ISAFE
International Society for the Advancement of Financial Economics

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SOUTH CHAMPAGNE BUSINESS SCHOOL

25 - 27 OCTOBER
HUE CITY, VIETNAM

VIETNAM SYMPOSIUM 2018 in Banking and Finance

https://vsbf2018.sciencesconf.org

Summary

Welcoming note

We are very pleased to welcome you to the third edition of the Vietnam Symposium in Banking and Finance (VSBF-2018, Hue City, 25-27 October 2018), which is jointly organized by the Association of Vietnamese Scientists and Experts (AVSE Global), the College of Economics, Hue University, and the International Society for the Advancement of Financial Economics (ISAFE) in partnership with the IPAG Business School (France) and the South Champagne Business School (France). This event also benefits from the support of 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.

This year, we have the great privilege to welcome two outstanding Guest Keynote Speakers – Professor Douglas Cumming from Florida Atlantic University (United States) and Professor Xavier Freixas from Universitat Pompeu Fabra and Barcelona Graduate School of Economics (Spain) – 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 Jonathan Batten (Editor-in-Chief of *Journal of International Financial Markets, Institutions and Money*), Professors Lloyd Blenman and John Wingender (Editors of *Quarterly Journal of Accounting and Finance*), Professor Endre Boros (Editor-in-Chief of *Annals of Operations Research*), and Professor Sushanta Mallick (Editor-in-Chief of *Economic Modelling*), who have kindly agreed to publish a selection of high-quality papers in their journals.

Finally, we would like to thank Professor Van Hoa Tran, Rector of the College of Economics, Hue University, 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 Hue!

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) is organized annually and 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 Symposium is also an ideal occasion for Vietnamese scholars to exchange research experiences and develop research projects with their international colleagues.

The symposium organizers welcome submissions of theoretical and empirical research papers in all areas of banking and finance for presentation. 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 Douglas Cumming
Florida Atlantic University, United States

Douglas Cumming, J.D., Ph.D., CFA, is DeSantis Distinguished Professor of Finance and Entrepreneurship at the College of Business, Florida Atlantic University. Douglas has published over 150 articles in leading refereed academic journals in finance, management, and law and economics, such as the *Academy of Management Journal*, *Journal of Financial Economics*, *Review of Financial Studies*, *Journal of International Business Studies* and the *Journal of Empirical Legal Studies*. He is the Editor-in-Chief of the *Journal of Corporate Finance*. He is the Founding Editor of *Annals of Corporate Governance*, and Co-Editor of *Finance Research Letters*, and *Entrepreneurship Theory and Practice*. He is the coauthor of *Venture Capital and Private Equity Contracting* (Elsevier Academic Press, 2nd Edition, 2013), and *Hedge Fund Structure, Regulation and Performance around the World* (Oxford University Press, 2013). He is the Editor of the Oxford Handbook of *Entrepreneurial Finance* (Oxford University Press, 2013), the *Oxford Handbook of Private Equity* (Oxford University Press, 2013), the *Oxford Handbook of Venture Capital* (Oxford University Press, 2013), the *Oxford Handbook of Sovereign Wealth Funds* (Oxford University Press, forthcoming 2017), and the *Oxford Handbook of IPOs* (Oxford University Press, forthcoming 2017). Douglas' work has been reviewed in numerous media outlets, including The Economist, The New York Times, the Wall Street Journal, the Globe and Mail, Canadian Business, the National Post, and The New Yorker.

Professor Xavier Freixas

Universitat Pompeu Fabra

& Barcelona Graduate School of Economics, Spain

Xavier Freixas is a Professor at UPF, Research Professor at the Barcelona GSE, and a research fellow at CEPR. He is director of the UPF Department of Economics and Business and a member of the Steering Committee of the Barcelona GSE Master Program in Finance. Professor Freixas is former President of the European Finance Association and Chairman of Global Association of Risk Professionals (GARP) Risk Based Regulation Program. He has previously been Deutsche Bank Professor of European Financial Integration at Oxford University, Houblon Norman Senior Fellow of the Bank of England and joint executive director of Fundación de Estudios de Economía Aplicada (FEDEA), and a professor at Montpellier and Toulouse Universities. He has been a consultant for the European Investment Bank, the New York Fed, the European Central Bank, the World Bank, the Interamerican Development Bank, and MEDD. Professor Freixas is associate editor of the *Journal of Financial Intermediation* and the *Journal of Financial Services Research*.

Committees

Conference Co-chairs

Sabri Boubaker
Professor of Finance
South Champagne Business School
Research Fellow
IRG, University of Paris Est

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

Scientific Committee

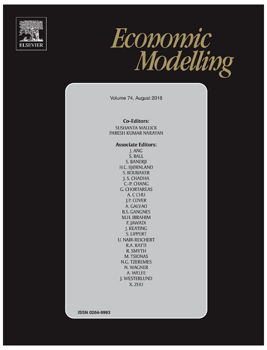
Maria-Eleni K. Agoraki, Athens University of Economics and Business, Greece; ***Emanuele Bajo***, University of Bologna, Italy; ***Tobias Basse***, Norddeutsche Landesbank (NORD/LB), Germany & Touro College Berlin, Germany; ***Stelios Bekiros***, European University Institute, Italy & AUEB, Greece; ***Fouad Ben Abdelaziz***, NEOMA Business School, France; ***Lloyd Blenman***, UNC Charlotte, United States; ***Ephraim Clark***, Middlesex University London, United Kingdom; ***Henrik Cronqvist***, China Europe International Business School, China; ***Michael Dempsey***, Ton Duc Thang University, Vietnam; ***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; ***Bill Francis***, Rensselaer Polytechnic Institute, United States; ***Stéphane Goutte***, Paris 8 University, France; ***Khaled Guesmi***, IPAG Business School, France; ***S. Ghon Rhee***, University of Hawaii Shidler College of Business, United States; ***Trieu Huy Hoang***, College of Economics - Hue University, Vietnam; ***Ambrus Kecskes***, 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; ***Kenneth M. Lehn***, University of Pittsburgh, United States; ***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; ***Khoa Cuong Phan***, College of Economics - Hue University, Vietnam; ***Nikos Paltalidis***, Durham University, United Kingdom; ***Charalampos Stasinakis***, University of Glasgow, United Kingdom; ***Ariane Szafarz***, Université Libre de Bruxelles, Belgium; ***Gary Tian***, Deakin University, Australia; ***Thi Bich Ngoc Tran***, College of Economics - Hue University, Vietnam; ***Xuan Vinh Vo***, University of Economics HCMC, Vietnam; ***Hans-Jörg von Mettenheim***, IPAG Business School, France; ***Robert I. Webb***, University of Virginia, United States; ***John Wingender***, Creighton University, United States; ***Yildiray Yildirim***, Zicklin School of Business, Baruch College/CUNY, United States.

ORGANIZING COMMITTEE

Theu Dinh, *University of Paris Est, France & AVSE Global*
Phuong Le, *Paris Saclay University, France & AVSE Global*
Tan Le, *College of Economics - Hue University, Vietnam & University of Rennes, France*
Giang Nguyen, *Paris Saclay University, France*
Hai Nguyen, *Chinese University of Hong Kong & AVSE Global*
Hung Pham, *College of Economics - Hue University, Vietnam*
Phuong Pham, *University of Adelaide, Australia*
Syrine Sassi, *South Champagne Business School, France & ISAFE*
Quan Truong, *College of Economics - Hue University, Vietnam*
Tri Vo, *IPAG Business School, France & AVSE Global*

Associated Journals

Special Issue of **Annals of Operations Research** on "Neural Networks, Nonlinear Dynamics, and Risk Management in Banking and Finance" under the Guest Editorship of Duc Khuong Nguyen (*IPAG Business School, France*), Charalampos Stasinakis (*University of Glasgow, United Kingdom*) and Hans-Jörg von Mettenheim (*IPAG Business School & Acanto SAS, Le Rheu, France*)



Special Issue of **Economic Modelling** on "Advances on Banking and Finance", under the Guest Editorship of Maria-Eleni K. Agoraki (*Athens University of Economics and Business, Greece*), Georgios P. Kouretas (*Athens University of Business and Economics, Greece & IPAG Business School, France*), Duc Khuong Nguyen (*IPAG Business School, France*)

In consultation with the conference organizers and the Editors-in-Chief of **Journal of International Financial Markets, Institutions and Money**, and **Quarterly Journal of Finance and Accounting**, authors of best conference papers will be invited to submit their papers to a regular issue of the Journals.

Conference Venue

College of Economics – Hue University
Center for International Education of Hue University
01 Dien Bien Phu Street, Hue City, Vietnam
www.hce.edu.vn

Program Overview

Thursday, 25 October 2018

08:00 – 09:00	Registration & Coffee	Ground Floor
09:00 – 09:30	Welcome and Opening Remarks	Amphitheatre, 2nd Floor
	Sabri Boubaker, *Professor of Finance, South Champagne Business School, France & President of ISAFE, Conference Co-Chair* **Duc Khuong Nguyen**, *Professor of Finance and Deputy Director for Research, IPAG Business School & President of AVSE Global, Conference Co-Chair* **Van Hoa Tran**, *Rector, Hue College of Economics, Hue University*	

09:30 – 10:30 Keynote Address

09:30 – 10:30	Topic: What Can Crowdfunding Tell Us about Financial Markets?	Amphitheatre, 2nd Floor
	Professor Douglas Cumming, *College of Business, Florida Atlantic University, United States*	

10:30 – 11:00	Coffee Break	1st Floor

11:00 – 12:30 Parallel Sessions (A)

11:00 – 12:30	A1: Corporate Finance I Chair: Bill Francis, *Rensselaer Polytechnic Institute, USA*	Room 1
11:00 – 12:30	A2: Financial Markets, Institutions and Money I Chair: Nikolas Topaloglou, *IPAG Business School, France and AUEB, Greece*	Room 2
11:00 – 12:30	A3: Banking Regulation and Financial Services I Chair: Ampudia Miguel, *European Central Bank, Germany*	Room 3
11:00 – 12:30	A4: Dynamics of International Capital Markets Chair: Duc Khuong Nguyen, *IPAG Business School, France*	Room 4

12:30 – 14:00	Lunch Break	Silk Path Hotel

14:00 – 15:30 Special Workshop I

14:00 – 15:30	Cryptocurrencies: Technology, Risks, and Regulatory Framework	Amphitheatre, 2nd Floor
	Chair: Dominique Guégan, *University Paris 1 Panthéon–Sorbonne and LabEx ReFi, France & Ca'Foscari University of Venezia, Italy & IPAG Business School, France* and Hans-Jörg von Mettenheim, *IPAG Business School, France*	

15:30 – 16:00	Coffee Break	1st Floor

16:00 – 17:30 Parallel Sessions (B)

16:00 – 17:30	B1: Corporate Governance I	Room 1
	Chair: Sabri Boubaker, *South Champagne Business School, France*	

16:00 – 17:30	B2: Asset Pricing and Allocation I	Room 2
	Chair: Xuan Vinh Vo, *University of Economics, Ho Chi Minh City, Vietnam*	

16:00 – 17:30	B3: Financial Econometrics and Applications I	Room 3
	Chair: Christis Hassapis, *University of Cyprus, Cyprus*	

16:00 – 17:30	B4: Macro-financial Linkages I	Room 4
	Chair: Maria Teresa Punzi, *Webster University Vienna, Austria*	

19:30 – 22:00 GALA DINNER

DUYET THI DUONG THEATRE (ROYAL THEATRE) – HUE IMPERIAL CITY

Friday, 26 October 2018

08:00 – 09:00	Registration & Coffee	Ground Floor

09:00 – 10:30 Parallel Sessions (C)

09:00 – 10:30	C1: Investor Sentiment, Cross-section of Returns, and Cost of Capital	Room 1
	Chair: Aaron Gilbert, *Auckland University of Technology, New Zealand*	
09:00 – 10:30	C2: Banking Regulation and Financial Services II	Room 2
	Chair: Imai Masami, *Wesleyan University, United States*	
09:00 – 10:30	C3: Emerging Markets Finance	Room 3
	Chair: Paul McNelis, *Fordham University, United States*	
09:00 – 10:30	C4: Financial Markets, Institutions and Money II	Room 4
	Chair: Kent Matthews, *Cardiff University, United Kingdom*	
10:30 – 11:00	Coffee Break	1st Floor

11:00 – 12:00 Keynote Address

11:00 – 12:00	Topic: Credit Growth, Rational Bubbles and Economic Efficiency	Amphitheatre, 2nd Floor

Professor Xavier Freixas, *Universitat Pompeu Fabra and Barcelona Graduate School of Economics, Spain*

12:00 – 13:30	Lunch Break	Silk Path Hotel

13:30 – 15:00 Special Workshop II

13:30 – 15:00	Central Banking and Regulation	Amphitheatre, 2nd Floor
	Chair: Georgios P. Kouretas, *Athens University of Business and Economics, Greece & IPAG Business School, France*	
15:30 – 16:00	Coffee Break	1st Floor

16:00 – 17:30 Parallel Sessions (D)

16:00 – 17:30	D1: Corporate Finance II	Room 1
	Chair: Zigan Wang, *The University of Hong Kong, China*	

16:00 – 17:30	D2: Financial Econometrics and Applications II	Room 2
	Chair: Juuso Vataja, *University of Vaasa, Finland*	

16:00 – 17:30	D3: Economics of Banking	Room 3
	Chair: Ajay Pandey, *Indian Institute of Management Ahmedaba, India*	

16:00 – 17:30	D4: Asset Pricing and Allocation II	Room 4
	Chair: Tatsuyoshi Okimoto, *Australian National University, Australia*	

Saturday, 27 October 2018

08:00 – 09:00	Registration & Coffee	Ground Floor

09:00 – 10:30 Parallel Sessions (E)

09:00 – 10:30	E1: Finance and Sustainability	Room 1
	Chair: Sabri Boubaker, *South Champagne Business School, France*	
09:00 – 10:30	E2: Banking Regulation and Financial Services III	Room 2
	Chair: Younes Ben Zaied, *ISTEC, France*	
09:00 – 10:30	E3: Competition, Risk-taking and Profitability in the Banking Industry	Room 3
	Chair: Kim Cuong Ly, *Swansea University, United Kingdom*	
09:00 – 10:30	E4: Financial Markets, Institutions and Money III	Room 4
	Chair: Annabelle Mourougane, *IPAG Business School, France and OECD*)	

10:30 – 11:00	Coffee Break	1st Floor

11:00 – 12:30 Parallel Sessions (F)

11:00 – 12:30	F1: Marco-financial Linkages II	Room 1
	Chair: Andrea Eross, *Heriot-Watt University, United Kingdom*	
11:00 – 12:30	F2: Corporate Finance III	Room 2
	Chair: Antonio D'amato, *University of Salerno, Italy*	
11:00 – 12:30	F3: Central Banking Regulation and its Effects on Financial Markets	Room 3
	Chair: Hans-Jörg von Mettenheim, *IPAG Business School, France*	

Program in Detail

Thursday, 25 October 2018

08:00 – 09:00	Registration & Coffee	Ground Floor
09:00 – 09:30	Welcome and Opening Remarks	Amphitheatre, 2nd Floor
	Sabri Boubaker, *Professor of Finance, South Champagne Business School, France & President of ISAFE, Conference Co-Chair* **Duc Khuong Nguyen**, *Professor of Finance and Deputy Director for Research, IPAG Business School & President of AVSE Global, Conference Co-Chair* **Van Hoa Tran**, *Rector, Hue College of Economics, Hue University*	

09:30 – 10:30 Keynote Address

09:30 – 10:30	Topic: What Can Crowdfunding Tell Us about Financial Markets?	Amphitheatre, 2nd Floor
	Professor Douglas Cumming, *College of Business, Florida Atlantic University, United States*	

10:30 – 11:00	Coffee Break	1st Floor

11:00 – 12:30 Parallel Sessions (A)

11:00 – 12:30	A1: Corporate Finance I	Room 1
	Chair: Bill Francis, *Rensselaer Polytechnic Institute, USA*	Discussant
	Does Co-option Affect Merger and Acquisition Outcomes for Bidding Firms? Martin Bugeja (*University of Technology, Australia*), **Samir Ghannam** (*University of Technology Sydney, Australia*), Davina Jeganathan (*University of Technology Sydney, Australia*)	**Trung Do** (*National Central University, Taiwan*)
	Stock Price Synchronicity, Stock Liquidity and Country's Institutional Environment: International Evidence Tung Lam Dang (*University of Economics- University of*	**Bill Francis** (*Rensselaer Polytechnic Institute, USA*)

	Danang, Vietnam), **Thu Phuong Pham** (*University of Adelaide, Australia*)	
	Corporate Social Responsibility and Leverage Speed of Adjustment Henry H. Huang (*National Central University, Taiwan*), **Trung Do** (*National Central University, Taiwan*)	**Samir Ghannam** (*University of Technology Sydney, Australia)*
	The Bright Side of Diversification: Evidence from Economic Policy Uncertainty Brian Clark *(Rensselaer Polytechnic Institute, USA)*, **Bill Francis** *(Rensselaer Polytechnic Institute, USA)*, Gilna Samuel *(Rensselaer Polytechnic Institute, USA)*	**Thu Phuong Pham** (*University of Adelaide, Australia*)

11:00 – 12:30	A2: Financial Markets, Institutions and Money I	Room 2
	Chair: Nikolas Topaloglou, *IPAG Business School, France and AUEB, Greece*	Discussant
	A Closer Look at Credit Rating Processes: Uncovering the Impact of Analyst Rotation **Kilian Dinkelaker** *(University of St. Gallen, Switzerland)*, Andreas-Walter Mattig *(University of St. Gallen, Switzerland)*, Stefan Morkoetter *(University of St. Gallen, Switzerland)*	**Anthony J Makin** (*Griffith University, Australia*)
	Is Vietnam's Exchange Rate Regime Optimal? Hung Bui (*Banking Academy of Vietnam, Vietnam*), **Anthony J Makin** (*Griffith University, Australia*)	**Nikolas Topaloglou** (*IPAG Business School, France and AUEB, Greece*)
	Integrated Dynamic Models for Hedging International Portfolio Risks **Nikolas Topaloglou** (*IPAG Business School, France and AUEB, Greece*), Hercules Vladimirou (*University of Cyprus, Cyprus*), Stavros A. Zenios (*University of Cyprus, Cyprus*)	**Kilian Dinkelaker** (*University of St. Gallen - Institute of Management in Asia, Singapore and University of St. Gallen, Switzerland*)

11:00 – 12:30	A3: Banking Regulation and Financial Services I	Room 3
	Chair: Ampudia Miguel, *European Central Bank, Germany*	Discussant
	Predicting the Probabilities of Default for Privately Held Banks: The Case of Shinkin Banks in Japan Brahim Guizani (*University of Jendouba, Tunisia*), **Watanabe Wako** (*Keio University, Japan*)	**Dung Viet Tran** (*Banking Academy, Vietnam*)
	(How) Do Depositors Respond to Bank's Discretionary Behaviors? Market Discipline, Deposit Insurance, Scale Effects and Crisis **Dung Viet Tran** (*Banking Academy, Vietnam*)	**Miguel Ampudia** (*European Central Bank, Germany)*
	Monetary Policy and Bank Equity Values in a Time of Low Interest Rates	**Watanabe Wako** (*Keio University, Japan*)

	Miguel Ampudia (*European Central Bank, Germany*), Skander Van Den Heuvel (*European Central Bank and Federal Reserve Board, United States*)	

11:00 – 12:30	A4: Dynamics of International Capital Markets	Room 4
	Chair: Duc Khuong Nguyen, *IPAG Business School, France*	Discussant
	The Role of Institutions in Mitigating the Risk of Push and Pull Factors on Economic Growth **Rafiqa Murdipi** (*International Islamic University Malaysia & University Putra Malaysia, Malaysia*), Ahamd Zubaidi Baharumshah (*University Putra Malaysia, Malaysia*)	**Thai-Ha Le** (*RMIT University, Vietnam & IPAG Business School, France*)
	Dynamic Limit Order Placement Strategies: Survival Analysis with a Multiple-Spell Duration Anh Tu Le (*University of New South Wales, Australia*), **Thai-Ha Le** (*RMIT University, Vietnam & IPAG Business School, France*), Wai-Man Raymond Liu (*Australian National University, Australia*), Kingsley Y. Fong (*University of New South Wales, Australia*)	**Tri Vo** (*IPAG Business School, France*)
	Does Foreign Exchange Risk Matter to Equity Research Analysts? Evidence from US Firms Tuan Ho (*University of Bristol, United Kingdom*), Yen Nguyen (*St Francis Xavier University, Canada*), **Tri Vo** (*IPAG Business School, France*)	**Rafiqa Murdipi** (*International Islamic University Malaysia & University Putra Malaysia, Malaysia*)

12:30 – 14:00	Lunch Break	Silk Path Hotel

14:00 – 15:30 Special Workshop I

14:00 – 15:30	Cryptocurrencies: Technology, Risks, and Regulatory Framework	Amphitheatre, 2nd Floor
	Chair: Dominique Guégan, *University Paris 1 Panthéon–Sorbonne and LabEx ReFi, France & Ca'Foscari University of Venezia, Italy & IPAG Business School, France* and Hans-Jörg von Mettenheim, *IPAG Business School, France*	Discussant
	Sex, Drugs, and Bitcoin: How much Illegal Activity is Financed through Cryptocurrencies? Sean Foley (*University of Sydney Business School, Australia*), **Jonathan R. Karlsen** (*University of Technology Sydney, Australia*), Tālis J. Putniņš (*University of Technology Sydney, Australia & Stockholm School of Economics in Riga, Latvia*)	**Thomas O. Zoerner** (*Masaryk University, Czech Republic*)

	Predicting Crypto-currencies using Sparse Non-Gaussian State Space Models Christian Hotz-behofsits (*Wirtschaftsuniversität Wien, Austria*), Florian Huber (*Wirtschaftsuniversität Wien, Austria*), **Thomas O. Zoerner** (*Masaryk University, Czech Republic*)	**Jonathan R. Karlsen** (*University of Technology Sydney, Australia*)
	Why is Bitcoin Interesting for Investors? Dominique Guégan (*University Paris 1 Panthéon–Sorbonne and LabEx ReFi, France & Ca'Foscari University of Venezia, Italy & IPAG Business School, France*), **Hans-Jörg von Mettenheim** (*IPAG Business School, France*), Dinh-Tri Vo (*IPAG Business School, France*)	Open discussions
	VaR under Explosiveness: Measuring Risk in an Explosive Environment: An Application to Cryptocurrencies **Dominique Guégan** (*University Paris 1 Panthéon–Sorbonne and LabEx ReFi, France & Ca'Foscari University of Venezia, Italy & IPAG Business School, France*), Robinson Kruse (University of Cologne, Germany), Hans-Jörg von Mettenheim (*IPAG Business School, France*), Christoph Wegener (*IPAG Business School, France*)	Open discussions

15:30 – 16:00	Coffee Break	1st Floor

16:00 – 17:30 Parallel Sessions (B)

16:00 – 17:30	B1: Corporate Governance I	Room 1
	Chair: Sabri Boubaker, *South Champagne Business School, France*	Discussant
	Ownership Concentration and Firm Valuation: A Segmented Analysis **Nam Hoai Tran** (*University of Economics Ho Chi Minh City, Vietnam*), Chi Dat Le (*University of Economics Ho Chi Minh City, Vietnam*)	**Yihan Wu** (*Southeast University, China*)
	The Value of Independent Directors: Evidence from China **Yihan Wu** (*Southeast University, China*), Bin Dong (*Southeast University, China*)	**Kim Cuong Ly** (*Swansea University, United Kingdom*)
	Why do Firms Choose Negative Net Debt Policy? Katsutoshi Shimizu (*Nagoya University, Japan*), **Kim Cuong Ly** (*Swansea University, United Kingdom*), Weihan Cui (*Nagoya University, Japan*)	**Nam Hoai Tran** (*University of Economics Ho Chi Minh City, Vietnam*)

16:00 – 17:30	B2: Asset Pricing and Allocation I	Room 2
	Chair: Xuan Vinh Vo, *University of Economics, Ho Chi Minh City, Vietnam*	Discussant
	Pricing Implications of Covariances and Spreads in Currency Markets Thomas Maurer *(Washington University in St. Louis, USA)*, **Thuy-Duong To** *(University of New South Wales, Australia)*, Ngoc-Khanh Tran *(Washington University in St. Louis, USA)*	**Hamza El Khalloufi** *(Université Paris 1 Panthéon-Sorbonne, France)*
	Optimal Asset Allocation and Consumption under Market Liquidity Risk **Hamza El Khalloufi** *(Université Paris 1 Panthéon-Sorbonne, France)*, Constantin Mellios *(Université Paris 1 Panthéon-Sorbonne, France)*	**Xuan Vinh Vo** *(University of Economics, Ho Chi Minh City, Vietnam)*
	Higher-Order Comoments and Asset Returns: Evidence from Emerging Equity Markets **Xuan Vinh Vo** *(University of Economics, Ho Chi Minh City, Vietnam)*, Thi Tuan Anh Tran *(University of Economics, Ho Chi Minh City, Vietnam)*	**Thuy-Duong To** *(University of New South Wales, Australia)*

16:00 – 17:30	B3: Financial Econometrics and Applications I	Room 3
	Chair: Christis Hassapis, *University of Cyprus, Cyprus*	Discussant
	Forecasting Inflection Points: Hybrid Methods with Machine Learning Algorithms **Julien Chevallier** (*University Paris 8 & IPAG Business School, France*), Zhang Lyuyuan (*Huaqiao University, China*), Bangzhu Zhu (*Jinan University, China*)	**Yannick Lucotte** *(Laboratoire d'Economie d'Orléans (LEO) & PSB Paris School of Business, France)*
	Variable Selection with Neural Networks: An Application to Bankruptcy Prediction **Ilyes Abid** (*ISC Paris Business School, France*), Rim Ayadi (*University of Lyon 2, France*), Farid Mkaouar (*CNAM, France*), Khaled Guesmi (*IPAG Business School, France*)	**Christina Christou** (*Open University of Cyprus, Cyprus*)
	Measuring Network Systemic Risk Contributions: A Leave-one-out Approach Sullivan Hué *(Laboratoire d'Economie d'Orleans, France)*, **Yannick Lucotte** *(Laboratoire d'Economie d'Orléans (LEO) & PSB Paris School of Business, France)*, Sessi Tokpavi *(Laboratoire d'Economie d'Orleans, France)*,	**Julien Chevallier** (*University Paris 8 & IPAG Business School, France*)
	Causality in Variance Tests: Finite Sample Properties and New Powerful Modifications	**Ilyes Abid** (*ISC Paris Business School, France*)

	Christos Bouras (*University of Piraeus, Greece*), **Christina Christou** (*Open University of Cyprus, Cyprus*), Christis Hassapis (*University of Cyprus, Cyprus*)	

16:00 – 17:30	B4: Macro-financial Linkages I	Room 4
	Chair: Maria Teresa Punzi, *Webster University Vienna, Austria*	
	Financial Contagion through Financial Firms: Evidence from South Asia **Md Akhtaruzzaman** (*Australian Catholic University and Australian Catholic University, Australia*), Shamima Ahmed (*University of Newcastle, Australia*), Syed Shams (*University of Southern Queensland, Australia*), Waleed Abdel-Qader (*Australian Catholic University, Australia*)	**Tan T.M. Le** (*University of Rennes 1, France and Hue University, Vietnam*)
	Alternative Decomposition of Aggregate Demand: What Underlies the Secular Stagnation? Xiaoyun Xing (*Beijing Normal University, China*), Wanting Xiong (*Beijing Normal University, China*), **Yougui Wang** (*Beijing Normal University, China & Boston University, United States*), H. Eugene Stanley (*Boston University, United States*)	**Maria Teresa Punzi** (*Webster University Vienna, Austria*) **Md**
	On the Network of Global Currencies: Does Lead - Lag Connectedness Matter? **Tan T.M. Le** (*University of Rennes 1, France & Hue University, Vietnam*), Franck Martin (*University of Rennes 1, France*), Duc Khuong Nguyen (*IPAG Business School, France*)	**Akhtaruzzaman** (*Australian Catholic University and Australian Catholic University, Australia*)
	The Impact of Uncertainty on the Macro-Financial Linkage with International Financial Exposure **Maria Teresa Punzi** (*Webster University Vienna, Austria*)	**Yougui Wang** (*Beijing Normal University, China & Boston University, United States*)

19:30 – 22:00 GALA DINNER

DUYET THI DUONG THEATRE (ROYAL THEATRE) – HUE IMPERIAL CITY

Friday, 26 October 2018

08:00 – 09:00	Registration & Coffee	Ground Floor

09:00 – 10:30 Parallel Sessions (C)

09:00 – 10:30	C1: Investor Sentiment, Cross-section of Returns, and Cost of Capital	Room 1
	Chair: Aaron Gilbert, *Auckland University of Technology, New Zealand*	Discussant
	Cross-Sectional Seasonalities in International Government Bond Returns **Adam Zaremba** *(Poznan University of Economics and Business, Poland & University of Dubai, UAE)*	**Gilbert V. Nartea** *(University of Canterbury, New Zealand)*
	Investor Sentiment Dynamics, the Cross-section of Stock Returns and the MAX Effect **Gilbert V. Nartea** (*University of Canterbury, New Zealand*), Muhammad Cheema (*University of Waikato, New Zealand*)	**Aaron Gilbert** (*Auckland University of Technology, New Zealand*)
	Linguistic Complexity and Cost of Equity Capital **Aaron Gilbert** (*Auckland University of Technology, New Zealand*), Alexandre Garel (*Auckland University of Technology, New Zealand*), Ayesha Scott (*Auckland University of Technology, New Zealand*)	**Adam Zaremba** *(Poznan University of Economics and Business, Poland & University of Dubai, UAE)*

09:00 – 10:30	C2: Banking Regulation and Financial Services II	Room 2
	Chair: Imai Masami, *Wesleyan University, United States*	Discussant
	The Non-monotonic Relationship between Financial Integration and Cost Efficiency: Evidence from Asian Commercial Banks Dung Nguyen (*University of Otago, New Zealand*), **Ivan Diaz-Rainey** (*University of Otago, New Zealand*), Helen Roberts (*University of Otago, New Zealand*), Minh Le (*Queensland University of Technology, Australia*)	**Amine Tarazi** (*Université de Limoges, LAPE, France*)
	Does Banks' Systemic Importance affect their Capital Structure and Balance Sheet Adjustment Processes? Yassine Bakkar (*Université de Limoges, LAPE, France*), Olivier De Jonghe (*National Bank of Belgium, Belgium*), **Amine Tarazi** (*Université de Limoges, LAPE, France*)	**Masami Imai** (*Wesleyan University, United States*)

	Government Financial Institutions and Capital Allocation Efficiency in Japan **Masami Imai** (*Wesleyan University, United States*)	**Ivan Diaz-Rainey** (*University of Otago, New Zealand*)

09:00 – 10:30	C3: Emerging Markets Finance	Room 3
	Chair: Paul McNelis, *Fordham University, United States*	Discussant
	Search Intensity, Liquidity and Returns in a Transitional Market of Vietnam **Cuong Nguyen** (*Lincoln University, New Zealand & IPAG Business School, France*), Lai Hoang (*National Economics University, Vietnam*), Jungwook Shim (*Kyoto Sangyo University, Japan*), Phuong Truong (*Victoria University of Wellington, New Zealand*)	**S. Burcu Avci** (*University of Notre Dame, United States*)
	Changes in the Differences in Assets Preferences of the Public and the Private Banks in the Course of the Global Financial Crisis: Evidence from an Emerging Market Arhan S. Ertan (*Kadir Has University, Turkey*), **S. Burcu Avci** (*University of Notre Dame, United States*)	**Paul McNelis** (*Fordham University, United States*)
	Monetary Rules and Policy Targets under Managed Exchange Rates and Capital Controls: An Application to China **Paul McNelis** (*Fordham University, United States*), Hongyi Chen (*Hong Kong Monetary Authority, Hong Kong SAR China*)	**Cuong Nguyen** (*Lincoln University, New Zealand & IPAG Business School, France*)

09:00 – 10:30	C4: Financial Markets, Institutions and Money II	Room 4
	Chair: Kent Matthews, *Cardiff University, United Kingdom*	Discussant
	Physical Investment of Japanese Firms during QE and non-QE Periods: Did the Transmission Mechanism Work? **Saangjoon Baak** (*Waseda University, Japan*), Jaehyun Yoon (*Waseda University, Japan*)	**Anh Nguyet Vu** (*University of Sussex, United Kingdom*)
	Interest Rate Policy and Interbank Market Breakdowns **Marc Nueckles** (*Universität Duisburg-Essen, Germany*)	**Kent Matthews** (*Cardiff University, United Kingdom*)
	Quantitative Easing, Credit Standards, and Bank Risk: Evidence from Japan **Anh Nguyet Vu** (*University of Sussex, United Kingdom*)	**Saangjoon Baak** (*Waseda University, Japan*)
	Rational Cost-inefficiency in Chinese Banks **Kent Matthews** (*Cardiff University, United Kingdom*)	**Marc Nueckles** (*Universität Duisburg-Essen, Germany*)

10:30 – 11:00	Coffee Break	1st Floor

11:00 – 12:00 Keynote Address

11:00 – 12:00	Topic: Credit Growth, Rational Bubbles and Economic Efficiency	Amphitheatre, 2nd Floor
	Professor Xavier Freixas, *Universitat Pompeu Fabra and Barcelona Graduate School of Economics, Spain*	

12:00 – 13:30	Lunch Break	Silk Path Hotel

13:30 – 15:00 Special Workshop II

13:30 – 15:00	Central Banking and Regulation	Amphitheatre
	Chair: Georgios P. Kouretas, *Athens University of Business and Economics, Greece & IPAG Business School, France*	Discussant
	Overcapacities in Banking: Measurement, Trends and Implications **Sándor Gardó** (*European Central Bank*)	
	Euro Area Monetary Policy and the (Systemic) Risk-taking Channel Alain Kabundi (World Bank), **Francisco Nadal De Simone** (*Luxembourg School of Finance, University of Luxembourg*)	
	Central Banks and Green Finance **Frank Packer** (Bank for International Settlements)	
	Loan Growth in the European Banking Sector: Old versus New Banking Landscape Maria-Eleni Agoraki (*Athens University of Economics and Business*), **George P. Kouretas** (*Athens University of Business and Economics, Greece & IPAG Business School, France*)	

15:30 – 16:00	Coffee Break	1st Floor

16:00 – 17:30 Parallel Sessions (D)

16:00 – 17:30	D1: Corporate Finance II	Room 1
	Chair: Zigan Wang, *The University of Hong Kong, China*	Discussant

	Efficient Willow Tree Method for Variable Annuities Valuation and Risk Management Bing Dong (*Tongji University, China*), Wei Xu (*Tongji University, China*), **Aleksandar Sevic** (*University of Dublin, Ireland*), Zeljko Sevic (*Universiti Utara Malaysia, Malaysia*)	**Travis Selmier** (*Indiana University Bloomington, United States*)
	Sovereign Wealth Funds and Equity Pricing: Evidence from Implied Cost of Equity of Publicly Traded Targets Sabri Boubaker (*South Champagne Business School, France and Institut de Recherche en Gestion, France*), Narjess Boubakri (*American University of Sharjah, United Arab Emirates*), **Jocelyn Grira** (*UAE University, United Arab Emirates*), Asma Guizani (*Monastir University, Tunisia*)	**Zigan Wang** *(The University of Hong Kong, China)*
	Disciplining Mining MNEs' Corporate Social Responsibility Programs through Monitoring by Institutional Investors **Travis Selmier** (*Indiana University Bloomington, United States*)	**Aleksandar Sevic** (*University of Dublin, Ireland*)
	Heterogeneous Perceptions of Political Uncertainty: Evidence from Stock Market Reactions to a Presidential Term Limit Repeal Junyan Jiang *(Chinese University of Hong Kong, China)*, Youan Wang *(The University of Hong Kong, China)*, **Zigan Wang** *(The University of Hong Kong, China)*	**Jocelyn Grira** (*UAE University, United Arab Emirates*)

16:00 – 17:30	D2: Financial Econometrics and Applications II	Room 2
	Chair: Juuso Vataja, *University of Vaasa, Finland*	Discussant
	Credit Rating Migration Risk and Interconnectedness in a Corporate Lending Network **Masayasu Kanno** (*Nihon University)*	**Manh Ha Tran** (*Banking Academy of Vietnam, Vietnam*)
	In Search of a Better Leading Indicator: Evidence from an Optimising Approach Brian Lucey *(Trinity College Dublin, Ireland)*, **Maurice Peat** *(University of Sydney, Australia)*, Samuel Vigne *(Queen's University of Belfast, United Kingdom)*	**Petri Kuosmanen** (*University of Vaasa, Finland*)
	Improving Quantile Forecast Accuracy: An Application to Oil Market **Manh Ha Tran** (*Banking Academy of Vietnam, Vietnam*), Dudley Gilder (*Aston University, United Kingdom*), Nathan Joseph (*Aston University, United Kingdom*)	**Masayasu Kanno** (*Nihon University)*

	Predictive Ability of Financial Variables in Changing Economic Circumstances Petri Kuosmanen (*University of Vaasa, Finland*), Jaana Rahko (*University of Vaasa, Finland*), **Juuso Vataja** (*University of Vaasa, Finland*)	**Maurice Peat** *(University of Sydney, Australia)*

16:00 – 17:30	D3: Economics of Banking	Room 3
	Chair: Ajay Pandey, *Indian Institute of Management Ahmedaba, India*	Discussant
	Cash Policy and Firm-Bank Relationship Katsutoshi Shimizu (*Nagoya University, Japan*), **Weihan Cui** (*Nagoya University, Japan*), Kim Cuong Ly (*Swansea University, United Kingdom*)	**Toshiaki Ogawa** (*Bank of Japan, Japan*)
	The Optimal Bank Capital Requirement under Dynamic Default Decisions **Toshiaki Ogawa** (*Bank of Japan, Japan*)	**Ajay Pandey** (*Indian Institute of Management Ahmedaba, India*)
	Lender Moral Hazard in State-owned Banks: Evidence from an Emerging Economy Balagopal Gopalakrishnan (*Indian Institute of Management Ahmedaba, India*), Joshy Jacob (*Indian Institute of Management Ahmedaba, India*), **Ajay Pandey** (*Indian Institute of Management Ahmedaba, India*)	**Weihan Cui** (*Nagoya University, Japan*)

16:00 – 17:30	D4: Asset Pricing and Allocation II	Room 4
	Chair: Tatsuyoshi Okimoto, *Australian National University, Australia*	Discussant
	Firm Efficiency Effect on Average Stock Returns – The Role of Arbitrage Costs **Thu A.T. Pham** *(University of Economics Ho Chi Minh City, Vietnam)*	**Thanh Cong Bui** *(University of Economics - Hue University, Vietnam)*
	Price Configurations and Liquidity Dynamics: the Evidence from the Warsaw Stock Exchange **Barbara Będowska-Sójka** (*Poznań University of Economics and Business, Poland*)	**Tatsuyoshi Okimoto** *(Australian National University, Australia)*
	Noise Trader Risk: Evidence from Vietnam Stock Market Khoa Cuong Phan *(University of Economics - Hue University, Vietnam)*, Thi Bich Ngoc Tran *(University of Economics - Hue University, Vietnam)*, **Thanh Cong Bui** *(University of Economics - Hue University, Vietnam)*	**Thu A.T. Pham** *(University of Economics Ho Chi Minh City, Vietnam)*
	No-Arbitrage Determinants of Credit Spread Curves under the Unconventional Monetary Policy Regime in Japan	**Barbara Będowska-Sójka** *(Poznań University of*

	Tatsuyoshi Okimoto *(Australian National University, Australia)*, Sumiko Takaoka *(Seikei University, Japan)*	*Economics and Business, Poland*)

Saturday, 27 October 2018

08:00 – 09:00	Registration & Coffee	Ground Floor

09:00 – 10:30 Parallel Sessions (E)

09:00 – 10:30	E1: Finance and Sustainability	Room 1
	Chair: Sabri Boubaker, *South Champagne Business School & University Paris-Est Créteil, France*	Discussant
	Cross-Border Venture Capital: Chinese Venture Investments in the U.S., 2010-2018 **John Gonzales** (*University of San Francisco, United States*), Frank Ohara (*University of San Francisco, United States*)	**Sabri Boubaker** (*South Champagne Business School & University Paris-Est Créteil, France*)
	Corporate Social Performance and Financial Performance in the Airline Industry: New Research Strategies **Béchir Ben Lahouel** (*IPAG Business School Paris, France*), Brahim Gaies (*IPAG Business School Paris, France*), Maria Giuseppina BRUNA (*IPAG Business School Paris, France*)	**Jean-Michel Sahut** (*IDRAC Business School, France*)
	Corporate Social Responsibility Practices and Financial Distress Risk **Sabri Boubaker** (*South Champagne Business School & University Paris-Est Créteil, France*), Alexis Cellier (*University Paris-Est Créteil, France*), Riadh Manita (Neoma Business School, France), Asif Saeed (*University Paris-Est Créteil, France*)	**John Gonzales** (*University of San Francisco, United States*)
	CSR, Financial Resources and Stakeholder Pressure **Jean-Michel Sahut** (*IDRAC Business School, France*), Lubica Hikkerova (*IPAG Business School*), Eric Braune (*INSEEC Bussiness School, France*)	**Béchir Ben Lahouel** (*IPAG Business School Paris, France*)

09:00 – 10:30	E2: Banking Regulation and Financial Services III	Room 2
	Chair: Younes Ben Zaied, *ISTEC, France*	Discussant
	ASEAN Banking Integration: Measures and Determinants Dao Ha *(Banking University of Ho Chi Minh City, Vietnam)*, Philippe Gillet *(Université Paris Sud - Paris XI, France)*, **Phuong Le** *(Banking University of Ho Chi Minh City, Vietnam & Université Paris Sud - Paris XI, France)*, Tri Vo *(IPAG Busness School, France & University of Economics Ho Chi Minh City, Vietnam)*	**Thi Mai Lan Nguyen** *(Erasmus University Rotterdam, Holland & Bank for Investment and Development of Vietnam, Vietnam)*

	Assessing the Price and Output Effects of Monetary Policy in Vietnam: Evidence from a VAR Analysis **Thi Mai Lan Nguyen** *(Erasmus University Rotterdam, Holland & Bank for Investment and Development of Vietnam, Vietnam)*, Elissaios Papyrakis *(Erasmus University Rotterdam, Holland and University of East Anglia, England)*, Peter A.g Van Bergeijk *(Erasmus University Rotterdam, Holland)*	**Younes Ben Zaied** (*ISTEC, France*)
	Reassessing the Relationship Between Sovereign and Corporate Ratings: New Evidence from Nonlinear Panel Data Techniques Nidhaleddine Ben Cheikh (*Groupe ESSCA, Université Catholique de l'Ouest, France*), Oussama Ben Hmiden (*Groupe ESSCA, Université Catholique de l'Ouest, France*), **Younes Ben Zaied** (*ISTEC, France*), Sabri Boubaker (South Champagne Business School & IRG Université Paris Est, France)	**Phuong Le** *(Banking University of Ho Chi Minh City, Vietnam & Université Paris Sud - Paris XI, France)*

09:00 – 10:30	E3: Competition, Risk-taking and Profitability in the Banking Industry	Room 3
	Chair: Kim Cuong Ly, *Swansea University, United Kingdom*	Discussant
	Competition and Risk in South Asian Banking Industry **Ahmed Imran Hunjra** *(The University of Waikato, New Zealand & University of Arid Agriculture Rawalpindi, Pakistan)*, Stuart M. Locke *(The University of Waikato, New Zealand)*, Nirosha Wellalage *(The University of Waikato, New Zealand)*	**Lathaporn Ratanavararak** *(Puey Ungphakorn Institute for Economic Research, Thailand)*
	Bank Profitability and Risk-Taking in a Low Interest Rate Environment: The Case of Thailand **Lathaporn Ratanavararak** *(Puey Ungphakorn Institute for Economic Research, Thailand)*, Nasha Ananchotikul (*Puey Ungphakorn Institute for Economic Research, Thailand*)	**Kim Cuong Ly** (*Swansea University, United Kingdom*)
	CEO-Subsidiary Relationships and Banks' Risk-taking Behaviour **Kim Cuong Ly** (*Swansea University, United Kingdom*), Linh Tran (*Swansea University, United Kingdom*), Oleksandr Talavera *(Swansea University, United Kingdom)*	**Ahmed Imran Hunjra** *(The University of Waikato, New Zealand & University of Arid Agriculture Rawalpindi, Pakistan)*

09:00 – 10:30	E4: Financial Markets, Institutions and Money III	Room 4
	Chair: Annabelle Mourougane, *IPAG Business School, France and OECD*)	Discussant

	Borrowing Constraints and Export Decision: The Case of Vietnamese Exporters **An Thi Thuy Duong** (*Utrecht University, Netherlands & Banking University of Ho Chi Minh City, Vietnam*), Clemens Kool (*Utrecht University, Netherlands*), Hein Roelfsema (*Utrecht University, Netherlands*)	**Thi-Mai-Hoai Bui** (*University of Economics Ho Chi Minh City, Vietnam)*
	Threshold Effect of Economic Integration on Bank Risk-Taking: Evidence from Emerging Markets Duy-Tung Bui *(University of Economics Ho Chi Minh City, Vietnam)*, **Thi-Mai-Hoai Bui** (*University of Economics Ho Chi Minh City, Vietnam)*	**Florian Pradines** (*Université d'Orléans & Paris School of Business, France*)
	Containing the Cost of Banking Crises: Does the Policy Framework Matter? Grégory Levieuge (*Université d'Orléans, France*), Yannick Lucotte (*Université d'Orléans & Paris School of Business, France*), **Florian Pradines** (*Université d'Orléans & Paris School of Business, France*)	**An Thi Thuy Duong** (*Utrecht University, Netherlands & Banking University of Ho Chi Minh City, Vietnam)*

10:30 – 11:00	Coffee Break	1st Floor

11:00 – 12:30 Parallel Sessions (F)

11:00 – 12:30	F1: Marco-financial Linkages II	Room 1
	Chair: Andrea Eross, *Heriot-Watt University, United Kingdom*	Discussant
	International Spillovers of the US Montetary Policy Normalisation Dennis Dlugosch (*OECD*), **Annabelle Mourougane** (*IPAG Business School, France & OECD*), Jarmila Botev (*OECD*)	**Hirokuni Iiboshi** (*Tokyo Metropolitan University, Japan*)
	Estimating a Nonlinear New Keynesian Model with the Zero Lower Bound for Japan **Hirokuni Iiboshi** (*Tokyo Metropolitan University, Japan*), Mototsugu Shintani (*University of Tokyo, Japan*), Kozo Ueda (*Waseda University, Japan and Centre for Applied Macroeconomic Analysis, Australia*)	**Andrea Eross** (*Heriot-Watt University, United Kingdom*)
	An Early Warning Indicator for Liquidity Shortages in the Interbank Market **Andrea Eross** (*Heriot-Watt University, United Kingdom*), Andrew Urquhart (*University of Southampton, United Kingdom*), Simon Wolfe (*University of Southampton, United Kingdom*)	**Annabelle Mourougane** (*IPAG Business School, France & OECD*)

11:00 – 12:30	F2: Corporate Finance III	Room 2
	Chair: Antonio D'amato, *University of Salerno, Italy*	Discussant
	New Evidence on the Wealth Effects from Listing on the London Stock Exchange for U.S Shareholders **John Wingender** (*Creighton University, United States*)	**Olivier Adoukonou** (*Université d'Angers, France*)
	The Determinants of the Convertible Bonds Call Policy of the Western European Companies **Olivier Adoukonou** (*Université d'Angers, France*), Jean-Laurent Viviani (*Université de Rennes 1, France*), Florence Andre-Le Pogamp (*Université de Rennes 1, France*)	**Antonio D'amato** (*University of Salerno, Italy*)
	Capital Structure Determinants and Debt Maturity during the Crisis: Empirical Evidence from SMEs **Antonio D'amato** (*University of Salerno, Italy*)	**John Wingender** (*Creighton University, United States*)

11:00 – 12:30	F3: Central Banking Regulation and its Effects on Financial Markets	Room 3
	Chair: Hans-Jörg von Mettenheim, *IPAG Business School, France*	Discussant
	Monetary Policy and Macroeconomic Stability in a Small Open Economy with Trend Inflation: the Case of Australia **Bo Zhang** *(Southwestern University of Finance and Economics, China)*, Wei Dai *(Southwestern University of Finance and Economics, China)*	**Yougui Wang** *(Beijing Normal University, China & Boston University, United States)*
	Heterogeneity of Balance Sheet of Banks under Multiple Regulations may Lessen Money Supply **Mingsong Wang** *(Beijing Normal University, China)*, Xiaoyun Xing *(Beijing Normal University, China)*, Yougui Wang *(Beijing Normal University, China & Boston University, United States)*, H. Eugene Stanley *(Boston University, United States)*	**Thi Bich Ngoc Tran** (*University of Economics – Hue University, Vietnam*)
	Impact of Japanese Quantitative Easing on Financial Markets: Some Evidence Franck Martin (*University of Rennes 1, France*), Tan TM Le (*University of Rennes 1, France & University of Economics – Hue University, Vietnam*), **Thi Bich Ngoc Tran** (*University of Economics – Hue University, Vietnam*)	**Bo Zhang** *(Southwestern University of Finance and Economics, China)*

Abstracts of Conference Papers

A1. Corporate Finance I

DOES CO-OPTION AFFECT MERGER AND ACQUISITION OUTCOMES FOR BIDDING FIRMS?

Martin Bugeja
University of Technology, Australia
Samir Ghannam
University of Technology Sydney, Australia
Davina Jeganathan
University of Technology Sydney, Australia

Abstract
This study investigates whether board co-option is associated with merger and acquisition (M&A) outcomes for bidding firms. Using a sample of public M&As initiated by U.S. listed firms, it is documented that co-opted boards are more likely to engage in acquisitions. Board co-option is also associated with a lower market reaction around the M&A announcement and a higher likelihood of M&A completion. The evidence presented is robust to a variety of variable definition and sample specifications.

STOCK PRICE SYNCHRONICITY, STOCK LIQUIDITY AND COUNTRY'S INSTITUTIONAL ENVIRONMENT: INTERNATIONAL EVIDENCE

Tung Lam Dang
University of Economics- University of Danang, Vietnam
Thu Phuong Pham
University of Adelaide, Australia

Abstract
This study investigates whether there is a relationship between a country's stock return synchronicity and stock liquidity in a global context and how a country-level institutional environment affects this relationship. We find that higher value of local stock return synchronicity will improve stock liquidity. The findings are robust with various economic cycles and a country's economic development levels. This relation is stronger in countries with better institutional infrastructure, which is measured by five different indicators of a country institutional environments. Further, we construct two new measures of global stock return synchronicity and liquidity, then we establish a negative link between these global synchronicity proxies with stock liquidity. We also document the effect of a country-level institutional environment on the link between global stock synchronicity and liquidity. We find the comovement of a stock with securities listed in stock exchanges in other countries has a greater impact to improve the stock liquidity in nations with better institutional environment. Our study furnishes a better understanding of the impact of stock return synchronicity on asset liquidity by taking a global perspective.

CORPORATE SOCIAL RESPONSIBILITY AND LEVERAGE SPEED OF ADJUSTMENT

Henry H. Huang
National Central University, Taiwan
Trung Do
National Central University, Taiwan

Abstract

We investigate the impact of superior performance of corporate social responsibility (CSR) strategies on firms' leverage adjustments. We hypothesize that firms' leverage speed of adjustment can be driven by (1) reduced information asymmetry due to CSR disclosure and (2) increased stakeholder engagement. Using a newly developed econometric method for dynamic panel models, DPF estimation approach (Elsas and Florysiak, 2015), we find that firms with better CSR performance is associated with faster leverage adjustments toward an optimal capital structure. This finding strengthens the stakeholder value maximization view which supposes that a company can "do well by doing good".

THE BRIGHT SIDE OF DIVERSIFICATION: EVIDENCE FROM ECONOMIC POLICY UNCERTAINTY

Brian Clark
Rensselaer Polytechnic Institute, USA
Bill Francis
Rensselaer Polytechnic Institute, USA
Gilna Samuel
Rensselaer Polytechnic Institute, USA

Abstract

This paper investigates the relative impact of economic policy uncertainty on real and financing decisions for single-segment and diversified firms. We show that policy uncertainty decreases the diversification discount and improves the efficiency of internal capital markets. Using segment-level data, we find that that policy uncertainty is more likely to reduce capital expenditures of single-segment firms relative to diversified firms. In particular, the impact of policy uncertainty is reduced by unrelated diversification, and more pronounced during periods of higher uncertainty and for firm financially constrained firms. Also, core segments and segments in politically sensitive industries are more affected by policy uncertainty. Using quarterly data, we find that diversified firms are more likely to increase intangible capital and cash holdings and reduce payouts and debt issues. Overall, this study shows that corporate diversification significantly influences the impact of economic policy uncertainty on corporate decisions. Importantly, accounting for diversification is necessary to get a more complete understanding of the impact of economic policy uncertainty at both the firm and aggregate levels.

A CLOSER LOOK AT CREDIT RATING PROCESSES: UNCOVERING THE IMPACT OF ANALYST ROTATION

Kilian Dinkelaker
University of St. Gallen, Switzerland
Andreas-Walter Mattig
University of St. Gallen, Switzerland
Stefan Morkoetter
University of St. Gallen, Switzerland

Abstract

Employing a hand-collected dataset entailing credit analyst information based on 17,500 publi- cations by Fitch, Moody's and S&P, we investigate the effect of credit analyst rotation in the context of long-term ratings of S&P 500 issuers between 2002 and 2015. We find that analyst rotation and the duration of covering an issuer impact credit ratings beyond financial funda- mentals. Our results underscore the significance of recalibrating credit rating processes and that regulation concerning credit analyst rotation was based on substantiated grounds.

IS VIETNAM'S EXCHANGE RATE REGIME OPTIMAL?

Hung Bui
Banking Academy of Vietnam, Vietnam
Anthony J Makin
Griffith University, Australia

Abstract

This paper examines exchange rate regime choice for Vietnam in light of its international macroeconomic characteristics. It first proposes a novel macroeconomic theory framework which suggests that a highly flexible exchange rate minimises national income variability if external shocks, particularly in the form of terms of trade fluctuations, dominate monetary shocks. Contrariwise, if the economy is more prone to monetary shocks than terms of trade shocks, a pegged exchange rate minimises national income variability. Econometric evidence based on historical quarterly data reveals that Vietnam's terms of trade have been a more significant source of shocks than monetary factors, implying that a highly flexible exchange rate is optimal for Vietnam. These results therefore provide evidence supportive of Vietnam's recent adoption of a more flexible exchange rate regime.

INTEGRATED DYNAMIC MODELS FOR HEDGING INTERNATIONAL PORTFOLIO RISKS

Nikolas Topaloglou
IPAG Business School, France and AUEB, Greece
Hercules Vladimirou
University of Cyprus, Cyprus
Stavros A. Zenios
University of Cyprus, Cyprus

Abstract

We develop scenario-based stochastic programming models for hedging the risks of international portfolios using options. The models provide increasing level of integration in managing market and foreign exchange (FX) risks. We start with a single-stage model with currency options for selective hedging of FX risks, while market risk is addressed only through diversification. Stock options are then added to hedge market risks. Fi- nally, using an innovative method to price quantos on the scenario tree underpinning the stochastic program, we develop integrated models with stock options or quantos and currency options. We extend the models to multi-stage settings. Backtesting the models on market data over a 14-year period that encompasses the global financial crisis of 2008, we demonstrate their effectiveness as they take increasingly integrated views of risk management. Simultaneous hedging of market and FX risks using stock and currency options yields the best ex post performance of international portfo- lios. The differences are economically significant, and statistical significance is established through rigorous hypothesis testing. The models are particularly effective during the cri- sis. Test results show that two-stage models outperform their single-stage counterparts, regardless of the hedging strategy.

PREDICTING THE PROBABILITIES OF DEFAULT FOR PRIVATELY HELD BANKS: THE CASE OF SHINKIN BANKS IN JAPAN

Brahim Guizani
University of Jendouba, Tunisia
Watanabe Wako
Keio University, Japan

Abstract
Using the statistical relationships between market values of banks' assets and their volatilities that are implied from banks' shareholders' values of publicly held banks and their financial statement-based variables, which are used to compute banks' probabilities of default, we conduct out of sample predictions for these two variables for the sample of privately held shinkin banks. We, then, use estimates of these two variables to estimate shinkin banks' probabilities of default. We find that estimated probabilities of default predict shinkin banks' ex-post failures that are not predicted based on such financial statement-based variables as the regulatory capital adequacy ratio well.

(HOW) DO DEPOSITORS RESPOND TO BANK'S DISCRETIONARY BEHAVIORS? MARKET DISCIPLINE, DEPOSIT INSURANCE, SCALE EFFECTS AND CRISIS

Dung Viet Tran
Banking Academy, Vietnam

Abstract
Using a large panel of US bank holding companies from 2001 to 2015, this study investigate how depositors respond to the bank's discretionary behaviors. We document evidence of a higher deposit rates for banks that engage more in earnings management, suggesting the evidence of market discipline. Depositors seem to monitor bank's discretionary behaviors at a lesser extent during the crisis time, potentially due to the governement intervention, but they become more severe after the crisis. Interestingly, there is no evidence of depositors monitoring for large banks before and during crisis, suggesting the "too-big-to-fail" perception of depositors. However, this perception is wiped out after the crisis when we observe a stronger market discipline in large banks. The study also documents evidence of monitoring from insured depositors, but not uninsured depositors during the crisis, suggesting that the deposit insurance schemes are not always fully credible. After the crisis, insured depositors seem to increase more their monitoring than uninsured depositors. Our study is of interest to regulators and policymakers who are concerns of strengthening the market discipline.

MONETARY POLICY AND BANK EQUITY VALUES IN A TIME OF LOW INTEREST RATES

Miguel Ampudia
European Central Bank, Germany
Skander Van Den Heuvel
European Central Bank and Federal Reserve Board, United States

Abstract
This paper examines the effects of monetary policy on the equity values of European banks. We identify monetary policy shocks by looking at changes in the EONIA one month and two year swap contract rates

during narrow windows around the press statements and press conferences announcing monetary policy actions taken by the Eurosystem's Governing Council. We find that an unexpected decrease of 25 basis points on the short- term policy rate increases banks' stock prices by about 1% on average. These effects vary substantially over time; in particular, they were stronger during the crisis period and reversed during the recent period with low and even negative interest rates. That is, with rates close to or below zero, further interest rate cuts became detrimental for banks' equity values. The composition of banks' balance sheets is important in order to understand these effects. In particular, the change in sensitivity to interest rate surprises as rates drop to low and negative levels is much more pronounced for banks with a high reliance on deposit funding, compared to other banks. We argue that this pattern.

THE ROLE OF INSTITUTIONS IN MITIGATING THE RISK OF PUSH AND PULL FACTORS ON ECONOMIC GROWTH

Rafiqa Murdipi
International Islamic University Malaysia & University Putra Malaysia, Malaysia
Ahamd Zubaidi Baharumshah
University Putra Malaysia, Malaysia

Abstract
Both push (global) and pull (domestic) factors can be vital in driving foreign capital flows. While the risk associated with push and pull factors can directly (or indirectly) cripple growth, it is essential for the policymakers adequately manage them. The primary main objective of this study is to analyze the role of institutional quality in mitigating the potential adverse effects of push and pull factors on economic growth. We provide fresh evidence on the relationship between institutions, push or pull factors, and economic growth. Our findings indicate that institutional quality is positively and significantly associated with the effects of push or pull factors –growth nexus. We confirm that improvement institutional qualities can be an imperative strategy in ensuring the effectiveness of policies on the stability and enhancing economic progress. For specific selected sub-component of institution, our results reveal that government stability be a prominent component among others that associated with both push and pull factors on growth. The policymakers should take advantages from the findings of this research in search for strategy stability on financial and macroeconomic to boost growth.

DYNAMIC LIMIT ORDER PLACEMENT STRATEGIES: SURVIVAL ANALYSIS WITH A MULTIPLE-SPELL DURATION

Anh Tu Le
University of New South Wales, Australia
Thai-Ha Le
RMIT University, Vietnam & IPAG Business School, France
Wai-Man Raymond Liu
Australian National University, Australia
Kingsley Y. Fong
University of New South Wales, Australia

Abstract
This paper studies the multiple order events of each limit order by utilising a survival analysis methodology with a multiple-spell duration model. The estimates suggest that the hazard rates of limit order event transitions are determined by a number of factors and their impacts depend on whether the initial order event is a limit order submission, partial execution or revision. The differences in estimates across initial order events increase as exchange latency reduces in recent years. Modelling limit order events is informative and essential as they provide more information than converting all events into submission, execution and cancellation.

DOES FOREIGN EXCHANGE RISK MATTER TO EQUITY RESEARCH ANALYSTS? EVIDENCE FROM US FIRMS

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Yen Nguyen
St Francis Xavier University, Canada
Tri Vo
IPAG Business School, France

Abstract
We examine the relationship between the foreign exchange risk and analyst forecast error using firm-level data in the US for the sample period between 2010 and 2014. Using the standard deviation of US dollar index to proxy for foreign exchange risk, we find that analyst forecast error is higher when foreign exchange risk is higher. The relationship is stronger for smaller firms and firms with larger foreign sales. Collectively, the findings suggest that analysts make more forecast errors when forecasting for firms with higher foreign currency exposure. We argue that either analysts do not make significant effort in incorporating foreign exchange risk into their forecast models or they do not have the skills for that task. Our findings have important implications for academics and practitioners in understanding the relation between foreign exchange risk and analyst forecasts. We suggest that future studies should explore further the relation between firm exposure to financial risks and analyst forecast characteristics.

OWNERSHIP CONCENTRATION AND FIRM VALUATION: A SEGMENTED ANALYSIS

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Chi Dat Le
University of Economics Ho Chi Minh City, Vietnam

Abstract
This study investigates the valuation effect of concentrated ownership in a typical frontier market. Using an extensive sample of Vietnamese publicly listed firms, we find that the valuation effect is inconclusive before combined equity holdings reach a threshold of around 28%, beyond which market valuation increases exponentially with ownership. The latter log-linear effect can be interpreted as a more profound dominance of the monitoring incentives of large shareholders over the potential expropriation of minority shareholders at higher levels of concentration. Our finding reconciles the seemingly conflicting results of previous studies and contributes to understanding corporate governance practices in frontier markets.

THE VALUE OF INDEPENDENT DIRECTORS: EVIDENCE FROM CHINA

Yihan Wu
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Bin Dong
Southeast University, China

Abstract
The paper empirically evaluates the contribution of independent directors to Chinese listed firms through a natural experiment. Our results show that Chinese independent directors who are officials or retired officials can promote firm performance, while other independent directors make little contributions to Chinese listed firms. Further, none of independent directors in Chinese listed companies play monitoring and advisory roles in the board rooms as supposed theoretically. Officials as independent directors, however, enable the firms to access public resources to enhance firm performance. It can be concluded that Chinese independent directors act like "vases for decoration" in board rooms. Even worse, some independent directors do play important roles in rent-seeking.

WHY DO FIRMS CHOOSE NEGATIVE NET DEBT POLICY?

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Kim Cuong Ly
Swansea University, United Kingdom
Weihan Cui
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Abstract
This study investigates a new phenomenon that the number of firms that have negative net debt is increasing. Although zero-leverage becomes prevalent in the world, negative net debt phenomena is more prevalent in Japan. We argue that negative net leverage can be regarded as a special form of zero

gross leverage. The main findings are (i) poor investment opportunity, low default costs, low cost of holding cash, and abundant cash are the driving forces of negative net leverages, determinants a cash rich firm is more likely to have negative net debt, (ii) the determinants of negative net leverage is qualitatively similar to those of zero leverage, (iii) in particular, higher default probability is a determinant of debt reduction, lower cost of holding cash is a determinant of cash accumulation, less profitable opportunity is a determinant of decreasing dividends, and (iv) firms continue to reduce debts, increase dividend payments and investments over time after achieving negative net leverage.

PRICING IMPLICATIONS OF COVARIANCES AND SPREADS IN CURRENCY MARKETS

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Thuy-Duong To
University of New South Wales, Australia
Ngoc-Khanh Tran
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Abstract
We introduce a covariance and spread (i.e., exchange rate forward discount) ad- justed carry factor that prices the cross-section of FX market returns, where many other single and multi-factor models fail. Both the covariance matrix of exchange rate growths and forward discounts contain important information for pricing, which is not captured by well-known factors. The conditional covariance matrix and forward discounts are time-varying and forecast future realized currency returns.

OPTIMAL ASSET ALLOCATION AND CONSUMPTION UNDER MARKET LIQUIDITY RISK

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Constantin Mellios
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Abstract
The main objective of this paper is to investigate, in a continuous-time framework,
the impact of liquidity risk on optimal asset allocation and consumption. Our model is interesting because it will allow us to compare our results to Merton's results without liquidity risk. Contrary to the existing literature, we explicitly model market liquidity level as a variable and we incorporate it in the stock price. We consider different cases where the investor optimally manages the couple consumption-investment. Following the HJB approach we solve the investor's dynamic optimization program to obtain a non-closed form solution for optimal demand, which can be expressed in terms of a speculative term and a hedging one. Empirical evidence shows that a risk averse investor consume less than Merton case and except for certain liquidity risk level, he/she invest less than Merton case. The results show that a speculator investor consumes more than in Merton's case except when market liquidity risk is high. They also show that when the absolute value of market liquidity level is high he/she invests less than Merton's case. Regardless of the investor attitude, the larger the liquidity risks the smaller the consumption and the optimal investment, and the effect of liquidity risk on the consumption rate and optimal investment decreases as the time to maturity increases.

HIGHER-ORDER COMOMENTS AND ASSET RETURNS: EVIDENCE FROM EMERGING EQUITY MARKETS

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Thi Tuan Anh Tran
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Abstract
This article examines the role of co-skewness and co-kurtosis in explaining portfolio excess returns utilizing time-series and Fama-Macbeth cross-sectional regression methods in the context of an emerging market. The sample consists of listed firms in Vietnam stock market covering the period from September 2011 to December 2016. This paper reports that co-skewness and co- kurtosis are not important in explaining stock returns in Vietnam stock market. More importantly, we find that market risk premium is the most important factor while other popular factors such as SMB and HML have minor impact on stock returns. This finding is crucial in identifying factors significantly influencing stock returns in emerging equity markets. This paper also supports the proposition that findings from advanced markets might not be able to generalize into the context of emerging markets. The finding has direct implications for portfolio analysis and risk management.

FORECASTING INFLECTION POINTS: HYBRID METHODS WITH MACHINE LEARNING ALGORITHMS

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Zhang Lyuyuan
Huaqiao University, China
Bangzhu Zhu
Jinan University, China

Abstract
This paper investigates hybrid time series forecasting models, which are based on combinations of ensemble empirical mode decomposition (EEMD) and least squares support vector machines (LSSVMs). Several algorithms are considered: the genetic algorithm (GA); the grid search (GS); and particle swarm optimization (PSO). Theoretical guarantees of prediction accuracy are tested with sine curves. From a numerical testing perspective, we are interested in showing the superiority of one approach to another based on theoretical prediction and time series applications in finance (S&P 500) or commodities (WTI oil price). The superiority of hybrid models to soft- and hard-computed models is further assessed through a 'horse race' and trading performance.

VARIABLE SELECTION WITH NEURAL NETWORKS: AN APPLICATION TO BANKRUPTCY PREDICTION

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Rim Ayadi
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Farid Mkaouar
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Khaled Guesmi
IPAG Business School, France

Abstract
The purpose of the paper is to propose two new procedures using neural techniques for variable selection and business failure prediction. The first procedure, called HVS-AUC, is based simultaneously on i) the backward search, ii) the HVS measure (Heuristic for Variable Selection), and iii) the AUC criterion (Area Under Curve). The second procedure, called forward-AUC, is based on i) the forward search and ii) the AUC criterion. Using a sample of 428 non-bankrupt firms and 428 firms that went bankrupt in 2006 in France, the implementation of the procedures using neural networks shows that the profitability, the repayment capacity, the taxation, and the importance of investment have a strong explanatory power in bankruptcy prediction. These procedures also provide more parsimonious and more performant models compared with Linear Discriminant analysis.

MEASURING NETWORK SYSTEMIC RISK CONTRIBUTIONS: A LEAVE-ONE-OUT APPROACH

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Sessi Tokpavi
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Abstract
Granger-causality measures of interconnectedness between financial institu- tions are useful indicators of systemic risk (Billio et al., 2012, Journal of Financial Economics), as they help to evaluate to which extent the distress of one institution disseminates across the whole financial system due to the network. This article provides a critical assessment of Granger-causality networks, showing that they can lead to inconsistent measures of systemic risk contributions due to the presence of spurious causalities arising from indirect contagion effects. Traditional solutions to control for these effects - via inference on conditional Granger-causality - lead however to the curse of dimensionality. To solve this issue, we provide a mea- sure of financial network systemic risk contributions based on the leave-one-out (LOO) concept. For a given financial institution, the new measure evaluates to which extent the total number of significant Granger-causality breakdowns when this institution is excluded from the system. We control for spurious causalities between the remaining institutions due to the indirect contagion effect of the ex- cluded financial institution using a conditional Granger-causality test, which is free of the curse of dimensionality. Empirical applications are conducted using daily market returns for a sample of the world's largest banks. Results show that our measure gives a meaningful ranking of the systemic importance of financial institutions which is consistent with the ranking of global systemically important banks (G-SIBs) provided by the Financial Stability Board (FSB). Moreover, our measure appears as a robust significant early-warning indicator of large losses in the case of a systemic event, and is strongly driven by balance-sheet variables related to size, business model and profitability.

CAUSALITY IN VARIANCE TESTS: FINITE SAMPLE PROPERTIES AND NEW POWERFUL MODIFICATIONS

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Christina Christou
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Abstract
In this paper we examine the finite sample properties of four widely used causality-in-variance test procedures, namely Hong's (2001) kernel based cross correlation Q test, Cheung and Ng's (1996) cross correlation S test, Comte and Lieberman's (2000) Likelihood Ratio test and Hafner and Herwartz's (2006) Langrange Multiplier test. The tests are evaluated in a variety of settings of practical importance, including long horizon causality dynamics. Our results show that the cross correlation function based tests of Hong (2001) consistently outperforms in most settings; however, the test's finite sample power performance greatly depends on the choice of the bandwidth parameter. Motivated by these findings, we introduce two methods for automatic optimal bandwidth selection in Hong's test's calculation. The simulation results show that the implementation of our procedures ensures high finite sample power.

FINANCIAL CONTAGION THROUGH FINANCIAL FIRMS: EVIDENCE FROM SOUTH ASIA

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Shamima Ahmed
University of Newcastle, Australia
Syed Shams
University of Southern Queensland, Australia
Waleed Abdel-Qader
Australian Catholic University, Australia

Abstract
The paper examines the financial contagion through financial firms from the US and China to South Asian countries (Bangladesh, India, Pakistan and Sri Lanka) using DCC and Asymmetric DCC models. Conditional correlation was higher between Chinese and Indian financial stock returns during the Global Financial Crisis and increase (decrease) between Bangladesh, India, and US financial stock returns during contractionary period (expansionary periods) of the US business cycle. Results suggest that both the US and China play similar roles in transmitting financial contagion to South Asian countries. These results are robust to the alternative specification of business cycles, the use of US dollar-denominated returns instead of local currency returns, and the application of Markov-Regime Switching Model.

ALTERNATIVE DECOMPOSITION OF AGGREGATE DEMAND: WHAT UNDERLIES THE SECULAR STAGNATION?

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Beijing Normal University, China
Yougui Wang
Beijing Normal University, China & Boston University, United States
H. Eugene Stanley
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Abstract
With the purpose of performing a simple and original analysis on the mecha- nisms through which the banking system affects the macroeconomic system, we present a stock-flow consistent model composed of four representative agents: households, firms, the government and commercial banks, who trade in two types of financial markets: loan market and bond market. Commercial banks provide loans through credit creation while firms act as the demanders for them. Households use money created by banks to purchase government bonds. This paper shows theoretically that aggregate income in this hypothetic system can be decomposed into three types of flows generated from different sources, name- ly money circulation, private debt circulation and credit expansion. Several scenarios of shock-effect corresponding to the changes in some key parameters in the model are demonstrated through simulations. Based on this perception, we can deduce that the major cause of secular stagnation is insufficient credit expansion ever since 2008. In order to stimulate economic growth, increasing credit-financed government expenditure and deregulating credit-creating insti- tutions are the appropriate ways leading to recovery.

ON THE NETWORK OF GLOBAL CURRENCIES: DOES LEAD - LAG CONNECTEDNESS MATTER?

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Franck Martin
University of Rennes 1, France
Duc Khuong Nguyen
IPAG Business School, France

Abstract
In this paper, we augment Billio et al. (2012) by using conditional Granger causal- ity to measure lead-lag network connectedness among the most globally traded currencies. From this, we then investigate the informational content of system- wide dynamic connectedness and examine the relationship between node con- nectedness and exchange rate variations. Our panel regression results reveal that node connectedness has significant effects on mean return, standard deviation and Value at Risk after controlling for certain fundamental and market-behavior variables. More importantly, increase in a currency's lead-lag connectedness pre- dicts greater variations in its values vis-a`-vis the USD in the following year. We also find evidence that node with higher centrality before the global financial crisis faced more extreme depreciation in the crisis period. At the broader level, the dynamic system-wide lead-lag connectedness is seen to spike during high-risk episodes, become more stable in lower-risk environment and co-integrate with VIX, Vstoxx and rolling TED spread. It could also capture major systemic events like Lehman Brothers' collapse, the get-through of European Stability Mechanism in September 2012 as well as Brexit. As it contains valuable information to in- vestors and policy makers, we argue that foreign exchange lead-lag connectedness does matter.

THE IMPACT OF UNCERTAINTY ON THE MACRO-FINANCIAL LINKAGE WITH INTERNATIONAL FINANCIAL EXPOSURE

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Abstract
This paper investigates the international transmission of various sources of uncertainty between the financial sector and the real economy. I focus on cali- brating a two-country DGSE model with an international financial exposure in the banking sector for the Euro Area (EA) and the United States (US). In partic- ular, the model studies the transmission mechanism of macroeconomic, monetary policy, financial and stock market volatility uncertainty. The model assumes that uncertainty is originated only in the foreign economy, i.e. the US, and studies the spillover effect to the domestic economy, i.e. the EA. The international transmis- sion mechanism is driven by the international financial exposures, where domestic banks grant loans to both domestic and foreign households.

The analysis suggests that the spillover effects from foreign uncertainty have in many cases a sizeable and persistent impact on output, lending and asset prices. In particular, I find that macroeconomic uncertainty and VIX uncertainty drive a global business cycle, where uncertainty leads to a drop in home and foreign GDP.

C1. Investor Sentiment, Cross-section of Returns, and Cost of Capital

CROSS-SECTIONAL SEASONALITIES IN INTERNATIONAL GOVERNMENT BOND RETURNS

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Abstract
We offer a new simple measure of country and industry risk—a price range—reflecting the difference between past maximum and minimum prices. Having examined 51 country and 887 industry indices for the years 1974–2018, we demonstrate a strong positive relationship between the price range and future returns. The effect is not explained by well-established return predictors, including value, size, momentum, reversal, skewness, and seasonality, and visibly subsumes the traditional measures of volatility. The equal-weighted quartile of the countries (industries) with the highest price range outperforms the ones with the lowest price range by 0.85% (1.07%) per month. The results are robust to different estimation and holding periods, the influence of trading costs, and subsample and subperiod analysis.

INVESTOR SENTIMENT DYNAMICS, THE CROSS-SECTION OF STOCK RETURNS AND THE MAX EFFECT

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Muhammad Cheema
University of Waikato, New Zealand

Abstract
Recent evidence shows that investor sentiment is a contrarian predictor of stock returns with speculative stocks earning lower (higher) future returns than safe stocks following high (low) sentiment states. We extend this argument by conditioning expected stock returns on sentiment dynamics and show that the mispricing of speculative and safe stocks worsens with sentiment continuations but is corrected with sentiment transitions, consistent with the view that the mispricing of these stocks is sentiment-driven. We show that the unconditional contrarian return predictability of sentiment, at least in the short-run, is due to the returns of stocks in sentiment transitions. Results show that ex post, sentiment is a momentum predictor if subsequent sentiment continues; and a contrarian predictor if subsequent sentiment transitions. We also show that the MAX effect can either be positive or negative contingent on sentiment dynamics and that the absence of a MAX effect following Low sentiment states suggested by prior studies is due to the completely offsetting negative MAX effect when sentiment continues in a Low state, and the positive MAX effect when sentiment transitions from a High to a Low state.

LINGUISTIC COMPLEXITY AND COST OF EQUITY CAPITAL

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Alexandre Garel
Auckland University of Technology, New Zealand
Ayesha Scott
Auckland University of Technology, New Zealand

Abstract

In this paper, we investigate how linguistic complexity relates to the cost of equity capital of companies. We argue that information readability might influence investors' perception of a firm's riskiness. In particular, when management uses linguistic complexity to obfuscate information, we expect investors to perceive a greater risk and hence to require a greater return on equity. Our results show that, within a same firm, an increase in the readability of the MD&A section of the annual report is negatively associated with the cost of equity capital. Greater linguistic complexity may result from managerial obfuscation but can also be a byproduct of greater intrinsic business complexity. We run a series of tests to disentangle both effects. Our results show that linguistic complexity that cannot be explained away by the business intrinsic complexity is still positively related to the cost of equity capital. In addition, in a sample of firms where an increase in linguistic complexity leads to greater information asymmetry, we still find a positive association with the cost of equity capital, which is suggestive of managerial obfuscation rather than the disclosure of complex information. Finally, we control for the quantity of information disclosed as prior literature shows that it may influence the cost of equity capital. We find that, on top of the quantity of information disclosed, its readability matters for how investors perceive a firm's risk.

THE NON-MONOTONIC RELATIONSHIP BETWEEN FINANCIAL INTEGRATION AND COST EFFICIENCY: EVIDENCE FROM ASIAN COMMERCIAL BANKS

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Ivan Diaz-Rainey
University of Otago, New Zealand
Helen Roberts
University of Otago, New Zealand
Minh Le
Queensland University of Technology, Australia

Abstract
This study examines whether there is a non-monotonic relationship between financial integration and bank cost efficiency. A sample of commercial banks from nine East Asian countries over the period of 1997-2014 is examined. This is the first paper to apply the non- monotonic stochastic frontier model developed by Wang (2002) to this relationship, which hitherto has been assumed to be accurately captured by linear models. The bank-level and country-level analysis consistently provide evidence of a non-monotonic impact of financial integration on bank efficiency. Financial integration contributes to the improvement in cost efficiency up to a threshold. Our model suggests that when the foreign claims are greater than 100% of GDP and when more than 40% of banks are non-domestic, a further increase in financial integration becomes efficiency-impeding. This result has important implications. National policymakers should be aware of the "optimal" level of financial integration when their countries are actively working to promote further regional integration.

DOES BANKS' SYSTEMIC IMPORTANCE AFFECT THEIR CAPITAL STRUCTURE AND BALANCE SHEET ADJUSTMENT PROCESSES?

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Olivier De Jonghe
National Bank of Belgium, Belgium
Amine Tarazi
Université de Limoges, LAPE, France

Abstract
Frictions prevent banks to immediately adjust their capital ratio towards their desired and/or imposed level. This paper analyzes (i) whether or not these frictions are larger for regulatory capital ratios vis-à-vis a plain leverage ratio; (ii) which adjustment channels banks use to adjust their capital ratio; and (iii) how the speed of adjustment and adjustment channels differ between large, systemic and complex banks versus small banks. Our results, obtained using a sample of listed banks across OECD countries for the 2001-2012 period, bear critical policy implications for the implementation of new (systemic risk-based) capital requirements and their impact on banks' balance sheets, specifically lending, and hence the real economy.

GOVERNMENT FINANCIAL INSTITUTIONS AND CAPITAL ALLOCATION EFFICIENCY IN JAPAN

Masami Imai

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Abstract
This paper examines the impact of government loans on capital allocation efficiency with Japan's prefecture-level data from 1975-2005. We address the endogeneity of government loans by using the exogenous variation in the share of government loans that is correlated with the intensity of political support for the Liberal Democratic Party (LDP), the dominant political party. We find that the share of government loans is strongly and negatively correlated with the quality of capital allocation, as measured by the elasticity of industry investment to value- added, Wurgler's **η**, and that this negative correlation is more pronounced in declining industries than growing industries. Moreover, the results show that the share of government loans is negatively correlated with total factor productivity growth but positively correlated with investment-to-output ratio. Taken as a whole, Japan's government financial institutions might have propped up declining industries in the LDP strongholds with overall negative effects on capital allocation efficiency and technical progress.

SEARCH INTENSITY, LIQUIDITY AND RETURNS IN A TRANSITIONAL MARKET OF VIETNAM

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Lai Hoang
National Economics University, Vietnam
Jungwook Shim
Kyoto Sangyo University, Japan
Phuong Truong
Victoria University of Wellington, New Zealand

Abstract
The research examines the relationship between online search intensity and subsequent stock returns and trading volume, using a sample of listed companies in the Vietnamese stock market from 2013 to 2018. The empirical results confirm the "price pressure hypothesis" that search intensity is positively associated with subsequent stock returns and trading volume. Also, it found that the positive effects on stock returns are not temporary; but remain in the long run although some reversals occur. Interestingly, the results show that the effects of search intensity on stock returns are higher for large stocks than for small stocks. Further, the findings reveal that stocks attract more attention from the public also expose to higher market risk. These findings have not been documented in the literature and enrich the information on the relationship between internet search intensity and stock markets, especially in emerging markets, where internet users are sharply increasing.

CHANGES IN THE DIFFERENCES IN ASSETS PREFERENCES OF THE PUBLIC AND THE PRIVATE BANKS IN THE COURSE OF THE GLOBAL FINANCIAL CRISIS: EVIDENCE FROM AN EMERGING MARKET

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S. Burcu Avci
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Abstract
In this study, we analyze how the differences in the asset preferences of the public and the private banks in Turkey evolved during the global financial crisis of 2008 and the 'great recession', which followed after. We focus on the two important components of bank assets, the ratios of loans and securities to total assets, in which a 'change in differences' between the public and the private banks (DID pattern) is observed after the crisis. We consider a large number of macro-level and bank-specific variables that are associated with the asset preferences of banks and successfully determine a subset of them which fully explain (without leaving over any unexplained DID pattern) the observed changes in the asset allocations of the public and the private banks. Among the bank-specific variables, size of assets and interbank loans seem to have a robust negative DID effect on public bank lending, whereas fee income and short-term liabilities have a robust positive DID effect. And among the macro-level variables, our findings point out public debt over GDP (a proxy for sovereign risk) as the most robust determinant of a positive change (in favor of the public banks) in the differences between the public and the private bank lending, while liquidity in the banking sector has the opposite role. And when it comes to explaining the negative DID pattern observed in the share of securities in bank assets, a highly similar set of variables (with some

minor exceptions) appears to have a robust effect, though in the opposite direction; making the two sets of results complementary to each other.

MONETARY RULES AND POLICY TARGETS UNDER MANAGED EXCHANGE RATES AND CAPITAL CONTROLS: AN APPLICATION TO CHINA

Paul McNelis
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Hongyi Chen
Hong Kong Monetary Authority, Hong Kong SAR China

Abstract
This paper examines the performance of monetary policy rules when the economy finds itself in dark corners, when the real sector experiences a sequence of prolonged negative shocks from world demand, while the central bank faces low world interest rates on its foreign-exchange reserve holdings. We examine variations of policy rules and targets, one with strong restrictions on capital flows and a fixed exchange rate, and the other with less restricted capital flows and a more flexible managed exchange rate.
Our results show that a more flexible managed exchange-rate system, based on welfare-based Ramsey rules, acts as an effective shock absorber when the economy is in a "dark corner", thus reducing the fall in real GDP and consumption. However, this benefit comes at a cost, with a much larger fall in employment and loss in foreign exchange reserves, than in the more restricted fixed-rate environment. By contrast, if the Ramsey rule for monetary policy is based on current-account or external-balance targets, employment and reserve losses are reduced.
We find that external balance, rather than welfare, should be the proper target for monetary policy as the financial system moves toward a more flexible exchange rate and a less restricted capital account. These results extend to the use of optimal simple rules for the interest and the exchange-rate, with the former following a Taylor-rule specification, and the latter adjusting to current account and employment targets. However, in dark corner periods, optimal simple rules exact much higher costs, in terms of lost consumption, relative to Ramsey rules, for stabilizing the current account and employment.

C4. Financial Markets, Institutions and Money II

PHYSICAL INVESTMENT OF JAPANESE FIRMS DURING QE AND NON-QE PERIODS: DID THE TRANSMISSION MECHANISM WORK?

Saangjoon Baak
Waseda University, Japan
Jaehyun Yoon
Waseda University, Japan

Abstract
This paper investigates whether the quantitative easing policy influenced physical investment decisions of Japanese publicly listed firms through neoclassical and non-neoclassical transmission channels using their financial statement data from 1991 to 2015. Empirical test results estimated by the system GMM indicate that, during the QE period, the neoclassical channel encouraged investment through Tobin's q and the non-neoclassical channel also worked through balance sheet effects. Operating income and ownership structures are also found as determinants of firm investment since 1991 in Japan. In addition, the effect of financial leverage is estimated to be negative in general. However, its impact turns out be somewhat different depending on the capital size of firms.

INTEREST RATE POLICY AND INTERBANK MARKET BREAKDOWNS

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Abstract
This paper explores how interest rate policies that systemat- ically react to financial conditions, so called leaning against the wind policies, affect the emergence, duration, and magnitude of financial crisis. While in much of the previous literature the ap- pearance of crisis is governed by exogenously given probabilities, this paper uses a model in which financial crisis emerge endoge- nously from frictions in the interbank market and private agents saving decisions. Specifically, an overaccumulation of assets, i.e. a savings glut, makes the interbank market more vulnerable so that the banking sector occasionally breaks down following a credit- driven boom. I find that leaning against the wind of financial sta- bility risks does not prevent financial crisis but rather increases the volatility of inflation.

QUANTITATIVE EASING, CREDIT STANDARDS, AND BANK RISK: EVIDENCE FROM JAPAN

Anh Nguyet Vu
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Abstract
This study provides empirical evidence for the relationship between quantitative easing, credit standards, and bank risk in Japan. The examined period, 2000-2016, covers the two quantitative easing phases in Japan, the virtually zero interest rate environment, and the introduction of negative interest rates. The main findings show that credit standards have eased corresponding to more aggressive quantitative easing and low short-term interest rates. Quantitative easing has a stronger impact on credit standards of small firms and households than on those of large firms and medium-sized firms. Easing credit standards results in greater credit risk and lower bank stability. The low interest rate environment also leads to higher nonperforming loan ratio. Quantitative easing, however, lowers bank risk and enhances

bank stability. The implications of this study suggest that policy makers maintain prudent supervision when deciding to extend quantitative easing policy and expand asset purchases.

RATIONAL COST-INEFFICIENCY IN CHINESE BANKS

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Abstract
Published studies of Chinese banks tend to place cost-inefficiency in the region of 50%. Such estimates would suggest that the management of Chinese banks was grossly inefficient. Using a non-parametric bootstrapping method, this study decomposes cost-inefficiency into technical-inefficiency and allocative-inefficiency. It argues that allocative inefficiency could be viewed as rational in the sense that they are the outcomes of political and administrative constraints. This paper suggests that allowing for rational allocative inefficiency, Chinese banks have converged on a low level of technical inefficiency indicating a high level of management efficiency.

EFFICIENT WILLOW TREE METHOD FOR VARIABLE ANNUITIES VALUATION AND RISK MANAGEMENT

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Wei Xu
Tongji University, China
Aleksandar Sevic
University of Dublin, Ireland
Zeljko Sevic
Universiti Utara Malaysia, Malaysia

Abstract
A variable annuity (VA) is a type of annuity contract between a policyholder and an insurance company with the tax deferred feature. Differing from the traditional life insurance product, a VA allows the policyholder to invest in a portfolio, such as a mutual fund. Thus, the policyholder has to bear the profit or loss due to the investment performance. In order to protect the policyholder from the downside investment risk, the insurance company grants some guaranteed riders embedded to the VA contract. Due to these innovations of guarantee schemes, VAs have grown rapidly in popularity around the world in past decades.

SOVEREIGN WEALTH FUNDS AND EQUITY PRICING: EVIDENCE FROM IMPLIED COST OF EQUITY OF PUBLICLY TRADED TARGETS

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Narjess Boubakri
American University of Sharjah, United Arab Emirates
Jocelyn Grira
UAE University, United Arab Emirates
Asma Guizani
Monastir University, Tunisia

Abstract
We investigate the impact of sovereign wealth fund (SWF) investment on ex ante (implied) cost of equity capital of targeted firms. Using an international sample of 310 targets involved in 403 SWF deals and their matched firms, we find that targeted firms exhibit, on average, higher cost of equity financing than their peers after the announcement date. Firms involved in domestic deals and deals concluded during the Global Financial Crisis exhibit lower implied cost of equity financing, while those involved in cross-border deals are associated with higher implied cost of equity capital.

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

Travis Selmier
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Abstract

Corporate social responsibility [CSR] has generally been seen by international business and management scholars as serving those affected by a mining 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 by some international business scholars. 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 mining firms' sensitivity to monitoring by investors. Third, governments and multilateral institutions are applying more pressure on investment, banking and other financial firms to monitor mining firms' activities.

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].

HETEROGENEOUS PERCEPTIONS OF POLITICAL UNCERTAINTY: EVIDENCE FROM STOCK MARKET REACTIONS TO A PRESIDENTIAL TERM LIMIT REPEAL

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Abstract

We test whether investors think repealing presidential term limits increases or decreases the political uncertainty by looking at the stock market reactions. Using the unexpected announcement of presidential term limits removal in China on Feb 25, 2018 as a natural experiment, we find diverging responses inside and outside mainland China. The Shanghai and Shenzhen-listed stocks rose significantly after the announcement, implying that Chinese investors interpreted this event as reducing political uncertainty. Meanwhile, the stock prices of Chinese companies listed in Hong Kong and U.S. exchanges dropped substantially, suggesting that overseas investors viewed this removal as increasing political uncertainty.

CREDIT RATING MIGRATION RISK AND INTERCONNECTEDNESS IN A CORPORATE LENDING NETWORK

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Abstract
This study assesses the credit rating migration risk and interconnectedness among bank-to-listed firms and insurer-to-listed firms in Japan's corporate lending market during the fiscal years 2008-2015. The study uses outstanding lending data with borrowers and lenders names to conduct a portfolio credit risk analysis. The results show an expected shortfall with tail dependence of t-copula captures the heavy-tailed risk of Japanese institutions. The study also analyzes the network structure of lending contracts using network centrality measures. In this regard, institutions play a central role in terms of degree centrality. The study then undertakes a stress test using a historical economic scenario pertaining to a credit rating migration matrix shortly after the Lehman Brothers' bankruptcy. The test finds a much sparser network structure because of a large number of firm defaults. The study's analysis offers banks and insurers important implications regarding the credit risk management of corporate lending.

IN SEARCH OF A BETTER LEADING INDICATOR: EVIDENCE FROM AN OPTIMISING APPROACH

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Abstract
Amongst the most popular leading indicators of economic activity is the Conference Board Composite Indicator, for the United States. We examine this over the period 1975-2017, at a monthly frequency. We use recent developments in Wavelet modelling to extract information on the relationship between this indicator and a large set of plausible explanatory variables. We then pass this information to an optimising function. This function selects weights for 3,6 and 12m ahead forecasts. These weights are allowed to be timevarying, to accont for the business cycle and other political economy issues. As a robustness and plausibility check we also apply a variety of other forecast combination approaches commonly found in the economics and finance literature. We find wavelet decomposition provided a valuable insight into the forecastability of this series.

IMPROVING QUANTILE FORECAST ACCURACY: AN APPLICATION TO OIL MARKET

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Abstract
Recent literature in financial econometrics literature has witnessed the growing interest of quantile forecast with the application to risk management. However, the global financial crisis has shown that existing approaches to forecasting quantiles, especially Value-at-Risk, are flawed. Nevertheless, the continuing importance of VaR in risk management still demands the methods that can improve quantile forecast accuracy. Contributing to literature, this paper works on the WTI Crude Oil Futures and finds that the use of the realized volatility-based models and quantile combination can enhance the accuracy of quantile forecasts.

PREDICTIVE ABILITY OF FINANCIAL VARIABLES IN CHANGING ECONOMIC CIRCUMSTANCES

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Abstract
A large body of literature has established stylized facts about the predictive links between different financial variables and real economic activity across countries. Many studies have also shown that the predictive ability of financial variables is far from consistent and stable over time. However, under which economic circumstances financial variables tend to have more or less useful predictive content for GDP growth has remained surprisingly unexplored. In this study, we analyze three key financial variables, namely, term spread, real stock returns and real short-term interest rate, and study how their predictive power relates to varying economic circumstances in a large set of industrialized countries. Our systematic panel analysis shows that the enhanced predictive content of financial variables is connected to increased GDP growth volatility and the turning points of business cycles. Monetary policy conditions also play a noteworthy role; in particular, periods with a zero lower bound of interest rates appear to reduce the predictive ability of stock markets. Moreover, we find qualified evidence that inflation persistence increases the predictive content of financial variables in industrialized countries.

CASH POLICY AND FIRM-BANK RELATIONSHIP

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Nagoya University, Japan
Kim Cuong Ly
Swansea University, United Kingdom

Abstract

This study explores the issue why Japanese firms have accumulated cash recently. We find new evidence that a growing firm has greater cash than a declining firm, and that the former is a customer of healthy bank while the latter is that customer of unhealthy bank. Our analysis reveals that growing firms that borrowing money from strong banks need cash to increase future investments while declining firms that borrowing money from

weak banks accumulated cash to decrease investments. The evidence suggests that firms cash policy depends on the firm-bank relationship.

THE OPTIMAL BANK CAPITAL REQUIREMENT UNDER DYNAMIC DEFAULT DECISIONS

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Abstract

I study capital requirement regulations in a dynamic general equilibrium model of banking. In the model, banks use their capital holdings as a buffer against future liquidity shocks. Because of this precautionary behavior, capital requirements – as in the data, but unlike in previous models – are only occasionally binding. As a result of incorporating these occasionally binding constraints, I find that capital requirements have a smaller impact on bank defaults. On the other hand, capital requirements have a larger impact on credit and liquidity supply through both the intensive margin and the extensive margin. On balance, I find that the optimal capital requirement is equal to 3.5 percent of assets.

LENDER MORAL HAZARD IN STATE-OWNED BANKS: EVIDENCE FROM AN EMERGING ECONOMY

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Abstract

We examine the credit risk-choices of the public sector banks (PSBs) in India with a novel dataset that is able to trace the borrowers to their banks. We determine the likelihood of the ownership type of the lender bank associated with every firm, using a lender type prediction model with a set of observable risk proxies such as the ex-ante credit ratings. The analysis indicates that the PSBs are more likely to lend to observably risky firms compared to the private banks (PBs). The observed likelihood of lending to riskier

firms is signicantly higher among the smaller PSBs. The set of firms that majorly contribute to the higher credit-risk choice of the PSBs include the riskier service-sector firms, firms that borrow by pledging promoter shares, and firms that are likely to be impacted by the change of political regime.

FIRM EFFICIENCY EFFECT ON AVERAGE STOCK RETURNS – THE ROLE OF ARBITRAGE COSTS

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Abstract
This study examines the relationship between firm efficiency and expected stock returns. We use the Stochastic Frontier Approach to estimate firm efficiency. Our findings show that the firm efficiency effect also exists in the Australian stock market. Specifically, firm efficiency is negatively related to the cross-section of average stock returns. The average monthly excess returns decrease from INEFFICIENT firms to EFFICIENT firms for both equally-weighted and value-weighted portfolios. However, conducting the common two-stage cross-sectional regression, we find no evidence that firm efficiency is a priced risk factor. Further, we test the role of arbitrage costs in explaining the firm efficiency effect. The results show that the efficiency anomaly is concentrated in firms with higher arbitrage costs. On the whole, idiosyncratic volatility appears to be the strongest indicator and acts as an important driver of the firm efficiency effect. Finally, our findings indicate that arbitrage costs are necessary for the firm efficiency effect to persist, consistent with the mispricing-based explanation for the effect.

PRICE CONFIGURATIONS AND LIQUIDITY DYNAMICS: THE EVIDENCE FROM THE WARSAW STOCK EXCHANGE

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Abstract
The purpose of our study is to examine the dynamics of various liquidity proxies around specific price formation within intraday data. We take into account the zero return configurations and differentiate the incidences of the closing on the high and the low price. We examine the behavior of the measures representing price impact, depth of the market, its width and elasticity around intraday zero-return observations. Our sample is based on the quotations of the blue chip stocks listed on the Warsaw Stock Exchange, one of the European emerging markets. We find the abnormal behavior of majority of liquidity proxies around the verified configurations. The stock market is characterized by high resiliency as the observed changes in liquidity are short-term.

NOISE TRADER RISK: EVIDENCE FROM VIETNAM STOCK MARKET

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University of Economics - Hue University, Vietnam
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Abstract
This paper investigates the existence of noise trader risk in Vietnam stock market and its effect to the daily returns of stock prices. The methodologies contain of the estimation of GARCH (1,1) model to filter the residuals then applying the moving average method to calculate the impact of information traders.

Noise trader risk or the risk that is caused by noise traders is derived by subtracting the residuals by the rational traders' impact. We find that the noise trader risk does exist in Vietnam stock market and it reduces the daily
returns of stocks. Meanwhile, information traders' impact to the stock returns is in the opposite direction. It increases the daily stock returns and in turn, helps the market to correct itself since the stock prices will move back to its fundamental value.

NO-ARBITRAGE DETERMINANTS OF CREDIT SPREAD CURVES UNDER THE UNCONVENTIONAL MONETARY POLICY REGIME IN JAPAN

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Sumiko Takaoka
Seikei University, Japan

Abstract
We introduce an affine term structure model with observed macroeconomic factors for credit spread curves under the unconventional monetary policy regime in Japan. Empirical results based on the model selection using Japanese data demonstrate that the credit spread curves are dominated by the monetary policy and suggest that global economic forces, such as the U.S. Treasury yield and Baa-Aaa credit spread, play a major role in the dynamics of credit spread curves, complementing a growing body of literature explaining what drives credit spread curves. Our contemporaneous response and historical decomposition analyses find that monetary policy and global economic and financial forces have large impacts on credit spread curves at all maturities and rating classes.

CROSS-BORDER VENTURE CAPITAL: CHINESE VENTURE INVESTMENTS IN THE U.S., 2010-2018

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Abstract
This paper contributes to the understanding of Chinese venture investors in the U.S. by comprehensively measuring the amount and type of venture investments coming to the U.S. from China. We examine the types of Chinese venture investors and the focus of the investment in terms of the stage of development of the U.S. firm receiving funding. The investments are categorized into nine sectors: mobile apps and platforms, life sciences, software, internet, consumer goods and services, fintech, virtual reality, artificial intelligence and others. Venture activity is examined by focusing on the number of investments made by venture capital funds, both U.S. and China-based that include Chinese limited partners, as well as Chinese corporations undertaking corporate venture capital. Chinese participation in venture funding of U.S. emerging companies has increased from 21 investments in 2010 to 407 in 2016 and 2017. About four-fifths of the Chinese investments have gone to U.S. companies that are in the early stage of business activity. Venture capital funds account for 78% of the investment activity, with Chinese corporate venture capital undertaking 22% of the investments. We contribute to the literature of corporate venture capital by providing definitions of three specific types of investing firms: corporate funds, strategic investors and strategic partnerships. In addition, we provide data and examine the motivations of Chinese firms forming strategic partnerships with U.S. startups.

CORPORATE SOCIAL PERFORMANCE AND FINANCIAL PERFORMANCE IN THE AIRLINE INDUSTRY: NEW RESEARCH STRATEGIES

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Abstract
There is a long-standing debate on the link between corporate social performance (CSP) and firm performance. The results are still mixed and inconclusive. Strong calls to overcome models misspecification as well as performance measurement issues have been put on notice. This paper responds to the calls by providing two alternative research strategies. First, this study raises the issue of dynamic endogeneity. Then, it conducts a dynamic panel data analysis using the GMM estimator. Second, this study provides a reliable multidimensional index to assess the overall CSP of a firm with respect to its primary stakeholders, using Data Envelopment Analysis (DEA) technique. Using data from the international airline industry, our study presents the first application that combines DEA and dynamic panel data analysis in the tourism-related industries.

CORPORATE SOCIAL RESPONSIBILITY PRACTICES AND FINANCIAL DISTRESS RISK

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Abstract
Do socially responsible firms lessen their probability of financial distress? In this paper, we examine how corporate social responsibility (CSR) performance affects financial distress risk (FDR) as measured by Altman's Z-score model. Using 1,201 US firms from 1991 to 2012, our results indicate that a firm with superior CSR performance has a lower FDR. This relation is strengthened by the community, diversity, employee relations, and environmental dimensions of CSR. These findings are robust to alternate proxies of FDR, a propensity score–matched sample, and controlling for potential endogeneity. Moreover, this relationship between CSR and FDR is enhanced by good corporate governance practices and during non-crisis periods. Overall, our findings suggest that CSR-oriented firms are considered more creditworthy and have better access to financing, leading to lower FDR.

CSR, FINANCIAL RESOURCES AND STAKEHOLDER PRESSURE

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Abstract
We propose to explore the research question of whether managers use available non-committed financial resources at their discretion to respond to stakeholder pressure. To address this question, we investigate the relationship over 8 years (2007-2014) between the corporate social responsibility (CSR) commitments of 404 industrial companies listed on Standard & Poor's 500 and the financial resources (organizational slack) at the discretion of their managers. We find that managers can use organizational slack to extend and intensify the CSR commitments of their companies. In terms of types of CSR commitments, these resources are not allocated to reduce the impacts of their companies' activities on the environment. They are rather oriented toward addressing social issues and social conditions. Moreover, we find that management decisions concerning the allocation of slack resources toward an increase in CSR commitment vary according to a company's risk profile.

ASEAN BANKING INTEGRATION: MEASURES AND DETERMINANTS

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Abstract
During the last two decades, the emerging of ASEAN in economic growth and international trade has been affirmed, however, the trend of banking and financial integration is puzzling. This research aims to provide additional empirical evidence for the degree and determinants of banking integration in ASEAN. Using quarterly data on a panel of 6 countries: Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam for the period from 1997Q1 to 2015Q4, we calculate the banking integration degree via Banking Openness and Overall balanced degree, and analyses the determinants of banking integration in ASEAN. The results shows that: (i) Whereas the cross-border banking increase tremendously, the banking openness degree remained low and slightly decreased in the research period; (ii) The overall balanced degree of ASEAN countries had fluctuations, but remained at the well and weakly balanced; (iii) The domestic macroeconomic factors, local banking system conditions and global volatility were significant determinants of banking integration; and (iv) The regulatory quality and the global market volatility had negative effects on banking openness in ASEAN.

ASSESSING THE PRICE AND OUTPUT EFFECTS OF MONETARY POLICY IN VIETNAM: EVIDENCE FROM A VAR ANALYSIS

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Erasmus University Rotterdam, Holland and University of East Anglia, England
Peter A.g Van Bergeijk
Erasmus University Rotterdam, Holland

Abstract
Using montly data, we perform a vector-autoregressive analysis to measure the effects of monetary policy on the Vietnamese economy since the Law (no.01/1997/QH10) on the central banking was enacted in January 1998 until November 2017. In accordance with the existing Vietnamese monetary framework and financial environment, we set up a VAR model employing Cholesky recursive identification. Contrary to previous studies on Vietnam, we find evidence that an increase in interest rates is useful to stabilize the price level. In addition, an expansion of broad money leads to an increase in industrial production. Credit growth, instead, tends to induce inflationary pressures.

REASSESSING THE RELATIONSHIP BETWEEN SOVEREIGN AND CORPORATE RATINGS: NEW EVIDENCE FROM NONLINEAR PANEL DATA TECHNIQUES

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Abstract

This paper proposes a new approach for tackling the issue of the impact of sovereign rating on corporate ratings. As the policy of never rating a private issuer above its government (sovereign ceiling) has been relaxed by the major credit rating agencies, further empirical investigation is needed to identify the key factors that determine the strength of sovereign-corporate nexus. We suggest implementing a nonlinear panel data framework where the sovereign effect is directly interacted with firm-level performance variables, and then allowed to vary across different financial states. Our results reveal that financially healthier corporations in terms of interest and debt coverage ratios are found to be less dependent on their home country credit risk. Our empirical findings have important implications for credit market participants and offer a call for a better understanding of the role of firm-specific financial characteristics in the rating decisions.

COMPETITION AND RISK IN SOUTH ASIAN BANKING INDUSTRY

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Abstract

In this study, we analyze the impact of competition on risk (solvency & credit risk) in Pakistan, Bangladesh and Indian banking industry. We collect the data of ninety banks from DataStream for the period of 2007-2014. We use panel data for hypotheses testing. We find that competition affects the solvency risk in Pakistani banking industry. Competition stability hypothesis prevails in Pakistani banks whereas the results relating to credit risk suggest that as the competition increases credit risk increases as well. In Bangladesh's banks competition fragility hypothesis prevails positive relation with credit risk. Competition fragility hypothesis prevails in case of Indian banks and same results come up when competition and credit risk are regressed.

BANK PROFITABILITY AND RISK-TAKING IN A LOW INTEREST RATE ENVIRONMENT: THE CASE OF THAILAND

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Abstract

This paper studies the effects of monetary policy on the bank profitability and risk-taking. Using bank level and account-level data sets of Thai banks during the period 2004-2017, we find that lower interest rates tend to reduce profitability. The effect works mainly through the impact of the interest rates on bank net interest income. At the bank level we find limited evidence of increased riskiness in the overall balance sheet of Thai banks when interest rates are low. However, the account-level results from a duration analysis suggest that low rates may lead to higher loan default risk and lower loan quality for long-term loans, particularly those in the portfolio of small and medium banks. Small firms seem to be more affected by bank risk-taking behavior. We also find that when the interest rate remains low for a protracted period, this tends to further increase bank risk-taking in new loans, though it helps lower the default risk for existing loans. The findings overall point to the potential unintended consequences of a low-for-long monetary policy accommodation with implications on financial stability.

CEO-SUBSIDIARY RELATIONSHIPS AND BANKS' RISK-TAKING BEHAVIOUR

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Abstract
This paper investigates the impact of the affiliation with CEOs of the multi-bank holding companies (MBHC) on bank subsidiaries' risk-taking behaviour. We use a sample of 77 CEO turnovers in 73 multi-bank holding companies during the period of 1990-2012 in which the new CEOs have a prior relationship with certain but not all subsidiaries in the MBHCs structure before the turnover. We find the evidence that familiar banks take more risk than the non-familiar banks following the CEO succession. However, such an effect is only observed until the second year of CEO tenure. We explain this as the new CEOs are susceptible to the political clout of the MBHCs when they are new to the office and need time to build up sufficient political power to act according to their preferences.

BORROWING CONSTRAINTS AND EXPORT DECISION: THE CASE OF VIETNAMESE EXPORTERS

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Clemens Kool
Utrecht University, Netherlands
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Abstract
This paper examines the impact of borrowing constraints and productivity on the export decision of Vietnamese firms, where we approximate borrowing constraints by leverage and the tangible asset ratio. Using a large firm-level dataset for the years 2009-2014, we show that borrowing constraints play an important role in the export decision. There is an inverse U-shaped relationship between leverage and the export probability for private manufacturers. The marginal effect of leverage is declining with leverage, but positive up till a leverage ratio of about 47 percent and negative beyond. Borrowing constraints matter both for the decision to start exporting and for the decision to continue exporting, but more so for the latter. Medium and high productive firms are more sensitive to borrowing constraints than low productive firms.

THRESHOLD EFFECT OF ECONOMIC INTEGRATION ON BANK RISK-TAKING: EVIDENCE FROM EMERGING MARKETS

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Thi-Mai-Hoai Bui
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Abstract
Using a balanced panel of 48 emerging markets from 2000 to 2014, this paper investigates the threshold effect of economic integration, namely trade openness and financial openness, on banking system risk incentives. The empirical findings confirm the nonlinear effect of globalization on bank risktaking. Below a certain threshold level of integration, both financial openness and trade openness induce more risk-taking in banking operations. However, when the level of globalization passes this threshold, higher economic openness can help discipline banks behavior. We argue that this positive effects only presents with special conditions. Policy implications are also discussed.

CONTAINING THE COST OF BANKING CRISES: DOES THE POLICY FRAMEWORK MATTER?

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Abstract

This paper empirically investigates the impact of fiscal and monetary policy frameworks and the impact of the exchange rate regime on the unconditional cost of banking crises. Stringent policy frameworks are expected to decrease the probability of banking crises due to discipline and credibility-enhancing effects. However, having the hands tied by such frameworks prevents policymakers from properly responding to crises if such an event occurs. Our analysis, based on a sample of 67 countries over the 1970-2012 period, reveals that extremely restrictive policy features such as corner exchange rate regimes, budget balance rules without "friendly" clauses and a high degree of both monetary policy conservatism and independence are conducive to a higher real cost of crises. In contrast, by combining discipline and flexibility, fiscal rules with easing clauses, intermediate exchange rate regimes and an inflation targeting framework can significantly contain the costs of banking crises. As such, we provide evidence of the benefits of "constrained discretion" regarding the real impact of banking crises.

INTERNATIONAL SPILLOVERS OF THE US MONTETARY POLICY NORMALISATION

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OECD
Annabelle Mourougane
IPAG Business School, France & OECD
Jarmila Botev
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Abstract
This paper investigates the implications of the normalisation strategy of the US Federal Reserve on cross-border spillovers through trade and financial channels to other advanced economies and major emerging-market economies. For this purpose a semi-structural model for the G20 is augmented with trade and financial spillovers (including exchange rate, term premium, share price and capital flows spillovers). In the absence of financial turbulence and of sudden stops, the impact and resulting international spillovers from the US monetary policy normalisation are estimated to be small, with larger impact from the likely increases in policy interest rates than from the Fed balance sheet normalisation. Advanced economies are expected to be more negatively affected than EMEs. In advanced economies spillovers are found to mostly reflect the impact of the US monetary normalisation on global share prices and real long-term interest rates, both of which dampen growth. In EME economies, by contrast, capital flows would play a major role. All the US trading partners would experience a sizeable currency depreciation which could boost their price competitiveness and offset some of the losses. These results are robust to changes in key model parameters. However, the key uncertainty relates to the difficulty of reliably estimating the impact of capital flows on growth, in EME economies and of modelling the probably of occurrence of a sudden reversal in capital outflows.

ESTIMATING A NONLINEAR NEW KEYNESIAN MODEL WITH THE ZERO LOWER BOUND FOR JAPAN

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University of Tokyo, Japan
Kozo Ueda
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Abstract
We estimate a small-scale nonlinear DSGE model with the zero lower bound (ZLB) of the nominal interest rate for Japan, where the ZLB has constrained the country's monetary policy for a considerably long period. We employ the time iteration with linear interpolation method to solve equilibrium and then estimate the model by using the Sequential Monte Carlo Squared method. Results of estimation suggest that (1) the Bank of Japan has been conducting monetary policy that depends on the lagged notional interest rate rather than the lagged actual interest rate and that (2) the estimated series of the natural rate of interest moves very closely to those based on the model without the ZLB.

AN EARLY WARNING INDICATOR FOR LIQUIDITY SHORTAGES IN THE INTERBANK MARKET

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Andrew Urquhart
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Abstract
This study investigates an early warning indicator for liquidity shortages in the short-term interbank market. To identify structural breaks and their persistence, an autoregressive two-state regime switching model is presented. The variability in the LIBOR-OIS spread along with thresholds, which delimit four intensities, reveal regime changes consistent with liquidity crashes. The transition between the states is state dependent, and the posterior estimates for the crisis and non-crisis states are estimated using the Gibbs sampler. We forecast our early warning indicator up to December 2011 and show that the estimates are superior to a random walk with drift. Therefore, the model is an effective early warning indicator of an imminent liquidity shortage impacting the interbank market.

NEW EVIDENCE ON THE WEALTH EFFECTS FROM LISTING ON THE LONDON STOCK EXCHANGE FOR U.S SHAREHOLDERS

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Abstract
In this study, the impact from listing on the London Stock Exchange to the firm value of U.S. companies is found to be significantly negative. This study adjusts the methods used by Lee (1991) to those used by Howe and Kelm (1987) to compare results with the same methods. Although the results for the same event day intervals remain similar, the results for the entire period and especially the post-listing period are significantly different. The main implication is that managers should avoid international listings of their firms' stock because it can cause significant wealth loss to the owners of the firm.

THE DETERMINANTS OF THE CONVERTIBLE BONDS CALL POLICY OF THE WESTERN EUROPEAN COMPANIES

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Abstract
This paper analyzes the determinants of the convertible bonds call delay of the Western European firms. This delay is analyzed comparatively to the optimal call policy suggested by Ingersoll (1977a) who argues that in a perfect market, managers should call the convertible bonds immediately when the conversion value reaches the call price. Like the previous studies in the US market, we find that the Western European companies delay the call of their convertible bonds for several weeks. This delay is explained by considering the main theoretical rationales for the convertible bonds call delays (the notice period, the call protection provisions, the cash flow advantage hypothesis, the financial distress and the signaling theory). The results are consistent with the financial distress cost hypothesis but less evidence is found for the other theories.

CAPITAL STRUCTURE DETERMINANTS AND DEBT MATURITY DURING THE CRISIS: EMPIRICAL EVIDENCE FROM SMES

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Abstract
Based on a unique dataset of Italian SMEs over the period 2006-2016, we investigate how the recent global financial crisis impacted SMEs' capital structure decisions and their determinants. Our results show

that credit supply shocks negatively impacted the leverage of Italian SMEs. During and after the crisis, Italian SMEs significantly decreased their leverage, particularly their short-term debt exposure, with respect to the pre-crisis period. As a result, the short-term debt channel is more sensitive to credit conditions than is the long-term debt channel. Interestingly, we also show that trade credit does not compensate for the reduction in bank credit. Finally, our findings reveal that during different macroeconomic states, the determinants of both capital structure and debt maturity exhibited significantly different effects. Specifically, during the crisis, riskier and more profitable firms reduced their leverage more than during the pre-crisis period. These findings have implications for firms and policy makers.

MONETARY POLICY AND MACROECONOMIC STABILITY IN A SMALL OPEN ECONOMY WITH TREND INFLATION: THE CASE OF AUSTRALIA

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Wei Dai
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Abstract
This paper estimates a small open economy model for Australia with positive trend in‡ation while allowing for equilibrium indeterminacy. The model implies that positive trend in‡ation can shrink the determinacy region especially when the trend in‡ation rate or price stickiness is high. The estimation is conducted from 1983Q1 to 1993Q1 covering the pre-in‡ation-targeting regime and from 1993Q2 to 2007Q3 covering the in‡ation-targeting regime. We find that Australian monetary policy before the inflation targeting period made the economy more prone to multiple equilibria, whereas the inflation targeting policy pushed the economy towards stability.

HETEROGENEITY OF BALANCE SHEET OF BANKS UNDER MULTIPLE REGULATIONS MAY LESSEN MONEY SUPPLY

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Abstract
Since the financial crisis along with more concentration of authorities on supervision, we have stepped into a new era of banking management where multiple prudential regulations are imposed to the financial system. In this paper, we study the collective impacts of multiple regulations on money creation in a heterogeneous banking system. A multi-agent model is put forward to observe the evolution of the banking system from homogeneity to heterogeneity, which is characterized in terms of equity and reserve positions of commercial banks. A mechanism of random fund transfer among banks is introduced to describe the interaction between banks and it eventually yields a stable exponential distribution of reserves. We find that the resulting heterogeneity of balance sheets would lessen money supply compared with that in a homogenous banking system. Both theoretical analyses and simulation results draw a conclusion that the reduction in money supply is attributed to distinct responses of banks with different balance sheet positions to the same multiple regulations.

IMPACT OF JAPANESE QUANTITATIVE EASING ON FINANCIAL MARKETS: SOME EVIDENCE

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Abstract
The purpose of this study is to investigate whether the Quantitative Easing (QE) of Bank of Japan in 2013 affected Japanese financial markets and other financial markets. We apply ARMAX BEKK – GARCH models with asymmetric terms to weekly stock-index returns and bonds yield changes of Japan and other Asian countries such as China, HongKong, Korea, Malaysia, Singapore and some countries outside of Asian zone (Australia, Germany, US) from 2009 to 2017. Besides, we apply Welch and Wilcoxon test to detect for higher volatility and higher correlation between selected markets after QE. The results obtained show limited risk spillovers from Japanese stock market to bond markets of studied countries and limited evidence of higher correlation between Japanese stock market and other bond markets after the implementation of QE in Japan.

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Organizers

The Association of Vietnamese Scientists and Experts (AVSE Global) was founded in May 2011 with the main purpose of connecting intellectual sources in a systematic way to identify ideas, strategies, and implementation in all fields of sciences and techniques in foreign countries and, at the same time, to make contributions to the development of Vietnam.

The College of Economics (HCE) is a member of Hue University. Over the course of its development, alongside the expansion of the range of courses and training levels, the University has proven, nationally, to be an outstanding choice for students pursuing careers in economics and management. Through partnerships, HCE hopes to direct its research efforts towards furthering the socio-economic development of Central Vietnam so that HCE contributes to enriching the lives of people in our communities.

The International Society for the Advancement of Financial Economics (ISAFE) is a professional network that is primarily dedicated to the research in various fields of finance. With the aim of fostering information dissemination among researchers, ISAFE promotes the development and the enhancement of theoretical and empirical research in financial economics by providing support to multiple research projects; recognizing outstanding research contributions; and creating a platform for researchers, practitioners, and policymakers to share and exchange knowledge and research ideas through the organization of regular conferences, symposia and seminars.

Collaborating Organizers

IPAG Business School educates graduates with a strong social responsibility and ethical awareness built on a solid academic base and expert knowledge. The school encourages diversity to create agile and cross-functional managers. It contributes to the business community through innovation and entrepreneurship. IPAG is anchored in a territory and economy with an international outreach. It produces internationally excellent research to enrich its pedagogy and create new knowledge contributing to both society and business.

South Champagne Business School is a higher education establishment, comprising a set of programs in management: « Le Programme Grande École » (PGE), The International Bachelor in Business Administration (BBA) and The Global Bachelor in Management (GBM). SCBS is also committed to delivering high-quality training while making the well-being of its students its priority. "Hapiness Is Success" is more than a motto, it is a philosophy.

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