Welcome to
Swiss Finance Institute

Never before has the financial industry undergone such rapid and fundamental change. Digital disruption and abrupt changes in regulation are challenging established business models. In order to remain competitive, the Swiss banking and finance industry must nurture innovation and expertise.

Swiss Finance Institute (SFI) is a public–private partnership created in 2006 to keep the Swiss banking and finance industry at the top of its field. With support from its founders—the Swiss banking industry, the Swiss Confederation, and leading Swiss universities—SFI combines academic excellence with practical experience.

We are the only national center uniting, under one roof, world-class researchers in six partner universities from across Switzerland: the École Polytechnique Fédérale de Lausanne, ETH Zurich, the Università della Svizzera italiana, the University of Geneva, the University of Lausanne, and the University of Zurich.

Our purpose: growing knowledge capital to guarantee the long-term prosperity of Switzerland’s financial marketplace.

This book shall give you a comprehensive overview of what we do at SFI and the extensive expertise of our SFI faculty members.

François Degeorge
Managing Director

Markus P.H. Bürgi
CFOO
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Our Approach
Growing Knowledge Capital

The most valuable asset of any industry is the expertise of its labor force—its knowledge capital. For Switzerland to maintain its position as a leading financial center, such capital must continue to grow throughout the financial marketplace. SFI contributes by providing forward-thinking ideas and by connecting key players.
Nurture Knowledge
Fundamental research by SFI professors plants the seeds for new financial ideas and provides fertile ground for innovation. Since 2006, SFI professors have published more than 100 articles on banking and finance in top-level academic journals. And they have shared their results with all sectors of the finance industry, through university classes, public workshops, and continuing education programs.

Cultivate Talent
Talent alone is not sufficient—it must be cultivated. By disseminating knowledge, SFI reveals the value of fundamental research and allows financial talent to grow. Our events, workshops, publications, and continuing education programs boost the competency of all members of the financial marketplace. SFI professors expose bachelor’s, master’s, and PhD students at SFI partner universities to the latest thinking in banking and finance.

We foster knowledge exchange between practitioners and academics, enabling researchers to get early feedback on their projects, and practitioners to have timely access to the expertise of the SFI faculty. Along the way, SFI helps educate the Swiss public on the workings of the financial sector.

Create Expertise
The Swiss banking and finance industry profits from the expertise created by SFI, embodied by the thousands of graduates from our continuing education activities and the Finance programs of our partner universities, as well as the thousands of readers of our publications and participants at our events and workshops.
Created in 2006 as a public–private partnership, SFI is a common initiative of the Swiss finance industry, leading Swiss universities, and the Swiss Confederation.

Our Founding Members
Swiss Finance Institute

Our Partner Universities:
# The SFI Expertise Matrix

## Legend
- **High relevance**
- **Medium relevance**
- **Minor relevance**

## Financial Markets
- Central Banks and Monetary Policy
- Financial Crises
- Financial Forecasting
- Information and Market Efficiency
- International Financial Markets and Emerging Markets
- Systemic Risk and Regulation

## Portfolio Management and Asset Classes
- Asset Pricing
- Behavioral Finance
- Commodities
- Equities
- Fixed Income
- Foreign Exchange
- Options and Other Derivatives
- Personal Finance and Household Choices
- Portfolio Management
- Real Estate

## Financial Institutions
- Banks
- Independent Asset Managers
- Institutional Investors and Funds
- Insurance Companies
- Pension Funds
- Rating Agencies
- Venture Capital and Private Equity

## Corporate Finance and Governance
- Bankruptcy and Liquidation
- Capital Budgeting and Investment Policy
- Corporate Governance and Managerial Compensation
- Financial Risk and Risk Management
- Financial Valuation
- Financing Policy and Capital Structure
- Mergers and Acquisitions

## Frontier Topics
- Big Data and Fintech
- Neurofinance
- Operations Research and Decision Theory
- Sustainable Finance

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Our Faculty's Areas of Expertise

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- Central Banks and Monetary Policy
- Financial Crises
- Financial Forecasting
- Information and Market Efficiency
- International Financial Markets and Emerging Markets
- Systemic Risk and Regulation

Portfolio Management and Asset Classes
- Asset Pricing
- Behavioral Finance
- Commodities
- Equities
- Fixed Income
- Foreign Exchange
- Options and Other Derivatives
- Personal Finance and Household Choices
- Portfolio Management
- Real Estate

Financial Institutions
- Banks
- Independent Asset Managers

- Institutional Investors and Funds
- Insurance Companies
- Pension Funds
- Rating Agencies
- Venture Capital and Private Equity

Corporate Finance and Governance
- Bankruptcy and Liquidation
- Capital Budgeting and Investment Policy
- Corporate Governance and Managerial Compensation
- Financial Risk and Risk Management
- Financial Valuation
- Financing Policy and Capital Structure
- Mergers and Acquisitions

Frontier Topics
- Big Data and Fintech
- Neurofinance
- Operations Research and Decision Theory
- Sustainable Finance
# Expertise Index

Looking for specific expertise and trying to get in touch with one of our faculty members? Do not hesitate to contact us!

*English, French:* Dr. Cyril Pasche, Cyril.Pasche@sfi.ch, +41 22 379 88 25

*English, German:* Dr. Markus Bürgi, Markus.Buergi@sfi.ch, +41 44 254 30 95

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

Recent Research
In a recent study Professor Albrecher and his coauthor discuss the potential of randomizing reinsurance treaties for the efficient risk management of insurance companies. Although it may, at first, seem counterintuitive to introduce additional randomness to an already uncertain insurance issue, the researchers show that such randomness allows insurance companies to exploit diversification opportunities, drop premium levels, and also mitigate moral hazard problems that exist within traditional forms of reinsurance.

Expertise
Financial Markets
• Systemic Risk and Regulation

Financial Institutions
• Insurance Companies

Corporate Finance and Governance
• Bankruptcy and Liquidation
• Capital Budgeting and Managerial Compensation
• Financial Risk and Risk Management
• Financing Policy and Capital Structure

Frontier Topics
• Operations Research and Decision Theory

Language Skills
English, French, German
Philippe Bacchetta is Professor of Economics at the University of Lausanne. He joined SFI in 2006 and has been an SFI Senior Chair since 2013. He holds a PhD in Economics from Harvard University. He has been a visiting scholar at the International Monetary Fund on several occasions and has provided consultancy services at numerous central banks around the world.

Recent Research
One of Professor Bacchetta’s recent studies reviews the arguments regarding and discusses the potential impact of the Sovereign Money Initiative. If the proposal—on which the Swiss people will be called to vote in 2018—is approved, then only the Swiss National Bank (SNB) will be able to issue bank notes and scriptural money. Such a move would be similar to having a 100 percent reserve requirement imposed on commercial banks’ sight deposits. It would shift all sight deposits away from commercial banks’ balance sheets to the SNB’s balance sheet, provide the SNB with full control over these deposits, and strip interest away from accounts, even in periods of high interest rates. The text of the proposal carries with it a high level of uncertainty. First, regarding the way it would be implemented. Second, regarding the way economic agents might react, as such a system has never before been implemented. Furthermore, there is little empirical evidence that supports the central arguments that the initiators put forward regarding the fact that money amplifies business cycles and that the reform could help us avoid financial crises.

Expertise
Financial Markets
• Central Banks and Monetary Policy
• Financial Crises

Portfolio Management and Asset Classes
• Foreign Exchange

Language Skills
English, French, Spanish
Giovanni Barone-Adesi is Professor of Economics at the Università della Svizzera italiana. Professor Barone-Adesi held an SFI Senior Chair from 2006 to 2016. He is President of OpenCapital, an asset management firm based in Lugano, and a member of the Board of Credit Agricole Indosuez (Suisse). His recent research has focused on developing new tools for the management of market risk.

**Recent Research**

In recent research, Professor Barone-Adesi and his coauthors investigate the robustness of the financial resources that central counterparties (CCPs) operating in the European Union must allocate in order to be in compliance with the European Market Infrastructure Regulation (EMIR). EMIR, which came into force in 2013, requires a mandatory clearing of standardized over-the-counter derivative transactions through CCPs to limit systemic and counterparty risk, and to prevent the financial system from collapsing. The authors contribute to the ongoing debate regarding banking and financial regulation by estimating the potential losses CCPs would face in the case of multiple defaults. Their results reveal how extreme market conditions may adversely affect the value of the collateral that defaulting members have deposited with the CCP to meet their initial margin requirements.

**Expertise**

*Portfolio Management and Asset Classes*
- Asset Pricing
- Commodities
- Equities
- Foreign Exchange
- Options and Other Derivatives
- Portfolio Management

*Financial Institutions*
- Banks
- Independent Asset Managers

*Corporate Finance and Governance*
- Financial Risk and Risk Management

**Language Skills**

English, French, Italian
Stefano Battiston is SNF Professor at the Department of Banking and Finance of the University of Zurich. He holds a PhD in Physics from Eurobios and the Ecole Normale Supérieure and became an SFI Faculty Member in 2017. His work applies the complex networks approach to both the empirical analysis of large economic networks and the modelling of their dynamics. For several years his main interests have been financial contagion, default cascades, and propagation of financial distress, where he combines insights from the statistical mechanics of networks with the analysis of economic incentives.

**Recent Research**

One of Professor Battiston’s recent co-authored research papers contributes to the growing literature on market procyclicality and systemic risk. To do so, the researchers model the systemic risk associated with the so-called balance-sheet amplification mechanism in a system of banks with interlocked balance sheets and with positions in real-economy-related assets. Their modeling integrates price dynamics with active balance-sheet management aimed at maintaining the value at risk at a target level. Results show that a strong compliance with capital requirements, usually alleged to be procyclical, does not increase systemic risk unless the asset market is illiquid. Yet when the asset market is illiquid, even a weak compliance with capital requirements significantly increases systemic risk. Such findings bear implications for policy makers seeking to mitigate systemic risk by using macro-prudential tools.

**Expertise**

**Financial Markets**
- Systemic Risk and Regulation

**Portfolio Management and Asset Classes**
- Options and Other Derivatives

**Corporate Finance and Governance**
- Bankruptcy and Liquidation
- Financial Risk and Risk Management

**Frontier Topics**
- Big Data and Fintech
- Sustainable Finance

**Language Skills**

English, German, Italian
Tony Berrada is Professor of Finance at the University of Geneva and has been an SFI Faculty Member since 2006. Professor Berrada is a regular speaker at leading finance conferences and workshops worldwide. He teaches executive education courses on portfolio management.

Recent Research
In a recent paper, Professor Berrada and his coauthors contribute to the asset pricing literature by focusing on the general lack of ability that exists when one seeks to predict the dynamic features of asset prices. The researchers innovate by developing a model that includes unobservable growth regimes, beliefs-dependent risk aversion, and macroeconomic information to predict future asset returns. Their model possesses attractive predictive properties and is able to produce a measure of equity volatility that tracks realized volatility and a countercyclical equity premium that spikes during recessions. Empirical results, based on data from 1957 to 2014, show that the macroeconomic metric the researchers develop provides a significant contribution to predicting future asset returns for all time horizons, which is not the case for the usual consumption–wealth and dividend yield metrics, which provide statistically significant results only after three and 11 quarters, respectively.

Expertise
Financial Markets
• Information and Market Efficiency

Portfolio Management and Asset Classes
• Asset Pricing
• Behavioral Finance
• Options and Other Derivatives
• Portfolio Management

Frontier Topics
• Neurofinance

Language Skills
English, French
Ines Chaieb is Associate Professor of Finance at the University of Geneva and has been an SFI Faculty Member since 2010. She obtained her PhD in Finance from McGill University. Professor Chaieb is a regular speaker at major academic conferences and workshops in finance worldwide.

Recent Research
In ongoing research on international asset pricing and market integration, Professor Chaieb and her coauthors contribute to the asset pricing literature by using individual stock level data, instead of aggregated measures such as portfolios or indices, to estimate worldwide and region- and country-specific factors. Results obtained using 58'674 stocks across 46 countries from 1985 to 2017 show that different factors, such as market, size, value, momentum, investment, and profitability, are at work. In developed markets, for example, the country market premia are smaller than world or regional market premia, suggesting that diversification benefits are limited. Results differ for emerging markets and reveal that the country factor risk premia are large relative to the world or regional factor risk premia and that investors can benefit from further investment decisions in such markets.

Further estimations also reveal that factor risk premia change over time.

Expertise
Financial Markets
- International Financial Markets and Emerging Markets

Portfolio Management and Asset Classes
- Asset Pricing
- Equities
- Fixed Income
- Foreign Exchange

Frontier Topics
- Big Data and Fintech

Language Skills
Arabic, English, French
Patrick Cheridito is Professor of Mathematics at ETH Zurich. He became an SFI Faculty Member in 2017. Since June 2016, he has been serving as Co-director of RiskLab Switzerland, an interdisciplinary center in the Department of Mathematics of ETH Zurich devoted to research and education in financial and actuarial mathematics. He is also a member of the steering committee of ETH Zurich’s Master’s program in Data Science and is involved in various industry collaborations.

**Recent Research**
In a recent paper, Professor Cheridito and his coauthor develop a framework for measuring, allocating, and managing financial systemic risk. Their measure of total systemic risk, SystRisk, incorporates the a priori cost to society related to the fact that governments often do not have a choice but to support failing financial institutions in order to protect the economy. Their approach views financial institutions as parts of the financial system and relates the financial industry to the real economy. As a consequence, a bank that behaves as part of a herd is allocated more systemic risk than a bank that acts more independently, and the costs of externalities grow disproportionally as they become large in comparison to a country’s economy. The researchers provide recommendations regarding how regulation can be improved by setting systemic risk limits and imposing systemic risk charges and a cap and trade system for systemic risk.

**Expertise**

**Financial Markets**
- Systemic Risk and Regulation

**Portfolio Management and Asset Classes**
- Asset Pricing
- Fixed Income
- Options and Other Derivatives

**Corporate Finance and Governance**
- Financial Risk and Risk Management

**Language Skills**
English, German
Pierre Collin-Dufresne is Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne and has been an SFI Senior Chair since 2011. Previously, he held a Chair in Business at Columbia University. He currently sits on the academic advisory board of Lombard Odier Asset Management, provides expert advice for Cornerstone Research, is a consultant for the European Central Bank, and serves on the editorial boards of various academic journals.

Recent Research
One of the recent topics Professor Collin-Dufresne and his coauthors have been investigating is the market structure and transaction costs within the index credit default swap market. Since its inception, the index credit default swap market has operated as a two-tiered over-the-counter market with a dealer-to-client market and an interdealer market, with dealer-to-client trades bearing higher transaction costs and larger price impacts than interdealer trades. The Dodd–Frank Act had the potential to change this to an all-to-all trading environment. Data reveal that the persistent difference in transaction costs is entirely explained by the higher and largely permanent price impact of client trades. Further research reveals that clients who value immediacy could not get better execution by sending their orders to the interdealer market, suggesting that the two-tiered market structure will remain.

Expertise
Financial Markets
- Information and Market Efficiency

Portfolio Management and Asset Classes
- Asset Pricing
- Commodities
- Equities
- Fixed Income
- Foreign Exchange
- Options and Other Derivatives
- Portfolio Management
- Real Estate

Financial Institutions
- Rating Agencies

Corporate Finance and Governance
- Corporate Governance and Managerial Compensation
- Financial Risk and Risk Management
- Financial Valuation

Language Skills
English, French, German
Suzanne de Treville is Professor of Operations Management at the University of Lausanne and became an SFI Faculty Member in 2017. Professor de Treville obtained her doctorate from the Harvard Business School. She has played a pioneering role in the application of quantitative finance methods to the cash flows that flow through the supply chain. She created OpLab (Operations Laboratory at the University of Lausanne) to facilitate the implementation of these research insights and tools by managers and policy makers. She has recently been appointed as Editor in Chief for the Journal of Operations Management.

Recent Research
In a recent paper, Professor de Treville and her coauthors contribute to the debate relating to the future of industrial manufacturing in the developed world. On the one hand, there is a consensus regarding the fact that manufacturing strengthens the economy in which it is carried out by creating follow-on production. On the other hand, there is recognition regarding the fact that manufacturing must pay its own way, and that it is not up to governments and shareholders to support unprofitable activities. Over the past twenty years economists generally expected that as jobs were lost in the developed world, new jobs would be created based on the wealth generated by the savings arising from low-cost industrial sourcing. Recent data shows that trade shocks have negatively impacted workers in affected industries and highlights the fact that trade has not only benefits, but also significant costs. Both policy makers and economists should focus on developing effective tools for better managing and mitigating the costs related to international trade adjustments.

Expertise
Portfolio Management and Asset Classes
- Options and Other Derivatives

Frontier Topics
- Operations Research and Decision Theory

Language Skills
English, Finnish, French
François Degeorge is SFI Managing Director, an SFI Senior Chair, and Professor of Finance at the Università della Svizzera italiana. He is a former Dean of the Faculty of Economics at the Università della Svizzera italiana and a former President of the European Finance Association. He has taught at HEC Paris, where he also served as Associate Dean for Research. He has been a visiting professor at the Tuck School of Business, at Université Paris-Dauphine, and at the Said Business School. Professor Degeorge holds a PhD from Harvard University, where he was a Fulbright Scholar and an Arthur Sachs Scholar. He has received numerous teaching and research awards.

Recent Research
One of Professor Degeorge’s most recent coauthored projects looks at how investor attention changes when firms adopt modern news dissemination technologies. To shed light on this topic, the researchers focus on the consequences of the adoption of an English-language electronic wire service by European firms to disseminate news on stock market behavior. Quantitative results suggest that firms that start disseminating news through English-language wire services experience smaller price stock drifts and larger abnormal trading volumes following earnings announcements. Overall, findings highlight the importance of the format of company news when seeking to capture investor attention.

Expertise
Portfolio Management and Asset Classes
- Behavioral Finance
- Equities

Financial Institutions
- Venture Capital and Private Equity

Corporate Finance and Governance
- Mergers and Acquisitions

Language Skills
English, French, Italian
Theodosios Dimopoulos is Professor of Finance at the University of Lausanne and has been an SFI Faculty Member since 2011. He obtained his PhD in Finance from London Business School with a dissertation on managerial incentives in corporate decisions. Professor Dimopoulos has received several grants and awards during his studies in finance.

Recent Research
In a recent paper, Professor Dimopoulos and his coauthor study a model of sovereign borrowing in which governments exhibit myopic behavior in the form of instantaneous gratification. Governments’ decisions regarding investment, consumption, and borrowing determine their wealth dynamics and the frequency at which default boundaries are reached. The researchers show that sufficiently myopic governments create self-inflicted crises in which wealth growth deteriorates the poorer the government becomes. Furthermore, they examine whether myopia leads to a hastening or to procrastination with regard to seeking International Monetary Fund support aimed at avoiding creditor loses and contagion effects. Finally, results show how the International Monetary Fund’s optimal response, in terms of size and frequency of bailouts, should vary depending on governments’ degree of myopia.

Expertise
Financial Markets
- Financial Crises

Financial Institutions
- Venture Capital and Private Equity

Corporate Finance and Governance
- Capital Budgeting and Investment Policy
- Corporate Governance and Managerial Compensation
- Financial Valuation
- Financing Policy and Capital Structure
- Mergers and Acquisitions

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

**Recent Research**
In a recent paper, Professor Embrechts and his coauthors address some of the underlying issues regarding operational risks for financial institutions by applying a non-homogeneous Poisson model and dynamic extreme value theory (EVT) while taking the frequency, severity, and risk measures for operational risk into account. Compared with a classical EVT approach, dynamic EVT offers better performance with respect to statistical fit and realism, and has good flexibility with respect to different empirical data sets. The researchers further include firm-specific variables associated with internal control weaknesses (ICWs) and empirically show that firms with higher incidences of selected ICWs have higher time-varying severities for operational risk. Their methodology provides risk managers and regulators with a tool that uncovers the non-obvious patterns hidden in operational risk data.

**Expertise**

*Financial Markets*
- Financial Crises
- Systemic Risk and Regulation

*Portfolio Management and Asset Classes*
- Options and Other Derivatives

*Financial Institutions*
- Banks
- Insurance Companies

*Corporate Finance and Governance*
- Corporate Governance and Managerial Compensation
- Financial Risk and Risk Management

*Frontier Topics*
- Big Data and Fintech

**Language Skills**
Dutch, English, French, German
Rüdiger Fahlenbrach is Associate Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne and has held an SFI Senior Chair since 2012. He graduated with a PhD in Finance from the Wharton School of Business. Before joining the faculty in Lausanne in 2009, Professor Fahlenbrach was Assistant Professor of Finance at the Ohio State University. Professor Fahlenbrach’s research has been published in the top finance journals worldwide and has featured in the international press, including The Economist and NZZ. He is a regular speaker at leading academic conferences and also serves on the editorial boards of some of the top academic journals in finance.

**Recent Research**

One of Professor Fahlenbrach’s latest coauthored papers shows that the common stock of US banks with loan growth in the top quartile of banks over a three-year period significantly underperforms the common stock of banks with loan growth in the bottom quartile over the next three years. High-growth banks also carry significantly higher crash risk and provision less for loan losses than other banks. After the expansion period, these same high-growth banks have a lower return on assets and increase their loan loss reserves. The evidence the researchers find is consistent with the fact that fast-growing banks, analysts, and investors fail to properly appreciate the extent to which fast loan growth results from making riskier loans and failing to charge for these risks correctly.

**Expertise**

**Financial Institutions**
- Banks
- Venture Capital and Private Equity

**Corporate Finance and Governance**
- Capital Budgeting and Investment Policy
- Corporate Governance and Managerial Compensation
- Financial Risk and Risk Management
- Mergers and Acquisitions

**Frontier Topics**
- Sustainable Finance

**Language Skills**
- English, French, German
Walter Farkas is Professor of Quantitative Finance at the University of Zurich and a team member of the SFI Knowledge Catalyst, an industry placement program for SFI academic partner institutions’ Master’s students. Professor Farkas is also an associated Faculty Member at the Department of Mathematics of ETH Zurich and is the program director of the Master of Science in Quantitative Finance, a degree jointly offered by ETH Zurich and the University of Zurich since 2003.

Recent Research
In a recent study, Professor Farkas and his coauthor contribute to the asset pricing literature by developing a methodology that analyzes the evolution of heterogeneity over time and studies its impact on asset prices. In their model, market participants differ with respect to impatience, risk aversion, beliefs about the growth rate of output, and to the rules for updating beliefs. This heterogeneity is described by a single measure and its dynamics by a random process. The main finding of their paper consists in obtaining a formulation for asset prices when preferences are homogeneous and risk aversion is given by a natural number.

Expertise
- Portfolio Management and Asset Classes
  - Options and Other Derivatives
- Corporate Finance and Governance
  - Financial Risk and Risk Management

Language Skills
English, German
Damir Filipović holds the Swissquote Chair in Quantitative Finance at the Ecole Polytechnique Fédérale de Lausanne. He has held an SFI Senior Chair since 2010. Since 2011, Professor Filipović has been a member of the board of directors of Swiss Life Holding. He is the recipient of numerous research grants and is a regular speaker at leading quantitative finance conferences and workshops worldwide.

Recent Research
Professor Filipović and his coauthor look into the consequences of the fact that, over the last decade, dividends have become a standalone asset class instead of a mere side product of an equity investment. The researchers contribute to the asset pricing literature by developing a framework that jointly prices the term structures of dividends and interest rates, and the stock. In their model, prices for dividend futures, bonds, and the dividend paying stock are derived in closed form. In a calibration exercise they show that a parsimonious model specification has a good fit with Euribor interest rate swaps and swaptions, Euro Stoxx 50 index dividend futures and dividend futures options, and Euro Stoxx 50 index options.

Expertise
Financial Markets
- Systemic Risk and Regulation

Portfolio Management and Asset Classes
- Asset Pricing
- Commodities
- Equities
- Fixed Income
- Options and Other Derivatives

Financial Institutions
- Insurance Companies

Corporate Finance and Governance
- Financial Risk and Risk Management
- Financial Valuation

Frontier Topics
- Big Data and Fintech

Language Skills
English, German
Francesco Franzoni is Professor of Finance at the Università della Svizzera italiana. He joined SFI in 2007 and has held an SFI Senior Chair since 2012. Professor Franzoni obtained his PhD in Economics from the Massachusetts Institute of Technology. Professor Franzoni’s research has been published in the top finance journals worldwide and has featured in the international press. He is a regular speaker at leading academic conferences in finance.

Recent Research
In recent research, Professor Franzoni and his coauthors assess whether brokers, who are in the privileged position of observing the daily trades of funds and to predict future trades, play a role in spreading order information. To do so, the researchers use trade-level data and focus on large portfolio liquidations, which result in temporary drops in stock prices, and are able identify the brokers that intermediate these trades. Data show that brokers’ best clients tend to predate on the liquidating funds by first selling their holdings in the liquidated stocks at the beginning of the fire sale and then by covering their positions once asset prices start recovering. Such predatory trades generally cause the liquidation costs for the distressed fund to almost double. These results bear implications for academics, practitioners, and policy makers alike by indicating an important cost associated with slow execution and highlighting the fact that information leakage amplifies the costs associated with fire sales.

Expertise
Financial Markets
• Information and Market Efficiency

Portfolio Management and Asset Classes
• Asset Pricing
• Equities
• Portfolio Management

Financial Institutions
• Independent Asset Managers
• Institutional Investors and Funds
• Pension Funds
• Venture Capital and Private Equity

Language Skills
English, Italian
Laurent Frésard is Professor of Finance at the Università della Svizzera italiana and has held an SFI Senior Chair since 2017. Before joining the faculty in Lugano, Professor Frésard was a member of the faculty at the University of Maryland and prior to that at HEC Paris. Professor Frésard’s papers have been published in leading academic journals and he has received a number of grants and awards.

**Recent Research**
A recent paper by Professor Frésard and his coauthor provides empirical evidence to the ongoing debate regarding the distortion that excessive finance compensation may have on the economy as talented individuals move, away from high-social-return sectors, over to the financial sector to maximize their private return. Data covering 13 sectors in 24 countries over 35 years reveal a modest reallocation of skilled workers from non-finance sectors into finance sectors when the finance wage premium is high. Further analysis reveals that this reallocation is too small to hinder aggregate economic growth, research productivity, and innovation. Interestingly, this same reallocation has no significant impact on the riskiness, efficiency, or competitiveness of the banking sector either. These results contribute to the literature regarding the social value of the finance sector.

**Expertise**
*Corporate Finance and Governance*
- Bankruptcy and Liquidation
- Capital Budgeting and Investment Policy
- Corporate Governance and Managerial Compensation
- Financial Risk and Risk Management
- Financial Valuation
- Financing Policy and Capital Structure
- Mergers and Acquisitions

*Frontier Topics*
- Big Data and Fintech

**Language Skills**
English, French
Patrick Gagliardini is Professor of Econometrics at the Università della Svizzera italiana and is currently Dean of the Faculty of Economics. He held an SFI Junior Chair from 2008 to 2012. He obtained his PhD in Econometrics from the Università della Svizzera italiana. Professor Gagliardini’s papers have been published in the top academic journals in finance, economics, and financial econometrics.

**Recent Research**
In ongoing research Professor Gagliardini and his coauthors tackle the question of determining whether industrial production is still the dominant factor for the US economy. To do so, the researchers propose a novel class of large scale approximate factor models that can handle mixed-frequency data. Such a framework allows data with different frequencies—both high and low—to be included in the estimation of a common factor. Empirical results based on this mixed-frequency setting show that a single common factor explains 85 percent of industrial production output and 60 percent of total GDP output despite the diminishing role of manufacturing. A single low-frequency factor, unrelated to manufacturing but related to sectors such as professional and business services, construction, and government, drives GDP growth fluctuations.

**Expertise**

*Financial Markets*
- Systemic Risk and Regulation

*Portfolio Management and Asset Classes*
- Asset Pricing
- Equities
- Options and Other Derivatives
- Portfolio Management

**Language Skills**
English, French, Italian
Manfred Gilli is Emeritus Professor at the University of Geneva and has been an SFI Faculty Member since 2006. Professor Gilli has published extensively and has contributed many chapters to books on computational finance. He is a regular speaker at leading finance conferences worldwide.

Recent Research
In one of his latest papers, Professor Gilli and his coauthor revisit the empirical performance of alternative risk and reward specifications in portfolio selection when taking into account the asymmetry of returns and treating losses and gains differently. Share-price data from German firms, covering the period from 2002 to 2017, confirms the low-risk effect, suggesting that different specifications work well and outperform the market index as long as they emphasize low return variability. Results also confirm that alternative risk measures, notably those that differentiate between risks and rewards, often work better than the minimum variance benchmark.

Expertise
Financial Markets
- Financial Forecasting

Portfolio Management and Asset Classes
- Asset Pricing
- Fixed Income
- Foreign Exchange
- Options and Other Derivatives
- Portfolio Management

Language Skills
English, French, German, Italian
Amit Goyal is Professor of Finance at the University of Lausanne and has held an SFI Senior Chair since 2008. Professor Goyal’s research has been published in the top finance journals worldwide and has featured in the international press. He is a regular speaker at leading academic conferences in finance.

Recent Research
In ongoing research, Professor Goyal and his coauthor compare the return predictability of cross-sectional (CS) and time-series (TS) investment strategies. CS strategies are, by construction, zero-net investment strategies, as investors are long in stocks that have returns greater than the cross-sectional average return, and short otherwise. TS strategies are based on each asset’s own past performance and because generally more stocks earn positive returns than negative returns, TS strategies take bigger long positions than short positions. The researchers contribute to the asset pricing literature by accounting for this fundamental difference between CS and TS portfolios, and by adjusting CS portfolios to make them comparable to TS portfolios. Empirical results show that both adjusted CS and TS strategies perform similarly when one selects assets using individual stock data. Further estimates show that with international asset classes, such as equities, bonds, commodities, and currencies, CS strategies significantly outperform TS strategies, and that CS strategies exhibit a better ability to identify overvalued and undervalued bonds.

Expertise
Financial Markets
- Information and Market Efficiency

Portfolio Management and Asset Classes
- Asset Pricing
- Behavioral Finance
- Equities
- Portfolio Management

Financial Institutions
- Institutional Investors and Funds
- Pension Funds

Language Skills
English
Michel Habib is Professor of Finance at the University of Zurich and has been an SFI Faculty Member since 2006. He held an SFI Senior Chair from 2007 to 2011. After graduating from the Wharton School of Business he taught at the London Business School.

**Recent Research**
In recent research, Professor Habib and his coauthor examine the determinants of the choice between principle and opportunism. They tackle the questions of knowing when a manager should be constrained to be principled and when a manager should be afforded the discretion to be opportunistic. In their analysis, the researchers examine the links between discretion, incentives, and capital. They show that discretion is associated with lower-powered incentives than is constraint and that opportunism may put shareholder capital at risk. Shareholders can lessen that risk by lowering the power of managerial incentives, thereby decreasing managers’ incentives to spurn principle for opportunity. The researchers further show that the cost of capital plays a central role in favoring discretion over constraint and that the use of capital constitutes an externality. When the cost of capital is low, its externality is of relatively little importance, and managers are afforded the discretion to be opportunistic.

**Expertise**
- **Financial Institutions**
- **Corporate Finance and Governance**
- **Corporate Governance and Managerial Compensation**
- **Financial Valuation**

**Language Skills**
- English
- French
Harald Hau is Professor of Finance at the University of Geneva, where he has held an SFI Senior Chair since 2011 and is Director of the Geneva Finance Research Institute. He obtained his PhD in Economics from Princeton University. Professor Hau has several ongoing collaborations with the European Central Bank. His work has been published in top academic journals and has featured in the international press.

Recent Research
One of Professor Hau’s latest coauthored studies focuses on discriminatory pricing in the over-the-counter (OTC) foreign exchange (FX) derivatives market. Recent empirical data reveals that transaction spreads across clients are highly heterogeneous and that less sophisticated clients trade at spreads up to 20 times higher than more sophisticated clients. Further calculations reveal that non-financial clients who use request-for-quote multi-dealer electronic trading platforms benefit from significantly more competitive offers. Finally, dealers benefit from opacity in the derivatives market by exploiting price movements to their advantage. Overall, forcing OTC FX deals to take place on an organized platform would help less sophisticated clients to better hedge their international business.

Expertise
Financial Markets
- Central Banks and Monetary Policy
- Financial Crises
- International Financial Markets and Emerging Markets
- Systemic Risk and Regulation

Portfolio Management and Asset Classes
- Equities
- Foreign Exchange

Financial Institutions
- Banks
- Institutional Investors and Funds
- Rating Agencies

Corporate Finance and Governance
- Capital Budgeting and Investment Policy
- Corporate Governance and Managerial Compensation
- Financial Valuation

Frontier Topics
- Big Data and Fintech

Language Skills
English, French, German
Thorsten Hens is Professor of Financial Economics and a member of the Directorate of the Department of Banking and Finance at the University of Zurich. He has been an SFI Faculty Member since 2006. Professor Hens is the founder of the UZH spin-off firm Behavioral Finance Solutions, which assists financial firms in developing and implementing investor profiling methods, making use of behavioral finance principles.

**Recent Research**
In his ongoing research on evolutionary finance models, Professor Hens and his coauthors disrupt the existing portfolio theories by building a portfolio theory model in the form of a dynamic stochastic game in which portfolio strategies compete for market capital. Their model allows for both rational and irrational behavior, and provides conditions for market efficiency. The model offers a plausible alternative to the capital asset pricing model and improves the back-testing of portfolio strategies by adding an impact test and a reflexivity test.

**Expertise**

*Financial Markets*
- Information and Market Efficiency

*Portfolio Management and Asset Classes*
- Behavioral Finance
- Portfolio Management

*Financial Institutions*
- Banks
- Insurance Companies
- Pension Funds

*Frontier Topics*
- Big Data and Fintech
- Operations Research and Decision Theory

**Language Skills**
English, German
Martin Hoesli is Professor of Real Estate Investments and Finance at the University of Geneva and has been an SFI Faculty Member since 2006. Professor Hoesli is the author of numerous books and papers on real estate investments and serves on the editorial boards of several leading international real estate journals. He is a past president of the International Real Estate Society and of the European Real Estate Society. He is a Fellow of the Royal Institution of Chartered Surveyors and of the Weimer School of Advanced Studies in Real Estate and Land Economics.

Recent Research
In one of his recently published papers, Professor Hoesli and his coauthors seek to identify which methods are the most effective in identifying house price bubbles from both an ex ante and an ex post perspective. To do so they survey data covering six cities in three countries over a 30-year period. Three distinct families of methods are used to identify bubbles: ratios (price–rent, price–income, and imputed–actual rent), multivariate and univariate regression analyses estimating real house prices, and exponential growth rate models. Among the tested methods, data show that the simple price–rent ratio method dominates all other methods and is capable of predicting bubble and non-bubble periods accurately in 84 percent of all ex ante cases and 89 percent of all ex post ones. Such a result bears important policy implications, as a reliable signal that a bubble is forming can be easily used.

Expertise
Portfolio Management and Asset Classes
• Real Estate

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

Recent Research
In recent work, Professor Hugonnier and his coauthors contribute to the literature on over-the-counter financial markets by developing a search and bargaining model of an asset market in which investors value assets in an arbitrary and heterogeneous manner. The model yields a complete closed-form characterization of the unique equilibrium both in and out of the steady state. Relying on this characterization, the researchers show that, consistent with prominent examples of over-the-counter markets, their model exhibits a core–periphery structure and features non-trivial intermediation chains whose dynamics can be determined in closed form. In particular, they show that the joint distribution of the characteristics of an intermediation implied by the model makes it possible to replicate many of the empirical regularities found in micro-level data coming from over-the-counter markets such as the corporate bond market, the asset-backed securities.

Expertise
Financial Markets
- Central Banks and Monetary Policy
- Information and Market Efficiency

Portfolio Management and Asset Classes
- Asset Pricing
- Foreign Exchange
- Options and Other Derivatives
- Portfolio Management

Corporate Finance and Governance
- Capital Budgeting and Investment Policy
- Financing Policy and Capital Structure

Frontier Topics
- Big Data and Fintech

Language Skills
English, French
Eric Jondeau is Professor of Finance at the University of Lausanne and has been an SFI Faculty Member since 2006. Professor Jondeau’s papers have been published in leading academic journals.

**Recent Research**

In one of his latest papers, Professor Jondeau and his coauthors tackle the question of which actuarial table—periodic or generational—should be used to update the amount of financial reserves that life insurance institutions should set aside to guarantee future payments. This question is of paramount importance in view of the increase in life expectancy that occurred over recent decades and the current interest rate environment. Using Swiss actuarial tables, the researchers demonstrate that generational tables, in contrast to periodic tables, are more sensitive to the choice of the mortality forecasting model and provide more volatile estimates of the value of financial reserves. The reason behind this finding narrows down to the fact that the valuation of the financial reserve based on generational reserves relies on death rates forecasted into the far future, whilst periodic tables forecast mortality on a much shorter timescale. The choice of which actuarial table should be used needs to be made based on the institution’s objectives.

**Expertise**

**Financial Markets**
- Central Banks and Monetary Policy
- Financial Crises
- Financial Forecasting
- Systemic Risk and Regulation

**Portfolio Management and Asset Classes**
- Equities
- Portfolio Management

**Financial Institutions**
- Banks
- Institutional Investors and Funds
- Pension Funds

**Corporate Finance and Governance**
- Financial Risk and Risk Management

**Language Skills**

English, French
Pablo Koch-Medina is Professor of Finance and Insurance at the University of Zurich. He became an SFI Faculty Member in 2017. He holds a PhD in Mathematics from the University of Zurich. He was responsible for the launching of the Center for Finance and Insurance (CFI) at the University of Zurich in 2013. The CFI aims to advance research and foster education in the application of finance theory and mathematical finance to insurance related topics, building a bridge between the areas of finance and insurance. Professor Koch worked for more than 20 years in the finance and insurance industry, most recently as a managing director responsible for the oversight of capital and liquidity risk, risk reporting, and risk governance at Swiss Re.

Recent Research
In recent research, Professor Koch-Medina and his coauthor study the existence and uniqueness of equilibria in the capital asset pricing model in a setting with incomplete markets in which a part of the endowments are non-tradeable. Although existence results have been established in the case of tradeable endowments, there was a gap in the case of non-tradeable endowments. It is shown that, in equilibrium, agents are willing to assume the aggregate hedgeable risk of the market but will no longer hold fractions of the market portfolio. The researchers’ paper studies the effects of non-traded endowments on equilibrium asset prices and allocations and establishes a linear pricing formula, a security market line, and conditions for the positivity of asset prices.

Expertise
Portfolio Management and Asset Classes
- Asset Pricing

Financial Institutions
- Insurance Companies

Corporate Finance and Governance
- Financial Risk and Risk Management
- Financial Valuation
- Financing Policy and Capital Structure

Language Skills
Dutch, English, German, Spanish
Philipp Krüger is Associate Professor of Responsible Finance at the University of Geneva and has held an SFI Junior Chair since 2015. He holds a PhD in Economics from the Toulouse School of Economics. Professor Krüger is a regular speaker at leading finance conferences worldwide and his research has been published in top academic journals.

Recent Research
One of Professor Krüger’s latest coauthored papers sheds light on the environmental and sustainability preferences of institutional investors. The researchers propose a novel measure to quantify the portfolio-level sustainability of institutional investors and show that portfolios of institutions with longer investment horizons exhibit higher sustainability footprints. They further document that high sustainability footprint investors display higher risk-adjusted performance and show that this result is primarily driven by the reduction in total portfolio risk. Finally, by taking advantage of the unexpected occurrences of natural disasters they are able to prove the causal direction of sustainability footprints on institutional investors’ risk-adjusted performance.

Expertise

Financial Markets
• Information and Market Efficiency

Portfolio Management and Asset Classes
• Asset Pricing
• Behavioral Finance
• Portfolio Management

Financial Institutions
• Institutional Investors and Funds

Corporate Finance and Governance
• Capital Budgeting and Investment Policy
• Corporate Governance and Managerial Compensation
• Financial Valuation
• Financing Policy and Capital Structure

Frontier Topics
• Sustainable Finance

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

**Recent Research**

In a recent paper, Professor Kübler and his coauthors assess the quantitative implications of the reuse of collateral on financial market leverage, volatility, and welfare in an asset-pricing model with heterogeneous agents and an infinite-horizon. In the developed model, agents have the opportunity to reuse collateral to back more transactions; such reuse contributes to the buildup of leverage and increases volatility in financial markets. When limits on reuse are introduced, results show that volatility decreases as such limits become tighter. The impact of such limits on welfare is non-trivial to determine. On the one hand, reuse can improve welfare as it enables agents to share risk more effectively. On the other hand, reuse beyond intermediate levels can lead to excessive leverage and lower welfare. In terms of policy recommendations, this paper provides a rationale for limiting, yet not banning, reuse in financial markets.

**Expertise**

*Financial Markets*
- Financial Crises

*Portfolio Management and Asset Classes*
- Asset Pricing

**Language Skills**

English, German
Henri Loubergé is Emeritus Professor at the University of Geneva. He has been an SFI Faculty Member since October 2006. For many years, Professor Loubergé was also the head of the University of Geneva’s PhD program in Economics and of its Master’s program.

**Recent Research**
In recent research, Professor Loubergé and his coauthors provide a generalization of non-monetary measures of risk by introducing the nth order utility premium as a measure of pain from facing the passage from one risk to a more severe one. They investigate more particularly welfare changes of merging increases in risk, first ignoring background risks and then taking them into account. Merging increases in risk may be beneficial, or not, depending on whether and how background risks are considered. Finally, the authors provide conditions on individual preferences for superadditivity of the nth order utility premium.

**Expertise**
*Portfolio Management and Asset Classes*
- Foreign Exchange
- Options and Other Derivatives

*Financial Institutions*
- Insurance Companies

**Language Skills**
English, French
Semyon Malamud is Associate Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne. He joined SFI in 2007 and has held an SFI Senior Chair since 2015. He obtained his PhD in Mathematics from ETHZ. Professor Malamud is a regular speaker at leading academic conferences worldwide and his papers have been published in the top journals in finance and economics.

Recent Research
In recent research, Professor Malamud and his coauthor develop a general equilibrium model of decentralized international financial markets. In their model, financial intermediaries bargain with their customers and extract endogenous rents for providing access to foreign claims. The behavior of intermediaries, by tilting state prices, generates a non-linear risk structure in exchange rates. The researchers use this risk structure to explicitly derive a link between monetary and stabilization policies and safe haven properties of exchange rates, the global monetary spillover matrix, and deviations from covered interest rate parity, and show how all these effects depend on international intermediation capacities.

Expertise
Financial Markets
- Central Banks and Monetary Policy
- Financial Crises
- Information and Market Efficiency
- International Financial Markets and Emerging Markets
- Systemic Risk and Regulation

Portfolio Management and Asset Classes
- Asset Pricing
- Foreign Exchange
- Options and Other Derivatives
- Portfolio Management

Financial Institutions
- Independent Asset Managers
- Pension Funds

Corporate Finance and Governance
- Financial Risk and Risk Management
- Financing Policy and Capital Structure

Language Skills
English, French, German, Russian
Loriano Mancini is Associate Professor of Finance and holds an SFI Junior Chair at the Università della Svizzera italiana. From 2012 to July 2017 he held an SFI Junior Chair at the Ecole Polytechnique Fédérale de Lausanne. He joined SFI in 2008 following his postdoctoral studies at Princeton University. Professor Mancini has published papers in the top academic journals in finance and is a regular speaker at leading conferences and workshops worldwide.

Recent Research
In recent research, Professor Mancini and his coauthors model the investment and cash holdings decisions of a firm facing financing frictions and subject to both permanent and transitory cash flow shocks. The researchers show that while cash holdings increase and investments decrease with the volatilities of either type of shocks, a higher correlation between these shocks makes the firm hold less cash and invest more. Their empirical analysis, carried out using a sample of publicly traded US firms from 1975 to 2014, demonstrates that corporate policies are better understood when they recognize the separate effects of permanent and transitory shocks on cash flow risk.

Expertise

**Financial Markets**
- Financial Crises

**Portfolio Management and Asset Classes**
- Asset Pricing
- Foreign Exchange
- Options and Other Derivatives

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

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

**Expertise**

**Financial Markets**
- Central Banks and Monetary Policy
- Financial Forecasting
- Information and Market Efficiency
- Systemic Risk and Regulation

**Portfolio Management and Asset Classes**
- Asset Pricing
- Equities
- Fixed Income
- Options and Other Derivatives
- Portfolio Management

**Corporate Finance and Governance**
- Financial Risk and Risk Management

**Frontier Topics**
- Big Data and Fintech

**Language Skills**
English, French, Italian
Erwan Morellec is Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne and has held an SFI Senior Chair since 2006. Before joining the Ecole Polytechnique Fédérale de Lausanne in 2008, he taught at the universities of Lausanne and Rochester. Professor Morellec is a regular speaker at leading finance conferences worldwide and his research papers have been published in the top academic journals in finance. He has received several research and teaching awards.

**Recent Research**

In recent work, Professor Morellec and his coauthors focus on the design of optimal compensation contracts and the trade-off between incentivizing managers over the short and the long term. Their research shows that this trade-off naturally leads to asymmetric benchmarking in executive compensation in that managers should be rewarded for good performance but not penalized for bad performance. It also shows how an optimal compensation contract should incentivize managers to focus more on short- or long-term objectives depending on a firm’s financial health, future growth prospects, or cash flow risk.

**Expertise**

*Financial Markets*
- Financial Crises
- Systemic Risk and Regulation

*Financial Institutions*
- Banks

*Corporate Finance and Governance*
- Bankruptcy and Liquidation
- Capital Budgeting and Investment Policy
- Corporate Governance and Managerial Compensation
- Financial Risk and Risk Management
- Financial Valuation
- Financing Policy and Capital Structure
- Mergers and Acquisitions

**Language Skills**

English, French
Cosimo-Andrea Munari is Assistant Professor of Finance and Insurance at the University of Zurich. He became an SFI Faculty Member in 2017. He holds a PhD in Mathematics from ETH Zurich. He undertook his graduate studies in Mathematics at the University of Milan and in Finance at Collegio Carlo Alberto. In 2016 he was awarded the Walter Saxer Insurance Prize and in 2017 he received the ACRI Research Prize.

**Recent Research**

In ongoing research, Professor Munari and his coauthors take a closer look at risk-sensitive solvency regimes for banks and insurance companies. The objective of such regimes should be aligned with the fundamental objectives of regulation: protecting liability holders and securing the stability of the financial system. The researchers show that the first objective leads to considering capital adequacy tests that depend only on the default profile of capital positions. The second objective leads to studying tests that behave well with changes of the accounting currency. The researchers contribute to the literature by providing a complete characterization of the above tests that highlights an inherent tension between surplus and currency invariance and the desire to give credit for diversification. In particular, they show that tests based on expected shortfall fail to be either surplus or currency invariant.

**Expertise**

**Financial Institutions**
- Insurance Companies

**Corporate Finance and Governance**
- Financial Risk and Risk Management
- Financial Valuation

**Language Skills**

English, Italian
Artem Neklyudov is Assistant Professor of Finance at HEC Lausanne. He obtained his PhD in Financial Economics from Tepper Business School at Carnegie Mellon University.

**Recent Research**

In recent research, Professor Neklyudov and his coauthor focus on the core–periphery network structure of the over-the-counter market. The current network structure shows that 10 to 30 central dealers trade frequently and with many dealers, while hundreds of peripheral dealers trade sparsely and with few dealers. The researchers contribute to the literature by building a search-based model of network formation and by showing that the observed core–periphery network arises from specialization, as dealers specialize in different clients with different liquidity needs. Further results show that the dealers specializing in clients who trade frequently form the core, while the dealers specializing in buy-and-hold investors form the periphery.

**Expertise**

*Financial Markets*
- Central Banks and Monetary Policy
- Information and Market Efficiency

*Portfolio Management and Asset Classes*
- Asset Pricing
- Fixed Income
- Options and Other Derivatives
- Portfolio Management
- Real Estate

*Financial Institutions*
- Banks
- Institutional Investors and Funds
- Insurance Companies
- Rating Agencies

*Corporate Finance and Governance*
- Bankruptcy and Liquidation
- Capital Budgeting and Investment Policy
- Financial Risk and Risk Management
- Financial Valuation

*Frontier Topics*
- Big Data and Fintech

**Language Skills**

English, French, Russian
Prof. Boris Nikolov

SFI Assistant Professor since 2014
SFI Faculty Member since 2014

University of Lausanne
Boris.Nikolov@sfi.ch
+41 21 692 61 26

Boris Nikolov has been SFI Assistant Professor of Finance at the University of Lausanne since 2014. Professor Nikolov graduated from the University of Lausanne with a PhD in Finance. He is a regular speaker at major conferences and his research has been published in leading finance journals.

Recent Research
In ongoing research, Professor Nikolov and his coauthors develop a quantitative framework that allows measurement of the extent of firms’ financing constrains and also identification of the quantitatively most prevalent sources of these constraints. To do so, the authors build, solve, and structurally estimate a range of dynamic models of corporate investment and financing. Specifically, they consider tax and default-based models—that is to say, trade-off models, dynamic limited commitment models, as well as dynamic moral hazard models. All the models share a common technology structure, but differ in the friction generating financial constraints. The authors determine which features of the observed data allow one to distinguish among the models, and assess which model performs best at rationalizing observed corporate investment and financing policies across various samples. The results favor trade-off models for larger public firms, limited commitment models for smaller public firms, and moral hazard models for private firms. Finally, the results point to significant financing constraints due to agency frictions.

Expertise
Corporate Finance and Governance
• Bankruptcy and Liquidation
• Capital Budgeting and Investment Policy
• Corporate Governance and Managerial Compensation
• Financial Risk and Risk Management
• Financial Valuation
• Financing Policy and Capital Structure

Language Skills
Bulgarian, English, French
Eric Nowak is Professor of Finance at the Università della Svizzera italiana and has been an SFI Faculty Member since 2006. Throughout his career, Professor Nowak has held visiting appointments at leading universities worldwide, including Stanford University, the University of Chicago, and the National University of Singapore. He is also the founder and director of the Master of Science in FinTech at the Università della Svizzera italiana, the first MSc program in FinTech targeting Computer Science students in Europe.

Recent Research
In a recent paper, Professor Nowak and his coauthor look at the introduction of SME equity segments and bond segments in Europe and find that it increases the equity financing of SMEs by more than 5 percent and the bond financing by 10 percent. Their results suggest that equity and bond markets are not substitutes but complementary forms of financing for SMEs. The researchers suggest that bank debt is likely to remain an important financing source for SMEs, but to a lower extent than previously as higher collateral requirements make bank financing particularly uninteresting for young and asset-light enterprises, and further argue that there is a lot of potential for SME equity and bond market segments as complementary financing innovations.

Expertise
Financial Markets
- Financial Crises
- Information and Market Efficiency

Portfolio Management and Asset Classes
- Behavioral Finance
- Personal Finance and Household Choices

Financial Institutions
- Institutional Investors and Funds
- Venture Capital and Private Equity

Corporate Finance and Governance
- Bankruptcy and Liquidation
- Corporate Governance and Managerial Compensation
- Financial Valuation
- Mergers and Acquisitions

Frontier Topics
- Big Data and Fintech
- Sustainable Finance

Language Skills
English, German, Italian
Kjell Nyborg is Professor of Finance at the University of Zurich and has held an SFI Senior Chair since 2009. He graduated from Stanford University with a PhD in Finance. Professor Nyborg has published extensively in his areas of expertise and has spent research periods at the European Central Bank, the Deutsche Bundesbank, the Bank of Norway, and Stanford University. He has been on the executive committee of the European Finance Association since 2013 and served as its president in 2017.

Recent Research
In a recent study, Professor Nyborg and his coauthor focus on the valuation of investments that have a fixed debt plan. Such a situation, where the amount of debt is not expected to fluctuate with the future value of the investment, arises in leveraged buyouts, project finance, and other highly leveraged transactions where the future amortization of the debt has been agreed upon at the time of the investment. The authors’ focus is especially on the flows-to-equity method. They contribute by showing, on the one hand, that the standard formulas used to calculate the equity discount rate and equity valuations are incorrect when debt levels evolve according to a predetermined schedule and, on the other hand, by deriving a formula for the equity discount rate that yields correct equity values. Simulations show that the error from using the wrong formulas can be large, especially in today’s low interest rate environment.

Expertise
Financial Markets
- Financial Crises
- Central Banks and Monetary Policy

Portfolio Management and Asset Classes
- Equities
- Fixed Income

Financial Institutions
- Banks

Corporate Finance and Governance
- Capital Budgeting and Investment Policy
- Financial Valuation
- Financing Policy and Capital Structure

Language Skills
English, Norwegian
Steven Ongena is Professor of Banking at the University of Zurich and has held an SFI Senior Chair since 2013. He graduated from the University of Oregon with a PhD in Economics. Professor Ongena’s papers have been published in leading academic journals in finance and economics. He has received numerous awards for his research and serves as a research consultant for several European central banks.

Recent Research
A recent paper by Professor Ongena and his coauthors studies the impact of the 2011 European Banking Authority capital exercise—which unexpectedly required certain banks to increase their regulatory capital ratios—on banks’ balance sheets and the real economy. Based on this capital exercise, the researchers forecast that the Basel III agreement, due to be implemented in 2019, may induce banks to reduce the amount of assets they finance by lowering their credit exposure to certain businesses, but that they will likely not increase their amount of regulatory capital. In terms of policy recommendations, the researchers predict that requiring banks to increase their amount of regulatory capital, instead of their regulatory capital ratio, may be a more effective policy that would both strengthen the banking sector and avoid penalizing business activities.

Expertise
Financial Markets
• Central Banks and Monetary Policy
• Financial Crises
• Systemic Risk and Regulation

Financial Institutions
• Banks

Corporate Finance and Governance
• Bankruptcy and Liquidation
• Corporate Governance and Managerial Compensation

Frontier Topics
• Sustainable Finance

Language Skills
Dutch, English, German
Per Östberg is Associate Professor of Finance at the University of Zurich and has been an SFI Faculty Member since 2010. He obtained his PhD in Finance from the Stockholm School of Economics. Professor Östberg is a regular speaker at finance conferences and seminars worldwide and has served on the program committees of several conferences.

Recent Research
One of Professor Östberg’s latest coauthored research projects focuses on the recent European sovereign debt crisis. Using high-frequency data, the authors document that episodes of market turmoil in the European sovereign bond market are usually associated with large decreases in trading volume. The response, in trading volume, to market stress is related to transaction costs. Low transaction cost turmoil episodes are associated with volume increases, when investors rebalance their portfolios, while high transaction cost turmoil periods are associated with abnormally low volume, during which the market freezes. Results show that investors tended to rebalance their portfolios in the pre-crisis period, while during the crisis reductions in the risk-bearing capacity of financial intermediaries resulted in increased transaction costs and market freezes. Overall, the results suggest that the recent sovereign debt crisis was not associated with large-scale investor rebalancing.

Expertise
Financial Markets
- Financial Crisis

Portfolio Management and Asset Classes
- Equities
- Fixed Income

Frontier Topics
- Big Data and Fintech

Language Skills
English
Prof. Marc Paolella

University of Zurich
Marc.Paolella@sfi.ch
+41 44 634 45 84

Marc Paolella is Professor of Empirical Finance at the University of Zurich and has been an SFI Faculty Member since 2006. Professor Paolella is the author of several books on graduate level probability, statistics, and time series analysis. His research papers have been published in the top academic journals in his areas of expertise.

Recent Research
Professor Paolella recently revisited the properties of the univariate collapsing method (UCM) for portfolio optimization. Such a method is based on obtaining the predictive mean and risk measure, such as variance or expected shortfall, of the return series generated from a given set of portfolio weights and a multivariate set of assets. The UCM is straightforward to implement and possesses several advantages over existing multivariate models, but has rightfully been criticized for being too slow to estimate. Professor Paolella contributes to the portfolio literature by proposing a way to accelerate and optimize estimation methods by combining new heuristics, based on easily determined data characteristics. An extensive empirical analysis, conducted with 15 years of data on the Dow Jones Industrial Average, confirms the viability of his suggested method.

Expertise
Portfolio Management and Asset Classes
• Portfolio Management

Language Skills
English, German
Diane Pierret is Assistant Professor at the Department of Finance, HEC, at the University of Lausanne. She became an SFI Faculty Member in 2017. Professor Pierret’s research in the field of empirical banking has led her to investigate questions related to banks’ responses to regulatory stress-testing practices, the consequences of unconventional central bank interventions, sovereign-bank linkages, bank profitability and monetary policy, and the interaction between solvency and liquidity regulations. Since the financial crisis, she has gained unique expertise in bank business models, regulation, and central bank interventions in Europe and the US.

**Recent Research**

In ongoing research, Professor Pierret contributes to the burgeoning literature around the upcoming Basel III regulations by examining short-term balance sheet and solvency risk measures. Using US data on bank holding companies over 2000-2013, she finds that the solvency–liquidity nexus should be accounted for when designing liquidity and capital regulations where the macroprudential regulation of funding liquidity risk would be a combination of liquid assets requirements and capital requirements. In terms of policy recommendations, her results suggest that maintaining the capitalization of the banking sector reduces systemic risk not only by addressing the solvency risk problems of banks in a crisis but also by attenuating the solvency–liquidity nexus that makes banks particularly vulnerable to an aggregate crisis. Further estimates reveal that higher capital requirements for systemically important institutions act as a loss-absorbing buffer when banks’ asset values deteriorate, and ensure—even during a crisis—the confidence of creditors to continue to provide funding to the banks.

**Expertise**

*Financial Institutions*
- Banks
- Institutional Investors and Funds

**Language Skills**

English
Alberto Plazzi is Associate Professor of Finance at the Università della Svizzera italiana and held an SFI Junior Chair from 2010 to 2014. He obtained his PhD in Finance from the University of California, Los Angeles. Professor Plazzi is a regular speaker at finance conferences worldwide and his papers have been published in top academic journals.

Recent Research
In a recent paper, Professor Plazzi and his coauthors develop an asset pricing model that accounts for the likelihood and extent of bailouts undertaken by governments. Empirical results, based on data covering nearly 10,000 financial firms from 31 countries, show that equity is a cheap source of capital for very large banks, that banks’ cost of equity adjusts in anticipation of a financial crisis, and that equity is a cheaper source of funding for large banks when bailouts seem more likely and more valuable. These findings contribute to the ongoing debate about forcing banks to carry more equity capital as a buffer against large adverse shocks to the financial system. The researchers do not find evidence that leverage-constrained investors inflate the share prices of large bank stocks, but instead find evidence that equity has always been a cheap source of funding for the largest banks in any country.

Expertise
Financial Markets
- Financial Crises
- Financial Forecasting
- Information and Market Efficiency
- International Financial Markets and Emerging Markets

Portfolio Management and Asset Classes
- Asset Pricing
- Equities
- Fixed Income
- Portfolio Management
- Real Estate

Language Skills
English, Italian
Jean-Charles Rochet is Professor of Finance at the University of Geneva. He has held an SFI Senior Chair since 2010. Before joining the faculty in Geneva, Professor Rochet held a Chair at the Toulouse School of Economics and at the University of Zurich. Professor Rochet is the author of *Why Are There so Many Banking Crises?*, a book that sheds light on the causes of recent and past banking crises.

**Recent Research**
Professor Rochet and a coauthor have recently developed a model in which “activist NGOs” decide to oppose potentially harmful projects that have been approved by public regulators. NGOs may decide to oppose such harmful projects on the basis of their own information, and impact both the efficiency of public regulation and the economic performance of the industry. The researchers’ results show that public regulation becomes vulnerable to industry lobbying as economic stakes rise and NGOs become active. Further analysis reveals that activists’ mobilization consumes economic resources and that activists may mistakenly oppose socially beneficial projects due to both their bias regarding the choices society should make and the imperfect information they hold. However, when an NGO is sufficiently efficient and sufficiently well informed, it has the potential to improve social welfare.

**Expertise**

**Financial Markets**
- Central Banks and Monetary Policy
- Financial Crises
- Systemic Risk and Regulation

**Financial Institutions**
- Banks

**Language Skills**
English, French, Spanish
Michael Rockinger is Professor of Finance at the University of Lausanne and has been an SFI Faculty Member since 2006. Professor Rockinger has published extensively on computational finance and financial econometrics and is an active member of the Center for Risk Management, Lausanne—a group that focuses on diffusing independent and transparent decision-making tools for banks, insurance companies, and industrial firms. Professor Rockinger also acts as a research fellow of the Society for Financial Econometrics and is a regular speaker at leading conferences in his areas of expertise.

Recent Research
In one of his latest papers, Professor Rockinger and his coauthor put themselves in the shoes of an institutional investor who wishes to implement a long-term portfolio strategy based on forecasts of financial returns. To better select the underlying assets, the authors compare the performance of two competing macro-finance models: an unrestricted vector auto-regression (VAR) model and a fully structural dynamic stochastic general equilibrium (DSGE) model. Using data spanning the period 1955 to 2014, the researchers find that the optimal portfolio should be long in stocks and short in bonds for investors using either a VAR or DSGE model. Ultimately, the DSGE model provides more accurate and timely forecasts of financial returns and clearly outperforms the VAR model for long-term allocation. Finally, the Sharpe ratios obtained using the DSGE model are up to twice as large as those obtained using the VAR model.

Expertise

Financial Markets
- Systemic Risk and Regulation

Portfolio Management and Asset Classes
- Asset Pricing
- Equities
- Fixed Income
- Foreign Exchange
- Options and Other Derivatives
- Portfolio Management
- Real Estate

Financial Institutions
- Pension Funds

Frontier Topics
- Big Data and Fintech

Language Skills
English, French, German, Italian
Olivier Scaillet is Professor of Probability and Statistics at the University of Geneva. He joined SFI in 2006 and has held an SFI Senior Chair since 2010. He obtained his PhD in Applied Mathematics from the University of Paris Dauphine. Professor Scaillet is a regular speaker at leading conferences in finance. His papers have been published in the top academic journals in finance and econometrics.

**Recent Research**

In recent research, Professor Scaillet and his coauthors revisit the predictive properties of tail measure for market returns by employing a robust resampling test of predictive ability. The researchers’ motivation lies in the fact that most approaches to testing predictability hypotheses are based on a small fraction of influential observations in the data, which may easily inflate inference when using bootstrap and subsampling tests. Empirical results, covering US stocks from 1926 to 2014, reveal influential observations in concomitance and immediately after the Black Monday of 1987, and two clusters of infrequent influential data in the subperiods of 1998-2000 and 2008-2010, which correspond to well-known periods of financial market turbulence and distress.

**Expertise**

*Financial Markets*
- Financial Crises
- Financial Forecasting
- Information and Market Efficiency
- International Financial Markets and Emerging Markets
- Systemic Risk and Regulation

*Portfolio Management and Asset Classes*
- Asset Pricing
- Behavioral Finance
- Equities
- Fixed Income
- Options and Other Derivatives
- Portfolio Management

*Corporate Finance and Governance*
- Financial Risk and Risk Management

*Frontier Topics*
- Big Data and Fintech

**Language Skills**

English, French
Paul Schneider is Associate Professor of Finance at the Università della Svizzera italiana and has held an SFI Junior Chair since 2015. He obtained his PhD in Finance from the Vienna University of Economics and Business. Professor Schneider is a regular speaker at leading academic conferences in finance and his papers have been published in top finance journals.

**Recent Research**
In recent research, Professor Schneider raises the question of knowing whether it pays to be an optimist in a trading environment. To do so he develops a framework using quoted bid–ask spreads in the liquid S&P 500 options market to investigate the behavior of traders of different character types. First, data reveal that pessimistic type traders generally go short, whilst optimistic type traders go long and pragmatic type traders often change their minds. Second, the pessimistic and pragmatic types tend to sell variance swaps, whereas optimistic types tend to buy them. Third, belief dispersion predicts both actual trading volume and open interest.

**Expertise**

*Financial Markets*
- Financial Crises
- Financial Forecasting

*Portfolio Management and Asset Classes*
- Asset Pricing
- Equities
- Fixed Income
- Foreign Exchange
- Options and Other Derivatives
- Portfolio Management

*Frontier Topics*
- Operations Research and Decision Theory

**Language Skills**
English, German
Norman Schürhoff is Professor of Finance at the University of Lausanne. He joined SFI in 2006 and has held an SFI Senior Chair since 2010. He obtained his PhD in Financial Economics from Carnegie Mellon University. Professor Schürhoff’s work has been published in the top academic journals in finance.

Recent Research
In ongoing research, Professor Schürhoff and his coauthors focus on agency conflicts and their effects on wealth transfers among stakeholders and value losses from policy distortions. Empirical analysis covering 74,855 observations for 12,652 firms and 14 countries between 1997 and 2011 reveals that conflicts of interest vary significantly across and within countries and lead to a 5 percent reduction in firm value, with about equal shares coming from net transfers between stakeholders and net losses due to financial distortions. Agency costs mainly arise from control benefits and the financial frictions that they cause. The researchers offer several pieces of advice regarding policy recommendations for shareholders. First, improving corporate governance to diminish the private benefits of control seems to have a greater effect than simply strengthening credit rights. Second, legal origin and provisions for creditor and minority shareholder protection all have an effect on the severity of agency conflicts. Finally, incentive misalignments may explain a considerable share of the internationally observed heterogeneity in terms of financial leverage.

Expertise
Portfolio Management and Asset Classes
- Asset Pricing
- Fixed Income
- Options and Other Derivatives

Financial Institutions
- Rating Agencies

Corporate Finance and Governance
- Capital Budgeting and Investment Policy
- Financial Valuation
- Financing Policy and Capital Structure

Language Skills
English
Prof. Martin Schweizer

SFI Faculty Member since 2007

ETH Zurich
Martin.Schweizer@sfi.ch
+41 44 632 33 51

Martin Schweizer is Professor of Mathematics at ETH Zurich. Professor Schweizer has published extensively in the top academic journals in his areas of expertise. He is a regular speaker at leading conferences worldwide.

**Recent Research**
In recent work, Professor Schweizer and his coauthors solve the problems of mean-variance hedging and mean-variance portfolio selection in a restricted information setting where strategies must be deterministic functions. The underlying price process in their model follows a time dependent affine transformation of a square-integrable martingale. This class of processes includes in particular arithmetic and exponential Lévy models with suitable integrability. The researchers provide explicit solutions to the mean-variance hedging and mean-variance portfolio selection problems in this setting and show for the Lévy case how they can be expressed in terms of the Lévy triplet.

**Expertise**

*Financial Markets*
- Information and Market Efficiency

*Portfolio Management and Asset Classes*
- Asset Pricing
- Foreign Exchange
- Options and Other Derivatives
- Portfolio Management

*Corporate Finance and Governance*
- Capital Budgeting and Investment Policy
- Financial Risk and Risk Management
- Financial Valuation

*Frontier Topics*
- Operations Research and Decision Theory

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

Recent Research
In recent research, Professor Soner and his coauthors put themselves in the shoes of a large investor facing price impacts when trading large quantities of assets. They contribute to the existing literature by focusing on linear price impact in a setting that allows for arbitrary preferences, as well as for general Markovian dynamics of market prices and impact parameters. From this general setting, the researchers are able to obtain explicit formulas for the optimal policy and welfare, asymptotically for small price impacts, and highlight deep connections to other market frictions.

Expertise
Portfolio Management and Asset Classes
- Asset Pricing
- Fixed Income
- Options and Other Derivatives
- Portfolio Management

Language Skills
English, German, Turkish
Didier Sornette holds the Chair of Entrepreneurial Risks at ETH Zurich and has been an SFI Faculty Member since 2007. Professor Sornette is the founding director of the Financial Crisis Observatory, a scientific platform aimed at studying financial market inefficiencies.

**Recent Research**
In a recent paper, Professor Sornette and his coauthors analyze the relationship between offering and transaction prices in the Swiss residential real estate market from 2005 to 2015. Data reveal that offering prices are informative of the general trend in the real estate market and provide a valuable alternative when monitoring the market when actual transactions are scarce. One must nonetheless use caution as the relationship between offering and transaction prices may be highly market phase dependent: when the market is booming and auction-like dynamics are in place, offering prices might understate the extent of price increases; whilst offering prices may understate the size of the correction when the market enters a bust phase, as offering prices are stickier than actual transaction prices and adjust more gradually. Offering prices seem to be a practical substitute for transaction prices, though restraint should be used regarding an excessive reliance on offering prices when determining policy responses.

**Expertise**

**Financial Markets**
- Central Banks and Monetary Policy
- Financial Crises
- Information and Market Efficiency
- International Financial Markets and Emerging Markets

**Portfolio Management and Asset Classes**
- Asset Pricing
- Behavioral Finance
- Commodities
- Equities
- Foreign Exchange
- Portfolio Management
- Real Estate

**Corporate Finance and Governance**
- Financial Risk and Risk Management

**Frontier Topics**
- Big Data and Fintech

**Language Skills**
English, French
Pascal St-Amour is Professor of Economics at the University of Lausanne and has been an SFI Faculty Member since 2006. He holds a PhD in Economics from Queen’s University. Professor St-Amour’s papers have been published in the leading academic journals in economics.

Recent Research
Recent research by Professor St-Amour and his coauthors focuses on the differences in the valuation of human life between the human capital (HC) and the value of statistical life (VSL) approaches. The HC life value approach equals the present value of net cash flows, where dividend is proxied by labor market income, whilst the VSL approach relies on one’s willingness to pay to avert small increases in exposure to death risks. The researchers contribute to the literature by providing an alternative unified model that links both the HC and VSL approaches—named gunpoint value of life (GPV)—and that measures one’s willingness to pay to avoid certain and instantaneous death. Results show that the GPV approach estimates of the valuation of human life are similar to those obtained with the HC approach and considerably lower than those obtained with the VSL approach. In terms of policy recommendations, the HC and GPV are the approaches best suited when life values are required, such as is the case in wrongful death litigation or in taking curative versus palliative care decisions.

Expertise
Portfolio Management and Asset Classes
• Personal Finance and Household Choices
• Portfolio Management

Language Skills
English, French
Roberto Steri is Assistant Professor at the Department of Finance, HEC, at the University of Lausanne. He became an SFI Faculty Member in 2017. Professor Steri’s research lies at the interface between corporate finance and asset pricing. Some of his latest research revisits the relationship between equity returns and financial leverage and carries implications for real-world industry practices. His research attempts to improve the understanding of the implications of corporate decisions for investment and security prices.

Recent Research
In recent research, Professor Steri and his coauthor investigate the risk-taking incentives of stressed banks—those banks that are subject to annual regulatory stress tests in the US since 2011. They document that stringent capital requirements give both stressed and non-stressed banks motives to invest in risky assets, whose expected returns offset banks’ increased cost of funding, which originates from the use of costly equity capital. Regulatory monitoring through stress tests effectively encourages prudent investment from stressed banks, but also provides them with steeper risk-taking incentives through tighter capital requirements. The researchers’ results contribute to the ongoing regulation debate by highlighting the importance of the regulatory monitoring of banks portfolios in parallel to setting more stringent capital requirements.

Expertise
Portfolio Management and Asset Classes
• Asset Pricing
• Equities

Financial Institutions
• Banks

Corporate Finance and Governance
• Capital Budgeting and Investment Policy
• Financing Policy and Capital Structure

Language Skills
English, Italian
Josef Teichmann is Professor of Mathematics at ETH Zurich and has been an SFI Faculty Member since 2009. Professor Teichmann is a regular speaker at international conferences on finance and mathematics. He has published extensively in his areas of research expertise.

**Recent Research**

In recent work Professor Teichmann and his coauthors develop an asset pricing model for continuous time large financial markets with two filtrations, which extends existing models yet preserves the simplicity of the discrete time setting. Their model does not assume that price processes are semi-martingales, or that price processes have any path properties, or the admissibility of portfolio wealth processes. The applications of their model range from modeling trading with delayed information to trading on different time grids and dealing with inaccurate price information.

**Expertise**

*Financial Markets*
- Financial Forecasting
- Information and Market Efficiency

*Portfolio Management and Asset Classes*
- Commodities
- Fixed Income
- Foreign Exchange
- Options and Other Derivatives
- Portfolio Management

*Corporate Finance and Governance*
- Financial Risk and Risk Management

*Frontier Topics*
- Big Data and Fintech
- Operations Research and Decision Theory

**Language Skills**

English, French, German
Fabio Trojani is Professor of Statistics and Finance at the University of Geneva and has held an SFI Senior Chair since 2014. He graduated with a PhD in Economics and Finance from the University of Zurich. Professor Trojani is a regular speaker at leading academic conferences in finance and econometrics.

Recent Research
In ongoing research, Professor Trojani and his coauthors develop a model-free approach characterizing international discount factors with respect to existing exchange rate puzzles and the deviations from the market view of exchange rates. The researchers consider various economies where domestic and foreign investors have access to short- and long-term bonds and stocks. In order to characterize international discount factors without committing to a particular model, they use 40 years of data on a cross-section of countries and estimate different projections on the tradable returns available to domestic and foreign investors. They find that discount factors with large long-run components help to reconcile the well-known exchange rate puzzles. However, the discount factors implied by integrated markets entail implausibly high Sharpe ratios and almost perfectly co-moving international state prices. In contrast, segmented markets generate more plausible risk-returns trade-offs and less similar international discount factors. Finally, in quest of relating observable economic variables to international discount factors, they document strong links between the latter and proxies of financial intermediaries’ risk-bearing capacity.

Expertise
Financial Markets
• Financial Forecasting

Portfolio Management and Asset Classes
• Asset Pricing
• Equities
• Fixed Income
• Foreign Exchange
• Options and Other Derivatives
• Portfolio Management

Corporate Finance and Governance
• Financial Risk and Risk Management

Frontier Topics
• Big Data and Fintech

Language Skills
English, Italian
Alexander Wagner is an Associate Professor of Finance at the University of Zurich. He joined SFI in 2006 and has held an SFI Junior Chair since 2012. He obtained his PhD in Political Economy from Harvard University. His research has been published in leading academic journals and professional reviews. Professor Wagner is Chairman of the Swipra Foundation and an independent counsel for PwC.

**Recent Research**
In recent coauthored research, Professor Wagner focuses on the effects of managerial style. Using data covering thousands of quarterly earnings conference calls for publicly listed US companies from 2003 to 2015, the researchers show that word choice by CEOs and CFOs affects information processing. Vague talkers, who use uncertain words more often than straight talkers, cloud the message and induce investors to respond less to both negative and positive earnings surprises. Interestingly, vagueness in answers drives this result more than vagueness in presentations. Further analysis shows that firms with vaguer managers are more likely to exceed than undershoot expectations, suggesting that vague communication appears to help steer the market from making overly optimistic predictions for future earnings. When hiring top managers, corporate boards should be aware that their decision will include the consequential choice of a particular communication style.

**Expertise**

**Financial Markets**
- Information and Market Efficiency

**Portfolio Management and Asset Classes**
- Behavioral Finance
- Equities
- Personal Finance and Household Choices

**Financial Institutions**
- Banks
- Independent Asset Managers
- Institutional Investors and Funds

**Corporate Finance and Governance**
- Capital Budgeting and Investment Policy
- Corporate Governance and Managerial Compensation
- Financial Valuation
- Financing Policy and Capital Structure
- Mergers and Acquisitions

**Language Skills**
English, German
Joël Wagner is Professor in the Department of Actuarial Science at the HEC Faculty of the University of Lausanne and Member of the Occupational Pension Supervisory Commission. He holds a PhD in Mathematics and an engineering degree in Physics from the Ecole Polytechnique Fédérale de Lausanne. During his doctoral studies, he was also a visiting research associate at the University of Houston.

Recent Research
In one of his recent papers, Professor Wagner and coauthor focus on the profitability of the German motor insurance market, the pricing of the services it provides, and the impact of the recent growth in direct insurance offerings. Using extensive data covering the 2002-2014 period, the researchers are able to provide a detailed overview regarding premiums, claim costs, and operating expenses, and provide investors with a better understanding of the motor insurance market. Results show that companies with the legal status of a mutual have lower premiums, claim costs, and operating expenses than listed companies. Furthermore, direct insurance companies are characterized by lower premiums and expenses than traditional companies selling products via agents or brokers. This result can be related to the fact that direct companies are mostly used by younger people, who bear higher claim risks but drive cheaper cars and have overall smaller claims. Finally, multiproduct offering companies seem unable to benefit from their size to increase efficiency and lower operating expenses.

Expertise
Financial Markets
• Financial Crises
• Systemic Risk and Regulation

Portfolio Management and Asset Classes
• Portfolio Management

Financial Institutions
• Insurance Companies
• Pension Funds

Corporate Finance and Governance
• Capital Budgeting and Investment Policy
• Financial Risk and Risk Management
• Financing Policy and Capital Structure

Frontier Topics
• Big Data and Fintech

Language Skills
English, French, German