is to select the most appropriate lecturers from both academia and industry from SFI's first-class pool. The client and the chosen lecturers then work in close collaboration to devise the ideal structure for the training. This might be teacher-centered training, case-study based, or workshop-based learning. Tailor-made support documentation, based on the contents of the training course, is then prepared. Depending on the client's requirements, the in-house training offering can also include the organization of training locations and the preparation and management of examinations.

Following successful completion of the program, each participant is awarded a certificate by SFI. Once the customized training course is complete, a detailed review is carried out in order to improve the program so it can be delivered again and, potentially, implemented in the client's own training framework. Refresher courses can also be designed to maintain knowledge levels and support continuous learning.

swiss : finance : institute
• alumni association

Alumni Association

The Swiss Finance Institute Alumni Association (SFIAA) replaced the former Swiss Banking School Alumni Association on April 28, 2006. Graduates of any of the Swiss Finance Institute training programs or further education offerings, in particular the Executive Program, the Diploma of Advanced Studies (DAS) in Banking, the Certificate of Advanced Studies (CAS) program, the Advanced Executive Program, the Financial Asset Management and Engineering Program, and the International Bank Management Program are all eligible to join. The SFIAA currently has 1,381 members.

The SFIAA promotes:

- networking among its members
- further education of its members by means of seminars and lectures (in collaboration with SFI)
- contributions to the ongoing development of SFI

In addition to an annual meeting of members, SFIAA and SFI jointly organize the Alumni Luncheons with prominent guest speakers, after-work apéros in Zurich and Basel, luncheons in Bern, and networking dinners in Geneva, as well as the SFIAA Golf Trophy. More social events are being planned, starting with a one-day excursion to Mercedes-AMG in Affalterbach.

2014 Alumni Luncheons

January 28, 2014
Patrick Warnking
Country Director Switzerland, Google

March 5, 2014
Daniel Küng
CEO, Switzerland Global Enterprise

September 17, 2014
Dr. Zeno Staub
CEO, Vontobel AG

November 5, 2014
Dr. Alexander Rabian
Rechtsanwälte Streichenberg und Partner

"Women Luncheons" were launched in 2008 to promote networking among female members of the SFIAA. A total of 175 women participated in this year's events:

March 27, 2014
Dr. Renate Schwob
Leiterin Finanzmarkt Schweiz, stv. Vorsitzende der Geschäftsleitung
Schweizerische Bankiervereinigung

June 03, 2014
Rosmarie L. Michel
Unternehmerin, ehemalige Verwaltungsrätin u.a. bei ZFV, Valora, Credit Suisse AG

October 30, 2014
Dr. Barbara Rigassi
Mitgründerin und Co-Geschäftsführerin, GetDiversity

Knowledge Center

In 2014, Swiss Finance Institute Knowledge Center (SFI KC) has engaged in major endeavors in order to increase industry partners' and academics' awareness of the breadth of its work and to raise the institute's profile in industry-oriented research. SFI KC has successfully pursued those activities that were launched in 2013 to foster dialog between academia and the financial services industry and to strengthen the Swiss financial center.

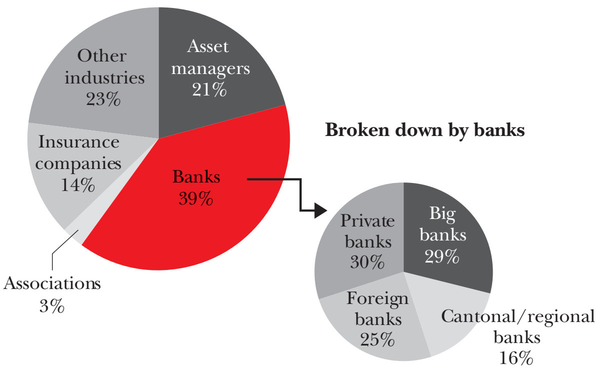
SFI Knowledge Catalyst

The SFI Knowledge Catalyst program (www.sfi.ch/catalyst) has been extended and now includes all SFI academic partner institutions and PhDs. Through its Knowledge Catalyst, SFI KC connects industry partners with banking & finance students from:

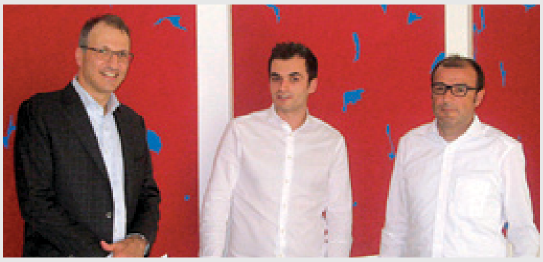
- 10 Master's programs
- 6 academic partner institutions
- 4 regions of Switzerland

The broad range and substantial number of industry partners that have engaged in collaborative projects with students in 2014 illustrates just how widely banking & finance research expertise is needed across Switzerland. The biggest beneficiaries of SFI Knowledge Catalyst projects since the program's launch have been SFI's founding member banks, accounting for 39% of the total number of completed projects. Moreover, several non-bank organizations and industry partners from other sectors have also been able to profit from SFI finance know-how, consistent with SFI's aim to strengthen the Swiss financial center.

SFI Knowledge Catalyst projects 2012–2014



The program offers students the opportunity to apply cutting-edge research techniques to business problems, while industry partners can have those problems analyzed and benefit from findings backed-up with scientific proof. Detailed hereafter, a successful example of how industry partners can profit from our Knowledge Catalyst offering.



Dr. Antonio Manzini, Bekim Hotnjani and Marco Prioni (from left)

Cooperation with the SFI Knowledge Catalyst is head hunting on a completely new level.

UBS AG needed scientific proof to base future decisions regarding client asset allocations on hard facts. But the team did not have the spare capacity necessary, the data concerned was too sensitive to let external consultants produce it, and the team wanted to access the most up-to-date knowledge and techniques from academia. The team decided to approach the SFI Knowledge Center and engage—via the Knowledge Catalyst program—a Master's student for the project. It proved possible to translate the findings of the Master's thesis directly into practice, and they were used for the following annual Swiss investors' benchmark review. In addition, both UBS and the Master's student made a double profit from the project—the team deciding to hire the student as a full-time employee. For more details visit: www.sfi.ch/kcsuccessstories.

Additional SFI KC Initiatives for the Swiss Financial Center

SFI KC put special effort into strengthening ties with its faculty members in 2014. The team visited all SFI centers and met with the majority of faculty members in person to secure their support for, and involvement in, the center's activities.

SFI KC also continued to connect academic experts with industry partners for the purposes of knowledge sharing, advice, or company-specific research, and increased the visibility of this service offering with its founding members and potential customers.

In spring 2014, SFI KC published its first White Paper (www.sfi.ch/whitepaper). SFI White Papers address practitioners, giving new stimulus to relevant topics from finance and banking and contributing to ongoing discussions. The response from the Swiss financial industry to this first White Paper was very positive. More publications are planned for 2015.

Knowledge Transfer

Swiss Finance Institute Knowledge Transfer (SFI KT) organizes a variety of events each year on cutting-edge topics. SFI KT makes knowledge available to as wide an audience as possible through seminars, conferences and panel discussions.

Publicly available short-learning opportunities in 2014

SFI KT seminars remained highly successful in 2014, providing short learning opportunities for academics and industry professionals. SFI KT organizes a variety of short events at centrally located sites, including half-day conferences or breakfast, lunch, and evening seminars, popular because they add real value for our target audience from the finance and banking sector.

In 2014, seventeen high-quality, publicly available short-learning opportunities attracted a total of 1,800 participants of which over 60% were senior bank and finance managers. Forty-five outstanding speakers from all over the world offered their knowledge through presentations, forty-three of whom did so free of charge. SFI KT seminars are also increasingly recognized as one of the platforms for media representatives who wish to gain a better understanding of the Swiss financial sector. Awareness of SFI's purpose and activities was significantly increased with twenty-five high-quality media articles appearing in Swiss media covering KT events - the best media coverage ever achieved. SFI is on social media channels including Facebook, Twitter, and LinkedIn.

Partnerships create added value

In 2014, SFI KT linked up with various partners and sponsors (e.g., the SFI Banking Conference in partnership with McKinsey & Company and the Swiss Bankers Association): such collaboration allows SFI to integrate new skills and additional resources and to access audiences outside the banking sector. A positive aspect of such collaboration is that SFI KT accesses additional funding sources.

Topical issues in 2014

We addressed three meta-themes during 2014: **Banking Transformation, Innovation, and Regulation –**

- Our series of Swiss Banking Transformation Testimonials was very well received: Boris Collardi (Julius Baer), Martin Scholl (ZKB), Christian Katz (SIX Group), and Pierin Vincenz (Raiffeisen) in Zurich, and Philippe Bertherat (Pictet & Cie) in Geneva attracted significant audiences.

- The 3rd SFI Banking Conference was a highlight for all partners. For SFI it was a unique opportunity to be involved in organizing an "SME Switzerland" survey, an activity that was positively received by the media throughout Switzerland with over a dozen quality articles, mainly print, and one radio broadcast. SFI distributed a press release on the event in four languages which resulted in heightened media coverage.

45 outstanding speakers

A number of other seminars attracted numerous participants, and two of these events deserve a special mention, as outlined further below: The seminar by Aleksander Berentsen - University of Basel - on Bitcoin and the seminar by Professor Peter Tufano of the Saïd Business School addressing the theme of household finance innovations. Further seminars were held by Dr. Juerg Syz, Diener Syz Real Estate, on "Asia's Real-Estate Markets"; David Cole of Swiss Re on "Managing Risk and Opportunities for Future Generations"; Dr. Günther Dobrauz and Dr. Samy Amaro, PwC, on "Finance Market Architecture"; and Dr. Philipp Keller on "Financial Repression, Protectionism, and Possible Strategies" in both Zurich and Geneva. Our year-end event with Dr. Andreas Dombret of Deutsche Bundesbank addressed the future of financial integration in Europe and marked the perfect end to the year.

SFI Breakfast Seminar "Bitcoin: A Virtual Currency Here To Stay?"

On October 9, Professor Aleksander Berentsen of the University of Basel held an SFI breakfast seminar in Zurich. His talk focused on Bitcoin, the digital currency that has been growing in popularity since its introduction in 2009. Bitcoin automated teller machines were recently introduced in Switzerland. Prof. Berentsen started by explaining what a virtual currency is and how it works. He then addressed the question of whether Bitcoin is a bubble or a good investment. He concluded his seminar by discussing the regulatory and monetary policy implications of Bitcoin.

SFI Lunch Seminar "Household Finance Innovations"

On October 29, Professor Peter Tufano, Dean of the Saïd Business School at the University of Oxford, held an SFI Lunch Seminar in Zurich. His talk focused on innovations in the retail financial services industry. Prof. Tufano discussed measurements of household economic well-being, research into financial capabilities, attitudes toward money that can be uncovered through new research methods, and behavioral anomalies that characterize household decision-making. He discussed regulatory actions in the household finance space and illustrated innovations that might better serve household financial needs. The seminar was fully booked and proof of its timeliness was the significant number of subsequent podcast downloads.

SFI 9th Annual Meeting

The SFI institutional event, the 9th Annual Meeting, was held on November 13, 2014, at the SFI Campus at Credit Suisse Bocken Estate, located in Horgen. The half-day event attracted over 140 finance practitioners and academics from all over Switzerland. The overall theme of the Annual Meeting was people and new technologies, both of which are clearly the driving factors of the future of Swiss banking. Two parallel sessions were held in order to cover both topics.
A panel discussion in German focusing on the positive combination of human and technological capital rounded off the day.

People session talks

The talks given in the "People" session revolved around the core idea that people are of the utmost importance in ensuring a business's success. Attendees learned more about the needs and expectations of different players, such as big banks and headhunters, who shared their thoughts on the future design of incentives. The session was chaired by Professor Rajna Gibson Brandon and included presentations by William Wolf, Global Head of Talent Acquisition and Development at Credit Suisse, Maurice Zufferey, Head of Spencer Stuart Switzerland, and SFI Professors Ruediger Fahlenbrach and Alexander Wagner.

Tech meeting points

Alongside the academic talks held in the "People" session were several practitioner-oriented talks by industry experts who presented cutting-edge technologies. The list of speakers included Andreas Kubli, Head of Multichannel Management & Digitization at UBS, Roberto Ferretti, Head of Portfolio Solutions at BSI, Jean-François Groff, CEO of Mobino, Niklaus Santschi, CEO of SIX Payment Services, Jonathan Möller, founder of foryouandyourcustomers, Jon Erni, Director at Microsoft Switzerland, and Michael Hartweg, Deputy CEO of Leonteq Securities.

Panel debate

Concluding the half-day event, Gabriela Maria Payer moderated a panel debate on the event's main theme: "Mensch oder Technik: Wo sollen wir in Zukunft investieren?" She was joined by Maurice Zufferey, Spencer Stuart, SFI Professor Norman Schuerhoff, Ulrich Voss of Avaloq Group, and Holger Spielberg, Credit Suisse.

Governing and Advisory Bodies

The main governing body of the Swiss Finance Institute (SFI) is the Foundation Board. It includes representatives of its founding members as well as representatives of its academic regional centers. The Foundation Board is advised by the Scientific Council on matters of scientific content. In 2014, the Executive Education Advisory Board transformed into the Education and Knowledge Advisory Board, it now advises not only on matters of professional education but also on knowledge transfer to industry. The Foundation Board has four committees: the Executive Committee, the Fund Management Committee, the Audit and Risk Committee or the Faculty Appointment and Research Project Committee. The aim of the committees is to discuss financial and faculty issues in detail before each meeting of the Foundation Board in order to bring recommendations to the members of the Board. All Foundation Board members have a secondary role on one of the four committees.

Foundation Board

Foundation Board members represent the entire finance and banking community in Switzerland, both locally and internationally. SFI gratefully acknowledges the participation of Prof. Dr. Philipp Halbherr, as representative of the Zürcher Kantonalbank, Mr. Bernard Keller, as representative of the Association of Swiss Commercial and Investment Banks and Prof. Dr. Pieren Vincenz, as representative of the Raiffeisen Group. All three finished their mandate on the Foundation Board during 2014.

Swiss Finance Institute Foundation Board – December 2014

Chairman

Mr. Olivier Steimer[1]
Chairman of the Board of Directors
Banque Cantonale Vaudoise, Lausanne

Deputy Chairmen

Mr. Lukas Gähwiler[1]
President Switzerland and member of the Group Executive Board, UBS

Mr. Hans-Ulrich Meister[1]
Head Private Banking & Wealth Management and Chief Executive Officer Region Switzerland, Credit Suisse

Members

Mr. Michael Auer[3]
Head of Banking Services Dept, Raiffeisen Group

Mr. Marco Bizzozero[2]
CEO, Deutsche Bank (Switzerland) Ltd. – as representative of the Association of Foreign Banks in Switzerland

Mr. Boris Collardi[3]
CEO, Bank Julius Baer & Co Ltd. - as representative of the Association of Swiss Asset and Wealth Management Banks

Mr. Renaud de Planta[3]
Managing Partner, Pictet Group - as representative of the Swiss Private Bankers Association

Prof. Dr. Michael Hengartner[4]
President of the University of Zurich - as representative of the Swiss Finance Institute Zurich Center

Dr. Stephanino Isele[2]
Head of Institutionals & Multinationals and Member of the Executive Board, Cantonal Bank of Zurich

Mr. Claude-Alain Margelisch[4]
CEO and Delegate of the Board of Directors, Swiss Bankers Association

Prof. Dr. Piero Martinoli[4]
President, Università della Svizzera italiana - as representative of the Swiss Finance Institute Lugano Center

Mr. Luca Soncini[2]
Executive Board Member, Chief Financial & Risk Officer, PKB Privatbank SA – as representative of the Ticino Bankers Association

Prof. Dr. Jean-Dominique Vassalli[4]
Rector, University of Geneva - as representative of the Swiss Finance Institute Léman Center

Mr. Alexandre Zeller[2]
Chairman of the Board of Directors, SIX Group Ltd. Zurich

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[1] *Executive Committee*
[2] *Audit and Risk Committee*
[3] *Fund Management Committee*
[4] *Faculty Appointment and Research Project Committee*

Scientific Council

The Swiss Finance Institute Scientific Council is comprised of international experts nominated as a result of a wide consultation with SFI's university partners. Its aim is to arrive at a broad consensus on the representation of the Scientific Council of Swiss Finance Institute's main fields of research: corporate finance, financial econometrics, financial mathematics, and investments. SFI's Foundation Board has committed to make decisions regarding scientific content exclusively under the recommendation of its Scientific Council. SFI is very fortunate to count on the enthusiastic support of the following internationally renowned experts:

Chairman
Prof. Dr. René Stulz
Fisher College of Business, Ohio State University

Members
Prof. Dr. Tim Bollerslev
Fuqua School of Business, Duke University

Prof. Dr. Patrick Bolton
Columbia Business School, Columbia University

Prof. Dr. Markus Brunnermeier
Department of Economics, Princeton University

Prof. Dr. Darrell Duffie
Graduate School of Business, Stanford University

Prof. Dr. Maureen O'Hara
Johnson Graduate School of Management, Cornell University

Education and Knowledge Advisory Board
The Education and Knowledge Advisory Board is the main supervisory body concerned with Education and Knowledge Center. The Board ensures that SFI's Education offering is of the highest quality, addresses the needs of the industry, and is synchronized with other initiatives within Switzerland. The Board advises the Knowledge Center on its initiatives and future strategy.

The members of the Education and Knowledge Advisory Board as of December 2014 are:

Chairperson
Dr. Philipp Halbherr

Members
Mr. Roland Altwegg
Head Private Clients, Raiffeisen Schweiz

Mr. Hans Baumgartner
Head Private & Wealth Management Clients Region Mittelland, Credit Suisse AG

Mr. Christian Donzé
Head of Professional Training, BCV

Ms. Judith Eberl
Head of HR Training, Development & Internal Communications, BSI SA

Mr. Christophe Lapaire
Chairman SFI Alumni Association and SIX Securities Services AG

Mr. Lukas Stucky
Head Julius Baer Academy, Bank Julius Baer & Co. Ltd

Mr. Markus Tanner
Senior Talent Partner, UBS Schweiz

Mr. Johannes Toetzke
Global Head Talent Development Private Banking & Wealth Management, Head Talent Development Region Switzerland, Credit Suisse AG

Dr. Thomas Ulrich
Regional Head Greater Zurich area, Managing Director, UBS AG

Mr. Matthias Wirth
Swiss Bankers Association

Project Evaluation Committee
The SFI Project Evaluation Committee is an independent committee of professors selected from around the world for their expertise in financial economics. Projects are assessed on the basis of their scientific rigor and their potential impact on financial economics, in particular through publication success.

The members of the SFI Project Evaluation Committee as of December 2014, are:

Chairperson
Prof. Dr. Rajna Gibson Brandon
University of Geneva and Swiss Finance Institute (Head of Research)

Members
Prof. Dr. Suleyman Basak
Institute of Finance and Accounting, London Business School

Prof. Dr. Bruno Biais
CRM, University of Toulouse

Prof. Dr. Arnoud Boot
Faculty of Economics and Econometrics, University of Amsterdam

Prof. Dr. Wayne Ferson
Marshall School of Business, University of Southern California

Prof. Dr. Alexander Ljungqvist
Stern School of Business, New York University

Prof. Dr. Josef Zechner
Institute for Finance, Banking and Insurance, Vienna University of Economics and Business.

2014 Facts & Figures

Summary of Swiss Finance Institute 2014 Financial Accounts

Balance Sheet as of December 31, 2014

	31.12.2014 CHF	31.12.2013 CHF
ASSETS		
Current assets		
Cash and cash equivalents	29’940’851	3’804’474
Cash and cash equivalents investment portfolios	2’118’580	6’270’902
Accounts receivable	291’571	106’534
Other receivables	97’273	164’108
Prepaid expenses and accrued income	126’943	247’089
Investment portfolio Crédit Suisse	0	21’462’363
Investment portfolio ZKB	23’277’284	24’094’027
Due from Securities Lending and Borrowing	0	3’620’097
Total current assets	55’852’503	**59’769’593**
Fixed assets		
Deposits	44’771	44’768
Office equipment	19’056	25’409
IT equipment	18’963	9’068
Total fixed assets	82’790	79’246
TOTAL ASSETS	55’935’293	**59’848’839**
LIABILITIES AND FOUNDERS’ EQUITY		
Short-term liabilities		
Accounts payable	27’898	955’963
Other payables	102’601	99’568
Research accounts	422’235	382’112
Accrued expenses and deferred income	3’342’311	1’857’381
Total short-term liabilities	**3’895’047**	**3’295’024**
Long-term liabilities		
Long term loans founders	8’000’000	8’000’000
Total long-term liabilities	**8’000’000**	**8’000’000**
Founders’ equity		
Foundation capital	15’000’000	15’000’000
Reserve	37’564’785	37’564’785
Retained earnings	-4’010’969	3’010’477
Net result from donations and operations	-4’513’569	-7’021’445
Total founders’ equity	**44’040’247**	**48’553’815**
TOTAL LIABILITIES AND FOUNDERS’ EQUITY	**55’935’293**	**59’848’839**

Profit and loss statement for the period from January 1 to December 31, 2014

		2014 CHF		2013 CHF
Income from Executive Education courses		3'085'456		3'822'11
Expenses from Excutive Education courses		-1'230'755		-1'915'638
Net result from courses before general expenses		**1'854'702**		**1'906'476**
Expenses Research including projects		-7'150'343		-6'950'003
Expenses PhD Program		-754'111		-821'869
Income from Knowledge Transfer	47'473		55'139	
Expenses from Knowledge Transfer	-217'855	-170'382	-193'877	-138'738
Total operating expenses Research, PhD, Knowledge Center		-8'074'836		-7'910'610
Net operating result before general expenses		**-6'220'134**		**-6'004'134**
GENERAL EXPENSES				
Personnel expenses		-3'072'256		-3'260'448
Office expenses		-107'400		-132'356
Insurance		-10'918		-12'172
Office supplies		-20'162		-39'867
Communication expenses		-9'534		-9'710
Mailing costs		-4'629		-8'782
Taxes and donations		-33'683		-38'193
Other professional fees		-125'639		-418'473
IT support		-37'112		-45'230
Representation costs		-18'897		-23'765
Marketing expenses		-94'849		-97'748
Depreciations		-10'608		-19'497
Other expenses		-19'872		-278
Net financial expenses		-472		-26'414
Total general expenses		-3'566'030		-4'132'934
Net operating result		**-9'786'164**		**-10'137'067**
INCOME/EXPENSES ON INVESTMENTS				
Income from investments		351'307		484'645
Net realized gain on sales		2'892'659		464'005
Net exchange loss on foreign currencies		-15'335		-158'840
Unrealized gain/loss (-)		428'049		734'039
Administration and bank fees		-207'008		-232'597
Total income/expenses on investments		3'449'671		1'291'252
Net result before extraordinary income and donations		**-6'336'493**		**-8'845'815**
Net extraordinary income		22'924		24'370
Donations / Subventions		1'800'000		1'800'000
RESULT FROM OPERATIONS AND DONATIONS		**-4'513'569**		**-7'021'445**

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Thomas CAYE, ETH Zurich
Johannes MUHLE-KARBE, ETH Zurich, and Swiss Finance Institute

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Markus LEIPPOLD, University of Zurich and Swiss Finance Institute
Jacob STROMBERG, Swiss Finance Institute (PhD Program)

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Martin DUDLER, Quantica Capital
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Julien HUGONNIER, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute
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Michael MERZ, University of Hamburg
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Walter POHL, University of Zurich
Karl SCHMEDDERS, University of Zurich and Swiss Finance Institute

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Julien HUGONNIER, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute
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Pierre-Olivier WEILL, University of California, Los Angeles, and NBER

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Anders B. TROLLE, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute

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Matthias EFING, University of Geneva and Swiss Finance Institute (PhD Program)

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Ralph KOIJEN, London Business School and NBER
Motohiro YOGO, Federal Reserve Bank of Minneapolis

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Damir FILIPOVIC, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute
Andreea MINCA, Cornell University

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Yan DOLINSKY, Hebrew University of Jerusalem
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Kasper LARSEN, Carnegie Mellon University
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Eric JONDEAU, University of Lausanne and Swiss Finance Institute
Michael ROCKINGER, University of Lausanne and Swiss Finance Institute

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Hao MENG, East China University of Science and Technology
Wei-Xing ZHOU, East China University of Science and Technology
Didier SORNETTE, ETH Zurich and Swiss Finance Institute

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Theodosios DIMOPOULOS, University of Lausanne and Swiss Finance Institute
Stefano SACCHETTO, Tepper School of Business, Carnegie Mellon University

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Matthias EFING, University of Geneva and Swiss Finance Institute (PhD Program)
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Patrick KAMPKOTTER, University of Cologne
Johannes STEINBRECHER, Ifo Institute Branch Dresden

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Damir FILIPOVIC, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute
Martin LARSSON, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute

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Spencer WHEATLEY, ETH Zurich
Vladimir FILIMONOV, ETH Zurich
Didier SORNETTE, ETH Zurich and Swiss Finance Institute

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Super-Exponential Growth Expectations and the Global Financial Crisis
Matthias LEISS, ETH Zurich
Heinrich H. NAX, ETH Zurich
Didier SORNETTE, ETH Zurich and Swiss Finance Institute

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Diego LIECHTI, University of Bern
Claudio LODERER, University of Bern and Swiss Finance Institute
Urs PEYER, INSEAD

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Norman SCHÜRHOFF, University of Lausanne, Swiss Finance Institute and CEPR

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Terrence HENDERSHOTT, University of California, Berkley
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Vladimir FILIMONOV, ETH Zurich
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Ines CHAIEB, University of Geneva and Swiss Finance Institute
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Lucas FIEVET, ETH Zurich
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Juan V. ESCOBAR, Universidad Autónoma Metropolitana-Iztapalapa and Universidad Nacional Autónoma de México
Didier SORNETTE, ETH Zurich and Swiss Finance Institute

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Diego ARDILA, ETH Zurich
Dorsa SANADGOL, ETH Zurich
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Didier SORNETTE, ETH Zurich and Swiss Finance Institute

University of Aberdeen, and Kedge Business School

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Eric JONDEAU, University of Lausanne and Swiss Finance Institute
Florian PELGRIN, EDHEC Business School

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Angie ANDRIKOGIANNOPOULOU, University of Geneva and Swiss Finance Institute
Filippos PAPAKONSTANTINOU, Imperial College London

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Walter POHL, University of Zurich
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Ole WILMS, University of Zurich

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Jochen KRAUSE, University of Zurich
Marc S. PAOLELLA, University of Zurich and Swiss Finance Institute

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Gianpaolo PARISE, University of Lugano and Swiss Finance Institute (PhD Program)

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Mathieu CAMBOU, Ecole Polytechnique Fédérale de Lausanne
Damir FILIPOVIC, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute

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Semyon MALAMUD, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute

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Semyon MALAMUD, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute

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Philippe BACCHETTA, University of Lausanne and Swiss Finance Institute
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Yannick KALANTZIS, Banque de France

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Steven ONGENA, University of Zurich and Swiss Finance Institute
Axel WIEANDT, WHU Otto Beisheim School of Management

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Alain CHANEY, IAZI AG
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Chunshuo LI, Zhong Qin Wan Xin Certified Public Accountants
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Marc ARNOLD, University of St. Gallen
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Patrick GAGLIARDINI, University of Lugano and Swiss Finance Institute
Christian GOURIEROUX, CREST and University of Toronto
Mirco RUBIN, University of Lugano and Swiss Finance Institute (PhD Program)

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Martin HERDEGEN, ETH Zurich
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Ludovic MOREAU, ETH Zurich
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Halil Mete SONER, ETH Zurich and Swiss Finance Institute

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Ren LIU, ETH Zurich
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Marko WEBER, Dublin City University and Scuola Normale Superiore

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Damir FILIPOVIC, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute
Martin LARSSON, Ecole Polytechnique Fédérale de Lausanne
Anders TROLLE, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute

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Stefanie SCHRAEDER, University of Lausanne and Swiss Finance Institute (PhD Program)

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Gianpaolo PARISE, University of Lugano and Swiss Finance Institute (PhD Program)

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Dirk HACKBARTH, Boston University and University of Illinois
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Ines CHAIEB, University of Geneva and Swiss Finance Institute
Vihang ERRUNZA, McGill University

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Semyon MALAMUD, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute
Evgeny PETROV, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute (PhD Program)

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Semyon MALAMUD, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute

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Susanne VON DER BECKE, ETH Zurich
Didier SORNETTE, ETH Zurich and Swiss Finance Institute

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Yoshihiro YURA, Tokyo Institute of Technology
Hideki TAKAYASU, Sony Computer Science Laboratories
Didier SORNETTE, ETH Zurich and Swiss Finance Institute
Misako TAKAYASU, Tokyo Institute of Technology

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Long/Short Equity Hedge Funds and Systematic Ambiguity
Rajna GIBSON BRANDON, University of Geneva, Geneva Finance Research Institute, and Swiss Finance Institute
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Erwan MORELLEC, Ecole Polytechnique Fédérale de Lausanne and Swiss Finance Institute
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Pablo KOCH-MEDINA, University of Zurich
Santiago MORENO-BROMBERG, University of Zurich
Cosimo-Andrea MUNARI, ETH Zurich

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Volodymyr VOVCHAK, University of Lugano and Swiss Finance Institute (PhD Program)

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Philippe BACCHETTA, University of Lausanne and Swiss Finance Institute
Kenza BENHIMA, University of Lausanne and CEPR
Céline POILLY, University of Lausanne.

SFI Faculty Guide

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Hansjoerg Albrecher is Professor of Actuarial Science at the University of Lausanne and has been an SFI faculty member since 2010. Prof. Albrecher is a regular speaker at leading conferences on insurance. He has published extensively and also serves on the editorial board of the top academic journals in his areas of research expertise.

Research Interests
His research focuses on the quantitative aspects of insurance and risk management.

Recent Research
Among his recent studies, Prof. Albrecher and his co-authors study properties of insurance portfolios which have large claims, and the number of claims is generated by a near mixed Poisson process. From this general situation they derive a number of limiting results for the joint Laplace transforms of the smallest and largest claims, as time increases. These results turn out to be quite explicit and allow the study of the effect on the resulting distribution when some of the largest claims are removed from the portfolio, which may for instance be necessary due to data contamination or unreliable claim estimates. This has an impact on the resulting capital requirements for insurance companies facing such claims.

Publications 2014 and Forthcoming
The Tax Identity for Markov Additive Risk Processes, with F. Avram, C. Constantinescu, and J. Ivanovs, Methodology and Computing in Applied Probability, vol. 16 (1), pp 245-258, 2014.

Exact Boundaries in Sequential Testing for Phase-type Distributions, with P. Asadi and J. Ivanovs, Journal of Applied Probability, vol. 51A , pp 347-358, 2014.

On Simple Ruin Expressions in Dependent Sparre Andersen Risk Models, with O. Boxma and J. Ivanovs, Journal of Applied Probability, vol. 51 (1), pp 293-296, 2014.

Power Identities for Levy Risk Models under Taxation and Capital Injections, with J. Ivanovs, Stochastic Systems, vol. 4 (1), pp 157-172, 2014.

Joint Asymptotic Distributions of Smallest and Largest Insurance Claims, with C.Y. Robert and J. Teugels, Risks, vol. 2 (3), pp 289-314, 2014.

Exit Identities for Levy Processes Observed at Poisson Arrival Times, with J. Ivanovs and X. Zhou, Bernoulli, forthcoming.

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Anastasia-Angeliki Andrikogiannopoulou has been SFI Assistant Professor of Finance at the University of Geneva since 2011. She obtained her PhD in economics from Princeton University. Prof. Andrikogiannopoulou has received several grants and awards during her undergraduate and graduate studies in finance.

Research Interests
Her research interests lie in household finance, behavioral finance, and mutual fund performance evaluation.

Recent Research
In one of her recent papers, Prof. Andrikogiannopoulou and her co-author revisit the question of skill in the mutual fund industry. Their methodology uses the full information in funds' returns instead of fund-level summary statistics. Results suggest that skill distribution is highly non-normal, with heavy tails and negative skewness. The majority of funds generate, net of fees and expenses, negative alphas, whilst only 14% have positive alphas. These results yield different asset allocation decisions than previous estimates. Chronological analysis shows that over the past twenty years it has become increasingly difficult to exploit profitable opportunities.

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Philippe Bacchetta is Professor of Economics at the University of Lausanne. He joined SFI in 2006, and has been an SFI Senior Chair since 2013. He holds a PhD in economics from Harvard University. He was a visiting scholar at the International Monetary Fund on several occasions and has been consulting at numerous central banks around the world. From 1998 to 2007, he was Director of the Study Center Gerzensee founded by the Swiss National Bank.

Research Interests

His research focuses primarily on international finance, financial crises, and monetary economics.

Recent Research

One of Prof. Bacchetta's recent co-authored studies analyzes firms' decisions regarding employment and corporate cash holdings in the aftermath of the U.S. financial crisis. Results suggest that liquidity shocks generate a negative co-movement between cash ratios and employment. The researchers explain this result by the fact that such shocks make production less attractive and more difficult to finance, while also generating a need for liquidity to pay wages, which is satisfied by holding more cash.

Publications 2014 and Forthcoming

Optimal Exchange Rate Policy in a Growing Semi-Open Economy, with K. Benhima and Y. Kalantzis, IMF Economic Review , vol. 62, pp 48-76, 2014.

The Demand for Liquid Assets, Corporate Saving, and International Capital Flows, with K. Benhima, Journal of the European Economic Association, forthcoming.

Prof.
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Giovanni Barone-Adesi is Professor of Economics at the Università della Svizzera italiana: He held an SFI Distinguished Service Chair from 2006 to 2011; since then, he holds an SFI Senior Chair. He acts as Head of the SFI Center at the Università della Svizzera italiana. Prof. Barone-Adesi is a founding partner at OpenCapital, an asset management firm based in Lugano. His recent research has focused on developing specialized investment funds to support international trade.

Research Interests

His research interests lie in derivative pricing, studies of market volatility, and the relationship between capital levels and risk-taking in banks.

Recent Research

In recent research, Prof. Barone-Adesi and his co-authors, estimate investors' sentiment from option and stock prices by anchoring objective beliefs to a neoclassical pricing kernel. Their estimates of sentiment correlate well with other sentiment measures such as the Baker–Wurgler index, the Yale/Shiller crash confidence index and the Duke/CFO survey responses, and yet yield further information. Their analysis points out three significant issues related to overconfidence. First, the Baker–Wurgler index strongly reflects excessive optimism but not overconfidence. Second, overconfidence drives the pricing kernel puzzle. Third, the dynamics of optimism and overconfidence generate a perceived negative risk-return relationship, while objectively the relationship is positive. Optimism and overconfidence about market returns co-move together, inflating asset prices in good times and exacerbating market crashes in bad times.

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Tony Berrada is Associate Professor of Finance at the University of Geneva and has been an SFI faculty member since 2006. Prof. Berrada is a regular speaker at leading finance conferences and workshops worldwide. He teaches executive education courses on portfolio management.

Research Interests

His main research interests lie in the pricing of financial assets and the modeling of market volatility dynamics, with a particular emphasis on the role of information.

Recent Research

In a recent paper, Prof. Berrada and his co-authors develop a theoretical framework to study the behavior of beta-weighted portfolios. Given the fact that no single security should end up dominating the market over time, holding the stock with the largest market capitalization is to be detrimental to any portfolio. Empirical tests confirm the theory; a portfolio that under-weighs high-beta securities and overweighs low-beta securities performs better than the market portfolio, even when transaction costs are accounted for.

Publications 2014 and Forthcoming

Beta Arbitrage Strategies: When do They Work, and Why?, with R. Messikh, G. Oderda, and O. Pictet, Quantitative Finance, forthcoming.

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Rajna Gibson Brandon is Professor of Finance at the University of Geneva and Managing Director of the Geneva Finance Research Institute. She joined SFI in 2006, acted as SFI Head of Research from 2007 to 2014, and holds an SFI Senior Chair since 2007. Prof. Gibson Brandon is a member of the board of directors of Swiss Re and Banque Privée Edmond de Rothschild. From 1997 to 2004, she was a member of the Swiss Banking Commission.

Research Interests

Her research areas include asset pricing, risk management, experimental finance, and corporate governance.

Recent Research

In a recent study, Professor Gibson Brandon and her co-authors conduct a laboratory experiment in which they expose participants to situational social norms of approval or disapproval of lying. While participants on average conform to the situational pressure, the results highlight important differences among individual reactions. Dishonesty-disapproving norms crowd out intrinsic preferences for truthfulness; conversely, these preferences support resistance to dishonesty-approving norms. Among several possible explanations, self-signaling under situational pressure provides the most convincing account of the evidence from the experiment.

Publications 2014

Reinsurance or Securitization: The Case of Natural Catastrophe Risk, with M. Habib and A. Ziegler, Journal of Mathematical Economics, vol. 53, pp 79-100, 2014.

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Inès Chaieb has been SFI Assistant Professor of Finance at the University of Geneva since 2010. She obtained her PhD in finance from McGill University in Canada. Prof. Chaieb is a regular speaker at major academic conferences and workshops in finance worldwide.

Research Interests

Her main research interests lie in international finance and emerging markets.

Recent Research

One of Prof. Chaieb's recent co-authored studies seeks to explain what the economic determinants of sovereign bond market integration are. The metric used to characterize government bond market integration over time and across maturities for a large sample of developed and emerging markets suggests a general upward trend, but there is still substantial dispersion across countries and maturities. Sovereign credit and political risk are the most significant factors related to the government bond market integration especially for the longer maturities.

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Marc Chesney is Professor of Finance at the University of Zurich and has been an SFI faculty member since 2006. Prior to his appointment in Zurich, he was a professor and the associate dean at HEC Paris. Prof. Chesney's papers have been published in the leading academic journals on quantitative finance. He also writes regular op-eds on topics such as environmental finance and ethics in finance.

Research Interests

His main research interests lie in quantitative finance and environmental finance.

Recent Research

One of Prof. Chesney's latest co-authored research uses laboratory experiments to examine the investment strategies of companies in irreversible abatement technologies and the environmental achievement of cap-and-trade markets. In line with theoretical models on irreversible abatement investment, results show that regulated companies trade permits at a premium and that steep per unit penalties for excess emissions prompt early investments in irreversible abatement technologies. Further experiments reveal that by contributing to the permit demand and supply, non-compliance companies enhance the exchange of permits by helping the system to achieve a zero-excess permit position.

Publications 2014

Experimental Comparison between Markets on Dynamic Permit Trading and Investment in Irreversible Abatement with and without Non-Regulated Companies, with L. Taschini and M. Wang, Journal of Regulatory Economics, vol. 46 (1), pp 23-50, 2014.

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Pierre Collin-Dufresne is Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne and SFI Senior Chair since 2011. Prior to his appointment in Switzerland, he held a chair in business at the Graduate School of Business at Columbia University. Prof. Collin-Dufresne spent four years at Goldman Sachs Asset Management, where he was in charge of fixed income and credit trading strategies. He currently sits on the academic advisory boards of Lombard Odier and Kepos Capital (a U.S. asset management firm). He also provides expert advice for Cornerstone Research, and serves on the editorial board of various academic journals.

Research Interestsa
His primary research interest lies in credit and fixed income markets.

Recent Research
One of the recent topics Prof. Collin-Dufresne and his co-authors have been investigating is the impact of contagion risk on defaultable bonds. The researchers contribute to the literature by proposing an alternative model that captures contagion-like behavior exhibited by sovereign spreads. Using European CDS data, they find that important nonlinearities in credit spreads are captured by their model, that contagion drives most of the variation in CDS spreads before the crisis, and that economic fundamentals mainly explain the fraction during the crisis itself. Learnings from their paper can be further applied to the analysis of corporate bonds and mortgage-backed securities.

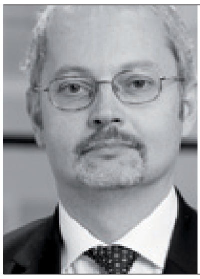
Publications 2014 and Forthcoming
Event Risk, Contingent Claims and the Temporal Resolution of Uncertainty, with J. Hugonnier, Mathematics and Financial Economics, vol. 8, pp 29-69, 2014.

Modeling Credit Contagion Via the Updating of Fragile Beliefs: An Investigation of the European Sovereign Crisis, with L. Benzoni, R. Goldstein, and J. Helwege, Review of Financial Studies, forthcoming.

On Bounding Jump-to-default Risk-premia, with J. Bai, with R. Goldstein, and J. Helwege, Review of Financial Studies, forthcoming.

Do Prices Reveal the Presence of Informed Trading: A Test of Standard Liquidity Measures, with V. Fos, Journal of Finance, forthcoming.

Endogenous Dividend Dynamics and the Term Structure of Dividend Strips, with F. Belo and R. Goldstein, Journal of Finance, forthcoming.



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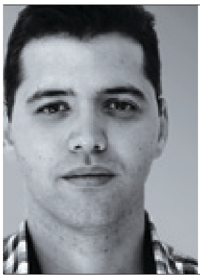
François Degeorge is Professor of Finance at the Università della Svizzera italiana. He joined SFI in 2006 and has held an SFI Senior Chair since 2010. Prof. Degeorge obtained his PhD from Harvard University and is a former Fulbright scholar. Prof. Degeorge teaches executive education courses on corporate finance for wealth managers on a regular basis. He has received numerous teaching and research awards. He is President of the European Finance Association.

Research Interests
His research tackles several topics in corporate finance. Most recently he has investigated the influence of analysts on corporate policies, the growing phenomenon of secondary buyouts, and the stock market impact of news dissemination by firms.

Recent Research
One of Prof. Degeorge's most recent co-authored projects looks at the value created by secondary buy-outs, (SBOs, when private equity firms sell companies to each other). Using a unique dataset the researchers discover a nuanced picture. On the one hand, SBOs underperform and destroy value when they are made by buyers under spending pressure. On the other hand, SBOs perform as well as other buyouts when made under no spending pressure. When the buyer and seller have complementary skill-sets (for example, an operations-oriented owner selling to a finance-oriented buyer) SBOs outperform other buyouts.



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Theodosios Dimopoulos has been an SFI Assistant Professor of Finance at the University of Lausanne since 2011. He obtained his PhD in Finance from London Business School with a dissertation on managerial incentives in corporate decisions. Prof. Dimopoulos has received several grants and awards during his studies in finance.

Research Interests

His research interests lie in mergers and acquisitions, corporate finance, and corporate governance.

Recent Research

In a recent paper, Prof. Dimopoulos and his co-author study a dynamic industry-equilibrium model that features mergers, entry, and exit by heterogeneous firms. We show how different sources of synergies affect merger cyclicality. Improvements in marginal productivity between merging firms generate a procyclical motive for mergers, while reductions in fixed costs of production generate a countercyclical one. The presence of a merger market makes poorly performing firms less likely to exit the industry in recessions, and increases the mean and variance of the cross-sectional distribution of firm level productivities. Consistent with empirical evidence, the researchers show that announcement returns for large acquirers are lower than for small acquirers, despite large acquirers' higher Tobin's Q.

Publications 2014

Preemptive Bidding, Target Resistance and Takeover Premiums, with S. Sacchetto, Journal of Financial Economics, vol. 114 (3), pp 444-470, 2014.

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Paul Embrechts is Professor of Mathematics at ETH Zurich. He joined SFI in 2007 and has held an SFI Senior Chair since 2009. Prof. Embrechts' research has been published in top academic journals worldwide and featured in international media. He is a regular speaker at leading international conferences in risk management aimed at both academics and industry professionals. He also serves on the editorial board of several international journals and is a member of numerous international advisory panels.

Research Interests

Prof. Embrechts is the director of RiskLab. Founded in 1994, RiskLab is a center for studies in the areas of insurance mathematics and quantitative risk management (QRM). His main areas of research concentrate on the modelling of extremal events in insurance and finance, as well as statistical methods for QRM.

Recent Research

In a recent paper, Professor Embrechts and his co-authors analyzed dependence-uncertainty for the calculation of regulatory risk measures, like Value-at-Risk (VaR) and Expected Shortfall (ES). In particular they provided best-worst bounds for VaR and ES in the case of portfolios for which the distribution of the underlying risk factors was known but no information on their interdependence was available. For homogeneous portfolios, situations where all underlying factors have the same distribution, sharp analytic formulas for both risk measures were provided; in general, a powerful numerical tool, the Rearrangement Algorithm, was developed. Further results relate to the ongoing discussion on switching from VaR to ES for the trading book.

Publications 2014 and Forthcoming

Extreme-quantile Tracking for Financial Time Series, with V. Chavez-Demoulin and S. Sardy, Journal of Econometrics, vol. 181 (1), pp 44-52, 2014.

Statistics and Quantitative Risk Management for Banking and Insurance, with M. Hofert, Annual Review of Statistics and its Applications, vol. 1, pp 493-514, 2014.

An Academic Response to Basel 3.5, with G. Puccetti, L. Rüschendorf, R. Wang, and A. Beleraj, Risks, vol. 2 (1), pp 25-48, 2014.

Edited Volume “Extremes in Finance”, P. Embrechts (Guest Editor), Extremes, vol. 17 (4), pp 529-715, 2014.

Editorial: Special issue on “Extremes in Finance”, Extremes, vol. 17 (4), pp 529-530, 2014.

An Extreme Value Approach for Modeling Operational Risk Losses Depending on Dovariates, with V. Chavez-Demoulin and M. Hofert, Journal of Risk and Insurance, forthcoming.

Aggregation of Log-Linear Risks, with E. Hashorva and T. Mikosch, Journal of Applied Probability, forthcoming.

Aggregation-robustness and Model Uncertainty of Regulatory Risk Measures, with B. Wang and R. Wang, Finance and Stochastics, forthcoming.

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Research Interests
His research focuses primarily on corporate governance and on understanding the causes and consequences of the recent financial crisis.

Recent Research
One of Prof. Fahlenbrach’s latest co-authored studies investigates why some banks engage in regulatory arbitrage and others do not. Banks can choose the composition of their capital within regulatory limits. The assets used in the computation of the main regulatory capital ratio are risk-weighted and ignore a wide range of off-balance-sheet exposures. They show that many banks optimize their balance sheets and the composition of their capital to minimize the impact of capital requirements on their activities. In their paper, the researchers develop a theory of the determinants of regulatory arbitrage and test this theory using banks’ issuance of trust preferred securities (TPS), a form of hybrid capital, in the United States. Their theory and empirical results explain why some banks did not participate in regulatory arbitrage by issuing TPS.

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Walter Farkas is Professor of Quantitative Finance at the University of Zurich and a team member of the SFI Knowledge Catalyst, an industry placement program for Master’s students at SFI academic partner institutions. Prof. Farkas is also an associated faculty member at the Department of Mathematics of ETH Zurich, and joined SFI in 2013. Prof. Farkas is the program director of the Master of Science in Quantitative Finance, a degree jointly offered by ETH Zurich and the University of Zurich since 2003.

Research Interests
His research focuses primarily on mathematical finance and quantitative risk management.

Recent Research
In a recent study, Prof. Farkas and his co-authors investigate the option that financial institutions in distress have to transfer losses over to their creditors. The existence of this option gives intermediaries a strong incentive to keep capital levels close to minimal requirements. The authors develop a

theoretical model and show that undercapitalization harms profitable growth, as low capital levels increase the probability of failure and subsequently force abandonment of growth investments. They conclude by suggesting that for financial stability to prevail, firms without significant franchise value should be removed from financial markets through mergers or liquidation; whilst firms with significant franchise value self-regulate.

Publications 2014 and Forthcoming

Beyond Cash-additive Risk Measures: When Changing the Numeraire Fails, with P. Koch-Medina and C.-A. Munari, Finance and Stochastics, vol. 18 (1), pp 145-173, 2014.

Capital Requirements with Defaultable Securities, with P. Koch-Medina and C.-A. Munari, Insurance: Mathematics and Economics, vol. 55, pp 58-67, 2014.

Capital Levels and Risk-taking Propensity in Financial Institutions, with G. Barone-Adesi and P. Koch-Medina, Accounting and Finance Research, vol. 3 (1), pp 85-89, 2014.

Measuring Risk with Multiple Eligible Assets, with P. Koch-Medina and C. Munari, Mathematics and Financial Economics, forthcoming.

Valuations of Options on Discretely Sampled Variance, with G. Drimus and E. Gourier, Journal of Computational Finance, forthcoming.

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Damir Filipovic holds the Swissquote Chair in Quantitative Finance at the Ecole Polytechnique Fédérale de Lausanne (EPFL) and is the head of the SFI at EPFL. He has held an SFI Senior Chair since 2010. Since 2011, Prof. Filipovic has been a member of the board of directors of Swiss Life Holding Ltd. He is the recipient of numerous research grants and a regular speaker at leading quantitative finance conferences and workshops worldwide.

Research Interests

His research interests lie in quantitative finance and risk management.

Recent Research

Prof. Filipovic and his co-authors have recently introduced a class of linear-rational term structure models, where the state price density is modeled such that bond prices become linear-rational functions of the current state. This class yields several advantages such as ensuring lower bounded interest rates, accommodating unspanned factors affecting volatility and risk premiums, and admitting analytical solutions to swaptions. The linear-rational models can be further modified to be applied to equity, credit, and commodity markets.

Publications 2014 and Forthcoming

Invariant Manifolds with Boundary for Jump-Diffusions, with S. Tappe and J. Teichmann, Electronic Journal of Probability, vol. 19 (51), pp 1-28, 2014.

Quadratic Variance Swap Models, with E. Gourier and L. Mancini, Journal of Financial Economics, forthcoming.

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Research Interests

His general research interests are in asset pricing, hedge funds, private equity, mutual funds, and ETFs. He focuses, in particular, on the impact of institutional investors on market prices and liquidity.

Recent Research

One of Prof. Franzoni's recent co-authored studies analyzes the implications of uncertainty about mutual fund's risk loadings on investors' capital allocation decisions. The theoretical model developed in this research predicts that the signal-to-noise ratio is higher and rational investors give more weight to performance signals when market returns are moderate, compared to times of very high or low returns. The empirical analysis reveals that the flow-performance relations is about twice as steep in moderate market states, compared to extreme market conditions, and that the difference is larger for funds with more uncertainty about risk loadings.

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Patrick Gagliardini is Professor of Econometrics at the Università della Svizzera italiana and has been an SFI faculty member since 2008. He held an SFI Junior Chair from 2008 to 2012. He obtained his PhD in econometrics from the Università della Svizzera italiana. Prof. Gagliardini's papers have been published in the top academic journals in finance, economics, and financial econometrics.

Research Interests
His main research interests lie in financial econometrics, with applications to credit risk and asset pricing models.

Recent Research
In recent research, Prof. Gagliardini and his co-authors seek to determine the implications of paying portfolio managers on the basis of their position, relative to their peers, instead of on the amount of assets under management or the returns of their portfolio. They test their positional strategy model in portfolio management on a large set of stocks traded in the NYSE, AMEX, and NASDAQ markets between 1990 and 2012. Results suggest that positional strategies outperform traditional strategies such as mean-variance, momentum and reversal strategies, and even the 1/n portfolio allocation.

Publications 2014 and Forthcoming
Efficiency in Large Dynamic Panel Models with Common Factors, with C. Gouriéroux, Econometric Theory, vol. 30 (5), pp 961-1020, 2014.

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Manfred Gilli is Emeritus Professor at the University of Geneva and has been an SFI faculty member since 2006. Prof. Gilli has published extensively and has contributed many chapters to books on computational finance. He is a regular speaker at leading finance conferences worldwide.

Research Interests
His research interests lie primarily in the implementation and empirical validation of computational methods in finance.

Recent Research
In one of his latest papers, Prof. Gilli and his co-authors focus on a data-driven classification of mutual funds. Standard methods, based on statistical properties, are not appropriate for the classification of mutual funds as they change in a continuum. The researchers explore a number of approaches to identify sets of funds where each member has similar properties up to a given level, or at the opposite, isolating sets of funds which are very dissimilar. The challenge is to find appropriate models for measuring the distance. The resulting complex optimization problems are solved by means of heuristic numerical techniques. The ultimate goal of the research is to provide a technique that helps investors to make better decisions about mutual funds.

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Amit Goyal is Professor of Finance at the University of Lausanne and has held an SFI Senior Chair since 2008. Prof. Goyal's research has been published in the top finance journals worldwide and featured in the international press. He is a regular speaker at leading academic conferences in finance.

Research Interests
His main research interests lie in empirical asset pricing.

Recent Research
In a recent study, Prof. Goyal and his co-authors seek to determine whether cross-sectional equity return predictors also predict bond returns. U.S. equity and bond data from 1973 to 2011 reveal that predictors such as size, value, profitability, and past equity returns are strong predictors of bond returns; but others such as accounting accruals and earnings surprises are not. The researchers also find that there is a strong lead from stocks to bonds at the monthly horizon, and that profitability and equity volatility predict bond returns negatively and positively.

Publications 2014 and Forthcoming
Is Momentum an Echo?, with S. Wahal, Journal of Financial and Quantitative Analysis, forthcoming.

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Michel Habib is Professor of Finance at the University of Zurich and has been an SFI faculty member since 2006. He held an SFI Senior Chair from 2007 to 2011. After graduating from the Wharton School of Business, he taught at the London Business School. Prof. Habib was the Director of the Swiss National Center of Competence in Research on "Financial Valuation and Risk Management", FINRISK, between 2009 and 2013.

Research Interests
His primary research interest is corporate finance.

Recent Research
In one of his latest research projects, Prof. Habib and his co-authors develop a measure of maximum sustainable government debt (MSD) for advanced economies. How much investors are willing to lend to a country's government depends on how high a primary surplus they expect that government to generate, how fast they expect the country to grow, how volatile they expect that growth to be, and how much debt they expect the government will be able to raise in the future to service the debt it seeks to raise today. This last observation points to the presence of a borrowing multiplier, which raises a country's borrowing well above what it would be. OECD data spawning on the 1980-2010 period shows that countries whose actual debt increases beyond a level of MSD generally encounter difficulty servicing their debt; a country's probability of default increases slowly below MSD and very rapidly above.

Publications 2014 and Forthcoming
Reinsurance or Securitization: The Case of Natural Catastrophe Risk, with R. Gibson Brandon and A. Ziegler, Journal of Mathematical Economics, vol. 53, pp 79-100, 2014.

Sovereign Debt Sustainability in Advanced Economies, with F. Collard and J.-C. Rochet, Journal of the European Economic Association, forthcoming.

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Henrik Hasseltoft is Assistant Professor of Finance at the University of Zurich and has been an SFI faculty member since 2009. He obtained his PhD in Finance from the Stockholm School of Economics. Before pursuing an academic career, Prof. Hasseltoft worked for two years in the trading department of UBS London.

Research Interests

His main research interests lie in empirical and theoretical asset pricing, as well as international finance.

Recent Research

In recent research, Prof. Hasseltoft and his co-author contribute to the carry trade and momentum literature. Regressions show that a trading strategy that goes long currencies in countries with strong economic momentum and short currencies in countries with weak economic momentum exhibits an annualized Sharpe ratio of about one and yields a significant alpha when controlling for standard carry, momentum, and value strategies. The authors' economic momentum strategy includes the alpha of carry trades, suggesting that cross-country differences in carry are captured by differences in past economic trends. Moreover, they study investors' expectations of fundamental variables and find the expectations to be extrapolative but negatively related to their portfolio weights, which rank economic trends across countries.

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Harald Hau is Professor of Finance at the University of Geneva, where he has held an SFI Senior Chair since 2011. He obtained his PhD in economics from Princeton University. Prof. Hau has several ongoing collaborations with colleagues at the European Central Bank, where he was the Wim Duisenberg Research Fellow in 2011. His work has been published in the top academic journals and has featured in international press.

Research Interests

His research focuses on international finance, financial stability, asset pricing, and asset management.

Recent Research

One of Prof. Hau's latest co-authored studies focuses on conflicts of interests between credit ratings agencies (CRA) and their clients. Among several results, based on European and North American data from 1999 to 2011, they find that i) issuers that share more business with a specific CRA receive particularly pronounced rating favors for complex deals, ii) conflicts of interest seem to be more pronounced during the credit boom years of 2004-6, and iii) all three CRA cater rating favor issuers with strong relationship ties and do so across asset classes.

Publications 2014 and Forthcoming

The Exchange Rate Effect of Multi-Currency Arbitrage, Journal of International Money and Finance, vol. 47, pp 304-331, 2014.

Incentive Pay and Bank Risk-Taking: Evidence from Austrian, German and Swiss Banks, with M. Efing, P. Kampkötter, and J. Steinbrecher, Journal of International Economics, forthcoming.

Structured Debt Ratings: Evidence on Conflicts of Interest, with M. Efing, Journal of Financial Economics, forthcoming.

Dealer Intermediation Between Market, with P. Dunne and M. Moore, Journal of the European Economic Association, forthcoming.

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Thorsten Hens is Professor of Financial Economics and Director of the Department of Banking and Finance of the University of Zurich. He has been an SFI Faculty Member since 2006. He was an SFI Research Fellow 2008 to 2013. Prof. Hens is the founder of the UZH-spin-off firm Behavioral Finance Solutions, which assists financial firms in developing and implementing investor profiling methods making use of behavioral finance principles.

Research Interests

His research focuses mainly on behavioral finance.

Recent Research

In one of his latest research, Prof. Hens and his co-authors study the effects of international conflicts on stock markets during the 20th century. Previous research shows that stock market prices react very sensitively to the probability of a major war, as the increase (decrease) in the likelihood of war decreases (increases) stock prices. The authors distinguish wars with a "prologue" tension period (e.g. World War II in Europe), from wars that occur "out of the blue" (e.g. Pearl Harbor). In the former situation, once the war breaks out, stock market prices do not decrease further, but actually increase significantly; whereas in the latter situation, the sudden outbreak tends to decrease stock market prices. These results challenge the classical asset pricing model based on expected utility; a certain irrationality of mean-variance preferences of investors, the mean-variance paradox, might be the driver to explain this pattern.

Publications 2014 and Forthcoming

Improving Investment Decisions with Simulated Experience, with M. Bradbury and S. Zeisberger, Review of Finance, pp 1-34, 2014.

Risk Preferences Around the World, with M. Wang and M.O. Rieger, Management Science, 2014.

Can Utility Optimization Explain the Demand for Structured Investment Products?, with M.O. Rieger, Quantitative Finance, vol. 14 (4), pp 673-681, 2014.

On the Determinants of Household Debt Maturity Choice", with W. Breuer, A.J. Salzmann, and M. Wang, Applied Economics, forthcoming.

The War Puzzle: Contradictory Effects of International Conflicts on Stock Markets, with A. Brune, M.O. Rieger, and M. Wang, International Review of Economics, forthcoming.

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Martin Hoesli is Professor of Real Estate Investments and Finance at the University of Geneva and has been an SFI faculty member since 2006. Prof. Hoesli is the author of several books on real estate investments and serves on the editorial board of several leading international real estate journals.

Research Interests

His research relates mainly to the area of property finance.

Recent Research

In one of his recently published papers, Prof. Hoesli and his co-authors study the contagion channels between REITs and financial markets. They examine four distinct channels: information correlation, liquidity correlation, portfolio rebalancing, and herding behavior. To quantify the scale of these channels, the researchers focus on the U.S. REIT and S&P indices during the 1999-2011 period. Results suggest that contagion between these markets is driven by liquidity and behavioral mechanisms; not informational and portfolio rebalancing ones.

Publications 2014 and Forthcoming

The Effect of Lock-Ups on the Suggested Real Estate Portfolio Weight, with E. Liljeblom and A. Löflund, International Real Estate Review, vol. 17 (1), pp 1-22, 2014.

Commonality in Liquidity and Real Estate Securities, with A. Kadilli and K. Reka, Journal of Real Estate Finance and Economics, forthcoming.

Contagion Channels between Real Estate and Financial Markets, with K. Reka, Real Estate Economics, forthcoming.

Determinants of the Homeownership Rate: An International Perspective, with S.C. Bourassa, D.R. Haurin, and P.H. Hendershott, Journal of Housing Research, forthcoming.

Transaction-Based and Appraisal-Based Capitalization Rate Determinants, with A. Chaney, International Real Estate Review, forthcoming.

Multifamily Residential Asset and Space Markets and Linkages with the Economy, with A. Chaney, Journal of Property Research, forthcoming.

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Julien Hugonnier is Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne and the head of its Master in Financial Engineering program. He joined SFI in 2006 and has held an SFI Senior Chair since 2012. Prior to joining the Ecole Polytechnique Fédérale de Lausanne, he held positions at Carnegie Mellon University, HEC Montreal, and the University of Lausanne. Prof. Hugonnier is a regular speaker at finance conferences worldwide and serves on the editorial board of various academic journals in the areas of mathematical finance and financial economics.

Research Interests
His main research area is theoretical asset pricing.

Recent Research
In recent work, Prof. Hugonnier and his co-author derive a novel and analytically tractable model of dynamic arbitrage. To do so they consider the equilibrium of market with three groups of agents: a group agents who are subject to risk constraint that tilts their demand toward the riskless asset, unconstrained agents who are subject only to a non-negativity constraint on wealth, and arbitrageurs who have no initial wealth but benefit from a credit facility that allows them to weather interim losses. The solution of the model shows that the presence of constrained agents gives rise to risky arbitrage opportunities in the form of asset pricing bubbles and that these bubbles make the credit facility valuable by allowing arbitrageurs to consume although they initially hold no wealth. The researchers also show that the equilibrium is characterized by bubbles on both traded assets, a time varying price-dividend ratio, and a countercyclical excess volatility component that is consistent with empirical evidence.

Publications 2014 and Forthcoming
Event Risk, Contingent Claims and the Temporal Resolution of Uncertainty, with P. Collin Dufresne, Mathematics and Financial Economics, vol. 8 (1), pp 29-69, 2014.

Capital Supply Uncertainty, Cash Holdings and Investment, with S. Malamud and E. Morellec, Review of Financial Studies, forthcoming.

Asset Pricing with Arbitrage Activity, with R. Prieto, Journal of Financial Economics, forthcoming.

Credit Market Frictions and Capital Structure Dynamics, with S. Malamud and E. Morellec, Journal of Economic Theory, forthcoming.

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Eric Jondeau is Professor of Finance at the University of Lausanne and has been an SFI faculty member since 2006. Prof. Jondeau's papers have been published in the leading academic journals.

Research Interests
His research interests include financial econometrics, asset and risk management, and pension funds.

Recent Research

In one of his latest papers, Prof. Jondeau and his co-author investigate the long-term investment process for pension funds. To do so they develop an international macro-finance model, which allows to forecast the returns and risks of asset classes. As the returns on assets and liabilities are linked to the macro-finance model, liabilities can be hedged by investing in an appropriate combination of assets. Empirical results show that neglecting liabilities-hedging portfolios results in a substantial 5% to 15% per year cost depending on risk aversion. The main reason for such a large cost is that the optimal assets-only portfolio is long in cash, whereas the pension fund should be short in cash to be able to hedge liabilities. Allowing pension funds to hedge their liabilities through borrowing cash and investing in a diversified bond portfolio can enhance global portfolio returns.

Publications 2014 and Forthcoming

Estimating Aggregate Autoregressive Processes When Only Macro Data Are Available, with F. Pelgrin, Economics Letters, vol. 124, pp 341-347, 2014.

Systemic Risk in Europe, with R. Engle and M. Rockinger, Review of Finance, forthcoming.

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Felix Kübler is Professor of Finance at the University of Zurich and has held an SFI Senior Chair since 2008. He obtained his PhD in economics from Yale University. Before joining the faculty in Zurich, Prof. Kübler held professorships at Stanford University, the University of Pennsylvania, and the University of Mannheim. Prof Kübler also serves on the editorial board of several economic and financial journals.

Research Interests

His research interests lie in theoretical financial economics and computational methods.

Recent Research

In a recent paper, Prof. Kübler and his co-authors investigate how collateral impacts asset value and return in an infinite-horizon general equilibrium model. The model they develop suggests that borrowing against collateral substantially increases the return volatility of long-lived asset. Further computations reveal that otherwise identical assets with different degrees of collateralize-ability exhibit different return dynamics because their prices contain a sizable collateral premium that varies over time.

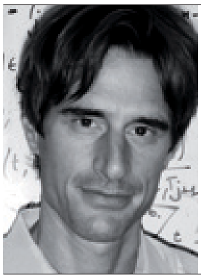
Publications 2014 and Forthcoming

Asset Demand Based Tests of Expected Utility Maximization, with L. Selden, and X. Wei, American Economic Review, vol. 104, pp 3459 – 3480, 2014.

Collateral Requirements and Asset Prices, with J. Brumm, M. Grill, and K. Schmedders, International Economic Review, forthcoming.

Dynamic Competitive Economies with Complete Markets and Collateral Constraints, with P. Gottardi, Review of Economic Studies, forthcoming.

Margin Regulation and Volatility, with J. Brumm, M. Grill, and K. Schmedders, Journal of Monetary Economics, forthcoming.



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Markus Leippold holds the Vontobel Chair of Financial Engineering at the University of Zurich and has been an SFI faculty member since 2006. During his professorship term at Imperial College London, he was the director of the Center of Quantitative Finance. Throughout his career, Prof. Leippold has been involved in numerous projects with the Swiss banking industry. He is a founding partner of Lambda Capital, providing consultancy services in risk management, portfolio management, and asset pricing.

Research Interests
His main research interests lie in asset management, risk management, derivative pricing, and volatility modeling.

Recent Research
One of Prof. Leippold's recent co-authored studies analyzes the relationship between analysts' earnings forecast dispersion and the return of international stocks. American and European stock data reveal that high dispersion is correlated with underperformance. Abnormal returns are profitable only during short time frames and mainly clustered around the burst of the technology bubble. As a direct consequence, a dispersion hedge strategy would have been difficult to implement, partly due to high arbitrage costs.

Publications 2014 and Forthcoming
Time-Changed Levy LIBOR Market Model for the Joint Estimation and Pricing of Caps of Swaptions, with J. Stromberg, Journal of Financial Economics, vol. 111 (1), pp 224-250, 2014.

The Dispersion Effect in International Stock Returns, with H. Lohre, Journal of Empirical Finance, vol. 29, pp 331-342, 2014.

What's Beneath the Surface? Option Pricing with Multifrequency Latent States, with L. Calver, A. Fisher, and M. Fearnley, Journal of Econometrics, forthcoming.

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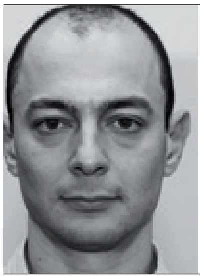
Research Interests
His main research area is the economics of risk and uncertainty with applications to finance and insurance.

Recent Research
In recent research, Prof. Loubergé and his co-author look at causes and consequences of the real estate market bubble that rattled the Swiss financial system in the early 1990s. Data reveals that the economic downturn spread from Europe into Switzerland and had simultaneous effects on both the local economy and real estate market. The government and banks decided to spread the consequences of the crisis through time. Substantial differences exist between today's real estate market and the situation some twenty years ago: the real increase in housing prices has not been as strong, banks have been more defensive in their lending strategy, and the odds of having high mortgage rates, up to 7%, is incredibly low.

Publications 2014 and Forthcoming
Les Bulles Immobilières et Leurs Conséquences Economiques – Le Cas de Genève Autour de 1990, in L'Economie au Service des Citoyens – Essais en Mémoire de P. Tschopp, with C. Pasche, ed. Beat Bürgenmeier, pp 307-330, Slatkine, 2014 (Geneva).



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Research Interests
His main research interest lies in asset pricing.

Recent Research
In a recent paper, Prof. Malamud introduces dynamic option trading into the classical portfolio selection problem. The optimal dynamic option portfolio is characterized in terms of its expected sensitivities –

Greeks – and the role of the mean-variance efficient portfolio is played by "Greek-efficient" portfolios. He shows how "Greek-efficient" portfolios can be replicated by trading contingent claims whose payoffs equal to powers of returns on the underlying. In the empirical tests he finds that "Greek-efficient" portfolios significantly expand the efficient frontier. In order to deal with high option transaction costs, he develops a new approach, "tracking target portfolios" that leads to closed form solutions and exploits simple algebraic identities for claims on powers of returns.

Publications 2014 and Forthcoming

Information Percolation in Segmented Markets, with D. Duffie and G. Manso, Journal of Economic Theory, vol. 153, pp 1-32, 2014.

Credit Market Frictions and Capital Structure Dynamics, with J. Hugonnier and E. Morellec, Journal of Economic Theory, forthcoming.

Capital Supply Uncertainty, Cash Holdings and Investment, with J. Hugonnier and E. Morellec, Review of Financial Studies, forthcoming.

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Research Interests

His primary research interests are volatility modeling and asset pricing.

Recent Research

In recent research, Prof. Mancini and his co-authors investigate how to dynamically and optimally invest stock index, bond, index option, and volatility derivatives. They show that depending on the risk profile of the investor, volatility derivatives can be used to hedge volatility risk or to increase the volatility exposure of the optimal portfolio. They also show that the optimal portfolios exhibit attractive Sharpe ratios.

Publications 2014 and Forthcoming

Quadratic Variance Swap Models, with D. Filipovic and E. Gourier, Journal of Financial Economics, forthcoming.

Scientific Research Measures, with M. Frittelli and I. Peri, Journal of the Association for Information Science and Technology, forthcoming.

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Antonio Mele is Professor of Finance at the Università della Svizzera italiana and has held an SFI Senior Chair since 2011. Before moving to Switzerland, he held a professorship at the London School of Economics. Prof. Mele is the co-inventor of the CBOE Interest Rate Swap Volatility Index, the first standardized volatility measure in the interest rate swap market. He is a regular speaker at leading finance conferences worldwide.

Research Interests

His research interests link to capital markets.

Recent Research

Professor Mele's recent co-authored research studies asset markets in which uncertainty about the fundamentals can be mitigated when acquiring costly information. Acquiring private information helps reduce the value of parameter uncertainty. The authors show that because of ambiguity aversion, the value of parameter uncertainty increases as markets become informationally more efficient and can diminish the usual free-riding benefits arising from others' information choices. The combination of these effects can lead, even after small changes in uncertainty, to strategic complementarities in information acquisition and induce large price swings.

Publications 2014 and Forthcoming

Interest Rate Variance Swaps and the Pricing of Fixed Income Volatility, with Y. Obayashi, GARP Risk Professional: Quant Perspectives, 2014.

Rate Fears Gauges and the Dynamics of Fixed Income and Equity Volatilities, with Y. Obayashi and C. Shalen, Journal of Banking and Finance, forthcoming.

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Research Interests

His main research interest lies in banking, corporate finance, and corporate governance.

Recent Research

A recent paper by Prof. Morellec and his co-authors examine the effects of liquidity and capital requirements on banks' insolvency risk. The researchers develop a model in which banks face taxation, flotation costs of securities, and default costs and are financed with equity, insured deposits, and risky debt. In this model, liquidity management, capital structure, and default decisions are jointly and endogenously determined. The model shows that liquidity requirements have no long-run effects on default risk but may increase it in the short-run; leverage requirements reduce default risk but may significantly reduce bank value; mispriced deposit insurance fuels default risk while depositor preference in default decreases it.

Publications 2014 and Forthcoming

Capital Supply Uncertainty, Cash Holdings and Investment, with J. Hugonnier and S. Malamud, Review of Financial Studies, forthcoming.

Credit Market Frictions and Capital Structure Dynamics, with J. Hugonnier and S. Malamud, Journal of Economic Theory, forthcoming.

Financing Investment: The Choice Between Public and Private Debt, with P. Valta and A. Zhdanov, Management Science, forthcoming.

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Research Interests

His primary research interest lies in the application of mathematical models to asset pricing and portfolio optimization.

Recent Research

In a recent study, Prof. Muhle-Karbe and his co-author answer the question of knowing who should sell stocks. Their theoretical model contrasts with previous research and suggests that buying and holding stock, but not selling it, is optimal for a broad range of realistic market and preference parameters. The resulting buy-and-hold strategy is not passive, but requires an investor to increase a stock position whenever necessary to keep its weight above a certain threshold.

Publications 2014 and Forthcoming

Asymptotics for Fixed Transaction Costs, with A. Altarovici and H.M. Soner, Finance and Stochastics, forthcoming.

Robust Portfolios and Weak Incentives in Long-Run Investments, with P. Guasoni and H. Xing, Mathematical Finance, forthcoming.

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Artem Neklyudov is Professor of Finance at HEC Lausanne. He joined the SFI faculty at University of Lausanne in 2013, after obtaining his PhD in financial economics from Tepper Business School at Carnegie Mellon University.

Research Interests

His main research interests lie in securitization trading and market microstructure.

Recent Research

In recent research, Prof. Neklyudov takes a closer look at competition in the production of private information and the strategic trading of asset-backed securities. His theoretical model shows that when the correlation in individual assets' payoffs is low, the risk-diversification is large, and strategic traders optimally prefer to remain less informed. His results provide a general framework to analyze the interactions between private information production on asset-backed securities and changes in the economic environment.

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Research Interests

His main research areas are dynamic corporate finance, empirical corporate finance and corporate governance.

Recent Research

In ongoing research, Prof. Nikolov and his co-authors focus on how competitive pressure affects cash holding and financing decisions. Using industrial data over the 1980 to 2007 period, the researchers find that the frequency and size of equity issues, as well as the size of cash holdings are all positively associated with the intensity of market competition. These results are stronger for firms facing greater financing constraints. Finally, the magnitude of the effect of market competition seems to be substantial and larger than the effect of cash flow volatility on cash holdings.

Publications 2014

Agency Conflicts and Cash: Estimates from a Dynamic Model, with T. M. Whited, Journal of Finance, vol. 69 (5), pp 1883-1921, 2014.

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Research Interests

His research areas include corporate governance, family firms, and private equity.

Recent Research

In a recent paper, Prof. Nowak and his co-authors quantify the costs and benefits of bank bail-outs in the recent financial crisis. They provide evidence that a significant number of Federal Deposit Insurance Corporation resolved banks could have avoided receivership if they had been allocated Troubled Asset Relief Program funding. By comparing estimated funding and resolution costs they show that bailing out more banks would have been cost-efficient. While they do not claim to provide any policy suggestions on the optimality of bail-outs per se, they suggest that once a bail-out program is already on the table, it is better to rescue too many than too few banks.

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Research Interests

His research interests include valuation, liquidity, collateral, money markets, banking and central banking, and corporate finance.

Recent Research

In a recent study, Prof. Nyborg and his co-author study the relationship between the interbank market for liquidity and broader financial markets. Tightness in the market for liquidity leads banks to engage in a “liquidity pull-back” which involves selling financial assets. Libor and TED data suggest that tighter interbank markets induce more volume in more liquid stocks, selling pressure in more liquid stocks, and transitory negative returns. The main take-out is that money matters in financial markets.

Publications 2014

Money and Liquidity in Financial Markets, with P. Östberg, Journal of Financial Economics, vol. 112, pp 30-52, 2014.

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Steven Ongena is Professor of Banking at the University of Zurich and has held an SFI Senior Chair since 2013. He graduated from the University of Oregon with a PhD in economics. Prof. Ongena's papers have been published in leading academic journals in finance and economics. He has received numerous awards for his research, including a Wim Duisenberg Research Fellowship of the European Central Bank in 2009 and a Fordham-RPI-NYU Rising Star in Finance Award in 2012.

Research Interests

His research interests lie in the areas of empirical financial intermediation and applied financial econometrics.

Recent Research

A recent paper by Prof. Ongena and his co-authors seeks to establish the impact of collateral on debt contracts, credit provisions, and monitoring incentives. To do so they take advantage of an exogenous change in the legal system. A unique data set reveals that reduction in collateral value increases interest rates, tightens credit limit and reduces the intensity of monitoring of borrowers and collateral. The researchers thus explain why bankers are senior lenders and quantify the value of claimant priority.

Publications 2014 and Forthcoming

Collateralization, Bank Loan Rates and Monitoring, with G. Cerqueiro and K. Roszbach, Journal of Finance, forthcoming.

Monetary Policy, Risk-taking and Pricing: Evidence from a Quasi-natural Experiment, with V. Ioannidou and J-L. Peydro, Review of Finance, forthcoming.

Banks and Bonds: The Impact of Bank Loan Announcements on Bond and Equity Prices, with V. Roscovan, W.L. Song, and B. Werker, Journal of Financial Management, Markets and Institutions, forthcoming.

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Research Interests

His research interests include financial markets, household finance, and corporate finance.

Recent Research

One of Prof Östberg's recent co-authored papers analyzes how the stock market investment decisions of individuals is influenced by their co-workers. Using a unique data set covering the entire Norwegian population between 1994 and 2005, the researchers find that individuals are substantially influenced by their co-workers. However, further analysis reveals that the advice from co-workers does not improve the quality of investment decisions. Purchases made under stronger peer pressure do not perform better than investments that are made under weaker peer pressure. Additionally, the paper finds that peer pressure results in more purchases of stocks from the same industry as the individual is employed in. This suggests that social interaction may have adverse effects in terms of portfolio diversification.

Publications 2014 and Forthcoming

Money and Liquidity in Financial Markets, with K. Nyborg, Journal of Financial Economics, vol. 112, pp 30-52, 2014.

Stock Investments at Work, with H.K. Hvide, Journal of Financial Economic, forthcoming.

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Marc Paolella is Professor of Empirical Finance at the University of Zurich and has been an SFI faculty member since 2006. Prof. Paolella is the author of several books on graduate level probability theory. His research papers have been published in the top academic journals in his areas of expertise.

Research Interests
His primary research interest lies in the development of statistical methods for finance.

Recent Research
Prof. Paolella is currently working with co-authors on developing statistical methodology for modeling large sets of asset returns, with a view towards portfolio allocation with low risk and significant positive returns. Various new methods have been proposed, all of which are very different in nature, but share the commonalities of (i) are fast and straightforward to estimate; (ii) allow for so-called non-ellipticities in the data; (iii) work for hundreds or thousands of assets; and (iv) yield impressive Sharpe ratios when used for portfolio allocation with respect to downside risk measures such as Expected Shortfall. The methods are well-received and have direct applications for financial institutions such as banks which sell funds to investors, insurance companies, and pension funds.

Publications 2014 and Forthcoming
COMFORT: A Common Market Factor Non-Gaussian Returns Model, with P. Polak, Journal of Econometrics, forthcoming.

ALRIGHT: Asymmetric LaRge-Scale (I)GARCH with Hetero-Tails, with P. Polak, International Review of Economics and Finance, forthcoming.

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Research Interests
His research interests include empirical asset pricing, institutional investor behavior, and real estate finance.

Recent Research
In a recent paper, Prof. Plazzi and his co-author investigate the determinants of limits of arbitrage for liquidity providers. Using data on institutional transactions, they compare hedge fund trades to those of other institutions and find that hedge funds' liquidity supply is more relevant for stock-level liquidity, but it is also more exposed to financial conditions than that of other institutions. The authors identify leverage, low redemption restrictions, asset illiquidity, and reputational capital as a sufficient set of characteristics that explain the exposure of hedge funds' liquidity supply to funding conditions. Finally, data suggests that the trades of financially constrained hedge funds underperform for at least one quarter following negative funding shocks.

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Research Interests
His research interests lie in banking crises and regulation.

Recent Research
Prof. Rochet and his co-author have recently focused on developing a simple integration of banks into the Solow model. The objective is to provide a framework to analyze the long-term impact of crises on economic activities and growth. As some firms have to rely on banks for financing their investments and banks themselves face an endogenous leverage constraint, informed lending through banks and uninformed lending through capital markets stimulates capital accumulation. The authors highlight three properties when shocks to wealth, productivity or trust affect the economy. First, bond and loan financing react in opposite directions after such shocks; second, negative temporary shocks to household wealth or sectorial production can cause persistent booms in banking and even the entire economy; finally, shocks to bank equity lead to high output losses.

Publications 2014 and Forthcoming
On the Strategic Value of Risk Management, with T. Léautier, International Journal of Industrial Organization, vol. 37, pp 153-169, 2014.

Optimal Dividend Policy with Random Interest Rates, with E. Akyildirim, E. Güney, and H.M. Soner, Journal of Mathematical Economics, vol. 51, pp 93-101, 2014.

Rethinking the Regulatory Treatment of Securitization, with V. Cerasi, Journal of Financial Stability, vol. 10 (1), pp 20-31, 2014.

Market Frictions and Corporate Finance: an Overview Paper, with S. Moreno-Bromberg, Mathematics and Financial Economics, vol. 8, pp 355-381, 2014.

The Dynamics of Innovation and Risk, with B. Biais and P. Woolley, The Review of Financial Studies, forthcoming.
Taking Banks to Solow, with H. Gersbach and M. Scheffel, Proceedings 2014 World congress IEA, forthcoming.

Sovereign Debt Sustainability in Advanced Economies, with F. Collard and M. Habib, Journal of the European Economic Association, forthcoming.

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Michael Rockinger is Professor of Finance at the University of Lausanne and has been an SFI faculty member since 2006. He was an SFI Research Fellow from 2006 to 2011. Prof. Rockinger has published extensively on computational finance and financial econometrics, and is an active member of the Center for Risk Management Lausanne, a Center that focuses on diffusing independent and transparent decision-making tools for banks, insurance companies, and industrial firms.
Finally, Prof. Rockinger also acts as a research fellow of the Society of Financial Econometrics and is a regular speaker at leading conferences in his areas of expertise.

Research Interests
His main research interest lies in financial econometrics and computational methods for finance.

Recent Research
Prof. Rockinger and his co-authors have recently focused on systemic risk in Europe. They investigate European financial institutions (banks, insurance companies, financial services, and real estate) and extend previous methodologies by allowing for several factors (e.g. world, regional or country crises), as well as the asynchronity of times zones, to explain the dynamics of financial firms' returns. Using data on 196 financial institutions from eight European countries, the researchers run their estimates systemic risk across both

industries and countries. Empirical results show that banks and insurance companies, as well as France and Germany, are the most exposed to systemic risk. Their analysis additionally suggests that systemic risk borne by European institutions has been increasing steadily since 2000 and now exceeds that of their U.S. counterparts.

Publications 2014 and Forthcoming

Systemic Risk in Europe, with R. Engle and E. Jondeau, Review of Finance, forthcoming.

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Research Interests

His work focuses on the pricing of financial assets in the presence of market frictions.

Recent Research

A recent study by Prof. Sato investigates the implications of opacity in financial markets for investor behavior, asset prices, and welfare. Opacity can occur at both the fund level (e.g. mutual vs. hedge) and at the asset level (e.g. plain-vanilla vs. structured). Investors observe neither opaque funds' nor assets' payoffs. Based on these assumptions multiple learnings stem from this research: i) fund managers can exploit this opacity to collect higher fees by manipulating investor assessments of their funds' future prospects; ii) opaque assets trade at a premium over transparent assets, despite the fact that it is common knowledge that the assets yield identical payoffs; iii) financial engineers may exploit the opacity premium by transforming transparent assets into opaque ones; and iv) opacity generates market segmentations in which transparent funds only trade transparent assets and opaque funds only trade opaque assets.

Publications 2014 and Forthcoming

Opacity in Financial Markets, Review of Financial Studies, vol. 27 (12), pp 3502-3546, 2014.

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Research Interests

His research interests lie in the application of statistical methods to finance topics and among others related to the use of high-frequency trading data.

Recent Research

In a recent paper, Prof. Scaillet and his co-author revisit the hedge fund managers' dynamic allocations and contribute to the literature by relaxing parametric assumption and allowing alphas and betas to evolve over time. Computations show that a static factor model fails to capture non-zero alphas; reality actually suggests that a high proportion of positive and negative alpha funds exist. Further empirical measures also reveal that for all hedge funds, credit spread and bond risk factors stand out in the down-state market.

Publications 2014 and Forthcoming

Hedge Fund Managers: Luck and Dynamic Assessment, with G. Criton, Bankers, Markets & Investors, vol. 129, pp 1-15, 2014.

Testing for Symmetry and Conditional Symmetry Using Asymmetric Kernels, with M. Fernandes and E. Mendes, Annals of the Institute of Statistical Mathematics, forthcoming.

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Research Interests

His primary research interest lies in the development and application of numerical solution methods in economics and finance.

Recent Research

In a recent study, Prof. Schmedders and his co-authors examine the quantitative effects of margin regulation on volatility in asset markets. To do so the authors consider a general equilibrium economy with heterogeneous agents and collateral agents. Two assets can be used as short-term collateral, one where the margin requirement is determined exogenously and one where the margin requirement is determined endogenously. The presence of collateral constraints leads to strong excess volatility and the regulation of margin requirements may therefore have stabilizing effects. Further calculations also show that a countercyclical margin regulation of all asset classes in the economy has a very strong dampening effect on asset return volatility.

Publications 2014 and Forthcoming

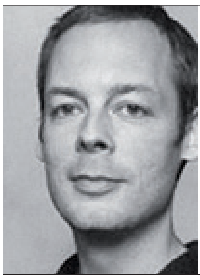
Computing All Solutions to Polynomial Equations in Economics, with F. Kübler and P. Renner, in Handbook of Computational Economics, Volume 3, ed. Karl Schmedders and Kenneth L. Judd, pp. 599 – 652. North-Holland-Elsevier, 2014 (Amsterdam, The Netherlands).

Handbooks in Economics – Computational Economics Volume 3, edited by K. Schmedders and K.L. Judd, 2014, North-Holland-Elsevier (Amsterdam, The Netherlands).

A Polynomial Optimization Approach to Principal-Agent Problems, with P. Renner, Econometrica, forthcoming.

Margin Regulation and Volatility, with J. Brumm, M. Grill, and F. Kübler, Journal of Monetary Economics, forthcoming.

Collateral Requirements and Asset Prices, with J. Brumm, M. Grill, and F. Kübler, International Economic Review, forthcoming.



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Research Interests

His main research areas are asset pricing and empirical finance.

Recent Research

In recent research, Prof. Schneider develops simple trading strategies with which it is possible to assess risk premia on realized moments of the S&P 500 such as skewness and kurtosis in a model-free way. These trading strategies can be executed in forward or future markets after an initial option transaction and generate ex-post Sharpe ratios beyond extant variance swap investments. Furthermore, they can be adapted to visualize the unconditional state price density without using a model.

Publications 2014 and Forthcoming

Asset Pricing with Nonlinear Risk Premia, with A. Mijatovic, Journal of Financial Econometrics, vol. 12, pp 479-506, 2014.

Generalized Risk Premia, Journal of Financial Economics, forthcoming.

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Research Interests

His main research interests lie in corporate governance, capital structure dynamics, and bond market microstructure.

Recent Research

In a recent study, Prof. Schürhoff and his co-authors ask the key question of "When can a local producer, who produces with accurate demand information because of short lead times, compete against a more competitive offshore supplier with longer lead times?" The researchers use applied option-pricing techniques to quantify the cost of increased lead time with respect to supply and demand mismatch cost. They conclude that onshore industrials should rethink their production in a production capacity buffer manner and produce high volatility, low-residual-value products when demand rallies and low-volatility, high residual value products when there is availability in the production buffer.

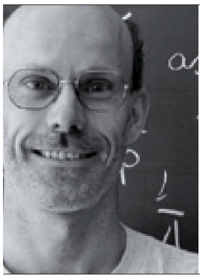
Publications 2014 and Forthcoming

Rating-Based Investment Practices and Bond Market Segmentation, with Z. Chen, A. Lookman, and D. Seppi, Review of Asset Pricing Studies, vol. 4 (2), pp 162-205, 2014.

Valuing Lead Time, with S. de Treville, I. Bicer, V. Chavez-Demoulin, V. Hagspiel, C. Tasserit, and S. Wager, Journal of Operations Management, vol. 32 (6), pp 337–346, 2014.

Optimal Sourcing and Lead-Time Reduction under Evolutionary Demand Risk, with S. de Treville, L. Trigeorgis, and, B. Avanzi, Production and Operations Management, vol. 23 (12), pp 2103–2117, 2014.

Are Institutions Informed About News?, with T. Hendershott and D. Livdan, Journal of Financial Economics, forthcoming.



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Martin Schweizer is Professor of Mathematics at ETH Zurich. He joined SFI in 2007 and has held an SFI Distinguished Service Chair since 2009. Prof. Schweizer has published extensively in the top academic journals in his areas of expertise. He is a regular speaker at leading conferences worldwide.

Research Interests

His primary research interest lies in mathematical finance, more specifically in the areas of hedging, valuation, risk management and optimal portfolio choice for incomplete financial markets.

Recent Research

In recent work, Prof. Schweizer and his co-author propose a new paradigm for the modelling and analysis of bubbles in financial markets. This is based on economic principles, has a very natural robustness property, and is currently being developed further to explain and resolve some of the pricing anomalies observed in a number of concrete models from practice.

Publications 2014

A Note on the Condition of No Unbounded Profit with Bounded Risk, with K. Takaoka, Finance and Stochastics, vol. 18, pp 393–405, 2014.

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Halil Mete Soner is Professor of Mathematics at ETH Zurich. He has held an SFI Senior Chair at ETH Zurich since 2010. Prof. Soner has published extensively in his areas of expertise and is a regular speaker at leading academic conferences worldwide.

Research Interests
His primary research interest lies in mathematical finance and stochastic optimal control. In particular, models for illiquid markets, analysis of markets with transaction costs, robust techniques and applications of optimal control in corporate finance.

Recent Research
In recent research, Prof. Soner and his co-authors study the hedging strategies in an illiquid binomial market. They contribute to research by proving the existence of an optimal feedback strategy for both European and barrier options and compute this strategy by means of a dynamic programming principle. The optimal strategy is neither the discrete-delta strategy nor the strategy that minimizes the value function; the optimal feed-back strategy shows less variability than the discrete-delta strategy or the strategy consisting of minimizers of the value function due to the effect of liquidity.

Publications 2014 and Forthcoming
Optimal Dividend Policy with Random Interest Rates, with E. Akyildirim, E. Güney, and J-C. Rochet, Journal of Mathematical Economics, vol. 51, pp 93-101, 2014.

Approximating Stochastic Volatility by Recombinant Trees, with E. Akyildirim and Y. Dolinsky, Annals of Applied Probability, vol. 24 (5), pp 2176-2205, 2014.

Martingale Optimal Transport and Robust Hedging in Continuous Time, with Y. Dolinsky, Probability Theory and Related Fields, vol. 160, pp 391-427, 2014.

Robust Hedging with Proportional Transaction Costs, with Y. Dolinsky, Finance and Stochastics, vol. 18 (2), pp 327-347, 2014.

Hedging in an Illiquid Binomial Market, with S. Gökay, Nonlinear Analysis. Real World Applications, vol. 16, pp 1–16, 2014.

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Didier Sornette holds the Chair of Entrepreneurial Risks at ETH Zurich and has been an SFI faculty member since 2007. Prof. Sornette is the founding director of the Financial Crisis Observatory, a scientific platform aimed at studying financial market inefficiencies. His writings have been published in numerous academic journals as well as by international media.

Research Interests
His research interests include the development of diagnostic tools for financial market anomalies, such as price bubbles, and the prediction of financial crises.

Recent Research
In a recent paper, Prof. Sornette and his co-authors seek to understand why investors keep buying underperforming mutual funds. To do so, the authors develop a one-period principal-agent model based on a sequential game with asymmetric information. Three results stem from this model: first, only investor preference and information set determines the fee level; second, the researchers derive a framework that helps investors gauge their funds and portfolios; third, alternative fee-setting scenarios which depend on the fund's diversification benefits are also developed.

Publications 2014 and Forthcoming
Inferring Fundamental Value and Crash Nonlinearity from Bubble Calibration, with W. Yan and R. Woodard, Quantitative Finance, vol. 14 (7), pp 1273-1282, 2014.

Quantification of the High Level of Endogeneity and of Structural Regime Shifts in Commodity Prices, with V. Filimonov, D. Bicchetti, and N. Maystre, Journal of International Money and Finance, vol. 42, pp 174-192, 2014.

Manipulating Decision Making of Typical Agents, IEEE Transactions on Systems, Man and Cybernetics, with V.I. Yukalov, Systems, vol. 44, pp 1155-1168, 2014.

Conditions for Quantum Interference in Cognitive Sciences, with V.I. Yukalov, Topics in Cognitive Science, vol. 6, pp 79-90, 2014.

A Simple Microstructure Return Model Explaining Microstructure Noise and Epps Effects, with A. Saichev, International Journal of Modern Physics C, vol. 25 (6), pp 1450012 – 1450048, 2014.

Super-linear Scaling of Offsprings at Criticality in Branching Processes, with A. Saichev, Physical Review E, vol. 89, pp 012104, 2014.

Characterization of the Tail of the Distribution of Earthquake Magnitudes by combining the GEV and GPD descriptions of Extreme Value Theory, with V.F. Pisarenko, A. Sornette, and M.V. Rodkin, Pure and Applied Geophysics, vol. 171 (8), pp 1599-1624, 2014.

Population Dynamics with Nonlinear Delayed Carrying Capacity, with V.I. Yukalov and E.P. Yukalova, International Journal of Bifurcation and Chaos, vol. 24 (2), pp 1450021-1450044, 2014.

Investors' Expectations, Management Fees and the Underperformance of Mutual Funds, with A. Hüsler and Y. Malevergne, International Journal of Portfolio Analysis & Management, vol. 1 (4), pp 345-379, 2014.

Dynamics and Spatial Distribution of Global Nighttime Lights, with P. Cauwels and N. Pestalozzi, EPJ Data Science, vol. 3 (2), 10.1186/epjds19, 2014.

Follow the Money: The Monetary Roots of Bubbles and Crashes, with F. Corsi, International Review of Financial Analysis, vol. 32, pp 47-59, 2014.

Financial Brownian Particle in the Critical Order Book Fluid and Fluctuation-Dissipation Theorems, with Y. Yura, H.Takayasu, and M. Takayasu, Phys. Rev. Letts. Vol. 112, pp 098703, 2014.

Role of Information in Decision Making of Social Agents, with V.I. Yukalov, International Journal of Information Technology & Decision Making, vol. 13, pp 1-38, 2014.

1980-2008: The Illusion of the Perpetual Money Machine and What It Bodes for the Future, with P. Cauwels, Risks, vol. 2, pp 103-131, 2014.

The Volatility-Confined LPPL Model: A Consistent Model of `Explosive' Financial Bubbles With Mean-Reversing Residuals, with L. Lin and R. Ren, International Review of Financial Analysis, vol. 33, pp 210-225, 2014.

Microtransition Cascades to Percolation, with W. Chen, M. Schröder, R. M. D'Souza, and J. Nagler, Phys. Rev. Lett., vol. 112, pp 155701, 2014.

Physics and Financial Economics (1776-2014): Puzzles, Ising and agent-based models, Rep. Prog. Phys., vol. 77, pp 062001, 2014.

Quantum Probabilities and Entanglement for Multimode Quantum Systems, with V. I. Yukalov and E. P. Yukalova, Journal of Physics: Conference Series, vol. 497, pp 012034, 2014.

New Approach to Modeling Symbiosis in Biological and Social Systems, with V.I. Yukalov and E.P. Yukalova, Int. J. Bifur. Chaos, vol. 24 (9), pp 1450117-1450146, 2014.

Human Population and Atmospheric Carbon Dioxide Growth Dynamics: Diagnostics for the Future, with A. D. Hüsler, Eur. Phys. J. Special Topics, vol. 223, pp 2065–2085, 2014.

Mythes, Réalités et Objectif Général des Transactions à Haute Fréquence, with V. Filimonov, La Vie Economique (Revue de politique économique), vol. 5, pp 20-22, 2014.

How Much is the Whole Really More than the Sum of its Parts: 1+1=2.5. Superlinear Productivity in Collective Group Actions, with T. Maillart and G. Ghezzi, PLoS ONE, vol. 9 (8), e103023, 15 pp, 2014.

Self-organization in Complex Systems as Decision Making, with V.I. Yukalov, Adv. Complex Systems, vol. 17 (3-4), pp 1450016-1450046, 2014.

Fractal Multi-level Organisation of Human Groups in a Virtual World, with B. Fuchs, and S. Thurner, Scientific Reports, vol. 4, pp 6526, 2014.

Financial Bubbles: Mechanisms and Diagnostics, with P. Cauwels, Review of Behavioral Economics, forthcoming.
Symmetric Thermal Optimal Path and Time-dependent Lead-lag Relationship: Novel Statistical Tests and Application to UK and US Real-estate and Monetary Policies, with H. Meng and W-Z. Zhou, Journal of Banking and Finance, forthcoming.

Forecasting Future Oil Production in Norway and the UK: a General Improved Methodology, with L. Fiévet, Z. Forro, and P. Cauwels, Energy, forthcoming.

Apparent Criticality and Calibration Issues in the Hawkes Self-excited Point Process Model: Application to High-frequency Financial Data, with V. Filimonov, Quantitative Finance, forthcoming.

Power Law Scaling and "Dragon-Kings" in Distributions of Intraday Financial Drawdowns, Chaos, with V. Filimonov, Solitons & Fractals, forthcoming.

Effective Measure of Endogeneity for the Autoregressive Conditional Duration Point Processes via Mapping to the Self-excited Hawkes Process, with V. Filimonov and S. Wheatley, Communications in Nonlinear Science and Numerical Simulation, forthcoming.

Super-exponential Endogenous Bubbles in an Equilibrium Model of Rational and Noise Traders, with T. Kaizoji, M. Leiss, and A. Saichev, Journal of Economic Behavior and Organization, forthcoming.

A Generic Model of Dyadic Social Relationships, with M. Favre, PLoS ONE, forthcoming.

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Research Interests
His primary research areas are financial economics, health economics, and economic history.

Recent Research
In one of his latest papers, Prof. St-Amour and his co-author look at the effect of changes in health insurance status on the optimal allocation, status and welfare of individuals during their life-cycle. Using several panels of U.S. data, the researchers find that national social insurance programs for elders (e.g. Medicare) and private insurances are close substitutes, that exclusion from health insurance becomes highly detrimental from middle age, and that finally universal eligibility in either private of public insurance schemes might not be Pareto improving over the life cycle. Policy implications are evident in the light of the recent changes in the U.S. health system.

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Josef Teichmann is Professor of Mathematics at ETH Zurich and has been an SFI faculty member since 2009. Prof. Teichmann is a regular speaker at international conferences on finance and mathematics. He has published extensively in his areas of research expertise.

Research Interests
His main research interests lie in mathematical finance and quantitative risk management.

Recent Research
In a recent research project, Prof. Teichman and his co-author develop theory and applications of forward characteristic processes in discrete time. Their contribution is to construct models with pre-described implied volatility surface and quite general volatility surface dynamics. The technical simplicity of the discrete approach yields large benefits to the term structure modeling literature.

Publications 2014
A Heat Kernel Approach to Interest Rate Models, with J. Akahori, Y. Hishida, and T. Tsuchiya, Japan Journal of Industrial and Applied Mathematics, vol. 31 (2), pp 419-439, 2014.

Invariant Manifolds with Boundary for Jump-diffusions, with D. Filipovic and S. Tappe, Electronic Journal of Probability, vol. 19 (51), pp 1-28, 2014.

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Fabio Trojani is Professor of Statistics at the Università della Svizzera italiana and an SFI senior chair since 2014. He graduated with a PhD in economics and finance from the University of Zurich. Prof. Trojani is a regular speaker at leading academic conferences in finance and econometrics.

Research Interests

His research interests are asset pricing and the application of econometric methods to finance, including the measurement and evaluation of hedge fund performance.

Recent Research

In ongoing research, Prof. Trojani and his co-author introduce a new class of swap trading strategies in incomplete markets, which disaggregate the tradeable compensation for time-varying nonlinear risks in aggregate market returns. While the price of Hellinger variance, a tradeable put-call symmetric measure of variance, has a leading contribution to the VIX volatility index, the higher-order contribution to the VIX is comprehensively captured by the price of tradeable skewness and kurtosis. Interestingly, risk premia for trading Hellinger variance, skewness and kurtosis do not vanish after transaction costs and are all linked to non-tradeable indices of fear.

Publications 2014

When There is No Place to Hide' - Correlation Risk and the Cross-Section of Hedge Fund Returns, with A. Buraschi and R. Kosowski, Review of Financial Studies, vol. 27 (2), pp 581-616, 2014.

Economic Uncertainty, Disagreement, and Credit Markets, with A. Buraschi and A. Vedolin, Management Science, vol. 60 (5), pp 1281-1296, 2014.

When Uncertainty Blows in the Orchard: Comovement and Equilibrium Volatility Risk Premia, with A. Buraschi and A. Vedolin, Journal of Finance, vol. 69 (1), pp 101–137, 2014.

Economic Uncertainty, Disagreement, and Credit Markets, with A. Buraschi and A. Vedolin, Management Science, forthcoming.

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Anders Trolle is an SFI Assistant Professor of Finance and has held an SFI Junior Chair at the Ecole Polytechnique Fédérale de Lausanne since 2009. He moved to Switzerland after completing postdoctoral studies in finance at Copenhagen Business School. Prof. Trolle is a regular speaker at major conferences worldwide and his work has been published in the top academic journals in finance.

Research Interests

His primary research interests are derivatives pricing, the term structure of interest rates, commodities, interbank risk, and liquidity risk.

Recent Research

One of Prof. Trolle's recent co-authored studies takes a closer look at the dynamics of higher-order moments of interest rates and their associated risk premia. To do so the authors use interest rate derivatives interdealer broker data and focus specifically on the maturities of the swaps, the expiries of the options, and the option strikes. Empirical results suggest that i) conditional volatility is, on average, a hump-shaped function of swap maturity at short horizons and a decreasing function of swap maturity at longer horizons, ii) conditional skewness is, on average, positive for most combinations of swap maturity and horizon, iii) conditional kurtosis is always in excess of three, and iv) investors appear to dislike higher degrees of variance and skewness and are therefore willing to accept negative average excess returns on contracts that hedge against unexpected increases of variance and skewness of interest rates.

Publications 2014

The Swaption Cube, with E. Schwartz, Review of Financial Studies, vol. 27 (8), pp 2307-2353, 2014.

Efficient Pricing of Energy Derivatives, in Energy Pricing Models: Recent Advances, Methods, and Tools, ed. Marcel Prokopczuk, pp 1-20, Palgrave Macmillan, 2014 (New York).

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Philip Valta is an SFI Assistant Professor of Finance at the University of Geneva and has held an SFI Junior Chair since 2014. He holds a PhD in finance from Ecole Polytechnique Fédérale de Lausanne. Prof. Valta is a regular speaker at leading finance conferences worldwide and his research has been published in top academic journals.

Research Interests

His main research interests are mainly in empirical corporate finance, with a focus on how product markets and institutions shape corporate decisions.

Recent Research

In ongoing research, Prof. Valta and his co-authors study the impact of bankruptcy laws on shareholders' decisions. Using a panel of different firms across countries with different bankruptcy codes, Prof. Valta seeks to determine whether laws that favor debt renegotiation in situations of near insolvency influence firms' decisions with respect to investment, asset selling, and risk-taking. His results suggest that in fact, it is the combined effect of debt overhang and renegotiation failure that actually explains the decisions that shareholders take and not solely the effect of debt overhang.

Publications 2014 and Forthcoming

Strategic Default, Debt Structure, and Stock Returns, Journal of Financial and Quantitative Analysis, forthcoming.

Financing Investment: The Choice between Bonds and Bank Loans, with E. Morellec and A. Zhdanov, Management Science, forthcoming.

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Paolo Vanini is Adjunct Professor of Banking at the University of Basel and has been SFI Head of Knowledge Transfer since 2006. He is also Academic Director of SFI e-Finance. Prof. Vanini heads the department of structured products and cross assets at the Cantonal Bank of Zurich.

Research Interests

His research primarily focuses on banking, risk management, and structured finance.

Recent Research

One of Prof. Vanini's recent co-authored papers focuses on pricing derivatives in a semi-analytical framework using multiple asset classes and a fully stochastic dependence structure. Such a model supports the joint inclusion of different underlyings such as stochastic equity, interest rates and commodity prices. Using a non-linear transformation of the original model, makes the researchers' methodology accessible to methods used in the affine class models. Empirical estimates show that the model works remarkably well in two dimensional examples such as commodity call pricing.

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Alexander Wagner is an Associate Professor of Finance at the University of Zurich. He joined SFI in 2006 and has held an SFI Junior Chair since 2012. He obtained his PhD in political economy from Harvard University. His research has been published in leading academic journals worldwide. Prof. Wagner is a board member of Swipra, the independent Swiss proxy advisor, and an independent counsel for PwC. He is a regular speaker at conferences and panel debates both in Switzerland and abroad.

Research Interests
His main research interests are executive compensation, corporate governance, and behavioral economics.

Recent Research
In one of his most recent co-authored studies, Professor Wagner studies the shareholder value implications of the Swiss "Abzocker-Initiative" and the recent "Ordinance against Excessive Compensation." The empirical evidence suggests a trade-off: on the one hand, binding say-on-pay provides shareholders with an enhanced ability to ensure alignment; on the other hand, when shareholders can (partially) set pay ex post, this may distort ex ante managerial incentives for extra-contractual firm-specific investments. Thus, shareholder power reduces agency costs, but accentuates hold-up problems. Conceptually, the findings suggest that shareholders may, in fact, prefer to have limits on their own power. Practically, the findings inform the design of policy.

Publications 2014
The Executive Turnover Risk Premium, with F. Peters, Journal of Finance, vol. 69 (4), pp 1529-1563, 2014.

Corporate Finance: Grundlagen von Finanzierung und Investition, with R. Volkart, 2014, Versus Verlag (Zürich).

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Mario Wüthrich is Professor of Mathematics at ETH Zurich and has been an SFI faculty member since 2013. He obtained his PhD in mathematics at ETH Zurich with a thesis in probability theory. He sits on the editorial board of leading academic journals in actuarial sciences and is the author of several books in his field of expertise.

Research Interests
His main research area is insurance mathematics.

Recent Research
In recent work, Prof. Wüthrich and his co-authors tackle portfolio optimization problems under model uncertainty. To do so, they account for the fact that model parameters are not known and need to be estimated; possible estimation errors give rise to model risk and uncertainty. Results show that mean-variance optimization is seriously compromised by model uncertainty. The researchers subsequently propose a method to adjust the sample matrix in order to reduce model risk.

Publications 2014
Model Risk in Portfolio Optimization, with D. Stefanovits and U. Schubiger, Risks, vol. 2 (3), pp 315-348, 2014.

Demand of Insurance under the Cost-of-capital Premium Calculation Principle, with M. Merz, Risks, vol. 2 (2), pp 226-248, 2014.

Hedging of Long Term Zero-coupon Bonds in a Market Model with Reinvestment Risk, with D. Stefanovits, European Actuarial Journal, vol. 4 (1), pp 49-75, 2014.

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Research Interests
His main research areas are asset pricing and corporate finance.

Recent Research
In one of his recent co-authored research projects, Prof. Ziegler investigates price discovery over the 24-hour trading day for equities, currencies, bonds, and commodities. Sizable price discovery occurs around the clock for most assets. For a given asset, intraday risk and return distributions are fairly similar, indicating a broadly constant risk-return-relationship during the day. Although the amount of price discovery varies significantly during the day and differs across assets, price discovery is generally efficient around the clock. Most assets do not exhibit the U-shaped intraday volatility pattern that has been documented for U.S. equities, even if only main trading hours are considered. Intraday spikes in volatility are driven by the open or close of the market for the respective asset or other assets and by macroeconomic announcements. Both diffusion and jump risk are important drivers of intraday volatility patterns, and U.S. macroeconomic news account for a sizable fraction of jump-driven volatility.

Publications 2014
Reinsurance or Securitization: The Case of Natural Catastrophe Risk, with R. Gibson Brandon and M. Habib, Journal of Mathematical Economics, vol. 53, pp 79-100, 2014.

SFI Adjunct Professors

Prof.
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Teodoro D. Cocca is full Professor for Wealth and Asset Management at the Johannes Kepler University of Linz in Austria and has been an SFI Adjunct Professor since 2010. Previously he worked for Citibank in investment and private banking, was a research fellow at the Stern School of Business in New York and senior researcher at the Swiss Banking Institute in Zurich.

He is lecturer for banking and finance at the Universities of Zurich and Fribourg and Chairman of the Private Banking Summit. Professor Cocca is a frequent speaker to academics and investment professionals and a consultant to a number of financial institutions on issues relating to strategic bank management. He has published numerous articles in academic journals.

Prof.
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Rudolf Gruenig is Professor for Business Administration at the University of Fribourg, and is lecturer of Strategic Management in various executive programs. He has been an SFI Adjunct Professor since 2010.

In addition to his academic career, Professor Gruenig is a board member and strategy consultant in several Swiss companies. He has written numerous books and articles on strategic management, planning and decision-making (Rudolf Grünig, Richard Kühn – The Strategy Planning Process, Berlin Heidelberg 2015; Rudolf Grünig, Richard Kühn - Sucessful Decision-making, 3rd edition, Berlin Heidelberg 2013; Rudolf Grünig, Dirk Morschett – Developing International Strategies – Berlin Heidelberg 2012 and Rudolf Grünig, Richard Kühn - Process-based Strategic Planning, 6th edition, Berlin Heidelberg 2011).

Prof.
Erwin W. Heri
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Erwin W. Heri is Professor of Financial Theory at the University of Basel and SFI Adjunct Professor since 2010. He has held various posts as an executive board member of international renowned financial service providers e.g. Chief Financial Officer at Winterthur Insurance Group and CFO and Chief Investment Officer at Credit Suisse Financial Services. For about 10 years he was Chairman of the Board of a Swiss Private Banking Group listed on the Swiss Stock Exchange (Valartis Group). For many years he was also the Chairman of the Investment Committee of Publica, the pension fund of the State Government employees in Switzerland. Prof. Heri also holds mandates on several advisory boards and boards of Directors and is the author of numerous books and articles on Financial and Investment Matters.

He recently started an internet-based financial literacy platform (www.fintool.ch) with the goal to improve the financial education of the broad public in Switzerland through a free video-based internet-offering.

Prof.
Roger M. Kunz
SFI Adjunct Professor (since 2010)

Roger M. Kunz is Professor at the University of Basel and SFI Adjunct Professor since 2010. He is head of Asset Management at the Pension Fund of the SBB. He has been awarded his doctoral degree at the University of Basel in the department of Corporate Finance. After time spent as a research fellow at Georgetown University in Washington DC, he returned to the University of Basel for his habilitation. He has been the head of Financial Markets at Credit Suisse for several years and is also Head of Investment Strategy at Clariden Leu.

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Alfred Mettler is Professor of Finance at Georgia State University (Atlanta, USA) and has been an SFI Adjunct Professor since 2010. He has an undergraduate degree in Education/Pedagogy, and received his Bachelor, MBA and Ph.D. in Finance from the University of Zurich (Switzerland).

Before joining Georgia State University in 1998, he was a faculty member at the University of Zurich (Switzerland). Also, he has held visiting appointments at Thunderbird (The Garvin School of International Management), and New York University (Stern School of Business). His principal academic interests are in International Banking and Finance, Risk Management of Financial Institutions, and Financial Education. Professor Mettler's research focuses on equity/debt financing of corporations, risk management applications, and the management of credit risk exposures. He has leading roles in several Executive Education Programs in Europe and the U.S. and has consulted for various companies and organizations.

In a broader context, Professor Mettler often comments on financial, economic, political, and societal developments in the U.S., Switzerland, and Europe. He regularly gives public speeches and presentations, and he is a frequent contributor to the Swiss as well as the U.S. media (print, Radio, TV).

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Conrad Meyer
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Conrad Meyer is Professor in Business Administration at the University of Zurich and has been an SFI Adjunct Professor since 2010. His specialized areas in research and teaching are management accounting as well as selected problems of banking business management, such as management, accounting, controlling and asset- and liability management. He is President of the Panel of Experts for Reporting Requirements at the SIX Swiss Exchange. Prof. Meyer is a member of national and international scientific societies, and the author of numerous publications and contributions to specialist journals. He plays an important role in teaching and as a consultant to both banking and industrial enterprises.

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- **Certificate of Advanced Studies in Real Estate Finance**

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- **International Bank Management Program**

Specialist Offerings and In-house Trainings
Swiss Cross-Border Wealth Management
In cooperation with Centro di Studi Bancari we offered several cross-border courses on a country-by-country basis. The courses covered the markets Germany, France, Italy, the UK, Belgium, Spain, and Brazil. Selected markets have also been offered as in-house trainings for several Swiss banks.

We, in addition, offered 2 weeks of a client seminar for a major Chinese bank.

March 23 – 28, 2014
Master of Science in Wealth Management, Swiss Study Block for Program of Singapore Management University and Wealth Management Institute.

Knowledge Transfer Events Provided by the Swiss Finance Institute during 2014

- **Managing Risk and Opportunities for Future Generations**
  David Cole, Swiss Re
  Zurich, SFI Breakfast Seminar on January 15, 2014

- **SFI Seminarreihe: Swiss Banking Transformation Testimonials**
  Boris F. J. Collardi, CEO Julius Bär Gruppe AG
  Zurich, Evening Seminar on March 25, 2014

- **Bankdienstleistungen für Schweizer Firmen – Bedürfnisse, Angebot und Trends**
  Zurich, SFI Banking Conference 2014 in Partnership with McKinsey
  Prof. Paolo Vanini, Head Knowledge Transfer SFI, Prof. Karl Schmedders, Head Knowledge Center SFI, Prof. Jan-Egbert Sturm, ETH Zurich, Gerhard Mahrle, COLTENE Gruppe, Dr. Christian Casal, McKinsey & Company, Urs. P Gauch, Credit Suisse AG, Dr. Richard Schindler, Zürcher Kantonalbank, Dr. Oliver Banz, UBS AG, Hans-Ulrich Bigler, Schweizerischer Gewerbeverband, Dr. Martin Hess, Schweizerische Bankiervereinigung, Dr. Regine Sauter, Zürcher Handelskammer
  Zurich, Conference, May 08, 2014

- **Die grösste Völkerwanderung der Geschichte – was die Urbanisierung in Asien für den Immobilienmarkt bedeutet.**
  Dr. Jürg Syz, Partner bei Diener Syz Real Estate
  Zurich Breakfast Seminar, May 15, 2014

- **SFI Seminarreihe: Swiss Banking Transformation Testimonials**
  Martin Scholl, CEO Zürcher Kantonalbank
  Zurich, Breakfast Seminar, June 03, 2014

- **Momentum Crashes**
  Prof. Tobias M. Moskowitz, University of Chicago
  Geneva, Evening Seminar, June 17, 2014

- **Structured Finance: Will there be a Revival?**
  Prof. Christopher Culp, University of Bern, and Compass Lexecon
  Zurich, Evening Seminar, July 02, 2014

- **SFI Industry Forum**
  Finance at USI: Insights for investors
  Opportunities and Challenges in Asset Management
  Dr. Burkhard Varnholt, Julius Baer, Prof. Tim Jenkinson, Oxford University, Prof. Narayan Naik, London Business School, Dr. Frank Hatheway, NAS DAQ OMX Group, Dr. Andreas Schlatter, UBS AG, Anne Richards, Aberdeen Asset Management UK, Dr. Francesco Sandrini, Pioneer Investments, Prof. Robert Shiller, Nobel Laureate, Yale University
  Lugano, Conference, August 28, 2104

- **SFI Seminarreihe: Swiss Banking Transformation Testimonials**
  Philippe Bertherat, Partner Pictet & Cie
  Geneva, Evening Seminar, September 09, 2014

- **SFI Seminarreihe: Swiss Banking Transformation Testimonials**
  Dr. Christian Katz, Swiss SIX Enxchange
  Zurich, Breakfast Seminar, September 16, 2014

- **Bitcoin: A virtual currency here to stay?**
  Prof. Aleksander Berentsen, University of Basel
  Zurich, Breakfast Seminar, October 09, 2014

- **Finanzarchitektur im Wandel**
  Dr. G. Dobrauz & Dr. S. Amara, Pricewaterhouse Coopers
  Zurich, Breakfast Seminar, October 16, 2014

- **SFI Seminarreihe: Swiss Banking Transformation Testimonials**
  Dr. Pierin Vincenz, CEO und Vorsitzender der Raiffeisen Gruppe
  Zurich, Evening Seminar, October 27, 2014

- **9th Annual Meeting of SFI**
  People or Technologies: Where to Invest for the Future of Swiss Banking?
  People Sessions:
  William Wolf, Credit Suisse AG – Dr. Maurice Zufferey, Spencer Stuart – Prof. Rüdiger Fahlenbrach, SFI & EPFL – Prof. Alexander Wagner, SFI & University of Zurich
  Tech Meeting Points:
  Andreas Kubli, UBS AG – Dr. Roberto Ferretti, BSI SA – Jean-François Groff, Mobino – Bernhard Lachenmaier, SIX Payment Services – Jonathan Möller, foryouandyourcustomers – Jon Erni, Microsoft – Michael Hartweg, Leonteq Securities AG
  Panel participants:
  Dr. Maurice Zufferey, Spencer Stuart – Prof. Norman Schürhoff, SFI & Ecole des HEC, University of Lausanne – Ulrich Voss, Avaloq Group AG – Holger Spielberg, Credit Suisse AG.
  Moderator: Dr. Gabriela Maria Payer, SFI

- **The Regulatory Cold War: Financial Repression, Protectism and Possible Strategies for Switzerland**
  Dr. Philipp Keller, Deloitte
  Zurich, Breakfast Seminar, November 24, 2014
  Geneva, Evening Seminar, November 25, 2014

- **Von der Währungsunion zur Bankenunion – Finanzintegration in Europa**
  Dr. Andreas Dombret, Deutsche Bundesbank
  Zurich, Evening Seminar, December 04, 2014

The Swiss Finance Institute gratefully acknowledges the precious support of its founding members:

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