

# Newsletter

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## EDITORIAL

### Doctoral graduates succeed in crucial first career steps

By Jean-Pierre Danthine

With an enrollment of almost 75 doctoral students, the Swiss Finance Institute PhD program gathers a most extraordinary pool of talents. Already one of the largest - if not the largest doctoral school in finance, it holds the highest ambitions.

To fulfill these ambitions, a complete, diversified, doctoral curriculum has been set up. Courses are taught by Swiss Finance Institute and invited professors selected for their understanding of the main challenges standing at the frontier of financial knowledge. Students are rigorously selected among a large group of applicants calling from all over the world.

The signs of our success lie in student placement and in employers' satisfaction. New milestones have been reached recently on these fronts. New graduates of the Swiss Finance Institute doctoral program in Lugano, Lausanne and Zurich have taken up assistant professorships at prestigious finance faculties, including the Fuqua School of Business, Duke University, Jones Graduate School of Management, Rice and the BI Norwegian School of Management.

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## NEWS

### Moving to the next stage in research and education

**New academic faculty, the launch of the Senior Management Program in Banking and a strengthening of our internal and external interactions dominate recent news from the Swiss Finance Institute. These important developments see the Institute prepare for a higher profile on the international stage.**

Earlier last month, doctoral students and research faculty assembled at Gerzensee Study Center, near Bern, for our annual Doctoral Workshop and research General Assembly meeting, Gerzensee 2008.

An intense and stimulating meeting held over two days, the first day alone saw 6 research presentations from faculty, 18 presentations by doctoral students, a meeting of the Swiss Finance Institute General Assembly and a plenary presentation on robust computational experiments in finance.

In recent months the Institute has added two Senior Chairs and a Junior

Chair to its faculty. Felix Kubler joined the Institute in Zurich on June 1st as a Senior Chair. On what was his first official day at the Swiss Finance Institute, Felix gave the plenary lecture at Gerzensee 2008 on robust computational experiments in finance.

Junior Chair Patrick Gagliardini is an expert in the modelling of systemic risk factors and has a research career with stations at several Swiss universities and at the Center for Research in Economics and Statistics (CREST) in Paris. Patrick took up the position, based at the University of Lugano, in April.

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*Delegates of the MSc Wealth Management Program (from left) Harry Hurzeler, Rebecca Frank, Siau Leong, Lee Lay Tin and Francis Koh. Image courtesy of Greg Woon*

## >> Editorial

Last year, Sébastien Michenaud won the Swiss Finance Institute Doctoral Prize for his work on the impact of financial analysts on corporate decision making. He will shortly be joining the faculty at Rice.

Lukas Schmid held a Swiss National Science Foundation Research Fellowship to pursue research at the Wharton School, and won the 2007 Fondation Nicolas et Francois Grandchamp Prize for best PhD Thesis project. He takes up a position at Duke on July 1<sup>st</sup>.

Finally, Leon Bogdan Stacescu joins the faculty at Norway's research-based international business school the BI Norwegian School of Management in August 2008.

Graduates selecting a career in the financial marketplace have obtained positions at prestigious institutions such as UBS, Credit Suisse, RiskMetrics, Morgan Stanley, BCV etc. just to name a few. Barclays Wealth, in London, is the destination for recent Zurich doctoral graduate Benoit Metayer. Benoit has been appointed as an associate director at Barclays. Seeking a role in industry that would offer diversity and a lateral mindset, he chose the wealth management position over a more traditional Quant role in asset management.

All of us at the Swiss Finance Institute take pride in seeing these talented young researchers make such a promising start in their professional careers. We are delighted to count them among the Doctoral program's growing international alumni. A sizable fraction of this alumni are active in Switzerland.



I would argue that fruitful exchange, and first rate networking opportunities, among these highly trained individuals

sharing the same doctoral roots are limitless.

*Jean-Pierre Danthine, SFI Managing Director*

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Finally, Amit Goyal will take up a Senior Chair position at University of Lausanne in August. Amit brings 10 years US research experience at Anderson School of Business, UCLA, and at Emory University. Originally trained as a computer scientist at the elite Indian Institute of Technology, Amit's research agenda focuses on empirical work in the field of pensions investment strategies.

There is also news from our international collaborations in executive education. During the first two weeks of March, the Swiss Finance Institute delivered a postgraduate study block as part of its collaboration with Singapore Management University's Master of Science in Wealth Management program.

In addition to 52 course participants, Professor Francis Koh and Wealth Management Institute CEO Annie Wee attended the visit. Professor Koh, who directs the program, expressed his interest to extend the collaboration with the Swiss Finance Institute. "Our students benefit from direct contact with world-class experts in Switzerland," said Koh.

### International stage

In the Swiss and International press, Institute faculty provides regular expert commentary on events in the world of finance. Jean-Pierre Danthine and visiting professor Darrell Duffie recently spoke about

the need for a two way flow of knowledge between the senior managers of financial institutions and those who are directly involved in quantitative finance operations.

They argue that senior managers need to become more familiar with quantitative aspects of risk management, and, by the same token, that mathematically minded Quants need to become better versed in economics and the social context in which banking is conducted.

ETH Professor Didier Sornette, a member of the Swiss Finance Institute, recently commented on the credit crisis saying that future solutions to the problem will necessitate wide-spread involvement of the international banking community. And finally, Senior Chair Giovanni Barone-Adesi is quoted in the Letters section of the Financial Times on deficiencies in risk management on a global scale.

The next newsletter of the Swiss Finance Institute will bring news about the first 2 modules of the Senior Management Program, held in Geneva and London, and of course the Annual Meeting in November, organized in collaboration with the Geneva Financial Center Foundation. ♦

## Mark your calendars...

**November 18, 2008 08:45-18:15**  
**Swiss Finance Institute Annual Meeting,**  
**Geneva**

# : Being there: Gerzensee 2008 Doctoral Workshop and research General Assembly

The 2008 research meeting held at Gerzensee Study Centre, June 2-3, assembled doctoral students and faculty to discuss the latest research findings in finance (see News; also feature article on page 5)



*Doctoral candidate Jens Martin discusses future plans with Rene Stulz (not in image) as part of the Doctoral Workshop*



*Newly appointed SFI Senior Chair Felix Kubler gives the plenary presentation on computational finance*



*SFI Managing Director Jean-Pierre Danthine presents at the General Assembly meeting*



*Visitor Mirna Marović in discussion with Rajna Gibson*



*Tony Berrada at the General Assembly meeting*



*The MSc in Wealth Management assembles students from all over Asia*

*Students and delegates of the MSc in Wealth Management program, Palace Hotel, Lucerne on March 14<sup>th</sup>*

*Images courtesy of Greg Woon*

## : Singapore collaboration a model for future international activities

**What does it mean to take a global lead in executive education and knowledge transfer in the challenging wealth management field? The Swiss Finance Institute's collaboration with the Singapore-based Masters of Science in Wealth Management is a good place to look for answers.**

Now in its fifth year, the collaboration sees the entire enrollment of the Masters program come to Switzerland each year for a study block held in Lucerne. Enrollment is growing strongly in the Singapore-based postgraduate course jointly organized with the Wealth Management Institute (Singapore) and Singapore Management University. Participants come from throughout Asia and even include wealth managers from Europe who are based in Asia.

“We would like to see the program develop further, including future research collaborations with faculty at the Swiss Finance Institute,” explained Professor Francis Koh, who directs the program. Koh sees significant value in the Swiss location to encourage students to deepen their understanding of the diversity in asset classes available to high net worth investors.

Indeed, the Swiss study block of the Masters in Wealth Management is more than an intensive seminar. Participants get first hand exposure to top practitioners with visits to Swiss private banks. The program also includes a welcome event at Lucerne Culture Centre (KKL) sponsored by Bank Julius Baer, and a private visit

to the Rosengart collection of European modern masters. Wealth Management Institute CEO Annie Wee joined the delegation from Singapore this year. A veteran in wealth management with deep knowledge of Singapore's position as a financial hub in Asia, Annie Wee emphasizes the complementarity between Singapore and Switzerland.

The next generation of global private bankers will need to understand the different needs of clients in Europe and Asia. Annie Wee, Francis Koh and Swiss Finance Institute director of executive education Harry Hurzeler believe that placing aspiring wealth managers in direct contact with private bankers here in Switzerland is a valuable part of this education.

Harry Hurzeler was host to the delegation throughout the 2 week study block and led the modules on business strategy and the client advisory process. At the closing ceremony on March 14<sup>th</sup>, Harry described how the program also provides a learning opportunity for Switzerland's private banking community. “The program satisfies a strong mutual interest in enhancing wealth management around the world,” he explained. ♦

## : Gerzensee 2008: Research minds meet in the seclusion of Gerzensee Study Centre



*SFI Senior Chair Erwan Morellec at the General Assembly meeting*

**Arguably the most intense research meeting in the Institute calendar, Gerzensee 2008 assembled 75 faculty and doctoral researchers for a 2 day schedule of 23 doctoral presentations, 14 research updates from faculty and a plenary presentation by newly appointed SFI Senior Chair Felix Kubler on computational finance.**

The Gerzensee meetings, held annually, are devoted to research and take place in the quiet seclusion of Gerzensee village, outside Bern. Jointly organized with Finrisk, the Swiss National Science Foundation's research center for financial valuation and risk management, the meeting is a chance to exchange ideas on the latest research findings in finance.

Day 1 of the meeting coincided with Professor Felix Kubler's official start date at the Swiss Finance Institute. Felix gave the plenary presentation for the meeting (see photo, page 3) on robust computational experiments in finance and reviewed some of the theoretical approaches he will bring to the Swiss Finance Institute with his research team in Zurich.

Many presentations addressed the interface between finance and real-world economic issues. Here, the focus was on challenges confronting the financial markets such as managing the risks associated with securitized debt, guiding personal and institutional investments, and strategic issues in corporate finance.

One example of this focus is work by doctoral candidate Laurent Fresard on the economic impact of corporate cash holdings. Laurent uses a combination of modeling and empirical techniques to show that cash holdings can yield strategic benefits. He shows that this can translate into economically significant effects for the firm.

And on the important theme of credit risk transfer, Marc Arnold, another doctoral student based in Zurich, proposes a method to improve the screening and monitoring of borrowers by banks issuing securitized debt. Marc's proposal utilizes a callable credit default swap to enable banks to better signal the quality of borrowers.

### **Public offering**

Swiss Finance Institute faculty gave presentations across the four main research domains of the Finrisk program, namely, asset pricing and portfolio management, risk management, quantitative methods in finance and corporate finance. The research agenda pays close attention to the needs of the financial services sector with presentations on pensions investments, executive compensation and the financial workings of initial public offerings.

NCCR Finrisk retains a crucial role as research partner to the Swiss Finance Institute. Together, Finrisk and the Swiss Finance Institute have built up an impressive faculty of researchers and attracted a large talent pool to the Doctoral Program. The results of these efforts were clear to see at Gerzensee 2008. ♦

# : Launch of an international management program offering expertise in banking

**On July 7<sup>th</sup>, the Swiss Finance Institute launched the Senior Management Program in Banking with a full enrolment of 25 participants from all over Europe. Taught in the style of a Mini Executive MBA, this modular program sees participants spend one week each in Geneva, London, Madrid and Frankfurt for an update on strategic developments in the banking industry.**



*Dr Harry Hurzeler,  
SFI Director of  
Executive Education*

If you are a senior manager looking to advance your overall skills in bank management, you face three challenges. First, there are hardly any public programs addressing this need. Senior management programs tend to focus either on leadership or on general management. But at a top quality level even these are only accessible to a small number of participants from Fortune 500 companies. Overcoming that hurdle is the second challenge. Finally, to gain maximum industry specific benefit, you

need to exchange ideas and experiences with your industry peers in a suitably nurturing environment, and finding that is the third challenge.

The fact that there are so few public programs aimed at overall management in the financial sector stems from the simple fact that business schools are organized according to management functions, and seldom have a focus on the finance industry. Those people who do have banking expertise are mostly practitioners themselves, and do not have the time to design lengthy programs or to teach them.

This is where the Senior Management Program in Banking has its first exciting distinction. It combines modern concepts taught by leading researchers with practical insights provided by industry practitioners.

The second challenge, the limited availability of top quality leadership and general management programs, seems to be based on the assumption that if you are around 40, you

will already have had all the leadership and management education you need.

But in reality, most of that education typically took place 10 or more years ago at university, during basic professional training, or perhaps when gaining the first promotions into management. Providing an update on the latest strategic thinking in the banking industry is therefore the second distinctive feature of the Senior Management Program.

Concerning the third challenge, namely access to shared insights and experiences, this is a key part of the value proposition for any executive education program. But in a typical management program participants come from different industries and are restricted to discussing broader issues. And in-house programs have their limitations in that they assemble participants all from the same company.

How, then, can you gain useful insights that are relevant to your banking industry and yet reach beyond your own institution?

In the Senior Management Program, participants have 10+ years experience in the banking industry. This brings deeper industry specific insights and discussions of challenges that are specific to banking.

For more than 20 years the SFI has combined academically researched concepts with industry specific practitioner input, and assembled industry peers at management level. Until now this approach has been offered to Switzerland only. With the Senior Management Program, we lift this approach to an exciting new level across Europe! ♦



*The Swiss Finance  
Institute wishes you  
an enjoyable Summer!*

## IMPRESSUM

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