26 - 28 OCTOBER
HO CHI MINH CITY, VIETNAM

VIETNAM SYMPOSIUM in Banking and Finance

Vietnam National University HCM City
Quarter 6, Linh Trung Ward, Thu Duc District
Ho Chi Minh City

Summary

Welcoming Note

We are very pleased to welcome you to the second edition of the Vietnam Symposium in Banking and Finance (VSBF-2017), which is jointly organized by the Association of Vietnamese Scientists and Experts (AVSE), the International University - Vietnam National University HCMC, and the International Society for the Advancement of Financial Economics (ISAFE), in Ho Chi Minh city, Vietnam (26-28 October 2017). This event has also benefited from the support from the Groupe ESC Troyes en Champagne (Champagne School of Management, Troyes, France), IPAG Business School (Paris, France), and EY Vietnam.

The Symposium aims at providing academics, doctoral students, and practitioners with a forum for presenting their research findings and discussing current and challenging issues in banking and finance. The research papers that are carefully selected for inclusion in the program are from all areas of finance. However, a large number of papers deal with finance and banking issues in various countries of the Asia Pacific region. It also serves as an ideal occasion for Vietnamese scholars (local and abroad) to exchange research experiences and develop research projects with their international colleagues.

It is our great privilege to have two outstanding Guest Keynote Speakers – Professor Robert Faff from *University of Queensland (Australia)* and Professor Kenneth M. Lehn from *the University of Pittsburgh (United States)* – two of the world's leading finance experts. We are grateful to them for their presence and kind support.

We also thank all the submitted authors, scientific committee members, attendees, and particularly conference participants who serve as presenters, session chairs, and discussants. Our special thanks go to Professor Robert Faff (Editor-in-Chief of *Pacific-Basin Finance Journal*), Professors Lloyd Blenman and John Wingender (Editors of *Quarterly Journal of Accounting and Finance*), and Professor Ephraim Clark (Editor-in-Chief of *Frontiers in Finance and Economics*), who have kindly agreed to publish a selection of high-quality papers in their journals.

Finally, we would like to thank Professor Thanh Phong Ho, Rector of the International University - Vietnam National University HCMC, for his outstanding support to make this event a great success. Also, our special thanks go to the members of our organizing committee and supporters for their great contributions to the preparations of this scientific event.

We wish you all an intellectually stimulating and productive conference as well as a chance to meet new colleagues, establish collaborations and enjoy the discovery of the city. We hope that you will have the occasion to exchange ideas and enjoy your stay in Ho Chi Minh city!

On behalf of the Organizing and Scientific Committees
The Conference Co-Chairs
Sabri Boubaker and Duc Khuong Nguyen

Conference Scope

The Vietnam Symposium in Banking and Finance (VSBF-2017), jointly organized by the Association of Vietnamese Scientists and Experts (AVSE), the International University - Vietnam National University HCMC, and the International Society for the Advancement of Financial Economics (ISAFE), aims at providing academics, doctoral students, and practitioners with a forum for presenting their research findings and discussing current and challenging issues in banking and finance.

The main topics of the conference include, but not limited to:

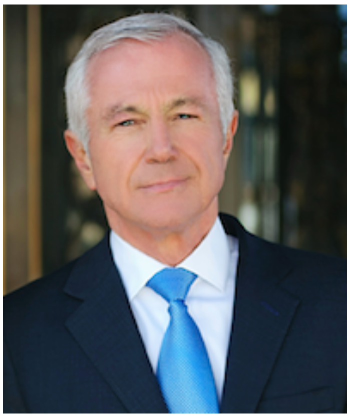
Asset pricing and allocation
Banking regulation and financial services
Behavioral finance
Capital market integration
Corporate finance, IPOs, SEOs, M&A
Corporate governance
Dynamics of international capital markets
Emerging markets finance
Finance and sustainability
Financial econometrics
Financial engineering and derivatives
Financial markets, institutions and money
Financial modeling
Financial policy and regulation
Investment funds
Macro-financial linkages
Market behavior and efficiency
Market linkages, financial crises and contagion
Market microstructure
Portfolio management and optimization
Risk management
Securitization

Keynote Speakers

Professor Robert Faff

University of Queensland Business School, Australia

Robert Faff is Professor of Finance and Director of Research at the UQ Business School. He has an international reputation in empirical finance research: securing 13 Australian Research Council grants (funding exceeding $4 million); >300 refereed journal publications; career citations >10,000 (Google Scholar); and a h-index of 51 (Google Scholar). His particular passion is nurturing and developing the career trajectories of early career researchers. Robert has supervised more than 30 PhD students to successful completion and examined 50 PhD dissertations. Building on a 35-year academic career, his latest passion is "Pitching Research", now gaining great traction domestically and worldwide as exemplified by: (a) >10,400 SSRN downloads; (b) >210 pitching talks/events; (c) at 37 Australian universities; and (d) spanning 43 different countries. In addition, Robert is Editor-in-Chief of Pacific-Basin Finance Journal and was the former Editor of Accounting and Finance (2002-2011).



Professor Kenneth M. Lehn

Samuel A. McCullough Professor of Finance, University of Pittsburgh, United States

Kenneth Lehn is the Samuel A. McCullough Professor of Finance in the Katz Graduate School of Business, where he teaches courses on business valuation and corporate restructuring. Lehn also is an adjunct professor of law in the School of Law at the University of Pittsburgh. Lehn joined the faculty at the University of Pittsburgh in 1991 after serving as chief economist of the U.S. Securities and Exchange Commission for four years. Lehn also has taught at Washington University, UCLA, Miami University, and the Georgetown University Law Center. Lehn has won numerous teaching awards at the University of Pittsburgh and elsewhere.

Lehn's research focuses on topics in corporate finance, including mergers and acquisitions, corporate governance, and capital structure. In addition, he has written on topics relating to the economics of professional sports. Lehn has published in leading academic journals, including the *Journal of Financial Economics*, *Journal of Finance*, *Journal of Political Economy*, *American Economic Review*, and *Journal of Law and Economics*. He also has published several op-ed pieces in The Wall Street Journal.

Lehn is a founding editor of the *Journal of Corporate Finance*. He serves on the Shadow Financial Regulatory Committee at the American Enterprise Institute. He has served as a consultant for numerous firms and government agencies, including J.P. Morgan Chase, Lehman Brothers, The Walt Disney Company, Marriott, Procter & Gamble, AT&T Wireless, the National Hockey League, the Department of Justice, and the Securities and Exchange Commission.

Committees

Conference Co-chairs

Sabri Boubaker
Professor of Finance
Champagne School of Management
Research Associate
IRG, University of Paris Est

Duc Khuong Nguyen
Professor of Finance
IPAG Business School
Research Fellow
Indiana University

Scientific Committee

Emanuele Bajo, *University of Bologna, Italy*; **Tobias Basse**, *Norddeutsche Landesbank (NORD/LB), Germany & Touro College Berlin, Germany*; **Stelios Bekiros**, *European University Institute, Italy & AUEB*, Greece; **Fouad Ben Abdelaziz**, *NEOMA Business School, France*; **Véronique Bessière**, *University of Montpellier, France*; **Lloyd Blenman**, *UNC Charlotte, United States*; **Ephraim Clark**, *Middlesex University London, United Kingdom*; **Henrik Cronqvist**, *China Europe International Business School, China*; **Victoria V. Dobrynskaya**, *National Research University Higher School of Economics, Russia;* **M. Shahid Ebrahim**, *Durham University, United Kingdom*; **Sadok El Ghoul**, *University of Alberta, Canada*; **Stéphane Goutte**, *Paris 8 University, France*; **Khaled Guesmi**, *IPAG Business School, France;* **S. Ghon Rhee**, *University of Hawaii Shidler College of Business, United States*; **Ambrus Kecskes**, *Schulich School of Business, York University, Canada*; **Georgios P. Kouretas**, *Athens University of Economics and Business, Greece*; **Roy Kouwenberg**, *Mahidol University, Thailand & Erasmus University Rotterdam, The Netherlands*; **Davide La Torre**, *University of Milan, Italy*; **Van Son Lai**, *Laval University, Canada*; **Ji-Chai Lin**, *Hong Kong Polytechnic University, Hong Kong*; **Arvind Mahajan**, *Texas A&M University, United States*; **Sushanta Mallick**, *Queen Mary University of London, United Kingdom*; **Hatem Masri**, *University of Bahrain, Bahrain*; **Bang Dang Nguyen**, *University of Cambridge, United Kingdom*; **Phuong Anh Nguyen**, *Vietnam National University HCMC - International University, Vietnam*; **Ariane Szafarz**, *Université Libre de Bruxelles, Belgium*; **Gary Tian**, *Deakin University, Australia*; **Thi Quy Vo**, *Vietnam National University HCMC - International University, Vietnam*; **Hong Vo**, *Vietnam National University HCMC - International University, Vietnam*; **Robert I. Webb**, *University of Virginia, United States*; **Hans-Jörg von Mettenheim**, *Leibniz University of Hanover, Germany*; **John Wingender**, *Creighton University, United States*; **Yildiray Yildirim**, *Zicklin School of Business, Baruch College/CUNY, United States*

Organizing Committee

Tuan Dao, *Academy of Policy and Development, Vietnam*
Theu Dinh, *University of Paris Est, France & AVSE*
Phuong Le, *Paris Saclay University, France & AVSE*

Anh Khoa Le-Ngoc, *VNU HCMC - IU, Vietnam*
Dung Ngo Vi, *Hanoi School of Business and Management, Vietnam*
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Ngoc Anh Phan, *VNU HCMC - IU, Vietnam*
Diem Chau Tran-Ngoc, *VNU HCMC - IU, Vietnam*
Syrine Sassi, *University of Paris Est, France*
Tri Vo, *IPAG Business School, France & AVSE*

Associated Journals

In consultation with the editors of *Frontiers in Finance and Economics*, *Pacific-Basin Finance Journal*, *Quarterly Journal of Finance and Accounting*, authors of selected papers will be invited to submit their papers to a regular issue of the Journals.

Conference Venue

International University, Vietnam National University HCMC, Vietnam

Quarter 6, Linh Trung Ward, Thu Duc District
Ho Chi Minh City

Bus Shuttles from City Center (Municipal Theatre, Ho Chi Minh City | 7 Lam Son Square, Ben Nghe Ward, District 1, HCMC) to the Conference Venue:

- Departure: 07:00am-07:15am (2 buses)
- Departure: 11:00am-11:15am (1 bus)

Bus Shuttles from the Conference Venue to City Center (Municipal Theatre, Ho Chi Minh City | 7 Lam Son Square, Ben Nghe Ward, District 1, HCMC):

- Departure: 02:00pm-02:15pm (1 bus)
- Departure: 05:30pm-05:45pm

Program Overview

Thursday, 26 October 2017

08:00 – 09:00	Registration & Coffee	1st Floor, Room A2.104
09:00 – 09:30	Welcome and Opening Remarks	1st Floor, Room A2.104
	Sabri Boubaker, *Professor of Finance at Champagne School of Management (Groupe ESC Troyes) & President of ISAFE, Conference Co-Chair* **Nhut Quang Ho**, *Vice Rector, International University, Vietnam National University, Ho Chi Minh City* **Duc Khuong Nguyen**, *Professor of Finance and Deputy Director for Research, IPAG Business School & President of AVSE, Conference Co-Chair*	

09:30 – 10:30 Keynote Address

09:30 – 10:30	Topic: Corporate Governance and Corporate Survival	1st Floor, Room A2.104
	Professor Kenneth M. Lehn, *Samuel A. McCullough Professor of Finance, University of Pittsburgh, USA*	
10:30 – 11:00	Coffee Break	Room A1.409

11:00 – 12:30 Parallel Sessions (A)

11:00 – 12:30	A1: Corporate Finance I	Room A1.409
	Chair: Ambrus Kecskes, *York University, Canada*	Discussant
11:00 – 12:30	A2: Financial Markets, Institutions and Money I	Room A1.207A
	Chair: Benoit Nguyen, *Banque de France*	Discussant
11:00 – 12:30	A3: Banking Regulation and Financial Services I	Room A1.401
	Chair: Bill Francis, *Rensselaer Polytechnic Institute, United States*	Discussant
12:30 – 14:00	Lunch Break	Room A1.409

14:00 – 15:30 Parallel Sessions (B)

14:00 – 15:30	B1: Workshop in Fintech & Financial Regulation I	Room A1.109
	Chair: Dominique Guégan, *University Paris 1 & LabEx ReFi & IPAG Business School, France*	
14:00 – 15:30	B2: Corporate Governance	Room A1.208

	Chair: Hui Li, *La Trobe University, Australia*	Discussant

14:00 – 15:30	B3: Portfolio Management and Optimization	Room A1.409
	Chair: Hans-Jorg von Mettenheim, *IPAG Business School, France*	Discussant

15:30 – 16:00	Coffee Break	Room A1.409

16:00 – 17:30 Parallel Sessions (C)

16:00 – 17:30	C1: Workshop in Fintech & Financial Regulation II	Room A1.109
	Chair: Bertrand Hassani, *VP, Capgimini & University Paris 1 & LabEx ReFi, France*	

16:00 – 17:30	C2: Market Behavior and Efficiency	Room A1.208
	Chair: Md Akhtaruzzaman, *Australian Catholic University, Australia*	Discussant

16:00 – 17:30	C3: Financial Markets, Institutions and Money II	Room A1.409
	Chair: Tairi Rõõm, *Bank of Estonia, Estonia*	Discussant

19:30 – 22:00 GALA DINNER

GRAND HOTEL SAIGON (8 DONG KHOI STREET, DISTRICT 1, HO CHI MINH CITY)

Friday, 27 October 2017

08:00 – 09:00	Registration	1st Floor, Room A2.104

09:00 – 10:30 Parallel Sessions (D)

09:00 – 10:30	D1: Asset Pricing and Allocation	Room A1.109
	Chair: Shu Tian, *Asian Development Bank, Philippines*	Discussant
09:00 – 10:30	D2: Corporate Finance II	Room A1.201
	Chair: Philippe Madiès, *University Grenoble Alpes, France*	Discussant
09:00 – 10:30	D3: Emerging Markets Finance	Room A1.409
	Chair: Donghyun Park, *Asian Development Bank, Philippines*	Discussant
09:00 – 10:30	D4: Financial Markets, Institutions and Money III	Room A2.407
	Chair: Julan Du, *Chinese University of Hong Kong, Hong Kong*	Discussant
10:30 – 11:00	Coffee Break	Room A1.409

11:00 – 12:00 Keynote Address

11:00 – 12:00	Topic: Pitching Finance Research	1st Floor, Room A2.104
	Professor Robert Faff, *University of Queensland Business School, Australia*	
12:00 – 13:30	Lunch Break	Room A1.409

13:30 – 15:00 Parallel Sessions (E)

13:30 – 15:00	E1: Corporate Finance III	Room A2.301
	Chair: Shin S. Ikeda, *Otaru University of Commerce, Japan*	Discussant
13:30 – 15:00	E2: Risk Management	Room A2.307
	Chair: Hans-Jorg von Mettenheim, *IPAG Business School, France*	Discussant
13:30 – 15:00	E3: Banking Regulation and Financial Services II	Room A2.308
	Chair: Quy Vo, *International University, Vietnam National University HCMC, Vietnam*	Discussant
13:30 – 15:00	E4: Entrepreneurial Finance	Room A2.511

	Chair: Véronique Bessiere, *University of Montpellier, France*	Discussant

15:00 – 15:30	Coffee Break	Room A1.409

15:30 – 17:30 Parallel Sessions (F)

15:30 – 17:30	F1: Corporate Finance IV	Room A2.301
	Chair: John R. Wingender, Jr., *Creighton University, United States*	Discussant

15:30 – 17:30	F2: Banking Regulation and Financial Services III	Room A2.307
	Chair: Abdullah Mamun, *University of Saskatchewan, Canada*)	Discussant

15:30 – 17:30	F3: Financial Markets, Institutions and Money IV	Room A2.308
	Chair: Christoph Wegener, *IPAG Business School, France*	Discussant

Saturday, 28 October 2017

08:00 – 09:00	Registration	1st Floor, Room A2.104

09:00 – 10:30 Parallel Sessions (G)

09:00 – 10:30	G1: Finance and Sustainability	Room A2.205
	Chair: Julien Chevallier, *IPAG Business School, France*	Discussant

09:00 – 10:30	G2: Corporate Finance V	Room A2.402
	Chair: Sabri Boubaker, *Champagne School of Management, France & IRG, Université Paris Est, France*	Discussant

09:00 – 10:30	G3: Financial Markets, Institutions and Money V	Room A2.501
	Chair: Xuan Hai Nguyen, *The Chinese University of Hong Kong, Hong Kong*	Discussant

10:30 – 11:00	Coffee Break	Room A1.409

11:00 – 12:30 Parallel Sessions (H)

11:00 – 12:30	H1: Banking Regulation and Financial Services IV	Room A2.205
	Chair: Amine Tarazi, *University of Limoges, France*	Discussant

11:00 – 12:30	H2: Corporate Ownership	Room A2.402
	Chair: Hong Vo, *International University, Vietnam National University HCMC, Vietnam*	Discussant

11:00 – 12:30	H3: Marco Finance Linkages	Room A2.501
	Chair: Mitsuru Katagiri, *International Monetary Fund*	Discussant

Program in Detail

Thursday, 26 October 2017

08:00 – 09:00	Registration & Coffee	1st Floor, Room A2.104
09:00 – 09:30	Welcome and Opening Remarks	1st Floor, Room A2.104
	Sabri Boubaker, *Professor of Finance at Champagne School of Management (Groupe ESC Troyes) & President of ISAFE, Conference Co-Chair* **Nhut Quang Ho**, *Vice Rector, International University, Vietnam National University, Ho Chi Minh City* **Duc Khuong Nguyen**, *Professor of Finance and Deputy Director for Research, IPAG Business School & President of AVSE, Conference Co-Chair*	

09:30 – 10:30 Keynote Address

09:30 – 10:30	Topic: Corporate Governance and Corporate Survival	1st Floor, Room A2.104
	Professor Kenneth M. Lehn, *Samuel A. McCullough Professor of Finance, University of Pittsburgh, USA*	
	Research on corporate governance has grown dramatically during the past 30 years. A disproportionate amount of the research has focused on dimensions of governance that are relatively easy to measure, such as ownership structure, board size and composition, and executive compensation. A large body of evidence has developed regarding the determinants of these governance variables and the association of these variables with measures of corporate performance (although there is wide disagreement regarding causality). This keynote address will explore other dimensions of governance that are difficult to measure but presumably important, such as corporate agility, i.e., the speed with which firms make decisions, which is especially important for firms operating in rapidly changing environments. Using a sample of U.S. retail firms, which face a dramatic change in operating environment due to the growth of online shopping, the address will present preliminary evidence on the relation between measurable governance variables, performance, and survival. The address will conjecture that corporate agility is an important determinant of performance and survival and will suggest ways in which agility might be measured.	
10:30 – 11:00	Coffee Break	Room A1.409

11:00 – 12:30 Parallel Sessions (A)

11:00 – 12:30	A1: Corporate Finance I	Room A1.409
	Chair: Ambrus Kecskes, *York University, Canada*	Discussant
	Takeover Pressure and Corporate Diversification Duc Giang Nguyen *(Waseda University, Japan)*, **Xuan Hai Nguyen** *(The Chinese University of Hong Kong, Hong Kong)*	**Kazuo Yamada** (*Nagasaki University, Japan*)

	Who Decide IPO Withdrawal and When? **Kazuo Yamada** (*Nagasaki University, Japan*), Fan Pengda (*Kyushu University, Japan*)	**Ambrus Kecskes** *(York University, Canada)*
	Are Risk Attitudes Affected by Natural Disasters? Evidence from Professional Investors Gennaro Bernile *(University of Miami, US)*, Vineet Bhagwat *(University of Oregon, US)*, Ambrus Kecskes *(York University, Canada)*, and **Phuong-Anh Nguyen** *(York University, Canada)*	**Xuan Hai Nguyen** *(The Chinese University of Hong Kong, Hong Kong)*

11:00 – 12:30	A2: Financial Markets, Institutions and Money I	Room A1.207A
	Chair: Benoit Nguyen, *Banque de France*	Discussant
	The Superior of Cointegration in Pair Trading Strategy – An Empirical Study in Stock Exchange of Thailand Potsirin Banthaokun *(NIDA Business School, Thailand)*, Thuy T. Le *(NIDA Business School, Thailand)*, **Quan N. Tran** *(Vietnam National University, Vietnam)*	**Benoit Nguyen** *(Banque de France)*
	Price Impact of Bond Supply Shocks: Evidence from the Eurosystem's Asset Purchase Program **Benoit Nguyen** *(Banque de France)*, William Arrata *(Banque de France)*	**Khaled Guesmi** *(IPAG Business School, France)*
	Contagion and Bond Pricing: The Case of ASEAN Region Stéphane Goutte *(University Paris 8, France)*, **Khaled Guesmi** *(IPAG Business School, France)*	**Quan N. Tran** *(Vietnam National University, Vietnam)*

11:00 – 12:30	A3: Banking Regulation and Financial Services I	Room A1.401
	Chair: Bill Francis, *Rensselaer Polytechnic Institute, United States*	Discussant
	Non-Performing Loans in the Euro-area: Are Core-Periphery Banking Markets Fragmented? Dimitrios Anastasiou *(Athens University of Economics and Business, Greece)*, **Helen Louri** *(Athens University of Economics and Business, Greece)*, Mike Tsionas *(Athens University of Economics and Business, Greece)*	**Thi Mai Luong** *(University of Technology Sydney, Australia)*
	The Impact of Government Guarantees on Banks' Wholesale Funding Costs and Risk-taking: Evidence from a Natural Experiment **Thi Mai Luong** *(University of Technology Sydney, Australia)*, Russell Pieters *(University of Technology Sydney, Australia)*, Harald Scheule *(University of Technology Sydney, Australia)*, Eliza Wu *(University of Sydney, Australia)*	**Bill Francis** *(Rensselaer Polytechnic Institute, United States)*, Thomas Shohfi *(Rensselaer Polytechnic Institute, United States)*

	Credit Default Swaps, Renegotiation, Bank Loans Brian Clark *(Rensselaer Polytechnic Institute, United States)*, James Donato *(Rensselaer Polytechnic Institute, United States)*, **Bill Francis** *(Rensselaer Polytechnic Institute, United States)*, Thomas Shohfi *(Rensselaer Polytechnic Institute, United States)*	**Helen Louri** *(Athens University of Economics and Business, Greece)*

12:30 – 14:00	Lunch Break	Room A1.409

14:00 – 15:30 Parallel Sessions (B)

14:00 – 15:30	B1: Workshop in Fintech & Financial Regulation I	Room A1.109
	Chair: Dominique Guégan, *University Paris 1 & LabEx ReFi & IPAG Business School, France*	
	Regulatory Learning: How to Supervise Machine Learning Models - An Application to Credit Scoring? **Bertrand Hassani** (*VP, Capgimini & University Paris 1 & LabEx ReFi, France*)	
	Fintech and Regulations in Vietnam: Evolution and Perspectives **Duong Nguyen** (*VP, Ernst & Young Vietnam*)	
	Market Structure or Traders' Behavior? A Multi-Agent Model to Assess Flash Crash Phenomena and their Regulation Nathalie Oriol (*University of Nice Sophia Antipolis, France*), **Iryna Veryzhenko** (*CNAM and LabEx ReFi, France*)	

14:00 – 15:30	B2: Corporate Governance	Room A1.208
	Chair: Hui Li, *La Trobe University, Australia*	Discussant
	The Impact of CEO Educational Background on Corporate Cash Holdings and Value of Cash Holdings Seung Hun Han *(Korea Advanced Institute of Science and Technology, Korea)*, Dongwook Seo *(Korea Advanced Institute of Science and Technology, Korea)*, **Seongjae Mun** *(Korea Advanced Institute of Science and Technology, Korea)*	**Phuong Chi Bui** *(Yuan Ze University, Taiwan)*
	The Association Among Compensation Committee Quality, Degree of Compensation Information Disclosure Transparency and Excess CEO Pay Chia-Ying Chan (*Yuan Ze University, Taiwan)*, **Phuong Chi Bui** *(Yuan Ze University, Taiwan)*, Alex YiHou Huang *(National Chiao Tung University, Taiwan)*, Siou-Yi Lin *(Yuan Ze University, Taiwan)*	**Hui Li** *(La Trobe University, Australia)*

	CEO Turnovers: Transparency of Announcements and the Outperformance Puzzle **Hui Li** *(La Trobe University, Australia)*, Paul Farah *(La Trobe University, Australia)*, Huong Giang Nguyen *(La Trobe University, Australia)*	**Seongjae Mun** *(Korea Advanced Institute of Science and Technology, Korea)*

14:00 – 15:30	B3: Portfolio Management and Optimization	Room A1.409
	Chair: Hans-Jorg von Mettenheim, *IPAG Business School, France*	Discussant
	Value-at-Risk for South-East Asian Stock Markets: Stochastic Volatility vs. GARCH Stanislas Augier *(Ecole des Mines de Saint–Etienne, France)*, Paul Bui Quang *(John von Neumann Institute, Vietnam)*, Tony Klein *(Technische Universität Dresden, Germany)*, **Thomas Walther** *(Technische Universität Dresden, Germany)*	**Maximilian Adelmann** *(University of Zurich, Switzerland)*
	A Large-Scale Optimization Model for Replicating Portfolios in the Life Insurance Industry **Maximilian Adelmann** *(University of Zurich, Switzerland)*, Lucio Fernandez-Arjona *(University of Zurich, Switzerland)*, Janos Mayer *(University of Zurich, Switzerland)*, Karl Schmedders *(University of Zurich, Switzerland)*	**Hans-Jorg von Mettenheim** (*IPAG Business School, France*)
	Analyzing and Modeling High Frequency Realized Volatility of Energy Commodities Fei Liu (*University of Liverpool, United Kingdom*), Athanasios Pantelous (*University of Liverpool, United Kingdom*), **Hans-Jorg von Mettenheim** (*IPAG Business School, France*), Christoph Wegener (*IPAG Business School, France*)	**Thomas Walther** *(Technische Universität Dresden, Germany)*

15:30 – 16:00	Coffee Break	Room A1.409

16:00 – 17:30 Parallel Sessions (C)

16:00 – 17:30	C1: Workshop in Fintech & Financial Regulation II	Room A1.109
	Chair: Bertrand Hassani, *VP, Capgimini & University Paris 1 & LabEx ReFi, France*	
	Portfolio Diversification with Virtual Currency: Evidence from Bitcoin **Khaled Guesmi**, *IPAG Business School, France*	
	What Can Initial Coin Offerings (ICOs) Teach Us about Financial Regulation? **Alexis Collomb** (*CNAM and LabEx ReFi, France*)	

	Bitcoins and Challenges for Financial Regulation **Dominique Guégan** (*University Paris 1 & LabEx ReFi & IPAG Business School*, France), Anastasia Sotiropoulou (*University Jean Monnet & LabEx ReFi, France*)	

16:00 – 17:30	C2: Market Behavior and Efficiency	Room A1.208
	Chair: Md Akhtaruzzaman, *Australian Catholic University, Australia*	Discussant
	A Markov-switching Model of Taka/Rupee Exchange Rate: Estimation and Forecasting **Syed Abul Basher** *(East West University, Bangladesh)*, Raisa Shafiquddin *(East West University, Bangladesh)*	**Hyeong Joon Kim** *(Korea Advanced Institute of Technology, South Korea)*
	Convertible Bond Issue Announcement Effect in Korea **Hyeong Joon Kim** *(Korea Advanced Institute of Technology, South Korea)*, Seung Hun Han *(Korea Advanced Institute of Technology, South Korea)*	**Md Akhtaruzzaman** (*Australian Catholic University, Australia*)
	Value, Momentum and Downside Risk: Evidence from Australia Oliver Goy (*University of Newcastle, Australia*), **Md Akhtaruzzaman** (*Australian Catholic University, Australia*), Paul Docherty (*Monash University, Australia*)	**Syed Abul Basher** *(East West University, Bangladesh)*

16:00 – 17:30	C3: Financial Markets, Institutions and Money II	Room A1.409
	Chair: Tairi Rõõm, *Bank of Estonia, Estonia*	Discussant
	The Cross-sectional Determinants of Jumps in Stock Prices: Evidence from Earnings Announcements Haigang Zhou *(Cleveland State University, USA)*, **Qi Zhu** *(Fudan University, China)*	**Jorg Bley** (*American University of Sharjah, United Arab Emirates*)
	Are Technical Trading Rules Profitable in the Stock Markets of the Middle East and North Africa (MENA)? **Jorg Bley** (*American University of Sharjah, United Arab Emirates*), Mohsen Saad (*American University of Sharjah, United Arab Emirates*)	**Tairi Rõõm** (*Bank of Estonia, Estonia*)
	Stress Tests of the Household Sector based on Microdata from Survey and Administrative Sources Jaanika Meriküll (*Bank of Estonia, Estonia*), **Tairi Rõõm** (*Bank of Estonia, Estonia*)	**Qi Zhu** *(Fudan University, China)*

19:30 – 22:00 GALA DINNER

GRAND HOTEL SAIGON (8 DONG KHOI STREET, DISTRICT 1, HO CHI MINH CITY)

Friday, 27 October 2017

08:00 – 09:00	Registration	1st Floor, Room A2.104

09:00 – 10:30 Parallel Sessions (D)

09:00 – 10:30	D1: Asset Pricing and Allocation	Room A1.109
	Chair: Shu Tian, *Asian Development Bank, Philippines*	Discussant
	Carbon Risk Maximilian Görgen *(University of Augsburg, Germany)*, Andrea Jacob *(University of Augsburg, Germany)*, Martin Nerlinger *(University of Augsburg, Germany)*, Martin Rohleder *(University of Augsburg, Germany)*, **Marco Wilkens** *(University of Augsburg, Germany)*	**Girijasankar Mallik** *(Western Sydney University, Australia)*
	Global Risk Co-moments and Carry Trade Strategy Mohammadreza Tavakoli Baghdadabad *(Western Sydney University, Australia)*, **Girijasankar Mallik** *(Western Sydney University, Australia)*	**Shu Tian** *(Asian Development Bank, Philippines)*
	Foreign and Domestic Investments in Global Bond Markets Donghyun Park *(Asian Development Bank, Philippines)*, Kiyoshi Taniguchi *(Asian Development Bank)*, **Shu Tian** *(Asian Development Bank, Philippines)*	**Marco Wilkens** *(University of Augsburg, Germany)*

09:00 – 10:30	D2: Corporate Finance II	Room A1.201
	Chair: Philippe Madiès, *University Grenoble Alpes, France*	Discussant
	Gambling Preference and Board Structure **Kyung Won Park** *(Korea Advanced Institute of Technology, South Korea)*, Dong Wook Seo *(Korea Advanced Institute of Technology, South Korea)*	**Nam Hoai Tran** *(University of Economics Ho Chi Minh City, Vietnam)*
	Ownership Concentration, Corporate Risk-taking and Performance: Evidence from Vietnamese Listed Firms **Nam Hoai Tran** *(University of Economics Ho Chi Minh City, Vietnam)*, Chi Dat Le (University of Economics Ho Chi Minh City, Vietnam)	**Philippe Madiès** *(University Grenoble Alpes, France)*
	The Determinants of Financial Distress in French Farms: Analysts versus Algorithms Geoffroy Enjolras *(Univ. Grenoble Alpes, France)*, **Philippe Madiès** *(Univ. Grenoble Alpes, France)*	**Kyung Won Park** *(Korea Advanced Institute of Technology, South Korea)*

09:00 – 10:30	D3: Emerging Markets Finance	Room A1.409
	Chair: Donghyun Park, *Asian Development Bank, Philippines*	Discussant

	Shadow Banking in Asia: Foreign versus Domestic Lending to Real Estate Projects Douglas Cumming *(Schulich School of Business, York University, Toronto, Canada)*, Grant Fleming *(Continuity Capital Partners, Australia)*, **Zhangxin (Frank) Liu** *(University of Western Australia Business School, Australia)*	**Mamta B Chowdhury** *(University of Western Sydney, Australia)*
	Does Institutional Quality Matter More for Developing Countries to Attract Foreign Direct Investment? **Mamta B Chowdhury** *(University of Western Sydney, Australia)*	**Donghyun Park** *(Asian Development Bank, Philippines)*
	Do Local Currency Bond Markets Enhance Financial Stability? Some Empirical Evidence **Donghyun Park** *(Asian Development Bank, Philippines)*, Kwanho Shin *(Korea University, Korea)*, Shu Tian *(Asian Development Bank, Philippines)*	**Zhangxin (Frank) Liu** *(University of Western Australia Business School, Australia)*

09:00 – 10:30	D4: Financial Markets, Institutions and Money III	Room A2.407
	Chair: Julan Du, *Chinese University of Hong Kong, Hong Kong*	Discussant
	Early Warning Indicators of Systemic Financial Risk in an International Setting Jeffrey Sheen (*Macquarie University, Australia*), Stefan Trück (*Macquarie University, Australia*), **Chi Truong** (*Macquarie University, Australia*), and Ben Z Wang (*Macquarie University, Australia*)	**Dinh Tri Vo** (*IPAG Business School, France*)
	Enterprise Risk Management and Financial Performance of EU Insurers **Dinh Tri Vo** (*IPAG Business School, France*)	**Julan Du** *(Chinese University of Hong Kong, Hong Kong)*
	When Multinationals and Global Funds Meet Nationalism: A Case Study of Japanese Investments in China **Julan Du** *(Chinese University of Hong Kong, Hong Kong)*, Yifei Zhang *(Chinese University of Hong Kong, Hong Kong)*	**Chi Truong** (*Macquarie University, Australia*)

10:30 – 11:00	Coffee Break	Room A1.409

11:00 – 12:00 Keynote Address

11:00 – 12:00	Topic: Pitching Finance Research	1st Floor, Room A2.104
	Professor Robert Faff, *University of Queensland Business School, Australia*	
	This keynote talk outlines and explains a simple template tool/device, designed to encourage clarity and transparency of idea exchange between two (or more) collaborating researchers, in the crucial early, embryonic stages of such a relationship. The "pitching research" ("PR") tool is	

	especially useful for "starting a conversation" between novice researchers and their (potential) academic mentors. The PR tool is designed to be structured /simple/methodical /clear/focused, in a way that efficiently and effectively facilitates relevant and meaningful dialogue between research collaborators. It serves as a highly relevant and practical academic resource, for use across a wide range of subject matter and research areas, as well as diverse levels of research training and mastery. Having explained the elements, connectivity and basic philosophy underlying the PR tool, the keynote talk will conclude with a "narrated" finance example to illustrate its utility & power. [The "PR" paper is available at: https://ssrn.com/abstract=2462059]	

12:00 – 13:30	Lunch Break	Room A1.409

13:30 – 15:00 Parallel Sessions (E)

13:30 – 15:00	E1: Corporate Finance III	Room A2.301
	Chair: Shin S. Ikeda, *Otaru University of Commerce, Japan*	Discussant
	The Impact of Corporate Social Responsibility on CEO Relative Leverage **Kyumin Cho** *(KAIST, South Korea)*, Hyeong Joon Kim *(KAIST, South Korea)*, Seung Hun Han *(KAIST, South Korea)*	**W. Travis Selmier II** *(Indiana University, United States)*
	Disciplining Mining MNEs' Corporate Social Responsibility Programs through Monitoring by Institutional Investors **W. Travis Selmier II** *(Indiana University, United States)*	**Shin S. Ikeda** *(Otaru University of Commerce, Japan)*
	Corporate Governance and Economic Performance of Vietnamese Companies Publicly Listed in Hanoi Stock Exchange **Shin S. Ikeda** *(Otaru University of Commerce, Japan)*, Ngoc Tuyet Nguyen *(National Graduate Institute for Policy Studies, Japan)*	**Kyumin Cho** *(KAIST, South Korea)*

13:30 – 15:00	E2: Risk Management	Room A2.307
	Chair: Hans-Jorg von Mettenheim, *IPAG Business School, France*	Discussant
	Forecasting Market Risk of Portfolios: Copula-Markov Switching Multifractal Approach **Mawuli Segnon** *(University of Münster, Germany)*, Mark Trede *(University of Münster, Germany)*	**Manh Ha Nguyen** *(University of Nantes, France)*
	Forecasting and Risk Management in ASEAN Stock Exchanges **Manh Ha Nguyen** *(University of Nantes, France)*, Olivier Darne *(University of Nantes, France)*, Thi Hong Hanh Pham *(University of Nantes, France)*	**Bang Doo-Won** *(Korea Housing & Urban Guarantee Corporatione, South Korea)*

	Korean Housing Cycle: its Implications for Risk Management (Factor-augmented VAR Approach) Myeong Hyeon Kim *(National Pension Research Institute and Asian Institute of Corporate Governance, South Korea)*, **Bang Doo-Won** *(Korea Housing & Urban Guarantee Corporatione, South Korea)*, Jung Ha Kim *(Korea Housing & Urban Guarantee Corporatione, South Korea)*	**Mawuli Segnon** *(University of Münster, Germany)*

13:30 – 15:00	E3: Banking Regulation and Financial Services II	Room A2.308
	Chair: Quy Vo, *International University, Vietnam National University HCMC, Vietnam*	Discussant
	Ownership Concentration and Bank Stock Price Informativeness Lin Kun-Li *(Feng Chia University, Taiwan)*, **Anh-Tuan Doan** *(University of Economics Ho Chi Minh City, Vietnam)*	**Supriya Katti** *(Indian Institute of Technology, India)*
	Global Banking Regulation and Its Impact on Credit Growth - Evidence from Emerging Market **Supriya Katti** *(Indian Institute of Technology, India)*, Gaurav Seth *(Indian Institute of Technology, India)*, B.V. Phani *(Indian Institute of Technology, India)*	**Quy Vo** (*International University, Vietnam National University HCMC, Vietnam*)
	Market Power: Does Basel III's Liquidity Regulation Matter? Khoa Cai (*Industrial University of Hochiminh City, Vietnam*), Minh Le (*Queensland University of Technology, Australia*), Hong Vo (*International University, Vietnam National University HCMC, Vietnam*), **Quy Vo** (*International University, Vietnam National University HCMC, Vietnam*)	**Anh-Tuan Doan** *(University of Economics Ho Chi Minh City, Vietnam)*

13:30 – 15:00	E4: Entrepreneurial Finance	Room A2.511
	Chair: Véronique Bessiere, *University of Montpellier, France*	Discussant
	Who Greases the Wheel? Gender and Corruption in SME's Credit Access **Nirosha Wellalage** *(University of Waikato, New Zealand)*	**Éric Stephany** *(University of Montpellier, France)*
	Crowdfunding, Business Angels, Venture Capital: Towards New Trajectories in Startup Financing? Véronique Bessiere *(University of Montpellier, France)*, **Éric Stephany** *(University of Montpellier, France)*	**Fumiko Takeda** (*University of Tokyo, Japan*)
	Google Search Intensity and its Relationship to the Returns and Trading Volumes of Japanese Startup Stocks	**Nirosha Wellalage** *(University of Waikato, New Zealand)*

	Yuta Adachi *(University of Tokyo, Japan)*, Motoki Masuda *(University of Tokyo, Japan)*, and **Fumiko Takeda** (*University of Tokyo, Japan*)	

15:00 – 15:30	Coffee Break	Room A1.409

15:30 – 17:30 Parallel Sessions (F)

15:30 – 17:30	F1: Corporate Finance IV	Room A2.301
	Chair: John R. Wingender, Jr., *Creighton University, United States*	Discussant
	IPOs Short and Long-Term Performance of MENA Countries **Mohammad S. Al-Shiab** (*The British University in Dubai, United Arab Emirates*)	**John R. Wingender, Jr.** *(Creighton University, United States)*
	Political Corruption and Corporate Cash Holdings **Dong Wook Seo** *(Korea Advanced Institute of Science and Technology, South Korea)*, Seung Hun Han *(Korea Advanced Institute of Science and Technology, South Korea)*	**Yu-Chen Wei** *(National Kaohsiung First University of Science and Technology, Taiwan)*
	LIFO Changes: Impact on Firm Risk **John R. Wingender, Jr.** *(Creighton University, United States)*, Thomas A. Shimerda *(Creighton University, United States)*	**Mohammad S. Al-Shiab** (*The British University in Dubai, United Arab Emirates*)
	The Impact of Corporate Operating News on Underpricing, Abnormal Returns and Volatility around Initial Public Offerings Yang-Cheng Lu *(Ming Chuan University, Taiwan)*, **Yu-Chen Wei** *(National Kaohsiung First University of Science and Technology, Taiwan)*, Yen-Ju Hsu *(National Taiwan University, Taiwan)*, Yi-Hung Lee *(Ming Chuan University, Taiwan)*	**Dong Wook Seo** *(Korea Advanced Institute of Science and Technology, South Korea)*

15:30 – 17:30	F2: Banking Regulation and Financial Services III	Room A2.307
	Chair: Abdullah Mamun, *University of Saskatchewan, Canada*)	Discussant
	Optimal Capital Adequacy Ratios: An Investigation of Vietnamese Commercial Banks **Phuong Anh Nguyen** *(International University, Vietnam)*, Bich Le Tran *(International University, Vietnam)*, Michel Simioni *(INRA, France)*	**Ghassen Bouslama** *(Neoma Business School, France)*
	The Influence of Human Capital in Credit Risk Management	**Abdullah Mamun** *(University of Saskatchewan, Canada)*

	Christophe Bouteiller (*Neoma Business School, France*), **Ghassen Bouslama** (*Neoma Business School, France*)	
	Did the Regulatory Changes of 1999 and 2001 affect Income Smoothing Behavior of US Banks? **Abdullah Mamun** (*University of Saskatchewan, Canada*), Didarul Alam (*University of Saskatchewan, Canada*), George Tannous (*University of Saskatchewan, Canada*)	**Phuong Anh Nguyen** *(International University, Vietnam)*

15:30 – 17:30	F3: Financial Markets, Institutions and Money IV	Room A2.308
	Chair: Christoph Wegener, *IPAG Business School, France*	Discussant
	The Fellowship of LIBOR: A Study of Spurious Interbank Correlations by the Method of Wigner-Ville Function **Peter Lerner** *(Wenzhou Kean University, China)*	**Robert Erbe** *(University of Zurich, Switzerland)*
	About Bayes, Black and Litterman Maximilian Adelmann *(University of Zurich, Switzerland)*, **Robert Erbe** *(University of Zurich, Switzerland)*	**Christoph Wegener** *(IPAG Business School, France)*
	Bias-corrected Estimation for Speculative Bubbles in Stock Prices Robinson Kruse *(University of Groningen, Netherlands)*, Hendrik Kaufmann *(Quoniam Asset Management, Germany)*, **Christoph Wegener** *(IPAG Business School, France)*	**Peter Lerner** *(Wenzhou Kean University, China)*

Saturday, 28 October 2017

08:00 – 09:00	Registration	1st Floor, Room A2.104

09:00 – 10:30 Parallel Sessions (G)

09:00 – 10:30	G1: Finance and Sustainability	Room A2.205
	Chair: Julien Chevallier, *IPAG Business School, France*	Discussant
	Corruption and Determinants of Fiscal Deficits in Asia Pacific Countries **Canh Nguyen** *(University of Ecnomics Ho Chi Minh City, Vietnam)*	**Jean-Paul Méreaux** *(University of Reims, France)*
	Triptyc Knowledge – Skills – Payroll and Business Performance: Application of an Operational Model for an Accounting Rating of the Human Capital in the Area of Distribution Jimmy Feige *(University of Reims, France)*, **Jean-Paul Méreaux** *(University of Reims, France)*	**Julien Chevallier** *(IPAG Business School, France)*
	Achieving the Carbon Intensity Target of China: A Least Squares Support Vector Machine with Mixture Kernel Function Approach Bangzhu Zhu *(Jinan University, China)*, Minxing Jiang *(Jinan University, China)*, Ping Wang *(Jinan University, China)*, Rui Xie *(Hunan University, China)*, **Julien Chevallier** *(IPAG Business School, France)*, Yi-Ming Wei *(Beijing Institute of Technology, China)*	**Canh Nguyen** *(University of Ecnomics Ho Chi Minh City, Vietnam)*

09:00 – 10:30	G2: Corporate Finance V	Room A2.402
	Chair: Sabri Boubaker, *Champagne School of Management, France & IRG, Université Paris Est, France*	Discussant
	Peer Effects among Financial Analysts **Thuc Truc Do** *(Nanyang Technological University, Singapore)*, Huai Zhang *(Nanyang Technological University, Singapore)*	**Arup Ganguly** *(University of Pittsburgh, United States)*
	Textual Disclosure in SEC Filings and Litigation Risk **Arup Ganguly** *(University of Pittsburgh, United States)*	**Sabri Boubaker** (*Champagne School of Management, France & IRG, Université Paris Est, France)*
	Peer Effects in Employee Welfare **Sabri Boubaker** (*Champagne School of Management, France & IRG, Université Paris Est, France*), Souad	**Thuc Truc Do** *(Nanyang Technological University, Singapore)*

	Lajili-Jarjir (*IRG, Université Paris Est, France*), Asad Ali Rind (*IRG, Université Paris Est, France*)	

09:00 – 10:30	G3: Financial Markets, Institutions and Money V	Room A2.501
	Chair: Xuan Hai Nguyen, *The Chinese University of Hong Kong, Hong Kong*	Discussant
	Payout Policies and Stock Liquidity: Empirical Evidence in Vietnam **Nha Bui Duc** *(Ton Duc Thang University, Vietnam)*	**Thanh Cong Bui** *(University of Economics, Vietnam)*
	Flight to Quality or Contagion during US Subprime Crisis: Evidence from Vietnam Financial markets Khoa Cuong Phan *(University of Economics, Vietnam)*, Thi Bich Ngoc Tran *(University of Economics, Vietnam)*, **Thanh Cong Bui** *(University of Economics, Vietnam)*	**Christoph Wegener** (*IPAG Business School, France & Center for Risk and Insurance, Germany*)
	Liquidity Risk and the Covered Bond Market in Times of crisis: Empirical Evidence from Germany **Christoph Wegener** (*IPAG Business School, France & Center for Risk and Insurance, Germany*), Tobias Basse (*Norddeutsche Landesbank Girozentrale & Touro College Berlin, Germany*), Philipp Sibbertsen (*Leibniz Universitat Hannover, Germany*), Duc Khuong Nguyen (*IPAG Business School, France*)	**Nha Bui Duc** *(Ton Duc Thang University, Vietnam)*

10:30 – 11:00	Coffee Break	Room A1.409

11:00 – 12:30 Parallel Sessions (H)

11:00 – 12:30	H1: Banking Regulation and Financial Services IV	Room A2.205
	Chair: Amine Tarazi, *University of Limoges, France*	Discussant
	Positive Effects of Basel III on Banking Liquidity Transformation **Laurent Salé** (*University of Paris 1 Panthéon Sorbonne, France*)	**Kim Cuong Ly** *(Swansea university, United Kingdom)*
	New Entry Type and its Effect on Liquidity of Banking Group **Kim Cuong Ly** *(Swansea university, United Kingdom)*, Katsutoshi Shimizu *(Nagoya University, Japan)*	**Amine Tarazi** *(University of Limoges, France)*
	Bank Liquidity Management and Bank Capital Shocks Robert DeYoung *(Kansas University, USA)*, Isabelle Distinguin *(University of Limoges, France)*, **Amine Tarazi** *(University of Limoges, France)*	**Laurent Salé** (*University of Paris 1 Panthéon Sorbonne, France*)

11:00 – 12:30	H2: Corporate Ownership	Room A2.402
	Chair: Hong Vo, *International University, Vietnam National University HCMC, Vietnam*	Discussant
	Does Increasing Controlling Ownership affect Board Independence? Bansal Shashank *(Indian Institute of Technology Madras, India)*, **M Thenmozhi** *(Indian Institute of Technology Madras, India)*	**Nhung Le** *(University of Strasbourg, France and International University, Vietnam)*
	The Impact of Family Ownership Status on Determinants of Leverage: Empirical Evidence from South East Asia **Nhung Le** *(University of Strasbourg, France and International University, Vietnam)*	**Tuan Ho** (*University of Bristol, United Kingdom*)
	State Ownership and Corporate Risk-taking: Empirical Evidence in Vietnam **Tuan Ho** (*University of Bristol, United Kingdom*), Trang Nguyen (*University of Bristol, United Kingdom*), Duc Nam Phung *(University of Economics Ho Chi Minh city, Vietnam)*	**M Thenmozhi** *(Indian Institute of Technology Madras, India)*

11:00 – 12:30	H3: Marco Finance Linkages	Room A2.501
	Chair: Mitsuru Katagiri, *International Monetary Fund*	Discussant
	Bank-Insurer-Firm Tripartite Interconnectedness of Credit Risk Exposures in a Cross-shareholding Network **Masayasu Kanno** *(Nihon University, Japan)*	**Thi-Mai-Hoai Bui** *(University of Economics, Vietnam)*
	Dynamics between Stock Market Return and Fiscal Policy: Evidence from Emerging Asian Economies Duy-Tung Bui *(Université de Bourgogne Franch-Comté, France)*, **Thi-Mai-Hoai Bui** *(University of Economics, Vietnam)*, Matthieu Llorca *(Université de Bourgogne Franch-Comté, France)*	**Mitsuru Katagiri** *(International Monetary Fund)*
	Credit Misallocation and Economic Growth in Vietnam **Mitsuru Katagiri** *(International Monetary Fund)*	**Masayasu Kanno** *(Nihon University, Japan)*

Abstracts of Conference Papers

A1. Corporate Finance I

TAKEOVER PRESSURE AND CORPORATE DIVERSISFICATION

Duc Giang Nguyen
Waseda University, Japan
Xuan Hai Nguyen
Chinese University of Hong Kong, Hong Kong

Abstract
This paper shows theoretically and empirically that the takeover market is an effective external force of discipline for corporate diversification. First, we derive a simple model that highlights the managers' incentives to overdiversify their firm. In the absence of a takeover threat, managers may structure their firm suboptimally in pursuit of private benefits. However, facing a threat of takeover, managers will de-diversify to maximize firms' value in fear of being acquired and replaced. We also discuss the discipline role of the takeover market under competitive and non-competitive environment, and its interactions with other monitoring mechanisms. Second, we test three hypotheses generated from the model: (1) state anti-takeover index increases corporate diversification; (2) the disciplinary effect is more pronounced in non-competitive industries; (3) the disciplinary effect is less when the firm is more intensively monitored. The empirical results are strongly consistent with these predictions, and robust to alternative measurements of takeover pressure and diversification, and censor and truncated data.

WHO DECIDE IPO WITHDRAWAL AND WHEN?

Kazuo Yamada
Nagasaki Univevrsity, Japan
Pengda Fan
Kyushu University, Japan

Abstract
This paper attempts to explore the potential relationship between the sources of IPO shares and withdrawal decision making. Findings reveal that the amount of primary shares does not have a direct relationship to the withdrawal decision making process. These results are in line with the agency theory. Furthermore, we analyze the relationship of the sources of secondary shares and withdrawal decision making. Findings show that the proceeds realized by venture capitals do positively link to the withdrawal decision whereas those by parent firms do not.

Moreover, the proceeds by CEO's relating to withdrawals only during the IPO bubble period imply that the CEO's seek to maximize their profits during the bubble period.

ARE RISK ATTITUDES AFFECTED BY NATURAL DISASTERS?

Gennaro Bernile
University of Miami, USA
Vineet Bhagwat
University of Oregon, USA
Ambrus Kecskes
Schulich School of Business, York University, Canada
Phuong-Anh Nguyen
Schulich School of Business, York University, Canada

Abstract
We use a novel empirical approach to show that personal catastrophic experiences affect the risk attitudes of professional money managers. We examine changes in portfolio risk of U.S.-based mutual funds invested outside the U.S around the occurrence of severe natural disasters that the fund managers experience directly. Our identification relies on a difference-in-difference comparison between managers in disaster versus non-disaster counties before and after a disaster. We find that the monthly volatility of fund returns decreases by roughly 60 bps during the year after a disaster and this effect gradually dissipates by the third year after the event. This decrease is primarily due to lower systematic risk. Additional results rule out explanations based on wealth effects and managerial agency, skill, or catering. Overall, the evidence indicates that extreme events can cause large albeit transient changes in attitudes toward financial risk, even for professionals who deal with such risk for a living.

CONTAGION AND BOND PRICING: THE CASE OF ASEAN REGION

Stéphane Goutte
Université Paris 8 (LED), Paris, France
Khaled Guesmi
IPAG Business School (IPAG Lab), Paris, France

Abstract

In this paper, we are interested in finding explicit numerical formulas for the defaultable bonds prices of firms which fit well with real financial data. For this purpose, we use a default intensity whose values depend on the credit rating of these firms. Each credit rating corresponds to a regime of the default intensity. Then, this regime switches as soon as the credit rating of the firms also changes. This regime switching default intensity model allows us to capture well some market features or economics behaviors. We obtain two explicit different formulas to evaluate the conditional Laplace transform of a regime switching Cox Ingersoll Ross model. One using the property of semi-affine of this model and the other one using analytic approximation. We conclude by giving some numerical illustrations of these formulas and real data estimation results.

THE SUPERIOR OF COINTEGRATION IN PAIR TRADING STRATEGY – AN EMPIRICAL STUDY IN STOC EXCHANGE OF THAILAND

Potsirin Banthaokun
NIDA Business School, Thailand
Thuy T. Le
NIDA Business School, Thailand
Quan N. Tran
Vietnam National University, Vietnam

Abstract

Pair trading is a popular dollar-neutral trading strategy among traders, especially hedge fund. Its performance is advocated for reducing portfolio volatility and making money in volatile market. The underlying concept of pair trading involves the match of two stocks that are highly correlated. By going long on the relatively undervalued stock and simultaneously short on the relatively overvalued stock when their price ratio diverges from standard threshold, profits can be realized. The success of pair trading mostly depends on the modelling trading platform and selection of pair method. Several empirical studies only illustrate the basic selection method for pair matching, known as the minimum distance approach. The purpose of this study is to examine the superior of cointegration technique in the selection process for pair trading. The performance of minimum distance and cointegration selection methods are compared and verified based on a same set of data SET50 in Thailand trading platform. The result of empirical study confirms the superior performance of cointegration technique over minimum distance after taking the transaction cost into account. Therefore, applying cointegration selection technique in pair trade would yield the higher returns compared to the market portfolio and other selection methods.

PRICE IMPACT OF BOND SUPPY SHOCKS: EVIDENCE FROM EUROSYSTEM'S ASSET PURCHASE PROGRAM

William Arrata
Banque de France
Benoit Nguyen
Banque de France

Abstract

We use new daily security-level data and test the impact of the Eurosystem's Public sector purchase program (PSPP) on bond returns in the French bond market. We investigate three possible types of supply shocks: related to the cumulative past purchases ("stock") since the start of the program, the transactions themselves on the day of the purchase ("flow"), and the variation in the expected total size of the program ("expected stock"). Our results show that having purchased 10% of a bond outstanding correlates with a decrease in yield of about -13 bps to -26 bps on average in the first year of implementation of the program, with larger effects in the most illiquid segments. Set aside very particular conditions, we don't find any significant supplemental effect from flows, presumably in the line with the market neutrality objective of the Eurosystem. We then focus on the European bond sell-off period during the spring-summer 2015, and show it was associated with a reduction of the total size of the program expected by market participants, suggesting an Odyssean vs Delphic type of issue for the central bank's communication on asset purchases.

NON-PERFORMING LOANS IN THE EURO-AREA: ARE CORE-PERIPHERY BANKING MARKETS FRAGMENTED?

Dimitrios Anastasiou
Athens University of Economics and Business, Greece
Helen Louri
Athens University of Economics and Business, Greece
Mike Tsionas
Athens University of Economics and Business, Greece

Abstract
The objective of this study is first to examine the causes of non-performing loans (NPLs) in the Euro-area for the period 2003Q1-2016Q1and second to investigate if there is fragmentation between core and periphery banking markets. By employing both Fully Modified OLS and Panel Cointegrated VAR we estimate the effects of bank-specific and macroeconomic factors on NPLs. We find that NPLs in the Euro-area have performed an upward (much higher in the periphery) shift after 2008and are mostly related to worsening macroeconomic conditions. A chi-square test comparing the estimated coefficients for the core and periphery NPLs rejects the hypothesis of equality revealing another aspect of banking fragmentation in the Euro-area. Such findings can be helpful when designing macro-prudential as well as NPL resolution policies.

THE IMPACT OF GOVERNMENT GUARANTEES ON BANKS' WHOLESALE FUNDING COSTS AND RISK-TAKING: EVIDENCE FROM A NATURAL EXPERIMENT

Thi Mai Luong
University of Technology Sydney, Australia
Russell Pieters
University of Technology Sydney, Australia
Harald Scheule
University of Technology Sydney, Australia
Eliza Wu
University of Sydney, Australia

Abstract
This study compares the effects of the introduction and subsequent removal of a unique government Wholesale Funding Guarantee Scheme (WGS) in Australia on the funding costs and loan growth of authorized deposit-taking institutions (ADIs). Our identification strategy exploits the voluntary adoption of the WGS by ADIs using a difference-in-differences estimation approach. We find strong causal evidence to indicate that the government guarantee helped large ADIs to reduce their funding costs relatively more than for the smaller ones. Furthermore, large ADIs continued to benefit from the WGS beyond the official removal of the government guarantee due to market perceptions of continued implicit government support for the too-big-to-fail banks. We also find that the guarantee increased leverage in large banks and supported the growth of housing loans in their loan portfolios. Further tests using guaranteed and non-guaranteed bonds issued by ADIs show that the largest banks experienced a net reduction of 17.8 bps from adopting the government guarantee.

CREDIT DEFAULT SWAPS, RENEGOTIATION, BANK LOANS

Brian Clark
Rensselaer Polytechnic Institute, United States
James Donato
Rensselaer Polytechnic Institute, United States
Bill Francis
Rensselaer Polytechnic Institute, United States
Thomas Shohfi
Rensselaer Polytechnic Institute, United States

Abstract
We find that the inception of CDS trading on reference firms' debt is associated with a decreased number and lower probability of amendments, restatements, and rollovers to existing lenders of bank loans. Reference firms are also less likely to terminate loans prematurely or refinance with different lenders after the inception of CDS trading and tend to experience shorter loan renegotiations. Evidence is consistent with the "empty creditor" problem arising from CDS trading and the resulting decrease in the negotiation power of borrowers. Our research contributes to understanding how financial innovations alter bank lending relationships.

B1. Workshop in Fintech & Financial Regulation I

THE IMPACT OF CEO EDUCATIONAL BACKGROUND ON CORPORATE CASH HOLDINGS AND VALUE OF CASH HOLDINGS

Seung Hun Han
Korea Advanced Institute of Science and Technology, Korea
Dongwook Seo
Korea Advanced Institute of Science and Technology, Korea
Seongjae Mun
Korea Advanced Institute of Science and Technology, Korea

Abstract

This study examines the effect of CEOs' educational backgrounds on the amount of cash holding and value of excess cash using the listed firm data in Korea. We find that firms with CEOs majored in business are likely to have less cash. We also confirm that firms with CEOs majored in business have significantly higher value of excess cash compared to the other firms. On the other hand, science and engineering majors have negatively significant effect on the value of excess cash. Moreover, firms with CEOs retained master degree increase the value of excess cash. Our study suggests that the corporate cash policy depends on CEO educational backgrounds.

THE ASSOCIATION AMONG COMPENSATION COMMITTEE QUALITY, DEGREE OF COMPENTATION INFORMATION DISCLOSURE TRANSPARENCY AND EXCESS CEO PAY

Chia-Ying Chan
Yuan Ze University, Taiwan
Phuong Chi Bui
Yuan Ze University, Taiwan
Alex YiHou Huang
National Chiao Tung University, Taiwan
Siou-Yi Lin
Yuan Ze University, Taiwan

Abstract

We examined the monitoring effect of Compensation Committee Quality on the Degree of Compensation Information Transparency and its influence on CEO compensation. We find that better compensation committee quality is associated with a higher degree of CD&A section information transparency. We further find that the excess CEO compensation is more relevant to compensation analysis in CD&A content than compensation committee quality. This study contributes to directly assessing whether firms with good quality compensation committees reveal more detail and have a more transparent compensation discussion and analysis section in their proxy statement. Second, while previous research has only explored the proxy statement for the pre and post year of the rule reform, this study proposes examining the issue based on a relatively longer period of time (between 2003 and 2012), allowing a more comprehensive analysis of the proposed research topic. This paper further contributes by finding that higher degree of CD&A information score may linked with higher CEO excess compensation, to mitigate the potential agency cost firm have to provide more detail discussion and judgment in compensation design.

CEO TURNOVERS: TRANSPARENCY OF ANNOUNCEMENTS AND THE OUTPERFORMANCE PUZZLE

Hui Li
La Trobe University, Australia
Paul Farah
La Trobe University, Australia
Huong Giang Nguyen
La Trobe University, Australia

Abstract
We find that forced turnovers are not accompanied by positive returns. Firing an underperforming CEO is viewed as a positive signal, whereas firing an outperforming CEO is viewed as a negative signal. Rather than taking early action against CEOs for a deterioration in their performance, firms appear to be firing outperforming CEOs owing to their apparent non-performance. Giving no clear reasons for a CEO's departure increases uncertainty in the market, thereby causing a negative market reaction. Stating performance as the reason for the departure assures investors about the future trajectory of the firm, and results in a positive market reaction.

VALUE-AT-RISK FOR SOUTH-EAST ASIAN STOCK MARKETS: STOCHASTIC VOLATILITY VS. GARCH

Stanislas Augier
Ecole des Mines de Saint–Etienne, France
Paul Bui Quang
John von Neumann Institute, Vietnam
Tony Klein
Technische Universität Dresden, Germany
Thomas Walther
Technische Universität Dresden, Germany

Abstract
This study compares the performance of several methods to calculate the Value-at-Risk of the six main ASEAN stock markets. We use GARCH models and Stochastic Volatility models (with Particle Filters). The out-of-sample performance is analysed by various back testing procedures. We find that simpler models fail to produce sufficient VaR forecasts which stems from several econometric properties of the return distributions. With SV models, we obtain better VaR forecasts compared to GARCH. The quality varies over forecasting horizons and across markets. This indicates that despite a regional proximity and homogeneity of the markets, their index volatilities are driven by different factors.

A LARGE-SCALE OPTIMIZATION MODEL FOR REPLICATING PORTFOLIOS IN THE LIFE INSURANCE INDUSTRY

Maximilian Adelmann
University of Zurich, Switzerland
Lucio Fernandez-Arjona
University of Zurich, Switzerland
Janos Mayer
University of Zurich, Switzerland
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Abstract
Replicating portfolios have emerged as an important tool in the life insurance industry, used for the valuation of companies' liabilities. This paper describes the replicating portfolio (RP) model for approximating life insurance liabilities in place in a large global insurance company. We describe the challenges presented by the latest solvency regimes in Europe and how the RP model makes it possible for this company to comply with the Swiss Solvency Test. The model minimizes the L1 error between the discounted life insurance liability cash owns and the discounted RP cash owns over a multi-period time horizon for a broad range of different future economic scenarios. A numerical application of the RP model to empirical data sets demonstrates that the model delivers RPs that match the liabilities and perform well for economic capital calculations.

ANALYZING AND MODELING HIGH FREQUENCY REALIZED VOLATILITY OF ENERGY COMMODITIES

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Abstract

Volatility has become very popular as an asset class on its own during the last decade. With the advent of the VIX futures in 2004 it was, finally, possible to trade implied volatility on the S&P500 index in its own right. Over time, numerous studies have been applied to the task of forecasting daily implied volatility on large stock indices. Still the focus has largely remained with the S&P500 index. Our paper extends the research on volatility in two ways: Firstly, we analyze energy commodities which do not have their own (implied) volatility futures to trade. This means, that a good forecast of implied volatility cannot directly be exploited. Rater, a good forecast would have to be linked to a corresponding trade in the underlying. Secondly, instead of focusing on daily implied volatility we target high frequency intraday realized volatility. Arguably, this brings us closer to modelling the true volatility process. Having a clear view on realized volatility is of significant importance for a variety of applications. This is even more true when we deal with energy commodities, whose prices will determine very real costs for industry and consumers. It should therefore be of interest to any regulatory body involved with trading and pricing energy commodities, to have a good model of intraday realized volatility. Such a model could be used, for example, to trigger circuit breakers or to hedge against too large spikes in volatility. We use a heterogeneous autoregressive model including jumps to model realized volatility. While this model is refreshingly simple and straightforward to estimate, it features all the stylized fact of volatility and does a good job at this task. Furthermore, we add recurrent neural networks and a hybrid model to the toolbox of useful models. We notice, that the linear heterogenous autoregressive model produces on average the most stable results. However, the non-linear models are able to produce attractive out-of-sample results if care is taken to build the model properly. The paper therefore extends previous works (to the published in Quantitative Finance) by Liu et al. (2017) on realized volatility on large stock indices. We find that forced turnovers are not accompanied by positive returns.

C1. Workshop in Fintech & Financial Regulation II

A MARKOV-SWITCHING MODEL OF TAKA/RUPEE EXCHANGE RATE: ESTIMATION AND FORECASTING

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Abstract
Exchange rate modeling and forecasting is a widely contested topic in international macroeconomics because many standard structural exchange rate models such as the purchasing power parity (PPP), uncovered interest parity (IRP) and monetary exchange rate model often produce poor out-of-sample forecasting performance, especially at the short horizon, compared to a canonical random walkmodel. This puzzle is known as the "disconnect puzzle" or the "Meese-Rogoff puzzle". However, in recent years, the use of nonlinear time series analysis has gained some attention in improving both the explanatory and forecasting capacity of linear exchange rate models based on the argument that macroeconomic fundamentals are in essence time-varying parameters. This study is motivated by presence of nonlinearities in exchange rate data and the recent success of non-linear Markov switching model in the context of exchange rate modeling. It considers the validity of a monetary exchange rate model, with a trade balance variable augmented in it, between monthly Bangladeshi Taka and Indian Rupee exchange rate in a two-state Markov-switching framework. Empirical results lend support for Markov-switching model in capturing the strong persistence for both appreciation and depreciation regimes. The results also show that various monetary fundamentals, i.e., interest rate differential, inflation rate differential, money growth differential, and trade balance are statistically significant and theoretically coherent determinants of Taka-Rupee exchange rate. For example, a 1% increase in trade deficit with India causes the Taka to depreciate by 4%. While the interpretation of coefficients lends clear cut support for monetary model, the out-of-sample forecasting exercise provides a rather mixed evidence. For example, forecasts based on a rolling window show that the predictive superiority of Markov switching model over the random walk model, while the reverse is true when a recursive window is chosen to generate out-of-sample forecasts. The results of this study have important policy implications for the asset markets in particular, and the macroeconomy of Bangladesh in general. Finally, this study opens up new avenue for research on exchange rate determination and dynamics in Bangladesh.

CONVERTIBLE BOND ISSUE ANNOUNCEMENT EFFECT IN KOREA

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Abstract
This paper studies the announcement effect of convertible bond issue in Korea. We find that the short-term stock price reaction is significantly positive for the firms with high volume return premium using a sample of listed firm in Korea Exchange during 2000-2015. Moreover, we show that unusual high trading volume has positive correlation with capital expenditures. Therefore, more favorable announcement returns in Korea are driven by corporate capital expenditure decisions. However, long-term (60 days)

stock return reaction is negative on average which is consistent with most of previous literatures. In addition, we find that issuing convertibles in Korea has negative signaling effect that stock price is overvalued, and these effects become stronger in long-term period while high volume return premium effect is diluted. We find that forced turnovers are not accompanied by positive returns.

VALUE, MOMENTUM AND DOWNSIDE RISK: EVIDENCE FROM AUSTRALIA

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Md Akhtaruzzaman
Australian Catholic University, Australia
Paul Docherty
Monash University, Australia

Abstract
Despite extensive evidence documenting the value and momentum premia, the abnormal returns generated by these investment strategies are still unexplained. This study examines whether downside risk provides a partial explanation for the value and momentum premia in Australian equities, given evidence that investors have asymmetric risk preferences. Downside risk affects momentum returns but not value. Diversifying across these two investment strategies increases risk-adjusted returns while reducing downside risk exposures. This study provides a plausible explanation why investors may be averse to exploiting momentum and demonstrates a parsimonious investment strategy to overcome this aversion.

THE CROSS-SECTIONAL DETERMINANTS OF JUMPS IN STOCK PRICES: EVIDENCE FROM EARNINGS ANNOUNCEMENTS

Haigang Zhou
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Abstract
We comprehensively investigate the sources of cross-sectional variation in jump dynamics of stock prices. In addition to the contemporaneous information shocks, we identify a set of firm characteristics that contribute significantly to the likelihood, direction, and magnitude of jumps in stock prices for a broad sample of U.S.-listed firms between 1971 and 2007. Small, illiquid, and volatile-in-the-long-run stocks with high trading volume, large turnover ratio, and little short-term return fluctuation are more likely to experience stock price discontinuities at a daily frequency. The results are robust to alternative model specifications, estimation methods, or sampling frequencies of the time series.

ARE TECHNICAL TRADING RULES PROFITABLE IN THE STOCK MARKETS OF THE MIDDLE EAST AND NORTH AFRICA (MENA)?

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Abstract
We evaluate the performance of sixteen technical trading indicators across stock portfolios from thirteen MENA country markets, using a back-testing approach. The individual indicators are classified as either Trend, Momentum, Volatility, or Cycle indicators. After the initial investment in each of the 208 stock portfolios is made, an active investment strategy is followed based on the buy and sell signals emanated by the respective trading indicator. Investment success is determined by a) absolute profits after transaction costs and b) net profits in excess of buy-and hold returns. The analysis is based on daily closing prices for the period of 1/2008 – 10/2015. Differences in performance of individual trading indicators are identified. Outcomes are most sensitive to trading frequency and time out of market. The results suggest that MENA stock markets differ in level of efficiency.

STRESS TESTS OF THE HOUSEHOLD SECTOR BASED ON MICRODATA FROM SURVEY AND ADMINISTRATIVE SOURCES

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Abstract
This paper conducts microsimulation-based stress tests to assess the financial risks of the household sector. We employ the Estonian HFCS dataset, where the survey data from household interviews are complemented with information from administrative registers. This lets us evaluate and compare measures of financial fragility that are based on data from alternative sources and assess the potential

biases in the survey data. We derive a set of indicators to identify households that are financially distressed and analyze the sensitivity of financial sector loan losses to adverse shocks. The stress-test elasticities are evaluated separately for three standardized adverse macroeconomic shocks: a rise in interest rates, an increase in the unemployment rate, and a fall in real estate prices. In addition, we assess the impact of a simultaneous shock mimicking the dynamics of these three variables during the Great Recession. It is found that households tend to overestimate the value of their real estate assets and underestimate their loan burden in the survey. The use of register data results in larger estimated household default rates and larger losses for the banks than the use of survey-based measures does. However, the assessed fraction of distressed households is not very sensitive to the switch in the underlying data. The estimated losses from defaults on household loans for the banking sector remain limited, regardless of the source of data used for these estimations.

CARBON RISK

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Martin Rohleder
University of Augsburg, Germany
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Abstract
Using comprehensive information on CO2 emissions and environmental agenda of over 2,100 global firms we introduce a common capital market-based carbon risk factor. This factor is important as it captures firms' sensitivity to the worldwide transformation to a green, low-carbon economy. We find a significant "green premium" for firms which are prepared for the transformation, respectively a "carbon penalty" for those who are not. Our factor significantly enhances the explanatory power of common factor models out-of-sample for global, US, European and Asian firms. It thus allows firms, investors and regulators to measure carbon risk without environmental information.

GLOBAL RISK CO-MOMENTS AND CARRY TRADE STRATEGY

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Abstract
We examine the relation between two global risk factors of co-skewness and co-kurtosis and the cross section of currency excess returns arising from well-known strategies that borrow in currencies with low interest rate and invest in currencies with high interest rate, so-called "carry trades". These risk factors are constructed by distinguishing between U.S.-specific and global components of the market return. We also suggest a global liquidity risk factor using the aforementioned methodology. We find that currencies with high interest rate are negatively related to global co-skewness, and thus deliver low returns in times of unexpected high global co-skewness, when currencies with low interest rate provide a hedge by yielding positive returns. Our findings show that the global co-skewness and co-kurtosis factors are key drivers of risk premia in exchange market and are robust to various checks.

FOREIGN AND DOMESTIC INVESTMENTS IN GLOBAL BOND MARKETS

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Kiyoshi Taniguchi
Asian Development Bank
Shu Tian
Asian Development Bank, Philippines

Abstract
Investor profile matters for market liquidity, stability, and efficiency. This study investigates the determinants of foreign and domestic investments in 43 bond markets. We find that an unfavorable institutional environment breeds domestic bias. Both foreign and domestic investors overweigh markets with good performance, positive return skewness and better integration with global markets. Thus, it seems to be integration rather than diversification that facilitates investment in global bond markets. A breakdown of domestic bond holdings into different types of financial institutions suggests that good institutional quality and advanced non-bank financial sector development buoy diversified participation of different types of financial institutions.

D2. Corporate Finance II

GAMBLING PREFERENCE AND BOARD STRUCTURE

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Dong Wook Seo
Korea Advanced Institute of Technology, South Korea

Abstract
This study investigates the impact of geographic divergence of gambling preference induced from religion on corporate board structure. We find that firms headquartered in the high Catholics-to-Protestants ratios (CP ratio) regions tend to have smaller and less independent boards, because regions with higher CP ratio have higher gambling propensity consistent with (Kumar 2009, Kumar, Page et al. 2011, Schneider and Spalt 2011, Chen, Podolski et al. 2014)). This study contributes to the literature by examining the environmental factors that determine board structure which have been relatively less examined while existing literatures focus on firm level characteristics as factors determining the corporate board structure.

OWNERSHIP CONCENTRATION, CORPORATE RISK-TAKING AND PERFORMANCE: EVIDENCE FROM VIETNAMESE LISTED FIRMS

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Abstract
This study examines the associations of corporate governance with firm risk-taking and performance in a typical frontier equity market characterized by high ownership concentration and weak investor protection rights. Using an extensive dataset of 504 Vietnamese publicly listed firms over the period 2008-2015, we find a positively, albeit weakly, linear relationship between ownership concentration and accounting-based measure of performance, and a (seemingly unshaped) non-linear relationship between ownership concentration and market-based measure of performance. However, there is no evidence of the linkage between ownership distribution and the riskiness of performance, implying that the ownership concentration-performance relation may not be shaped by risk-taking behavior.

THE DETERMINANTS OF FINANCIAL DISTRESS IN FRENCH FARMS: ANALYSTS VERSUS ALGORITHMS

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Abstract
This paper analyses the determinants of the financial distress observed on French farms. Using individual data collected in a French bank, we estimate an ex-ante risk of financial distress based not only using automatic algorithms and composite scores but also using the bank analysts' opinion. Effective distress is measured ex-post through payment incidents. One salient result is the strong correlation that exists between all the indicators considered in the analysis, and between these indicators

and noticed distress. The estimation of tobit and logit models shows that all these indicators are able to predict the occurrence of an incident and its duration. While algorithms and composite scores seem to provide better predictions, information from analysts offers complementary perspectives. Such information may be useful for the bank by making explicit key indicators leading to distress such as capital structure.

SHADOW BANKING IN ASIA: FOREIGN VERSUS DOMESTIC LENDING TO REAL ESTATE PROJECTS

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Grant Fleming
Continuity Capital Partners, Australia
Zhangxin (Frank) Liu
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Abstract
Real estate is an important sector in Asia and the supply of finance tends to lag demand, especially for small and mid-sized real estate developers. We use transaction level data from 178 loans between 2004 and 2015 from nine countries in Asia to examine the provision of finance to small and mid-sized firms in the real estate sector by specialist domestic and offshore private credit funds. We investigate what types of loans offshore private credit funds make as compared with domestic funds and whether offshore loans perform differently in terms of rates of return. We find that offshore private credit funds make smaller loans to residential projects, which are subordinated to senior financing. Offshore lenders are indifferent as to whether borrowers are listed or private but prefer real estate projects in developed Asian markets. We also find that offshore lenders receive higher rates of return from lending to small and midsized real estate firms, controlling for loan size, seniority of loan (risk) and borrower location. Our findings suggest that segmentation remains across real estate lending markets in Asia and that in emerging markets offshore lenders do not serve as alternative financing sources when domestic supply of capital is limited.

DOES INSTITUTIONAL QUALITY MATTER MORE FOR DEVELOPING COUNTRIES TO ATTRACT FOREIGN DIRECT INVESTMENT?

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Abstract
This study examines the relative importance of institutional qualities in attracting foreign direct investment (FDI) as the trend in FDI inflow has changed its course from developing countries to developed countries in the recent years. Employing panel data and Cointegration over the period of 1970 and 2016 for forty developing and developed countries and a case study of Viet Nam, the study suggests that democratic accountability, corruption level and law and order conditions are significantly more critical for developing countries, while government stability is an important institutional attribute for both developed and developing countries to draw FDI. Results also reveal that higher educational attainment is a key socioeconomic determinant of FDI inflow into developing countries. Nonetheless, economic factors such as GDP per capita, economic growth and trade openness are found to be consistently significant for both developed and developing nations. The study recommends sound institutional set ups along with greater trade openness and human capital development for further FDI inflows to enhance economic growth and standard of living for both developing and developed countries.

DO LOCAL CURRENCY BOND MARKETS ENHANCE FINANCIAL STABILITY? SOME EMPIRICAL EVIDENCE

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Kwanho Shin
Korea University, Korea
Shu Tian
Asian Development Bank, Philippines

Abstract

It is widely believed that local currency bond markets (LCBMs) can promote financial stability in developing countries. For instance, they can help mitigate the currency and maturity mismatch that contributed to the outbreak of the Asian financial crisis of 1997-1998. In this paper, we empirically test such conventional wisdom on the stabilizing effect of LCBMs. To do so, we analyze and compare the financial vulnerability of developing countries during two episodes of financial stress – global financial crisis and taper tantrum. We find that countries which experienced greater expansion of their LCBMs between the two episodes experienced a greater reduction of exchange rate depreciation, indicating a stabilizing role of LCBMs. Our evidence indicates that a gradual expansion of bank loans may also contribute to financial stability. On the other hand, we do not find any evidence of a stabilizing effect of stock market development.

EARLY WARNING INDICATORS OF SYSTEMIC FINANCIAL RISK IN AN INTERNATIONAL SETTING

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Stefan Trück
Macquarie University, Australia
Chi Truong
Macquarie University, Australia
Ben Z Wang
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Abstract
We measure systemically relevant defaults in the financial industry in four representative regions from 1990.1-2012.12, distinguishing high threshold from low threshold systemic events. Our early warning indicators are the probability and expected severity of these events. We compare four non-nested statistical models conditioned by covariates that include macroeconomic, financial risk and ratings failure factors. We estimate the regions' macroeconomic factors with a mixed-frequency state-space model, and financial risk and ratings failure factors using expected default frequencies after accounting for actual ratings. Regional macroeconomic factors are significant predictors of the probability of systemic defaults, while their expected severity depends on a lagged world macroeconomic factor. Financial risk factors are relevant for the probability only. A conditional hurdle model is preferred for in- and out-of-sample prediction. This model would have provided good early warning indicators of the 2008 crisis.

ENTERPRISE RISK MANAGEMENT AND FINANCIAL PERFORMANCE OF EU INSURERS

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Abstract
I study whether ERM adoption has impacts on the firm' s performance in terms of firm value (TobinQ), ROA and EPS. I conjecture that there is a positive correlation between ERM adoption and firm performance. The empirical results suggest that ERM adoption significantly influences TobinQ and ROA, with ERM premiums at least about 40%. Moreover, ERM adoption in general is negatively correlated with EPS. Additionally, leverage is found to be negatively correlated with examining firm performance variables. This also happens to diversification indicators when coefficients of these variables are negative. Using four different estimations for correcting endogeneity and sample selection bias: Treatment effects, Heckman two-step, Hausman-Taylor and treatment effects included inverse Mills ratio, I show that the impact of ERM adoption on firm performance, especially TobinQ and ROA is identical. I argue that firm with ERM adoption would enhance its performance, such as firm value and ROA. The findings, therefore, support my hypothesis that ERM implementation would favor firms.

WHEN MULTINATIONALS AND GLOBAL FUNDS MEET NATIONALISM: A CASE STUDY OF JAPANESE INVESTMENTS IN CHINA

Julan Du
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Abstract
This study examines the effects of the political tension between China and Japan in 2005 on Japanese direct investment and portfolio investment in China. It is found that the frequency and volume of Japanese acquisitions of Chinese targets declined in the wake of the anti-Japanese demonstrations. Various features of acquisitions also worsened including the fractions of friendly acquisitions, acquisition of state-controlled targets, targets in high-tech and sensitive sectors, majority-ownership-share acquisitions, deal completion rate, deal negotiation duration, etc. Portfolio investment of Japan-domiciled funds in Chinese companies also declined following the political conflict. The decline exhibits cross-province variations: provinces with stronger war memories, protests, and negative perception of Japan exhibited a larger decline.

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON CEO RELATIVE LEVERAGE

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Hyeong Joon Kim
KAIST, South Korea
Seung Hun Han
KAIST, South Korea

Abstract

We empirically investigate how U.S. firms' corporate social responsibility (CSR) engagement affects CEO relative leverage. Using a sample period from 2006 to 2008, we find that CSR engagement positively affects CEO relative leverage after controlling for various firm and board characteristics. This finding suggests firms that are more socially responsible pay out debt-like compensation to motivate CEOs to resolve conflicts between stakeholders. We also find a positive association between employee relations and CEO relative leverage. Using 2SLS and PSM methods, we discover that our results are robust to the correction for endogeneity. Overall, consistent with Cai, Jo, and Pan (2011), our results support the conflict–resolution hypothesis based on stakeholder theory rather than the CSR overinvestment argument based on agency theory.

DISCIPLINING MINING MNES' CORPORATE SOCIAL RESPONSIBILITY PROGRAMS THROUGH MONITORING BY INSTITUTIONAL INVESTORS

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Abstract

Corporate social responsibility [CSR] has generally been seen by international business and management scholars as serving those affected by an MNE's activities: local communities, governments, NGOs and global governance bodies. As this strain of research has shifted analytical focus toward broader, more encompassing concepts of stakeholders, shareholders' influence has been seen as declining. This incomplete view requires updating due to three important factors: first, equity and debt investors have long been cognizant of links between a target investment's reputation and asset value. Second, increasing importance of access to capital heightens target firms' sensitivity to monitoring by investors. Third, governments and multilateral institutions are applying more pressure on financial firms to monitor their investment targets' CSR. These three factors have a particular impact on mining MNEs' CSR efforts, due in part to mining's status as an "environmentally-and socially-intrusive and extensive" industry. This status has heightened demands for efficacious, impactful CSR by many actors, including financial intermediaries, which are uniquely positioned to monitor mining MNEs' CSR programs through their informational advantages. Financial intermediaries- particularly institutional investors- monitor through many channels, including multilateral codes of certification and reporting, specialized datasets, self-governing industry bodies, and financial regulations such as Dodd-Frank [US] and the Markets in Financial Instruments Directive II [Europe].

CORPORATE GOVERNANCE AND ECONOMIC PERFORMANCE OF VIETNAMESE COMPANIES PUBLICLY LISTED IN HANOI STOCK EXCHANGE

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Abstract
We investigate the relationship between the corporate governance and financial performance of 329 publicly listed firms in Hanoi Stock Exchange from 2013 to 2015. We assess the financial performance by various measures of Tobin's Q, returns on assets and equities, profit margins and price returns, whereas the quality of governance by the scores of the corporate governance index or of its five constituent principles. By fully exploiting the panel structure of data and careful treatment of the potential endogeneity of governance variables, we find that these governance measures fail to have significantly positive impacts on most of the economic performance variables. However, the governance score positively correlates with the non-persistent price returns over a broad range of its conditional quantile distribution even after controlling the stock fixed effect and endogeneity of the governance measures. This pattern seems driven by the governance principles for the information disclosure and transparency, and the responsibilities of the board.

FORECASTING MARKET RISK OF PORTFOLIOS: COPULA-MARKOV SWITCHING MULTIFRACTAL APPROACH

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Mark Trede
University of Münster, Germany

Abstract
This paper proposes a new methodology for modeling and forecasting market risks of portfolios. It is based on a combination of copula functions and Markov switching multifractal (MSM) processes. We assess the performance of the copula MSM model by computing the value at risk of a portfolio composed of the NASDAQ composite index and the S&P 500. Using the likelihood ratio (LR) test by Christoffersen (1998), the GMM duration-based test by Candelon et al. (2011) and the superior precdictive ability (SPA) test by Hausen (2005) we evaluate the predictive ability of the copula MSM model and compare it to other common approaches such as historical simulation, variance-covariance, RiskMetrics, copula-GARCH and constant conditional correlation GARCH (CCC-GARCH) models. We find that the copula-MSM model is more robust, provides the best fit and outperforms the other models in terms of forecasting accuracy and VaR prediction.

FORECASTING AND RISK MANAGEMENT IN ASEAN STOCK EXCHANGES

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Olivier Darne
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Thi Hong Hanh Pham
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Abstract
The aim of this paper is to investigate the volatility of six ASEAN stock exchanges, namely Singapore, Indonesia, Malaysia, the Philippines, Thailand and Vietnam, by applying the GARCH type models (symmetric, asymmetric and long memory GARCH). These models are evaluated by using three in-sample criteria measures, notably the log-likelihood, the Akaike, and HannanQuinn. We use the daily data from February 2007 to September 2016, which includes 2508 observations from the main stock index of each market. Our study provides several important conclusions. First, the FIEGARCH model is preferred to capture the volatility of HNX and VN returns. Second, the EGARCH model is the most suitable model for KLCI and IDX returns, while the APARCH model seems to be the best model for PSE and STI returns. Third, the selected model for BKS returns is the GJR-GARCH model. Finally, we also analyze the Value-at-Risk forecasting ability of these models through different back-testing procedures.

KOREAN HOUSING CYCLE: ITS IMPLICATIONS FOR RISK MANAGEMENT (FACTOR-AUGMENTED VAR APPROACH)

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National Pension Research Institute and Asian Institute of Corporate Governance, South Korea
Bang Doo-Won
Korea Housing & Urban Guarantee Corporation, South Korea
Jung Ha Kim
Korea Housing & Urban Guarantee Corporation, South Korea

Abstract
This paper proposes an integrated risk management framework that includes 1) measuring the risk of credit portfolios, 2) implementing (macro) stress-test, and 3) setting risk limits by using the estimated systematic latent factor specific to capture the housing market cycle. To this end, we extract information from a set of real-estate market variables based on the FAVAR methodology proposed by Bernanke, Boivin and Eliasz (2005). Then, we show how to apply the estimated systematic factor to the risk management specific to the housing market in an integrated way within the Vasicek one-factor credit model. Our proposed methodology is very fitted to analyze the risk of slow-moving and low-defaultable capitals such as alternative investments.

OWNERSHIP CONCENTRATION AND BANK STOCK PRICE INFORMATIVENESS

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Anh-Tuan Doan
University of Economics Ho Chi Minh City, Vietnam

Abstract
This paper examines the relation between ownership concentration and bank stock price informativeness around the world. Using the sample of listed commercial banks from 59 countries between 2002 and 2014, we find strong and robust evidence that ownership structure plays a significant role in shaping the bank's information environment. More interestingly, we find that the relationship is non-linear. At lower levels of ownership concentration, an increase in ownership concentration is associated with lower bank-level stock price variation, i.e., stock price informativeness. However, at higher levels, more concentrated ownership enhances stock price informativeness. The finding confirms that bank stock price informativeness is a concave function of ownership by the ultimate largest shareholder with its maximum at an approximate 47.89% level.

GLOBAL BANKING REGULATION AND ITS IMPACT ON CREDIT GROWTH - EVIDENCE FROM EMERGING MARKET

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Gaurav Seth
Indian Institute of Technology, India
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Indian Institute of Technology, India

Abstract
The implementation of global capital adequacy norms for the banking industry has brought major changes in the bank portfolio. In emerging market, the global capital adequacy norms are implemented in integration with domestic regulatory norms. This study is aimed at examining the impact of global capital adequacy norms on the bank credit in Indian banking sector. We evaluate balanced panel data of Indian banks between 1996 and 2014. Our empirical findings reveal that the implementation of Basel norms significantly hampered the credit growth in Indian economy. The impact was found different across the three different phases of implementation of capital adequacy norms. Different Indian bank groups show significant difference in responding to the implementation of global norms. The study reveals negative relationship between the non-performing asset and credit supply indicating that the credit supply is hampered in an attempt to improve the credit quality. In other words, Indian banks tried to bring down the overall risk of its credit portfolio by reducing the riskier loans to comply with global regulatory norms. The study makes important contribution in identifying the relationship between the implementation of global capital adequacy norms, credit growth and credit quality of Indian banks.

MARKET POWER: DOES BASEL III'S LIQUIDITY REGULATION MATTER?

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Minh Le
Queensland University of Technology, Australia
Hong Vo
International University, Vietnam National University HCMC, Vietnam
Quy Vo
International University, Vietnam National University HCMC, Vietnam

Abstract

The new net stable funding ratio (NSFR) is introduced under BASEL III to promote liquidity at financial institutions. Using bank-level measures of market power, we show a robust negative impact of banks' compliance with the BASEL III's liquidity regulation on market power for a sample of 1,026 listed commercial banks and bank holding companies (BHCs) between 2001-2015. Further decomposing the degrees of market power into price (revenue) and marginal cost components, we find that complying with the new regulation does not necessarily result in higher marginal cost but does reduce revenue. We also find that commercial banks and BHCs can increase their size and/or follow more income diversification to avoid a reduction in revenue due to the compliance with the new BASEL III's liquidity regulation.

WHO GREASES THE WHEEL? GENDER AND CORRUPTION IN SME'S CREDIT ACCESS

Nirosha Wellalage
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Abstract

This paper explores corrupt behaviour of small and medium enterprise (SME) owners in South Asia, using World Bank Enterprise Surveys firm level data. In particular, we investigate whether corruption differs between genders and if this difference relates to credit constraints faced by firms. Our study controls for both potential endogeneity and reverse causality of corruption and credit constraints via instrument variables. We find that women are not necessarily more averse to corruption than men in South Asia. In particular, when female owned SMEs pay bribes, they have on average a 51% lower probability of being credit constrained. However, when male owned SMEs pay bribes, they have only on average a 31% lower probability of being credit constrained than their counterparts who do not pay bribes. This indicates that attitudes towards bribery as being unethical may be more a question of culture rather than a matter of gender. This study supports the "grease the wheels" concept. Who greases the wheel? Both genders!

CROWDFUNDING, BUSINESS ANGELS, VENTURE CAPITAL: TOWARDS NEW TRAJECTORIES IN STARTUP FINANCING?

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University of Montpellier, France
Éric Stephany
University of Montpellier, France

Abstract

Crowdfunding (CF) is becoming a major area of research in entrepreneurial finance. Several models of CF coexist - some are part of the ecosystem of seed capital to bring resources to start-ups: the donation as reward and the contribution in equity (or ECF). The article examines how these two forms of CF provide solutions to funding start-ups, how they interact and fit into a trajectory that also includes business angels and venture capital. From the in-depth analysis of a case, we show that the start-up can capitalize significant cognitive resources from successive CF campaigns. It not only increases brand awareness and visibility but can also develop its market from the relationship built with members of the crowd. It capitalizes on this relationship to create fundraising where ECF and business angels (BAs) co-invest and subsequently attract venture capitalists (VCs). This new form of fundraising is analysed here in the respective contributions of the crowd and BAs and VCs, their roles and influence both in fundraising but also on the monitoring of the participation. The case study allows us to propose a new analysis of the interactions between these three seed capital actors and to examine their cognitive inputs for the development of start-ups.

GOOGLE SEARCH INTENSITY AND ITS RELATIONSHIP TO THE RETURNS AND TRADING VOLUMES OF JAPANESE STARTUP STOCKS

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Motoki Masuda
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Abstract
This study investigates the relationship between investor attention and stock price movements in Japan's two representative startup stock exchanges, JASDAQ and Mothers. We find a positive relationship between search intensity and stock returns and between search intensity and trading volume. Contrary to prior studies that have reported a reversal after an immediate stock price increase, we show not only an immediate but also a long-term increase in stock returns. In addition, a stronger correlation exists for smaller firms, possibly due to the higher percentage of individual investors found in smaller companies. Our contribution to the existing literature is two-fold. First, to our knowledge, our study is the first to use data on startup markets to show that the price pressure hypothesis holds more clearly for startup markets than for large and established markets. Second, unlike large and established markets that have been examined in previous studies, we do not see reversals after an initial increase in stock prices. This difference suggests that information obtained through Internet search activities is likely to be relevant to an increase in future value for startup companies, which tend to maintain poorer information environments than large and established companies.

F1. Corporate Finance IV

IPOS SHORT AND LONG-TERM PERFORMANCE OF MENA COUNTRIES

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Abstract
This paper examines a comprehensive set of 162 Middle East and North Africa (MENA) Initial Public Offerings of companies launched between 2001 and 2012. Results confirmed that IPO performances are mixed among MENA countries classified into three groups. Overall, the IPOs went through cycles of price corrections around the fundamental value.

POLITICAL CORRUPTION AND CORPORATE CASH HOLDINGS

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Abstract
This study empirically analyzes the effects of political corruption on corporate cash holdings policy and the impact of cash holdings on firm performance using 97 multinational data. Specifically, we find that there is a nonlinear cubic function relationship between the political corruption and corporate cash holdings with a negative coefficient of cubic term of political corruption. In advanced countries with low levels of political corruption, there is a U-shape relationship between political corruption and cash holdings; however, in frontier and emerging countries, there is an Inverted-U-shape relationship. These results show that two hypotheses 'Expropriation Shielding hypothesis' and 'Preoccupancy hypothesis' on previous literature are not conflicting, but can be explained differently according to the level of development of countries and the level of political corruption. In addition, we find that the effects of political corruption on firm performance when firms use cash are different in developed and developing countries. From these results, we suggest that political corruption is an important variable in corporate financial policy and firm performance.

LIFO CHANGES: IMPACT ON FIRM RISK

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Abstract
In this paper, the impact of the corporate decision to switch their GAAP inventory valuation to the LIFO (Last In, First Out) method or from LIFO to FIFO (First In, First Out) on firm risk is investigated. Research from 30 to 40 years ago finds significant positive abnormal returns from the adoption of LIFO. However, economic conditions were very different then with the high inflation rates in the 1970s than in the 21st Century. We replicate these studies with data starting in 2000. In our sample, we find a significant positive impact on firm value from inventory accounting changes (which is surprising given the low inflation environment of this sample) and find significant changes in risk.

THE IMPACT OF CORPORATE OPERATING NEWS ON UNDERPRICING, ABNORMAL RETURNS AND VOLATILITY AROUND INITIAL PUBLIC OFFERINGS

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Abstract

The purpose of this study is to investigate the impact through analyzing corporate operating news on Initial Public Offerings (IPO) underpricing, abnormal returns and volatility around IPO event date. We examine that whether firms have the motivation to decrease the information asymmetry and reduce the underpricing by providing a prospective image such as high media coverage, positive news and corporate operating news during the periods of IPO. The study sample extends from January 2006 to December 2016 by the IPO samples in the Taiwan stock market. We construct a pool that contains corporate operating terms which comes from the China Times and the Commercial Times. In order to analysis the implicit news information, we apply the linguistic analysis to construct the proxies of news effect, which include media coverage (*COCov*), News Sentiment Index (*CONSI*) and Corporate Operating Ratio (*COKWPtf*) to discuss the news effect on *Underpricing*, *CAR* and volatility (*Vol*) of IPO. The differences between this study and prior literatures are that the proxies of news effect constructed by referring to linguistic analysis include media coverage and news sentiment index. Besides the news volume and news sentiment, we go further with the pre-listing corporate operating news level to test underpricing, cumulated abnormal returns and volatility during IPO period. The empirical results show that the news effect related to corporate operating helps common stock reducing information asymmetry (Underpricing) on the listing date. The one month later cumulative abnormal returns (CAR) have a significance relationship with pre-listing date corporate operating news. Firms could propose more corporate operating news while during IPO period to attract investors' attention and reduce information asymmetry.

OPTIMAL CAPITAL ADEQUACY RATIOS: AN INVESTIGATION OF VIETNAMESE COMMERCIAL BANKS

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Abstract

Over the last years the Vietnamese banking system has been struggling to restructure, reform governance, consolidate financial statements and build up merge and acquisition, in line with international standards. The Bank for International Settlements (BIS) proposed BASEL III in 2010, whereby banks have to increase their minimum Capital Adequacy Ratios (CAR) year by year with a goal of 10.5% by 2019. The objective of this paper is to address the questions: (1) what are the optimal CAR levels for Vietnamese Commercial Banks (2) whether the BIS ratios stipulated in the Basel II and III are reasonable for Vietnam's banking system? The data set consists of a sample of Vietnamese commercial banks over the six years period from 2010 to 2015. The optimal CAR ratios of banks are calculated using the nonparametric two stage DEA model, using two inputs: fixed assets, employee expense and two outputs: interest income, non-interest income. The findings indicate that 92.4% of the banks have the optimal CAR higher than the minimum ratio 10.5% defined in BASEL III. Moreover, 57.98% of the banks should raise their current level of CAR to reach their optimal ones. Consequently, higher minimum BIS ratios as defined by BASEL III will guide the commercial banks in Vietnam to reach the efficiency frontier.

THE INFLUENCE OF HUMAN CAPITAL IN CREDIT RISK MANAGEMENT

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Neoma Business School, France

Abstract

The aim of this article is to assess how human capital, and more specifically training and experience, helps in forecasting and monitoring credit risk. Our study of these two components of human capital in SME loan officers at a large French bank shows that their ability to anticipate risk depends above all on their training rather than on their experience. Some methods of anticipating risk are more important than others. Loan officers monitor their clients in similar ways, whatever the degree and nature of their experience.

DID THE REGULATORY CHANGES OF 1999 AND 2001 AFFECT INCOME SMOOTHING BEHAVIOR OF US BANKS?

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Abstract

This study examines the impact of the regulatory changes introduced by the Federal Financial Institutions Examination Council (FFIEC) in 1999 and by the Securities and Exchange Commission (SEC) and FFIEC in 2001 on the income smoothing approaches and mechanisms employed by the United States (US) banking industry. We find that the relationship between previous year charge-off and current year recovery that was prevalent in the 1990's continues unchanged for homogeneous loans but for heterogeneous loans the relationship is significantly weaker in the years following the regulatory changes. Simultaneously, we find that for heterogeneous loans the regulatory changes have strengthened the relationship between current year recoveries and current year charge-offs but for homogeneous loans this relationship remains unchanged.

THE FELLOWSHIP OF LIBOR: A STUDY OF SPURIOUS INTERBANK CORRELATIONS BY THE METHOD OF WIGNER-VILLE FUNCTION

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Abstract
The manipulation of the LIBOR by a group of banks dealt one of the major blows to the remaining confidence in the finance industry (e.g. Department of Justice, 2012). Yet, despite an enormous amount of popular literature on the subject, rigorous time-series analyses are few. In my paper, I discuss the following hypothesis. If, the quotes were determined by idiosyncratic conditions of the member banks, the deviations of the submitted quotes from the LIBOR must have been entirely random. Otherwise, one suspects quote manipulation by the members. This hypothesis is amenable to statistical verification. Serial correlations of the rates, which cannot be explained by the differences in credit quality of the banks or the domicile Governments, were subjected to the correlation tests. A new econometric method—the analysis of the vector Wigner-Ville function borrowed from the quantum physics and signal processing—is used and explained for the statistical interpretation of regression residuals.

ABOUT BAYES, BLACK AND LITTERMAN

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Abstract
In this paper, we develop a Bayesian extension to the well-known Black Litterman model. Our extended model enables an investor to formulate views on the mean and the variance, while the former only allows views on the mean. We present an intuitive way to create mean views in our framework that can be absolute or relative and based on a qualitative assessment or a quantitative rule. The covariance views include a covariance matrix based on every estimator of our preference and a scale matrix. We implement our model in a case study with a focus on environmental, social, governmental (ESG) criteria. These ESG criteria can provide valuable information about a company's risk and are therefore used to scale the covariance matrix in our covariance view. Additionally, we assess the performance of our model for three different mean views and two different covariance matrices in the covariance view. The numerical analysis demonstrates that our posterior portfolios are clearly influenced by our views and that our model is able to deliver portfolios with an excellent performance in terms of both Sharpe ratio and ESG criteria.

BIAS-CORRECTED ESTIMATION FOR SPECULATIVE BUBBLES IN STOCK PRICES

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Abstract

We provide a comparison of different finite-sample bias-correction methods for autoregressive processes. Thereby, we consider situations where the process is explosive, has a unit root or is highly persistent, but stationary. We compare the empirical performance of the standard OLS estimator with an OLS and a Cauchy estimator based on recursive demeaning, as well as an estimator based on second differencing. In addition, we consider three different approaches for bias-correction for the OLS estimator: (i) bootstrap, (ii) jackknife and (iii) indirect inference. The estimators are evaluated in terms of bias and root mean squared errors (RMSE) in a variety of practically relevant settings. Our findings suggest that the indirect inference method clearly performs best in terms of RMSE for all considered orders of integration. In terms of bias-correction, the jackknife works best for stationary and unit root processes, but with a typically large variance. For the explosive case, the bootstrap and the indirect inference method can be recommended. For further improvement, we suggest a recursively demeaned estimator coupled with the indirect inference principle. As an empirical application, we study different explosive bubble periods (according to related findings in the literature) of the NASDAQ 100 index during the late Nineties. It turns out that bias-correction is important and that the results hinge on the particular period under consideration.

CORRUPTION AND DETERMINANTS OF FISCAL DEFICITS IN ASIA PACIFIC COUNTRIES

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Abstract

With the aim of long-term sustainable development, the fiscal policy conducting is under strong debate from both scholar and practice. In which, the institution-based solutions for the fiscal consolidation are suggested as essential measures to complement for the ineffective of market-based solutions. In this paper, we contribute to the literature and practice by emphasizing the roles of controlling corruption on fiscal deficits in the context of 26 Asia Pacific countries for the period 2002 – 2015. By recruiting the system GMM estimators for unbalance panel data, the study shows the significant evidences that the better corruption controlling eliminates fiscal deficits. Notably, the study finds that the controlling corruption measures have higher impacts in low indebted countries with small government size. The result has significant implications for policymakers.

TRIPTYC KNOWLEDGE – SKILLS – PAYROLL AND BUSINESS PERFORMANCE: APPLICATION OF AN OPERATIONAL MODEL FOR AN ACCOUNTING RATING OF THE HUMAN CAPITAL IN THE AREA OF DISTRIBUTION

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Abstract

The human capital's accounting could allow companies to better manage the acquired knowledge and the skills developed by the employees when they join the firm. An operational model, suitable for a business enterprise's HR Manager and validated by its headboard, needs to include the employees' expertise and skills relative to their "cost" for the employer – the wage bill – and an assessment of the commercial performance. The human capital's valuation includes methodological issues. Besides, the notion of human capital seems hardly understandable as a whole: the human capital gathers nevertheless components such as knowledge – skills for which a first valuation can be proposed in order to test an accounting evaluation model for the operational human capital. In a perspective of a responsible management and a good HR policy, the method used must be able to better manage the knowledge and the competences employees acquired by accompanying them with the appropriate human resource management practices. This paper aims to show that the accounting valuation of human capital can become a tool in order to manage the knowledge and skills acquired and able to support a company's human resources policy while being useful to its commercial performance - here in the distribution sector. In a research-intervention frame led in a responsible group, we mobilize a model based on a tryptic - wage bill, knowledge and skills - to evaluate the human capital's accounting, with an analytical highlight on the components measurement of the used "knowledge" and "skills" indexes in particular.

ACHIEVING THE CARBON INTENSITY TARGET OF CHINA: A LEAST SQUARES SUPPORT VECTOR MACHINE WITH MIXTURE KERNEL FUNCTION APPROACH

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Abstract

This study proposes a novel least squares support vector machine with mixture kernel function-based integrated model for achieving the China's carbon intensity target by 2020 from the perspective of industrial and energy structure adjustments. Firstly, we predict the industrial and energy structures by the Markov Chain model and scenario analysis, GDP by scenario analysis, and energy consumption by introducing a novel least squares support vector (LSSVM) machine with mixture kernel function in which particle swarm optimization is employed for searching the optimal model parameters. Secondly, we deduce the carbon intensities and contribution potentials of industrial and energy structure adjustments to achieving the carbon intensity target by 2020 under 27 combined scenarios. The obtained results show that, compared with the LSSVM with single radial basis and polynomial kernel functions, and cointegration equation models, the proposed LSSVM with mixture kernel function can achieve a higher forecasting accuracy for energy consumption. The contribution potential of industrial structure adjustment is greater than that of energy structure adjustment to achieving the carbon intensity target. Each combined scenario can realize carbon intensity target, and the one with GDP low-speed growth, industrial structure medium adjustment and energy structure major adjustment, will be the preferred path to achieving the carbon intensity target.

PEER EFFECTS AMONG FINANCIAL ANALYSTS

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Abstract

We investigate how the turnover of star analysts affects the performance of incumbent analysts. Using two measures of analysts' performance (forecast accuracy and the likelihood of becoming an Institutional Investor's All-star), we find consistent evidence that the arrival of star analysts benefits the incumbents. Our tests show that our results are not driven by the alternative explanation that star analysts' turnovers reflect changes in resources available to the incumbents. In addition, we show that the positive impact of the arrival of star analysts is more pronounced when the star analyst covers the same industry as the incumbents, when the star analyst is more established, when the incumbent analysts are less experienced, and when the brokerage house has fewer existing star analysts. Overall our paper offers strong evidence of peer effects among analysts.

TEXTUAL DISCLOSURE IN SEC FILINGS AND LITIGATION RISK

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Abstract

Prior studies are quite ambivalent on the relation between disclosure and litigation risk since greater disclosure can be perceived as either *ex ante deterrent* or *ex post misleading*. I hypothesize that more information is disclosed in the non-numerical narratives in SEC filings than that has been analyzed in the extant literature. Using a comprehensive hand-collected data on federal securities class action lawsuits spanning nearly two decades, propensity-score matched sample, and widely used measures in natural language processing (NLP) that capture *degree*, *readability* and *sentiments* in textual disclosures, I find results consistent with the theoretical view that argues that more and difficult to comprehend disclosure is often perceived as *ex post misleading*, hence, precipitating litigations. After controlling for other numerical variables, these results are robust to various empirical specifications using difference-in-differences (DiD) and principal component analysis (PCA). Such findings indicate that there is a need to distinguish between more versus better disclosure.

PEER EFFECTS IN EMPLOYEE WELFARE

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Abstract

The paper investigates empirically peer effects in employee welfare policies of the firm. We show that peer firms play a significant role in defining employee welfare policies of a firm. Using US panel data for a sample of 9,062 firm-year observations from 1996 to 2013, we find that firm's employee welfare

decisions are mainly responses to their peers' employee welfare policies. So much so that their impact in determining firm's employee welfare is much higher than any other peer characteristics. After controlling for various peers and firm level characteristics, industry and year fixed effects, we find that firms follow their peers in determining their employee welfare policies. Our findings are robust to various alternative sample composition and sensitivity checks, including alternate definitions of employee welfare, various peer proxies and checking for endogeneity issues, among others. Moreover, our additional analysis shows that this herding behavior is prevalent in followers, who mimic the behavior of leaders but we do not find any such relationship for industry leaders.

PAYOUT POLICIES AND STOCK LIQUIDITY: EMPIRICAL EVIDENCE IN VIETNAM

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Abstract
This study investigates how stock liquidity impact on dividends and repurchases by using a sample of listed firms from Vietnamese stock market. Our findings indicate that stock liquidity is positively correlated with dividends and repurchases. The results are robust to the use of an alternative measure of liquidity and hold after we control for endogeneity problems. We find the positive interaction term between liquidity and state ownership impact on dividend payouts. Moreover, our paper indicates that liquidity of state-controlled firms is positively correlated dividend payouts while liquidity of non-state-controlled firms is negatively correlated dividends. However, we do not find evidence that an interaction term between liquidity and state ownership impact on repurchases. Our paper implies that unconstrained firms will interact with stock liquidity to increase in paying a cash dividend and thus be easy in obtaining external equity or/and long-term debt.

FLIGHT TO QUALITY OR CONTAGION DURING US SUBPRIME CRISIS: EVIDENCE FROM VIETNAM FINANCIAL MARKETS

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Thi Bich Ngoc Tran
University of Economics, Vietnam
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Abstract
The purpose of this study is to investigate if contagion or flight to quality occured in Vietnam financial markets during US subprime crisis in 2007. We apply asymmetric dynamic conditional correlation models (DCC-GARCH(1,1)-GJR) to daily stock-index and bond index returns of Vietnam and US stock market. We test for contagion or flight to quality by using difference test for DCC means. The results obtained show a contagion between US and Vietnam stock market which confirm the widespread influence of US stock market to a young market like Vietnam. Moreover, the relationship between Vietnam stock and bond market represents, again, a contagion after US subprime crisis. This result suggests a low benefit from diversification for investor holding portfolios containing asset in Vietnam stock and bond market and US stock market during crisis.

LIQUIDITY RISK AND THE COVERED BOND MARKET IN TIMES OF CRISIS: EMPIRICAL EVIDENCE FROM GERMANY

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Philipp Sibbertsen
Leibniz Universitat Hannover, Germany
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Abstract
Liquidity risk is the risk that an asset cannot always be sold without causing a fall in its price because of a lack of demand for this asset. Many empirical studies examining liquidity premia have focused on government bonds. Therefore, it might be of special interest to examine yield differentials between liquid and illiquid German covered bonds using techniques of time series analysis. We examine the yields of traditional Pfandbriefe and Jumbo Pfandbriefe with different maturities. In terms of credit risk the spread between the yields of these two types of covered bonds should be zero. Moreover, assuming that the liquidity risk premium is a stationary variable the yields of Pfandbriefe and Jumbo Pfandbriefe (which seem to be integrated of order one) should be cointegrated. We examine this by using methodology proposed in the related field of fractional integrated models. Due to the financial crisis, it also seems to be appropriated to consider structural change. Moreover, given that the European Central bank has started to buy covered bonds the empirical evidence reported here has a high relevance for monetary policy makers. Our results indicate fractional cointegrated yields before and after the crisis. However, during the crisis the degree of integration of the spread increases strongly.

POSITIVE EFFECTS OF BASEL III ON BANKING LIQUIDITY TRANSFORMATION

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Abstract
This paper estimates the effect of the Basel III regulatory framework on banking liquidity transformation. The results are based on a panel data set of U.S. banks that represent approximately 60% of U.S. loans and deposits over a 7-year period (from 2009 to 2015) in addition to difference-in-difference and standard survival methods. All components of Basel III taken together, there is empirical evidence that Basel III has a positive effect on banking liquidity transformation in the US market in particular for major banks. These findings have broad implications for policy makers.

NEW ENTRY TYPE AND ITS EFFECT ON LIQUIDITY OF BANKING GROUP

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Abstract
This study examines how a multi-bank holding company (MBHC) manages *funding liquidity risk*. Using Basel IIIs net stable funding ratio (NSFR) as a liquidity measure, we investigate how the internal liquidity market of MBHC works and what benefits its member banks could enjoy. The results provide evidence that diversification effect mostly dominates internalization effect. A new entrant benefits from holding lower liquidity and raising deposits at lower costs than other types of banks, which suggests that MBHCs have enjoyed scant liquidity at the cost of mismatch risk. We also find that other member banks also enjoy the benefits of diversified risk when a new entrant comes in, which suggests that MBHCs manage liquidity in response to changes in funding liquidity risks. However, the internalization is more important for MBHCs that have a large number of subsidiaries. Whichever types of merger/acquisition MBHCs choose, the diversification effect appears. NSFR regulation would mitigate the mismatch risk at the cost of distorted internal liquidity market.

BANK LIQUIDITY MANAGEMENT AND BANK CAPITAL SHOCKS

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Amine Tarazi
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Abstract
The Basel III Accord imposes minimum liquidity standards on bank balance sheets that are already constrained by minimum capital standards. It is not clear whether or how banks' behaviors will change in this new joint-constraint regime. To gain some insight, we study the balance sheet liquidity behavior of U.S. banking companies in response to negative equity capital shocks *prior to* the implementation of Basel III. Our 1998-2012 data indicate that banks treated regulatory capital and balance sheet liquidity (e.g., net stable funding ratios, core deposits-to-loans, liquid assets-to-assets) as

substitutes rather than complements. This main finding is limited to so-called 'community banks' with assets less than $1 billion; equity capital and liquidity were neither substitutes nor complements at larger banks. In the course of rebuilding their capital ratios, shocked community banks substituted away from loans and loan commitments and reduced their dividend payouts, actions that resulted in greater balance sheet liquidity. Thus, in the state of nature that has traditionally most concerned bank regulators (i.e., stress to bank equity capital), community banks increase their liquidity buffers. Given that these lenders do not pose systemic risk, and that they have historically exceeded the Basel III liquidity minimums by wide margins, our findings suggest that imposing minimum liquidity thresholds on small banks will likely yield little prudential benefit.

DOES INCREASING CONTROLLING OWNERSHIP AFFECT BOARD INDEPENDENCE?

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Abstract
This study examines the relationship between controlling ownership and board independence in the context of concentrated ownership. Analysis of all NSE listed Indian firms for the period 2001-2015 provide empirical evidence that controlling shareholders influence the board structure and confirms the existence of a non-monotonic relationship between them. We find two turning points in this relationship and show that controlling shareholders move from entrenchment to alignment and again to entrenchment as their shareholdings increase. This type of relationship is more evident for firms with lower external monitoring. We also provide evidence that the effect of ownership concentration depends on owner's identity and find that it is the domestic controlling shareholders who influence the board independence, more than the foreign counterparts. We also show that firms affiliated to business groups prefer greater board independence compared to standalone firms, and business groups are willing to forgo their board control to avoid potential stock price discount.

THE IMPACT OF FAMILY OWNERSHIP STATUS ON DETERMINANTS OF LEVERAGE: EMPIRICAL EVIDENCE FROM SOUTH EAST ASIA

Nhung Le
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Abstract
We investigate the impact of family ownership on determinants of leverage in South East Asia. We find that family firms use more debt than non-family firms and that family ownership strengthens the positive relationship between firm size and leverage. Family firms have a higher level of tangibility at a certain level of debt relative to non-family firms. On one hand, family firms with family CEOs use more debt to finance internal fund deficit relative to family firms with CEOs from outside or non-family firms. On the other hand, family firms with family CEOs have a lower level of debt corresponding to growth opportunities than others. Our results are robust to alternative estimation techniques and measurement of leverage. These findings contribute to understanding the determinants of leverage among family-controlled firms in South East Asia.

STATE OWNERSHIP AND CORPORATE RISK-TAKING: EMPIRICAL EVIDENCE IN VIETNAM

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Trang Nguyen
University of Bristol, United Kingdom
Duc Nam Phung
University of Economics Ho Chi Minh city, Vietnam

Abstract

This study investigates the impact of state ownership on corporate risk-taking in Vietnamese listed firms. Employing the system GMM estimation method for a panel data of Vietnam listed firms over the period from 2007 to 2015, we find that firms with higher state ownership are associated with higher risk-taking. We suggest that the representatives for state ownership in Vietnamese corporations tend to encourage risk-taking behaviours to facilitate their personal gains. We also find that foreign ownership moderates the relation between state ownership and risk-taking in Vietnamese firms. Our findings provide insights about the double agency problems of state ownership in Vietnam and highlight the important role of external monitoring mechanism which mitigates this agency problem.

BANK-INSURER-FIRM TRIPARTITE INTERCONNECTEDNESS OF CREDIT RISK EXPOSURES IN A CROSS-SHAREHOLDING NETWORK

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Abstract
This study assesses the interconnectedness of credit risk exposures in a tripartite network of cross-shareholdings among banks, insurers, and firms in Japan's stock market during the fiscal years 2008–2015. We use consistent measures: credit risk exposure by PD (probability of default)/LGD (loss given default) approach in Basel III and RORA (return on risk-weighted assets). We conduct a credit risk analysis of the risk exposures in the cross shareholdings. The result shows that by following the PD/LGD approach, the credit risk weights become approximately 1.5 to 5 times as large as by the transitional risk weight method. The mean exposure-weighted risk for the firm's shareholdings is 1.67 times as large as the bank's and the insurer's. We analyze the network structure of the cross-shareholdings using network centrality measures. Our analysis can provide each entity with important implications on credit risk management in their cross-shareholdings.

DYNAMICS BETWEEN STOCK MARKET RETURN AND FISCAL POLICY: EVIDENCE FROM EMERGING ASIAN ECONOMIES

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University of Economics, Vietnam
Matthieu Llorca
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Abstract
In this paper, we use a Panel Vector Autoregressive (PVAR) approach to investigate the dynamics between stock market return and fiscal policy for a panel of 12 emerging Asian economies from 1990 to 2015. The variables in the empirical model are derived from a fiscal reaction function augmented with a stock market variable. We estimate various systems with different variables to test for the consistence of the results. The empirical results show that fiscal policies in these countries tend to a pro-cyclical path in responding to stock market returns. On the other hand, stock markets react positively to a fiscal consolidation attempt associating with a spending cut. After taking account of the financial distress shocks that have touched the region, there are slight changes in the responses and impacts of government revenue, while other previous results remain identical with higher significance.

CREDIT MISALLOCATION AND ECONOMIC GROWTH IN VIETNAM

Mitsuru Katagiri
International Monetary Fund

Abstract
The legacy of non-performing loans (NPLs), scarcity of funds for recapitalization and resulting credit misallocation between the favored sector (proxied by state owned enterprises, SOEs) and the rest of the economy (non-SOEs) is an important policy issue in Vietnam, weighing on the efficiency of resource allocation and economic growth. This paper presents a theoretical and empirical analysis of the issue. A

simple banking model is embedded in a political economy setting to assess the factors determining the extent of recapitalization and its effects on economic growth. The analysis suggests that the extent of recapitalization depends on an array of factors, including the tightness of the government budget constraint, the productivity of its spending, and concern for the favored sector. Our empirical analysis using corporate data indicates credit misallocation between SOEs and non-SOEs in Vietnam.

List of Participants

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International University (IU), one of six member universities of Vietnam National University HCMC, was established in December 2003. As an interdisciplinary university, it is the first public university in Vietnam that uses English as the primary language in teaching and researching.

IU and its partner universities currently offer undergraduate and graduate accredited programs. The focus has been on offering academic majors that are aligned with the growing demand for human resources in such fields as economics, management, science, and technology. IU's overall model adheres to the international standards in developing syllabi or curricula in collaboration with several top universities in the United States, Europe, and Asia.

IU's mission is to be recognized as one of the top research-oriented universities in Vietnam and in Asia. We will reach this goal by carefully selecting staff and foreign faculty that are well qualified in order to meet the changing needs of the society and the country's development.

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