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.
The SFI Expertise Matrix

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- 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

Corporate Finance and Governance
- Bankruptcy and Liquidation
- Capital Budgeting and Investment Policy
- Corporate Governance and Managerial Compensation
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- 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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SFI Faculty Profiles
Hansjörg Albrecher is Professor of Actuarial Science at the University of Lausanne. 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. His research focuses on the quantitative aspects of insurance and on risk management.

**Recent Research**
In a recent study Professor Albrecher and coauthors analyze the most wide-reaching and commonly occurring natural hazard worldwide—floods. To understand better the connections between climate change and flood risks, the researchers use 7’100 years of sediment data from alpine lakes to date and trace the occurrence of floods with surprising accuracy. The data are then used to develop point process models, and it turns out that the increase in flood frequency caused by sudden change points is a much better description than continuous trends in most cases. Similar change point analyses are now also being undertaken for climate indicators such as temperature records from cave speleothems and tree growth records in the Alps, which also go back several thousand years. The increased understanding of the connections between flood occurrences and climate variables is intended to help improve risk management for this type of natural catastrophe in the future.

**Expertise**

*Financial Markets*
- Systemic Risk and Regulation

*Financial Institutions*
- Insurance Companies

*Corporate Finance and Governance*
- Bankruptcy and Liquidation
- Capital Budgeting and Investment Policy
- 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. Professor Bacchetta has been a visiting scholar at the International Monetary Fund on several occasions and has provided consultancy services to numerous central banks around the world. His research focuses primarily on international finance, financial crises, and monetary economics.

Recent Research
One of Professor Bacchetta’s recent coauthored studies reviews the sharp drop in employment and the surge in corporate cash that was observed in the aftermath of the US financial crisis. The researchers explain this puzzling co-movement by liquidity shocks. Such shocks not only make production less attractive and more difficult to finance, they also generate liquidity constraints regarding firms’ payment of wages. US data covering the 1980-2015 period reveal that this negative relationship between employment decisions and corporate cash holdings is systematic both over time and across firms. Such results highlight the fact that corporate liquidity issues impact not only investments but also the labor market—something regulators and policy makers should keep in mind.

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

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

**Recent Research**

In ongoing research, Professor Barone-Adesi focuses on option-based risk measures, the pricing of securities, and the predictability of stock returns. Regarding the first topic, he contributes to the literature by incorporating information available from option markets when computing forward-looking value at risk and conditional value at risk. Regarding the second topic, he improves overall security pricing tests by presenting strategies that reduce the biases induced by the use of non-simultaneous information sets. Finally, he introduces a novel class of stock return predictors that are more reliable for both positive and negative returns, improving overall accuracy.

**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
Christoph Basten is Assistant Professor of Banking at the University of Zurich. Professor Basten’s research focuses on the effects of regulation and monetary policy on banks, as well as households and firms. His latest research revisits the effect of Negative Interest Rate Policy on banks in Switzerland, the choice of mortgage maturities by both households and banks, and the effects of bank capital requirements on mortgage lending.

Recent Research
In ongoing research, Professor Basten and his co-author analyze the effects of Negative Interest Rate Policy (NIRP) on all components of Swiss banks’ balance sheets, profitability, and risk-taking. As liquid, short-term assets in domestic currency earn negative nominal returns, they are partly substituted with foreign currency, less liquid, longer-maturity or higher credit risk assets. More specific to negative rates, the authors find that commercial banks seek to retain depositors even when other liabilities like covered bonds would allow cheaper funding with less maturity mismatch. This results in negative deposit margins, in order to retain depositors expected to be profitable again in the future. A smart design of the Swiss NIRP exemption allows to preserve the profitability of the average Swiss bank, but banks’ responses result in more credit, liquidity, and interest rate risk.

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

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

Financial Institutions
- Banks

Corporate Finance and Governance
- Financial Risk and Risk Management

Frontier Topics
- Big Data and Fintech

Language Skills
English, German
Stefano Battiston is SNF Professor at the Department of Banking and Finance of the University of Zurich. Professor Battiston’s main research interests are financial contagion, default cascades, and propagation of financial distress, where he combines insights from the statistical mechanics of networks with an analysis of economic incentives.

Recent Research
One of Professor Battiston’s recent coauthored research papers contributes to the literature on shocks’ impact on the economy. The researchers’ key innovation is to account for possible feedback loops between economic sectors and to obtain a full measure of an overall policy effect instead of solely focusing on a specific sector. To empirically test their model they focus on climate policy shocks’ impact on the financial sector and the real economy by including both interlinkages and feedback loops between institutional sectors. Results for the euro area show that the amplification through feedback loops can be substantial. Further, a small positive or negative climate policy shock hitting the banking system could lead to a great amplification in the banks–households chain and to large positive or negative implications for the real economy.

Expertise
Financial Markets
- Financial Crises
- Systemic Risk and Regulation

Portfolio Management and Asset Classes
- Options and Other Derivatives

Financial Institutions
- Banks

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

Frontier Topics
- Big Data and Fintech
- Sustainable Finance

Language Skills
English, German, Italian
Prof. Tony Berrada

SFI Faculty Member since 2006
PhD University of Lausanne – Finance
University of Geneva
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Tony Berrada is Professor of Finance at the University of Geneva. Professor Berrada is a regular speaker at leading finance conferences and workshops worldwide. He teaches executive education courses on portfolio management. His main research interests lie in the pricing of financial assets and the modeling of market volatility dynamics, with a particular emphasis on the role of information.

Recent Research
In a recent paper, Professor Berrada and 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. Professor Chaieb is a regular speaker at major academic conferences and workshops on finance worldwide. Her main research interests lie in asset pricing, international finance, and emerging markets.

**Recent Research**

In ongoing research Professor Chaieb and coauthors analyze the impact of liquidity costs and market segmentation on asset pricing. The model developed by the researchers suggests that freely traded securities command premiums for global market and liquidity risks as well as for liquidity levels, whereas the securities that can be held by only a subset of investors command an additional premium for local market and liquidity risks. Empirical results for 24 emerging markets support the model’s predictions and show that the price of global market risk is economically meaningful and that liquidity level costs are the biggest contributors to the overall risk premium. Further research reveals that the global liquidity risk premium increases greatly during market corrections and that local liquidity risk premiums are small overall.

**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
Pierre Collin-Dufresne is Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne. Previously, Professor Collin-Dufresne held the Carson Family Chair of business at Columbia University and worked in the Quantitative Strategies Group of Goldman Sachs Asset Management. 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. His primary research interest lies in credit and fixed income markets.

Recent Research
One of the recent topics Professor Collin-Dufresne and coauthors have been investigating is how to create an optimal portfolio when returns, volatilities, and trading costs change over time. The researchers show that the best performing portfolio – constructed using a dynamic mean-variance approach that accounts for state persistence, risk, and trading costs – is one that trades toward an aim portfolio at a given trading speed. Trading speed increases in persistent states when volatility is high and trading costs are low. Empirical results, obtained with US common stocks, show that optimal dynamic strategies significantly outperform myopic trading strategies and that the highest gains are obtained when timing changes in volatility and trading costs rather than timing expected returns.

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. Professor de Treville has played a pioneering role in the application of quantitative-finance methods to valuing supply-chain responsiveness. She created OpLab to facilitate the implementation of these research insights and tools by managers and policy makers. She is currently Co-editor in Chief for the Journal of Operations Management. Her core research interest lies in using the option value of demand volatility to strengthen manufacturing in developed economies in a way that then creates positive links to innovation and sustainability—in addition to strengthening the local economy.

**Recent Research**

In a recent paper, Professor de Treville and coauthors focus on the impact of changes in forecasting uncertainty on decision lead time—the period between the decision to produce and the moment when demand is observed. Whether the change is gradual or occurs in jumps has important implications for the justified cost premium—the financial premium worth paying to reduce the decision lead time. Demand uncertainty related to jumps justifies a higher premium when an average jump increases median demand, and justifies a lower premium when an average jump decreases median demand. The authors use examples of jumps to argue that the use of the correct model has far-reaching implications for investment in responsiveness, including production-location decisions.

**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 Professor of Finance at the Università della Svizzera italiana. Professor Degeorge is a former Dean of the Faculty of Economics at the Università 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. He has received numerous teaching and research awards. His recent research investigates the influence of analysts on corporate policies, the growing phenomenon of secondary buyouts, and the stock market impact of news dissemination by firms.

Recent Research
One of Professor Degeorge’s most recent coauthored projects reviews the causes of conflicts of interest when an IPO underwriter is affiliated with a fund manager. The existing literature considers two cases of conflicts of interest based on share allocation: the “dumping ground” hypothesis, where the underwriter allocates overpriced shares to its affiliated funds to ensure the completion of the issue, and the “nepotism” hypothesis, where the underwriter allocates underpriced shares in order to boost the performance of its affiliated funds. The researchers innovate by considering the “supernepotism” hypothesis, where the underwriter deliberately underprices the IPO to allocate the underpriced shares to its affiliated funds. Data reveal that a one percent increase in IPO allocations to affiliated funds leads to an increase in underpricing of five percentage points, suggesting that “nepotism” and “supernepotism” have large consequences for both issuing firms and fund shareholders.

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 and Director of the Department of Finance at the University of Lausanne. Professor Dimopoulos has received several grants and awards during his studies. His research interests lie in mergers and acquisitions, corporate finance, and corporate governance.

Recent Research
In a recent paper, Professor Dimopoulos and a coauthor seek to better understand the rationale behind the heterogeneity in the level of profit, investment, leverage, and payout across firms. To do so, the researchers develop an empirical framework and test it on data that cover close to 1,000 US manufacturing firms over a 40-year period. Firms exhibit large and persistent differences in their cash flow characteristics. This variation in firm “DNA” explains why firms in the same sector and the same year follow markedly different investment, leverage, and dividend policies. Results reveal that differences across firms in profit shocks and corporate tax rates are the main factors that explain dispersion in leverage rates, whilst differences in capital-adjustment costs and equity-issuance costs are the main factors that explain dispersion in investments rates.

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 Emeritus Professor of Mathematics at ETH Zurich. Professor Embrechts held an SFI Senior Chair from 2009 to 2018. His research has been published in top academic journals worldwide and has 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. His main areas of research focus on the modeling of extremal events in insurance and finance, and on statistical methods for quantitative risk management.

Recent Research
In ongoing research, Professor Embrechts studies the quantitative and qualitative dimensions of risk. On the one hand, quantitative risk management has considerably improved over the decades, and despite the eternal cat-and-mouse game going on between banks and regulators today’s market actors are well aware of the risks at stake. On the other hand, qualitative risk management is still discovering new threats—whether legal, cyber, or employee-related—which leads to new challenges regarding market evolution and risk hedging. One of the most visible current risks in today’s economy relates to the impact of quantitative easing policies on asset prices and interest rates.

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
• Operations Research and Decision Theory

Language Skills
Dutch, English, French, German
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Rüdiger Fahlenbrach is Associate Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne. Previously, Professor Fahlenbrach taught at the Ohio State University. His 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. His research focuses primarily on corporate governance and on understanding the causes and consequences of the recent financial crisis.

Recent Research
One of Professor Fahlenbrach’s latest co-authored papers looks at why directors join corporate boards. The literature generally agrees that compensation, reputation, and access to a career enhancing network are the three main reasons to explain such a move. Surprisingly, there is little empirical work on the network dimension of joining corporate boards. The researchers fill this gap by testing whether a director benefits from serving on the board of a firm with a well-connected CEO. Data covering nearly 24’000 firms during a 10-year period show that when a director joins a new board, he or she gets access to the professional and social networks of both the CEO of the firm and the peer directors already sitting on the board, which further helps the new director secure an additional appointment. No evidence of negative market reactions is found regarding the vetting of referred directors, suggesting that social networks are beneficial in helping reduce information asymmetries in the director labor market.

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
• Financial Valuation
• Mergers and Acquisitions

Frontier Topics
• Sustainable Finance

Language Skills
English, French, German
Walter Farkas is Associate Professor of Quantitative Finance at the University of Zurich. 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. His research focuses primarily on mathematical finance and quantitative risk management.

**Recent Research**

In a recent study, Professor Farkas and a coauthor contribute to the asset pricing literature by developing a methodology that retrieves the risk-neutral probability measure from observed option prices. The developed option pricing model, specifically calibrated for European options, provides accurate estimates of implied volatility for a wide range of strike prices. Empirical results show that this novel method outperforms several of the classical methods.

**Expertise**

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

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

**Language Skills**

English, German
Prof. Damir Filipović

**SFI Senior Chair since 2010**
**SFI Faculty Member since 2010**

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Damir Filipović holds the Swissquote Chair in Quantitative Finance and is Head of the Finance Institute at the Ecole Polytechnique Fédérale de Lausanne. 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. His research interests lie in quantitative finance and risk management.

**Recent Research**
Professor Filipović is currently studying the benefits of machine learning for portfolio risk management. Risk measurement, valuation, and hedging form the core of portfolio risk management for financial institutions. Portfolio risk arises because the values of assets and liabilities change over time in response to changes in the underlying risk factors. Obtaining dynamic portfolio values of future cash flows over long time horizons—such as retirement schemes—represents a challenge that machine learning can solve. Recent results suggest that machine learning can significantly reduce computational cost compared to industry standard methods for the calculation of risk capital. Although machine learning provides strong computational benefits, one must nonetheless analyze results with a critical economic mindset when such technology is applied to financial data.

**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
Prof. Francesco Franzoni

SFI Senior Chair since 2012
SFI Faculty Member since 2007

PhD Massachusetts Institute of Technology – Economics

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Francesco Franzoni is Professor of Finance at the Università della Svizzera italiana and a research fellow at the Center for Economic Policy Research. Professor Franzoni’s research has been published in the top finance journals and has been featured in the international press. He is a regular speaker at leading academic conferences on finance. His general research interests are in asset pricing, with a focus on institutional investors such as hedge funds, private equity, mutual funds, and ETFs, with an emphasis on the impact of institutional investors on asset prices.

Recent Research
In recent research, Professor Franzoni and coauthors tackle the question of whether ETFs increase stock volatility. ETFs, which replicate the performance of an index, provide market participants with low trading costs and liquid investment opportunities. The researchers’ empirical results show that trading shocks in the ETF market propagate to the underlying securities through the activity of arbitrageurs, who keep the prices of the ETF and the underlying basket aligned. Further results reveal that the increase in stock volatility brought about by ETFs is partly non-diversifiable, so that investors require compensation in the form of a risk premium to hold these stocks.

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. Before, Professor Frésard was a member of the faculty at HEC Paris and the University of Maryland. His papers have been published in leading academic journals and he has received a number of grants and awards. His research interests lie in empirical corporate finance, with a focus on the interactions between product market competition and corporate policies, and in international cross-listings.

**Recent Research**

A recent paper by Professor Frésard and coauthors provides evidence as to how stock market inefficiencies affect the real economy. Stock prices respond to news-related fundamental shocks and to noise-related non-fundamental shocks. By using a novel approach, which focuses on a given firm’s investment response to the noise-related shocks to its market peers’ stock prices instead of its own stock price, the researchers are able to isolate the faulty information channel that noise in stock prices triggers. Data, covering public US firms from 1996 to 2011, reveal that a firm’s investments are sensitive to noise-related shocks to stock prices, suggesting that managers have limited ability to filter out the noise in stock prices when using them as signals about their own firm’s growth opportunities. Such a finding implies economically large losses in shareholders’ wealth and capital investments, even for firms that are not facing financing constraints or agency problems.

**Expertise**

**Financial Markets**
- Information and Market Efficiency

**Financial Institutions**
- Institutional Investors and Funds

**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. Professor Gagliardini’s papers have been published in the top academic journals in finance, economics, and financial econometrics. His main research interests lie in financial econometrics, with a special focus on large data sets and applications to asset pricing, factor investing, and credit risk models.

Recent Research
In ongoing research Professor Gagliardini and a coauthor tackle the question of wage inequality from a dynamic (career) perspective instead of from a static (job) one. To do so, the researchers develop a model that accounts for wage dynamics over the professional career, the role of past positions, and education. US data, covering 30 years, reveal several findings. First, workers with low education and low wages, whether at the beginning or end of their career, tend to stay stuck in the low-wage trap. Second, workers with high education and low wages, tend to move up the professional ladder and improve their position from one year to the next. Finally, to reduce increases in inequality, policies should focus on the low-wage trap instead of on low wages in general.

Expertise
Financial Markets
• Systemic Risk and Regulation

Portfolio Management and Asset Classes
• Asset Pricing
• Equities
• Options and Other Derivatives
• Portfolio Management

Frontier Topics
• Big Data and Fintech

Language Skills
English, French, Italian
Manfred Gilli is Emeritus Professor at the University of Geneva. 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. His research interests lie primarily in the implementation and empirical validation of computational methods in finance.

**Recent Research**
In ongoing research, Professor Gilli studies the role of computationally intensive tools in providing financial decisions—from asset allocation to risk management and from option pricing to model calibration—with an emphasis on simulation and optimization in a heuristic environment. Practitioners in the financial sector can benefit from the practical-in-scope and theoretically rigorous software developed and tested.

**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. 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 on finance. His main research interests lie in empirical asset pricing.

Recent Research
In ongoing research, Professor Goyal and a 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. After graduating from the Wharton School of the University of Pennsylvania he taught at the London Business School. His primary research interests are corporate finance and organization theory.

**Recent Research**
In recent research, Professor Habib and coauthors examine the impact of differences in the cost of capital faced by the public and private sectors. Their results suggest that, even under the assumption that the public and private sectors are equally efficient, the private sector is willing to pay higher prices than the public sector for some assets solely because of these assets’ embedded tax advantages. Conversely, the private sector requires higher returns than the public sector for holding tax-disadvantaged assets. In terms of policy recommendations, governments should include the effect of this tax wedge in their privatization, nationalization, and regulation decisions. Somewhat disturbingly, the pattern of ownership and of transactions that would result from the failure to account for tax-induced distortions largely resembles today’s economic reality.

**Expertise**

*Financial Institutions*
- Venture Capital and Private Equity

*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 and Director of the Geneva Finance Research Institute. Professor Hau is engaged in several ongoing collaborations with the European Central Bank. His work has been published in top academic journals and has featured in the international press. His research focuses on international finance, financial stability, asset pricing, and asset management.

**Recent Research**

One of Professor Hau’s latest coauthored studies tackles the question of knowing whether contingent convertible bonds (CoCo bonds) provide the same reduction in bank default risk as an identical issuance of common equity. To shed light on this, the researchers use data from large European banks to analyze the premium reduction in credit default swaps around the issuance announcement of CoCo bonds and equity. Results show that the CoCo bonds that convert into full and permanent equity achieve the same reduction in default risk as equity, but that CoCo bonds as an asset class are unable to achieve a similar reduction. This finding casts some doubt on the full efficiency of the Basel III reform, which allows the issuance of CoCo bonds as a means of meeting additional capital requirements.

**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
- Personal Finance and Household Choices

*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 at the University of Zurich. Professor Hens is the founder of the UZH spin-off Behavioral Finance Solutions, which assists financial firms in developing and implementing investor profiling methods by making use of behavioral finance principles. His research focuses on behavioral finance and evolutionary finance.

**Recent Research**
In his recent research Professor Hens applies evolutionary finance to factor investing. The developed model studies the dynamic interactions of investment factors such as value, size, quality, and momentum. While back tests show that certain investment factors are highly profitable, it is unclear whether their impact will decrease over time due to the investment strategy’s limited capacity. Findings provide a framework for dynamic interactions among investment factors, estimates of the capacity and cross impact of factors, as well as a method of timing investment factors, which had been thought to be impossible.

**Expertise**

**Financial Markets**
- Information and Market Efficiency
- Systemic Risk and Regulation

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

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

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

**Language Skills**
English, German
Martin Hoesli is Professor of Real Estate Investments and Finance at the University of Geneva. Professor Hoesli is the author of numerous publications 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, and is a Fellow of the Royal Institution of Chartered Surveyors and of the Weimer School of Advanced Studies in Real Estate and Land Economics. His research relates mainly to the area of real estate finance and housing.

Recent Research
In one of his recently published papers, Professor Hoesli and coauthors study the impact of financial market regulatory reforms, implemented in the aftermath of the global financial crisis, on the returns of real estate firms. On the one hand, regulation can be perceived positively as it helps prevent systemic events as well as market contagion. On the other hand, regulation can be seen as a burden as it can increase the cost of risk diversification and compliance and reduces the pool of eligible investors. Empirical results reveal large differences across such reforms. The AIFMD, which targets real estate firms directly, was positively received by large real estate firms as it called for an increase in market transparency and better investor protection. Basel III, which called for tighter bank funding, was negatively received by small real estate firms unable to diversify their funding sources. Finally, the derivative targeted EMIR regulation had little impact on real estate firms. Market reactions reveal strong evidence of asymmetric effects with negative news more frequently leading to significant responses.

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. Professor Hugonnier held positions at Carnegie Mellon University, HEC Montreal, and the University of Lausanne. He is a regular speaker at finance conferences and serves on the editorial boards of various academic journals in the areas of mathematical finance and financial economics. His main research area is theoretical asset pricing.

Recent Research
In recent work, Professor Hugonnier and coauthors generalize the benchmark search-theoretic model of OTC markets. Specifically, they build a model in which customers trade with dealers in a search market and dealers trade among themselves in another search market. This generalization provides substantial benefits whilst inducing no loss of tractability. In particular, the model gives rise to intermediation chains and is able to account for empirical facts such as the relation between a dealer’s type and the typical position he holds in the chains, and the frequency, direction, and prices of his trades. These results provide insights into multiple ongoing issues that surround today’s OTC markets, such as the effect of trading speed on market outcomes, the effects of regulation, and the effects of shocks to dealers’ participation in decentralized markets.

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
- Financial Risk and Risk Management
- Financing Policy and Capital Structure

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

Language Skills
English, French
Eric Jondeau is Professor of Finance at the University of Lausanne. Professor Jondeau’s papers have been published in leading academic journals. His research interests include financial econometrics, asset and risk management, and pension funds.

**Recent Research**

In one of his latest papers, Professor Jondeau and a coauthor develop a new method to measure the capital shortfall of banks during market downturns. Their measure—called stressed expected loss (SEL), which is equal to the difference between the market value of the assets and the book value of the deposits and short-term debt of banks—offers multiple advantages over usual risk measures. First, it relies on publicly available balance sheet information and not on stock market capitalization data. This makes the SEL more versatile than other traditional risk measures. Second, it can be used to investigate specific scenarios of a market downturn, such as a drop in the value of government bonds or real estate. With this, the SEL can provide finer recommendations regarding where the risk lies than can a simple and single scenario in which the stock market drops. Data covering the 31 largest US commercial banks during 20 years reveal that the average probability of default was close to 10 percent during the dot.com crisis and close to 25 percent during the subprime crisis. Since 2016, this probability has hovered around the 5 percent mark.

**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

**Frontier Topics**
- Sustainable Finance

**Language Skills**
- English, French
Prof. Pablo Koch-Medina

SFI Faculty Member since 2017

PhD University of Zurich – Mathematics

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Pablo Koch-Medina is Associate Professor of Finance and Insurance at the University of Zurich. Professor Koch-Medina was responsible for launching the Center for Finance and Insurance at the University in 2013. The Center bridges the gap between the areas of finance and insurance and helps advance research and foster education in the application of finance theory and mathematical finance to insurance-related topics. Prior to his academic appointment he worked for more than 20 years in the finance and insurance industry. His research interests lie in asset pricing, insurance, risk measurement, corporate finance, and risk governance.

Recent Research
In recent research, Professor Koch-Medina and coauthors study the optimal capital and investment policies of an insurance firm. They contribute to the literature by addressing the questions of when an insurance firm should pay out dividends and raise costly capital and when it should take liquid investment risk. Results show that investing in risky assets can have two conflicting effects on firm value. On the one hand, it can increase firm value by boosting the value of the option to default and by helping the firm reach capital levels where added value is higher. On the other hand, it can reduce firm value by increasing the need for costly recapitalization or by eliminating future economic rents by forcing the firm to liquidate. As shown by examples, the particular resolution of this trade-off is case specific.

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
Prof. Philipp Krüger

SFI Junior Chair since 2015
SFI Faculty Member since 2015

PhD Toulouse School of Economics – Economics

University of Geneva
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Philipp Krüger is Associate Professor of Responsible Finance at the University of Geneva. Professor Krüger is a regular speaker at leading finance conferences worldwide and his research has been published in top academic journals. His primary research interests are sustainable and responsible finance, corporate finance, corporate governance, and behavioral finance.

Recent Research
One of Professor Krüger’s latest coauthored papers focuses on how institutional investors consider climate risks in their investment decisions. Survey data show that institutional investors believe that climate risks, especially regulation-related ones, have already materialized. The spectrum of motives that explains why institutional investors include climate risk in their investment process is broad and includes moral and legal considerations, reputation protection aspects, and well as the belief that climate risks affect returns. Further analysis reveals that many investors fail to use the appropriate tools to identify and manage climate risks, but that long-term and large investors appear better prepared for the transition toward a low-carbon economy.

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. Before joining the faculty in Zurich, Professor Kübler held professorships at Stanford University, the University of Pennsylvania, and the University of Mannheim. He also serves on the editorial boards of several economic and financial journals. His research interests lie in theoretical financial economics and computational methods.

**Recent Research**

In a recent research paper Professor Kübler and coauthors focus on how technology can benefit society by proposing a massively parallelized and optimized computer framework to solve high-dimensional dynamic stochastic economic models. To achieve this goal the researchers introduce a novel approach to adaptive sparse grid index compression alongside a surplus matrix reordering that significantly reduces memory usage, and develop a hybrid-cluster-oriented work-preempting scheduler that evenly distributes the time iteration workload across the computer’s capacity. Numerical experiments, conducted at the Swiss National Supercomputer Centre, show that the developed framework provides a significant overall acceleration in solving time. Finally, unprecedented performance is obtained when computing global solutions to a public finance model with 16 discrete stochastic states.

**Expertise**

- **Financial Markets**
  - Financial Crises
- **Portfolio Management and Asset Classes**
  - Asset Pricing

**Language Skills**

- English, German
Semyon Malamud is Associate Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne. 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. His main research interest lies in the intersection of asset pricing, corporate finance, and macroeconomics.

**Recent Research**

In recent research, Professor Malamud and a coauthor study the questions of why the dollar is the dominant currency of choice for debt contracts and what its macroeconomic implications are. They develop an international general equilibrium model where firms optimally choose the currency composition of their debt and show that there exists a dominant currency debt equilibrium, in which all firms borrow in the currency of the country that effectively pursues expansionary monetary policy during global downturns and thus lower their real debt burden. The researchers show that the dollar empirically fits this description, despite its short-term safe haven properties, and provide broad modern and historical support across time and currencies. Finally, they use their model to study the optimal monetary policy of the dominant currency central bank and its reactions to global economic conditions.

**Expertise**

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

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

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

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

**Frontier Topics**
- Operations Research and Decision Theory

**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. Prior to joining the Università, Professor Mancini held positions at Princeton University and at the Ecole Polytechnique Fédérale de Lausanne. He has published papers in the top academic journals in finance and is a regular speaker at leading conferences and workshops worldwide. His primary research interests are volatility modeling and asset pricing.

**Recent Research**

In recent research, Professor Mancini and a coauthor contribute to the literature surrounding the G20 decision of 2009 to migrate all OTC trading to centrally cleared platforms. To do so, they provide a model of short-term funding and study the conditions influencing rollover risk. Their results show that, on the one hand, OTC—non-anonymous—markets support an efficient allocation of resources but are prone to runs. On the other hand, centralized—anonymous—markets provide insurance against liquidity shocks but allocate resources inefficiently. Enforcing an all-round centralized market would allow lower quality borrowers to pool with higher quality borrowers, leading to socially suboptimal outcomes. Yet despite this drawback, further results reveal that if borrowers are required to post collateral, then lower quality borrowers generally undertake socially optimal actions. Policy makers need to be aware that a central clearing platform can provide resilience against runs but comes at a welfare cost.

**Expertise**

*Financial Markets*
- Financial Crises

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

*Financial Institutions*
- Banks

**Language Skills**
- English, Italian
Antonio Mele is Professor of Finance at the Università della Svizzera italiana after a decade spent as a professor 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. His research interests relate to capital markets.

**Recent Research**
Professor Mele’s recent research studies the relationship between sovereign debt accumulation and deficit cycles. In the model he develops, governments display preferences for deficits and face trade-offs between preferring more primary deficits to less, while satisfying default constraints; additionally, governments run deficits when owning debt and increasing it is inexpensive. After a period of debt accumulation, the probability of default increases, and therefore so does the cost of owning debt. Over time, debt reaches a critical level relative to the size of the economy—a fiscal tipping point—after which debt accumulation stops and governments begin a cycle of deficits and surpluses, until perhaps default occurs. The key results are that fiscal tipping points typically occur at about 85-95 percent from default, that the probability of default increases with governments’ myopia, and that fiscal austerity may arrive too late.

**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
Roni Michaely is Professor of Finance at the University of Geneva. Before, Professor Michaely held a professorship at Cornell University. His current research focuses on conflict of interest in capital markets, corporation payout policies, and the pricing and optimal trading mechanisms of IPOs.

Recent Research
In a recent paper, Professor Michaely and coauthors look at the inner workings of trading in the face of short-lived private information and seek to empirically test the well-known “buy the rumor and sell the news” adage. Using a proprietary data set that covers 10 years of NYSE exchanges, the researchers empirically show that early informed traders do, as anticipated, “buy the rumor”. But they observe a striking difference in profit-taking practices among early informed traders. Proprietary traders “sell the news” by massively reversing their initial stake as soon as analysts update their forecasts, whilst agency traders defer their profit trading. Ironically, uninformed institutions emerge as liquidity providers to better-informed institutions.

Expertise
Financial Markets
• Information and Market Efficiency

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

Frontier Topics
• Big Data and Fintech

Language Skills
English, Hebrew
Erwan Morellec is Professor of Finance at the Ecole Polytechnique Fédérale de Lausanne. Before joining the school, Professor Morellec taught at the University of Rochester and the University of Lausanne. He 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. His main research interest lies in capital structure decisions, real options, risk management, liquidity management, and credit risk.

Recent Research
In recent work, Professor Morellec and a coauthor focus on the impact of product market competition on option prices and contribute to bridging the gap between the fields of corporate finance and option pricing. The researchers find that as firms interact and compete in the product market they change their cash flows and that this change further influences the financial market by influencing stock and option prices. Using a large sample of US equity options, the researches provide empirical results showing that product market competition leads to an inverse relationship between equity returns and volatility, which further generates negative volatility skew in option prices. Overall, financial analysts would benefit from using information from firm-level option prices when trying to understand the relation between competition and equity risk and value.

Expertise
Financial Markets
- Financial Crises
- Systemic Risk and Regulation

Portfolio Management and Asset Classes
- Options and Other Derivatives

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. In 2016 Professor Munari was awarded the Walter Saxer Insurance Prize and in 2017 he received the ACRI Research Prize. His research interests lie in finance and insurance, in particular in the application of mathematical and theoretical finance models to a variety of insurance related risk management problems.

Recent Research
In a recently published paper, Professor Munari and coauthors contribute to the risk and portfolio management literature by introducing a new quantile-based risk measure called Loss Value at Risk (LVaR). LVaR allows the tail distribution of a risky position to be controlled by prescribing, for each loss level, a maximal acceptable probability of occurrence according to the principle that higher losses are tolerated with lower probabilities. By construction, LVaR generalizes the standard value at risk (VaR) and provides a different perspective on tail risk with respect to expected short-fall (ES). Results and examples reveal that LVaR can be employed in conjunction with VaR and ES allowing financial institutions to monitor their risk exposure in a more comprehensive way.

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 the University of Lausanne. Professor Neklyudov’s research has been published in leading finance journals. His main research interests lie in securitization trading and market microstructure.

Recent Research
In recent research, Professor Neklyudov and a coauthor focus on trades within the US corporate bond market between 2005 and 2017. The data reveal that a large group of bonds—(in) frequently traded bonds—experience substantial and long-lasting swings in trading activity. These (in) frequently traded bonds show similar characteristics to other—non-(in) frequently traded—bonds in terms of size, maturity, and credit rating. The differences between these two groups of plain-vanilla bonds, with seemingly identical characteristics, lay in their trade flows and institutional ownership structures. These differences infer that (in) frequently traded bonds are traded in higher volumes over a smaller number of trades, are more likely to be held by mutual funds, and display abnormal returns that relate to the swings in trading activity.

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
Boris Nikolov is Professor of Finance at the University of Lausanne. He is a regular speaker at major conferences and his research has been published in leading finance journals. His main research areas are dynamic corporate finance, empirical corporate finance, and corporate governance.

**Recent Research**
In recent research, Professor Nikolov and coauthors examine the determinants of dynamic corporate liquidity and their effects on firms’ value. In particular, they focus on optimal liquidity management in a dynamic setting where investment opportunities and cash shortfalls generate unexpected liquidity needs. Their contribution is to focus on how firms face the trade-off between uncontingent liquidity using cash and contingent liquidity using credit lines subject to collateral constraints. The model they develop provides a successful empirical framework that explains corporate investment, financing, and liquidity policies, as well as the joint existence of cash, debt, and credit lines in the presence of capital market imperfections.

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

Recent Research
In a recent paper, Professor Nowak and coauthors look for contagion effects in Swiss bankruptcy filings between 2002 and 2016. The researchers contribute to the corporate governance literature by focusing on the track record of board members. Empirical results show that having a serial defaulter—a board member with a history of bankruptcy filings—sit on the board of a newly established company strongly increases the probability of seeing this new company default in the near future. Further results reveal that individual defaults are also contagious among board members and that serving on the board with a serial defaulter increases the likelihood that oneself becomes a serial defaulter.

Expertise
Financial Markets
- Financial Crises
- Information and Market Efficiency

Portfolio Management and Asset Classes
- Behavioral Finance
- Equities
- 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. 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. His research interests include the role of money in financial markets, central banking and banking, liquidity, collateral, valuation, and corporate finance.

Recent Research
In a recent study, Professor Nyborg and his coauthor raise the question as to what valuation techniques are used in practice. To answer this question, the researchers survey nearly 300 finance professionals, including consultants, investments bankers, and private equity and asset managers. Data reveal that, while there are many commonalities, valuation approaches vary significantly across professions. Curiously, one’s educational achievement and years of experience have less of an impact than the professional subgroup one belongs to. The purpose behind the valuation is also of lesser importance. These findings call for a sociological hypothesis—the choice of valuation technique is defined by the culture of the professional subgroup one belongs to. The relative unimportance of education also raises questions about the role, benefit, and optimal mode of higher-level finance education.

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

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
Prof. Steven Ongena

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SFI Faculty Member since 2013

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Steven Ongena is Professor of Banking at the University of Zurich. 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. His research interests lie in the areas of empirical financial intermediation and applied financial econometrics.

Recent Research
A recent paper by Professor Ongena and coauthors studies the impact of pro-cyclical capital requirements, such as those included in the Basel III accords. Such capital buffers, which increase during booms and decrease during crashes, not only help protect against negative externalities during credit crashes, but also cool credit-led booms, as additional credit comes with a higher cost. Spanish data, covering the years 1998 to 2013 and representing a full credit cycle with an unexpected crisis shock in the middle, show that dynamic capital provisioning helped mitigate credit supply cycles during periods of both economic expansion and recession. Further analysis reveals that firm-level credit, employment, and firm survival during times of crisis also benefited from dynamic capital provisioning.

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. Professor Östberg is a regular speaker at finance conferences and seminars worldwide and has served on the program committees of several conferences. His research interests include financial markets, household finance, and corporate finance.

**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
Marc Paolella is Professor of Empirical Finance at the University of Zurich. 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. His primary research interest lies in the development of statistical methods for finance.

**Recent Research**
Professor Paolella and coauthors recently contributed to the market risk and asset allocation literature by developing a mean-variance heterogeneous tails mixture distribution for modeling financial asset returns. The model captures, along with the obligatory leptokurtosis, different tail behavior among the assets. Its construction is explicitly designed to be applicable in high dimensions. A useful and unique feature of the model is that the tail behavior of the individual assets is driven by asset-specific news effects. An empirical application using a portfolio of highly tail-heterogeneous cryptocurrencies and realistic transaction costs shows superior out-of-sample portfolio performance compared to numerous competing models.
Diane Pierret is Assistant Professor of Finance at the University of Lausanne. 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, central bank linkages, bank profitability and monetary policy, and the interaction between solvency and liquidity regulations.

**Recent Research**

In recent research, Professor Pierret and a co-author investigate the risk-taking incentives of stressed banks—those banks that have been 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 the setting of more stringent capital requirements.

**Expertise**

- Financial Institutions
  - Banks
  - Institutional Investors and Funds

**Language Skills**

- English
Alberto Plazzi is Associate Professor of Finance at the Università della Svizzera italiana. Professor Plazzi is a regular speaker at finance conferences worldwide and his papers have been published in top academic journals. His research interests include empirical asset pricing, institutional investor behavior, and real estate finance.

Recent Research
In a recent paper, Professor Plazzi and coauthors seek to determine, from both a domestic and a foreign perspective, the effect of monetary policies on market co-movements. Empirical results based on data covering all Fed meetings and announcements between 2006 and 2015 reveal that monetary policy decisions affect, and typically increase, market co-movements in the equity and sovereign CDS markets of developed and emerging markets. This effect is particularly evident during periods of unconventional monetary policies. The Fed’s recent decision to unwind its unconventional monetary interventions had a strong impact both between and within developed and emerging markets, and in particular in the sovereign CDS market. In contrast, the ECB’s unconventional policies were not perceived as a global factor. These findings call for more coordination at the global level in order to deal with the impact of Fed policy decisions on the price of sovereign risk in both developed and emerging markets.

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
Kerstin Preuschoff is Associate Professor in Neurofinance and Neuroeconomics at the University of Geneva. Prior to joining the University of Geneva, Professor Preuschoff was a researcher and lecturer at the Institute for Empirical Research in Economics at the University of Zurich and at the Brain Mind Institute at the Ecole Polytechnique Fédérale de Lausanne. Her teaching interests include neurofinance, interdisciplinary tools in finance, and leadership and team management, as well as science communication.

Recent Research
In one of her latest papers, Professor Preuschoff and coauthors focus on the impact of unexpected surprises on learning. In life, our decisions are usually based on past experiences and lessons, and since data is obtained in a noisy environment we naturally tend to average out such information. However when an unexpected—not an unlikely—change occurs the most recent experiences and lessons are the most informative ones and more importance should be given to them than to older ones. Research results show that surprising events increase the speed of learning and that surprises can be used as a trigger to balance new information against old. Financial actors should be particularly careful with regard to what information they base their decisions on in today’s investment environment, where unexpected changes events—such as currency peg introductions and removals—occur more and more often.

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

**Frontier Topics**
- Neurofinance

**Language Skills**
English, German
Jean-Charles Rochet is Professor of Banking at the University of Geneva. Before joining the faculty in Geneva, Professor Rochet held a chair at the Toulouse School of Economics and at the University of Zurich. His research interests lie in banking crises and regulation.

**Recent Research**

Professor Rochet and coauthors have recently revisited the question of bonus pay in banks but from a risk sharing perspective instead of an incentives perspective. Using payroll data for 1.26 million employees in Austrian, German, and Swiss banks the researchers reveal several novel results. First, bonus pay is widespread, including for positions without any direct impact on financial performance. Second, bonus pay is sensitive to earnings shocks beyond one’s sole control. For example, the financial crisis triggered a considerable reduction in bonus pay even for new recruits hired after the crisis. Based on these facts, the researchers find that bonus pay helps reduce operating leverage, limits the need to raise costly capital when in distress, and improves risk sharing between employees and sharehol- ders. From a regulatory perspective, a restrictive policy on bonus pay may jeopar-
Prof. Michael Rockinger

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Michael Rockinger is Professor of Finance at the University of Lausanne. Professor Rockinger 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. He is also a research fellow of the Society for Financial Econometrics and is a regular speaker at leading conferences in his areas of expertise. His main research interest lies in financial econometrics and computational methods for finance.

Recent Research
In one of his latest papers, Professor Rockinger and 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 has occurred over recent decades and the current low 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 is narrowed 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 to use needs to be made based on the institution’s objectives.

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. Professor Scaillet is a regular speaker at leading conferences on finance. His papers have been published in the top academic journals in finance and econometrics. His research interests lie in the application of statistical methods to finance topics and are related, among other matters, to the use of high-frequency trading data.

**Recent Research**
In recent research, Professor Scaillet and coauthors focus on the ability funds have to create value rather than on the value that funds pass on to investors. To do so, the researchers employ a novel non-parametric approach to measure fund skill, which imposes no constraints regarding the way skill distributions are shaped and simultaneously accommodates the several existing skill dimensions. Empirical data from actively managed US equity between 1979 and 2015 show that funds are able to detect profitable trades that are both widespread and economically valuable, but that only a handful of funds are able to override capacity constraints. Further analysis shows that smaller funds are more able to detect profitable trades but also face larger capacity constraints. Overall, funds earn substantial profits from exploiting their skills, and skill distributions reveal substantial heterogeneity across funds.

**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 Professor of Quantitative Methods in the Institute of Finance at the Università della Svizzera italiana. Professor Schneider is a regular speaker at leading academic conferences on finance and his papers have been published in top finance journals. His main research areas are asset pricing and empirical finance.

**Recent Research**

In recent research, Professor Schneider investigates how preferences with regard to known and unknown unknowns influence trading strategies. His current research interest also evolves around methods to reduce complicated asset markets to a few representative scenarios. The small number of scenarios comes with as little information loss as possible and conforms with realistic decision behavior.

**Expertise**

*Financial Markets*
- Financial Crises
- Financial Forecasting

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

*Frontier Topics*
- Operations Research and Decision Theory

**Language Skills**

English, German
Prof. Norman Schürhoff

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Norman Schürhoff is Professor of Finance at the University of Lausanne. Professor Schürhoff’s work has been published in the top academic journals in finance and he has won several prestigious publication awards. He is a six-time winner of the CFA Institute Research Challenge in Switzerland and was World Champion for 2018. His main research interests lie in financial intermediation, corporation finance, corporate governance, market microstructure, and asset pricing.

Expertise

Financial Markets
- Information and Market Efficiency

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

Recent Research

In ongoing research, Professor Schürhoff and coauthors study the municipal bond market—the largest and most important capital market for state and municipal finance in the US. In existence for 200 years, the municipal bond market is dominated by retail investors and characterized by old-fashioned OTC trading. The municipal bond market is likely to evolve in the near future in light of capital market regulation. Additional changes will be related to the widespread adoption of electronic trading, which will help improve price discovery. With “green” bonds issued at a premium due to strong investor demands, the municipal bond market has led the development of responsible investing.
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. His primary research interest lies in mathematical finance, more specifically in the areas of arbitrage theory, hedging, valuation, risk management, and optimal portfolio choice for incomplete financial markets.

**Recent Research**
In ongoing research, Professor Schweizer has focused on mathematical models that center on optimal portfolio creation and portfolio mean-variance hedging techniques, as well as financial arbitrage. With respect to portfolios, his results can, for instance, be applied to situations where one holds a long or short position on an asset for which no liquid market exists, such as certain petrochemical products, and therefore needs to trade the derivatives of a near-product, such as crude oil futures and options, to hedge price risk. With respect to arbitrage, his recent results show that whether or not arbitrage exists depends heavily on the precise conditions one imposes on the strategies allowed for trading. Given that absence of arbitrage is one of the pillars of all trading and hedging decisions, the insight here is that one should examine critically the models used in practice to avoid running into trouble.

**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
Didier Sornette holds the Chair of Entrepreneurial Risks at ETH Zurich. Professor Sornette is the founding director of the Financial Crisis Observatory, a scientific platform aimed at studying financial market inefficiencies, which among other activities publishes a monthly “cockpit” reporting on positive and negative bubbles in all major assets and markets around the world. His research interests include the development of diagnostic tools for financial market anomalies, such as price bubbles, and the prediction of financial crises.

Recent Research
In ongoing research, Professor Sornette monitors international real estate markets in order to identify real estate bubbles, forecast their tipping points, and to provide early warning indicators of such events. To do so he relies on non-linear techniques and other bubble indicators and shares his reliable and unbiased findings online regularly. In his latest report on the Swiss market, he forecasts price stability over the next few months, but sees the current low interest rate environment and high household indebtedness rate relative to GDP as a threat for Swiss households. Central Banks—whether Swiss or European—as well as Swiss regulators also need to be on the radar of home owners as policy changes could bear strong consequences for the real estate market.

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
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Pascal St-Amour is Professor of Economics at the University of Lausanne. Professor St-Amour’s papers have been published in the leading academic journals in economics. His primary research areas are financial economics, health economics, and economic history.

Recent Research
Ongoing research by Professor St-Amour and coauthors focuses on optimal health and wealth dynamics through the life cycle and in particular on the way health declines and mortality risk increases rapidly near the end of life. Curative care expenses stagnate, while long-term care spending increases, accelerating the fall in wealth. Standard explanations emphasize inevitable health declines associated with aging. The researchers propose a “closing down the shop” alternative, where agents’ decisions affect their health and the timing of their deaths. Despite strictly preferring to live, agents optimally deplete their health and wealth statuses toward levels associated with high risk of death and an indifference between life and death. A structural estimation of the closed form decisions identifies and tests conditions for these strategies to be optimal, and confirms their economic relevance near the end of life.

Expertise
*Portfolio Management and Asset Classes*
- Personal Finance and Household Choices
- Portfolio Management

Language Skills
English, French
Prof. Roberto Steri

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Roberto Steri is Assistant Professor of Finance the University of Lausanne. 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 a coauthor investigate the sources and size of financing constraints across firms. To do so, they build, solve, and estimate a range of corporate investment and financing models with a specific focus on limited enforcement, moral hazard, and trade-off models. Data covering more than 50 years and both public and private US firms reveal that not all firms face the same frictions. Empirical tests favor trade-off models for large firms, limited commitment models for small firms, and moral hazard models for private firms. Finally, financial frictions reduce firm value in the range of between 20 and 30 percent.

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. Professor Teichmann is a regular speaker at international conferences on finance and mathematics. He has published extensively in his areas of research expertise. His main research interests lie in mathematical finance, stochastic analysis, and quantitative risk management.

Recent Research
In recent work Professor Teichmann and coauthors develop machine learning tools for the financial industry. Deep hedging, for instance, is a project conducted jointly with investment bankers, where generic hedging tasks are solved by cutting-edge machine learning technology in a fully realistic market environment—that is, in the presence of market frictions and trading constraints. Further projects include deep calibration, deep simulation, and deep prediction. Theoretical foundations from approximation theory and stochastic analysis accompany successful concrete implementations to make such approaches eligible for industry applications.

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. Previously, Professor Trojani taught at the University of St. Gallen and the Università della Svizzera italiana. He is a regular speaker at leading academic conferences on finance and econometrics. His research interests are in asset pricing and in the application of econometric and data science methods to finance.

Recent Research
In ongoing research, Professor Trojani and coauthors contribute to the growing literature in the field of personal finance, focusing on the risks and advantages related to the financial investment and portfolio choices of households over the life cycle. In terms of policy considerations, the researchers’ results reveal that the inclusion of life-cycle investment strategies as default options—such as those that may be included in the European Commissions’ upcoming Pan-European Personal Pension Product—is desirable for savers as they can increase pension wealth at a comparatively very low risk over long investment horizons. Such investment strategies enable young savers to better diversify their pension savings toward equity when their financial wealth tends to be low and their human capital is high. Life-cycle strategies also support improved household participation in the stock market, which helps to generate a more efficient matching between retirement saving capital and risky investment opportunities in financial markets.

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 Associate Professor of Finance at the University of Zurich. Professor Wagner’s research has been published in leading academic journals and professional reviews. He is an independent counsel for PwC and has experience as the chairman of a proxy advisor. His talk on “What really motivates people to be honest in business” was featured on TED.com. His research interests are in the fields of corporate finance, corporate governance, and behavioral economics and finance.

Recent Research
In recent coauthored research, Professor Wagner contributes to the mergers and acquisitions literature by focusing on how managers communicate on intangible assets—a key component of firm value. The researchers develop a novel word list of intangibles, including innovation, processes, customers, expertise, and services. Analyzing 15 years of data on corporate takeover deals, they find that the amount managers talk about intangible aspects shows little correlation with the actual intangibles of a given target or acquirer. Strikingly, intangibles talk is found to be positively related to deal completion speed and probability, but negatively related to announcement returns and the performance of the deal. Further analysis suggests that intangibles talk reflects managerial overoptimism. Overall, these results suggest that investors can gain by studying the phraseology of takeover announcements.

Expertise
Financial Markets
- Information and Market Efficiency

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

Financial Institutions
- Institutional Investors and Funds

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

Frontier Topics
- Sustainable Finance

Language Skills
English, German
Joël Wagner is Professor of Actuarial Science at the University of Lausanne and Member of the Board of Directors at Retraites Populaires. During his doctoral studies, Professor Wagner was also a visiting research associate at the University of Houston. His research focuses on current topics in risk management and insurance.

Recent Research
In one of his recent papers, Professor Wagner and coauthors investigate the potential value of data-rich environments for insurers and their customers. Big data analysis reveals that repeated purchases are a key motivator for firms to manage their relationships with their existing customers and that over the last few decades companies have established the practice of customer relationship management (CRM) to contribute to their growth and profitability. The researchers present an approach that insurers can apply to use enriched CRM data to identify customers who could switch their current policy to another carrier, and that provides opportunities for cross-selling an additional product. Empirical results, obtained using Swiss data, show that enriched data produces accurate forecasts of future purchases and outperforms baseline models based on traditional customer data. These findings can help practitioners detect customers who are currently shopping for coverage and protect their customer base against competitors’ offers.

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
Johan Walden is Professor of Finance at the University of Lausanne. Previously, Professor Walden taught at the University of California, Berkeley, and worked as a management consultant at McKinsey & Company. His work has been published in top academic journals in finance and economics. His research interests lie in finance, insurance, and real estate, with a focus on asset pricing, networks in capital markets, and heavy-tailed risks.

Recent Research
In a recent paper, Professor Walden and coauthors review the role of banks as facilitators of payments and as lenders whilst considering the effects of financial innovation—such as Fintech innovation, which affects consumers and banking operations—on the payment system. Such innovation will decrease the demand for cash and thereby in general increase the efficiency of the system, but may also increase the interbank rate—when banks increase their lending—as well as shift investments from more productive to less productive regions of the economy. Overall, the benefits of financial innovation in consumer payment systems therefore need to be viewed in a nuanced manner.

Expertise
Financial Markets
• Information and Market Efficiency

Portfolio Management and Asset Classes
• Asset Pricing
• Equities

Language Skills
English, Swedish