

**Behavioural Finance Working Group Conference Programme**  
**Thursday 11<sup>th</sup> – Friday 12<sup>th</sup> June 2015**

**Venue:**

School of Business and Management, Queen Mary University of London  
Mile End Road London, E1 4NS

**Keynote Speakers:**

Harrison Hong, Princeton University, USA  
Charles Goodhart, London School of Economics, UK  
Marie-Hélène Broihanne, Université de Strasbourg, France

**Special Issue: European Journal of Finance**

**Best Paper Awards**

Best Qualitative Paper Award: Qualitative Research in Financial Markets  
Best Quantitative Paper Award: European Journal of Finance

**PhD Sponsorships**

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**Organisers**

Gulnur Muradoglu, Queen Mary University of London  
William Forbes, Waterford Institute of Technology, UK

## Thursday 11<sup>th</sup> June

Registration 08:30 – 09:30 (Ground Floor Foyer)

### **Session 1**      **09:30 – 11:00**

SESSION 1A: BEHAVIOURAL CORPORATE FINANCE 1 (Room 3.40)

SESSION 1B – FINANCIAL CRISIS 1 (Room 3.26)

<p><b>Chair:</b> Evangelos Vagenas-Nanos</p>	<p><b>Chair:</b> Jörg Prokop</p>
<p><b>Market Conditioning and Information Uncertainty in the Market for SEOs</b></p> <p><b>Speaker:</b> Danial Hemmings, Bangor Business School, UK  <b>Co-Author(s):</b> Lynn Hodgkinson, Bangor Business School, UK          Qingwei Wang, Cardiff Business School, UK  <b>Discussant:</b> Venura Welagedara</p>	<p><b>The Value Relevance of “Too Big to Fail” Guarantees: Evidence from the 2008-2009 Banking Crisis</b></p> <p><b>Speaker:</b> Jörg Prokop, University of Oldenburg, Germany  <b>Co-Author(s):</b> Armin Varmaz, University of Applied Sciences, Germany          Christian Fieberg, University of Bremen, Germany  <b>Discussant:</b> Karsten Paetzmann</p>
<p><b>Social Connection, Reference Point and M&amp;A Performance</b></p> <p><b>Speaker:</b> Evangelos Vagenas-Nanos, University of Glasgow, UK  <b>Co-Author(s):</b> Jie Michael Guo, University of Durham, UK          Nicolas Cistenas Seeger, University of Durham, UK  <b>Discussant:</b> Danial Hemmings</p>	<p><b>Bad Assets Options Under the New EU Bank Recovery and Resolution Directive - Lessons Learned in and after the 2008 Financial Crisis</b></p> <p><b>Speaker:</b> Karsten Paetzmann, BDO and Frankfurt School of Finance and Management, Germany  <b>Discussant:</b> Michal Paserman</p>
<p><b>Retail Investor Attention and the Post-Revision Drift</b></p> <p><b>Speaker:</b> Venura Welagedara, Deakin University, Australia  <b>Discussant:</b> Evangelos Vagenas-Nanos</p>	<p><b>Comovement or Safe Haven? The Effect of Corruption on the Market Risk of Sovereign Bonds of Emerging Economies During Financial Crises</b></p> <p><b>Speaker:</b> Michal Paserman, Graduate Institute Geneva, Switzerland  <b>Discussant:</b> Jörg Prokop</p>

### SESSION 1C – INVESTOR SENTIMENT (Room 3.23)

<p><b>Chair:</b> Wenjie Ding</p>
<p><b>Investor Sentiment and Strategic Timing of Earnings</b></p> <p><b>Speaker:</b> Dan Zhu, Bangor Business School, UK  <b>Co-Author(s):</b> Lynn Hodgkinson, Bangor Business School, UK          Qingwei Wang, Cardiff Business School, UK  <b>Discussant:</b> Deven Bathia</p>
<p><b>Do Governance Levels Influence Investor Sentiment?: The European Evidence</b></p> <p><b>Speaker:</b> Deven Bathia, Queen Mary University of London, UK  <b>Co-Author(s):</b> Abhinav Goyal, University of Liverpool, UK  <b>Discussant:</b> Wenjie Ding</p>
<p><b>Investor Sentiment and the Cross-Section of Stock Returns: Theory and Evidence</b></p> <p><b>Speaker:</b> Wenjie Ding, Cardiff Business School, UK  <b>Co-Author(s):</b> Qingwei Wang, Cardiff Business School, UK  <u>Khelifa Mazouz</u>, Cardiff Business School, UK  <b>Discussant:</b> Dan Zhu</p>

Coffee Break 11:00 – 11:30 (3<sup>rd</sup> Floor Foyer)

**Session 2** 11:30 – 13:00

SESSION 2A – ASSET PRICING 1 (Room 3.26)

SESSION 2B – BANKING AND EFFICIENCY (Room 3.40)

<b>Chair:</b> Chris Godfrey	<b>Chair:</b> Sushanta Mallick
<b>Global Contrarian Strategy: Equilibrium of Endogenous Trading?</b>  <b>Speaker:</b> Alain Wouassom, Queen Mary University of London, UK <b>Co-Author(s):</b> Gulnur Muradoglu, Queen Mary University of London, UK Nick Tsitsianis, Queen Mary University of London, UK <b>Discussant:</b> Chris Godfrey	<b>Bank Efficiency Convergence: Evidence from India</b>  <b>Speaker:</b> Aarti Rughoo, University of Hertfordshire, UK <b>Co-Author(s):</b> Albert G. Assaf, University of Massachusetts-Amhers, USA Sushanta Mallick, Queen Mary University of London, UK Roman Matousek, University of Kent, UK <b>Discussant:</b> Massimiliano Affinito
<b>Home and Foreign Bias in Bond Investment: Fundamentals vs Familiarity</b>  <b>Speaker:</b> Bibek Bhatta, Strathclyde University, UK <b>Co-Author(s):</b> Andrew Marshall, Strathclyde University, UK Chandra Thapa, Strathclyde University, UK <b>Discussant:</b> Alain Wouassom	<b>Central Bank Refinancing, Interbank Markets, and the Hypothesis of Liquidity Hoarding: Evidence from a Euro-Area Banking System</b>  <b>Speaker:</b> Massimiliano Affinito, Bank of Italy, Economics, Statistics and Research Department, Italy <b>Discussant:</b> Mostak Ahamed
<b>Behavioural factors and limits to arbitrage in explaining asset pricing "anomalies"</b>  <b>Speaker:</b> Chris Godfrey, Henley Business School, UK <b>Discussant:</b> Bibek Bhatta	<b>Corporate Debt Restructuring, Bank Competition and Stability Evidence from India</b>  <b>Speaker:</b> Mostak Ahamed, Queen Mary University of London, UK <b>Co-Author(s):</b> Sushanta Mallick, Queen Mary University of London, UK <b>Discussant:</b> Aarti Rughoo

Lunch 13:00 – 14:00 (Mucci's Restaurant, next to Bancroft Building entrance)

**Session 3** 14:00 – 15:30

SESSION 3A – BEHAVIOURAL CORPORATE FINANCE 2 (Room 3.26)

SESSION 3B – PRUDENTIAL REGULATION 1 (Room 3.40)

<b>Chair:</b> Yoshikatsu Shinozawa	<b>Chair:</b> Anthony Bellofatto
<b>Do CEOs Learn to Listen? Evidence from Mergers &amp; Acquisitions</b>  <b>Speaker:</b> Indrajeet Mohite, University of Reading, UK <b>Discussant:</b> Yoshikatsu Shinozawa	<b>Legislative Responses to Behavioural Economics Research</b>  <b>Speaker:</b> Chia-Hsing Li, Edinburgh Law School, UK <b>Discussant:</b> Anthony Bellofatto
<b>A Large but Mysterious Foreign Investor: An Empirical Analysis of the Largest Sovereign Foreign Wealth Fund Investing in the Japanese Stock Market.</b>  <b>Speaker:</b> Yoshikatsu Shinozawa, SOAS, University of London, UK <b>Discussant:</b> Jiawei Wu	<b>To What Extent are MiFID Test Informative?</b>  <b>Speaker:</b> Anthony Bellofatto, Université catholique de Louvain, Belgium <b>Co-Author(s):</b> Rudy De Winne, Université catholique de Louvain, Belgium Catherine D'Hondt, Université catholique de Louvain, Belgium <b>Discussant:</b> Florian El Mouaaouy
<b>Cognitive Dissonance and Disposition Effect</b>  <b>Speaker:</b> Jiawei Wu, University of Durham, UK <b>Co-Author(s):</b> Michael Guo, University of Durham, UK Changyun Wang, School of Finance, Renmin University, China Songtao Tan, School of Finance, Renmin University, China <b>Discussant:</b> Indrajeet Mohite	<b>Financial Crime "Hot Spots" - Empirical Evidence from the Foreign Exchange Market</b>  <b>Speaker:</b> Florian El Mouaaouy, Munich School of Management, Germany <b>Discussant:</b> Chia-Hsing Li

Tea Break 15:30 – 16:00 (3<sup>rd</sup> Floor Foyer)

<p><b>Chair:</b> Darren Duxbury</p>	<p><b>Chair:</b> Bonnie Buchanan</p>
<p><b>Assessing Risk in Graphically Presented Financial Series</b></p> <p><b>Speaker:</b> Daphne Sobolev, University College London, UK  <b>Co-Author(s):</b> Nigel Harvey, University College London, UK  <b>Discussant:</b> Zwetelina Iliewa</p>	<p><b>Security Design with Status Concerns</b></p> <p><b>Speaker:</b> Dmitry Makarov, New Economic School, Russia  <b>Co-Author(s):</b> Suleyman Bassak, London Business School, UK  Alex Shapiro, New York University, USA  Marti Subrahmanyam, New York University, USA  <b>Discussant:</b> John Pereira</p>
<p><b>Perceptions of Financial Volatility</b></p> <p><b>Speaker:</b> Darren Duxbury, Newcastle University, UK  <b>Co-Author(s):</b> Barbara Summers, University of Leeds, UK  <b>Discussant:</b> Daphne Sobolev</p>	<p><b>Securitization: A Financing Vehicle for All Seasons?</b></p> <p><b>Speaker:</b> Bonnie Buchanan, Seattle University, USA  <b>Discussant:</b> Dmitry Makarov</p>
<p><b>Beyond the Pleasure Principle: Why Do Stock Market Professionals Expect High Returns with Low Risk when Their Favourite Soccer Team is Winning</b></p> <p><b>Speaker:</b> Zwetelina Iliewa, Centre for European Economic Research (ZEW), Germany  <b>Co-Author(s):</b> Qingwei Wang, Cardiff Business School, UK  <b>Discussant:</b> Darren Duxbury</p>	<p><b>Effect of Policy announcements on US and UK corporate CDS Returns During The Financial Crisis</b></p> <p><b>Speaker:</b> John Pereira, Kingston University London, UK  <b>Co-Author(s):</b> Ghulam Sorwar, University of Salford, UK  Mohamed Nurullah, Kingston University London, UK  <b>Discussant:</b> Bonnie Buchanan</p>

## Keynote Speaker

17:30 – 18:30 (David Sizer Lecture Theatre, Ground Floor Bancroft Building)

**Harrison Hong**, Professor of Economics and Finance, Princeton University, USA

Conference Dinner Reception 18:30 – 20:30 (Mucci's Restaurant, next to Bancroft Building entrance)

## Friday 12<sup>th</sup> June

### Keynote Speaker

09:00 – 10:00 (Mason Lecture Theatre, First Floor Bancroft Building)

**Charles Goodhart**, Director of the Financial Regulation Research Programme, London School of Economics, UK

**Title:** Behavioural Perspectives on Bank Misdeeds

Coffee Break 10:00 – 10:30 am (3<sup>rd</sup> Floor Foyer)

### **Session 5** 10:30 – 12:00

SESSION 5A – THEORY (Room 3.40)

SESSION 5B – PRUDENTIAL REGULATION 2 (Room 3.26)

<b>Chair:</b> Richard Fairchild	<b>Chair:</b> Dion Bongaerts
<b>Exponential Versus Hyperbolic Discounting: a Theoretical Analysis</b>  <b>Speaker:</b> Michael Osborne, University of Sussex, UK <b>Discussant:</b> Richard Fairchild	<b>The Economics of Investor-Paid Credit Rating Agencies</b>  <b>Speaker:</b> Dion Bongaerts, Rotterdam School of Management, Erasmus University, Holland <b>Discussant:</b> Kathy Byrne
<b>A Theory of Hedge Fund Contracting and Performance</b>  <b>Speaker:</b> Richard Fairchild, University of Bath, UK <b>Discussant:</b> Yuan Li	<b>Behavioural Economic and UK Regulation</b>  <b>Speaker:</b> Kathy Byrne, Askis Limited, UK <b>Discussant:</b> Redis Zaliauskas
<b>The 52-Week High, Q Theory and the Asset Growth and Equity Financing Anomalies</b>  <b>Speaker:</b> Yuan Li, C. T. Baurer College of Business, USA <b>Discussant:</b> Michael Osborne	<b>Two Plus Two Make? Survey Evidence that Investors Overvalue Structured Deposits</b>  <b>Speaker:</b> Redis Zaliauskas, Financial Conduct Authority, UK <b>Co-Author(s):</b> Stefan Hunt, Financial Conduct Authority, UK Neil Stewart, University of Warwick, UK <b>Discussant:</b> Dion Bongaerts

### Keynote Speaker

12:00 – 13:00 (Mason Lecture Theatre, First Floor Bancroft Building)

**Marie-Hélène Broihane**, Professor of Finance, EM Strasbourg Business School, Strasbourg University, France

**Title:** Decision under risk in various primate species: Monkeys should stop playing darts!

Lunch 13:00 – 14:00 (Mucci's Restaurant, next to Bancroft Building entrance)

**Session 6 14:00 – 15:30**

SESSION 6A – INDIVIDUAL INVESTORS (Room 3.26)

SESSION 6B – ASSET PRICING 2 (Room 3.40)

<b>Chair:</b> John Turner	<b>Chair:</b> Astrid van Landschoot
<b>Optimism, Financial Literacy and Participation</b>  <b>Speaker:</b> Anders Anderson, Stockholm School of Economics and Swedish House of Finance, Sweden <b>Co-Author(s):</b> Forest Baker, LinkedIn Corporation, USA David Robison, Fuqua School of Business, Duke University, USA <b>Discussant:</b> Enrica Bolognesi	<b>Intraday Herding in Cross-Border Exchanges: Evidence from EURONEXT</b>  <b>Speaker:</b> Vasileios Kallinterakis, University of Liverpool, UK <b>Co-Author(s):</b> Panagiotis Andrikopoulos, Coventry University Business School, UK Mario Pedro Leite Ferreira, Universidade Católica Portuguesa, Portugal Thanos Verousis, University of Bath School of Management <b>Discussant:</b> Stefanie Schraeder
<b>Individual Investors' Risk Appetite Under Financial Advisory</b>  <b>Speaker:</b> Enrica Bolognesi, Department of Economics and Statistics, University of Udine, Italy <b>Co-Author(s):</b> Roberto Tasca, University of Bologna, Italy Enrico Maria Cervellati, University of Bologna, Italy <b>Discussant:</b> John Turner	<b>Pricing of Non-Traded Government Guarantees</b>  <b>Speaker:</b> Astrid van Landschoot, European Commission, DG Competition, Belgium <b>Discussant:</b> Vasileios Kallinterakis
<b>Financial Illiteracy Meets Conflicted Advice: The Case of Thrift Savings Plan Rollovers</b>  <b>Speaker:</b> John Turner, Pension Policy Centre, USA <b>Co-Author(s):</b> Bruce W Klein, Pension Policy Centre, USA Norman P Stein, Drexel University, USA <b>Discussant:</b> Anders Anderson	<b>Model Projection and the Risk-Return Trade-Off</b>  <b>Speaker:</b> Stefanie Schraeder, Universite de Lausanne and Swiss Finance Institute, Switzerland <b>Discussant:</b> Astrid van Landschoot

Coffee Break 15:30 – 16:00 am (3<sup>rd</sup> Floor Foyer)**Session 7 16:00 – 18:00**

SESSION 7A – SOCIOLOGY OF FINANCE (Room 3.26)

SESSION 7B – FINANCIAL CRISIS 2 (Room 3.40)

<b>Chair:</b> Roland Gemayel	<b>Chair:</b> William Forbes
<b>Hedge Funds as Objects of Luxury and Desire: An exploratory study of the hedonic and symbolic nature of hedge funds and advertising appeals of financial products</b>  <b>Speaker:</b> Qing Wang, University of Warwick, UK <b>Co-Author(s):</b> Arman Eshraghi, University of Edinburgh Business School, UK Richard Taffer, <b>Discussant:</b> Chris Brady	<b>Does the U.S President Affect the Stock Market</b>  <b>Speaker:</b> Maurizio Montone, Erasmus School of Economics, Erasmus University Rotterdam, Netherlands <b>Discussant:</b> Ali Kutan
<b>Fat Tony Goes to the Movies: Understanding the Last Financial Crisis and Maybe, Just maybe, Avoiding the Next One</b>  <b>Speaker:</b> Chris Brady, Salford University, UK <b>Discussant:</b> Roland Gemayel	<b>On Cross-Border Bank Credit and U.S. Subprime Crisis Transmission to Equity Markets</b>  <b>Speaker:</b> Cheng Yan, Cass Business School, UK <b>Co-Author(s):</b> Kate Phylakti, Cass Business School, UK Ana-Maria Fuertes, City University, U <b>Discussant:</b> William Forbes
<b>Quindell PLC: A Case Study of Short Sale Propaganda Dissemination within Online</b>  <b>Speaker:</b> James Bowden, University of Dundee, UK <b>Co-Author(s):</b> Bruce Burton, University of Dundee, UK David Power, University of Dundee, UK <b>Discussant:</b> Qing Wangbib	<b>Do International Institutions Affect Financial Markets?: Evidence from the Greek Sovereign Debt Crisis</b>  <b>Speaker:</b> Ali Kutan, Southern Illinois University, USA <b>Co-Author(s):</b> Marianne Gogstad, Gulnur Muradoglu, Queen Mary University of London, UK <b>Discussant:</b> Cheng Yan

**Does a Scopic Regime Produce Conformism? Herding Behaviour among Trade Leaders on Social Trading Platforms**

**Speaker:** Roland Gemayel, King's College London, UK

**Co-Author(s):** Alex Preda, King's College London, UK

**Discussant:** James Bowden

**Do Analysts Exacerbate Financial Crisis? Evidence from the UK**

**Speaker:** William Forbes, Waterford Institute of Technology, UK

**Co-Author(s):** Aine Murphy, Waterford Institute of Technology, UK  
Cormac O'Keeffe, Waterford Institute of Technology, UK

**Discussant:** Maurizio Montone

Conference Dinner 18:00 – 20:00 (Mucci's Restaurant, next to Bancroft Building entrance)

## Keynote Speakers

**Professor Harrison Hong**, Professor in Economics and Finance, Princeton University, USA

**Lecture Title:** Do Short-Sellers Dream of Unicorns?

**Bio:** Harrison Hong is the John Scully '66 Professor of Economics and Finance at Princeton University. He received his B.A. in economics and statistics with highest distinction from the University of California at Berkeley in 1992 and his Ph.D. in economics from M.I.T. in 1997. His work has covered diverse topics, including behavioral finance and market efficiency, agency and biased decisions, organizational diseconomies and performance, social interaction and investor behavior, and social responsibility and the stock market. In 2009, he was awarded the Fischer Black Prize, given once every two years to the best American finance economist under the age of 40. He is a research associate at the National Bureau of Economic Research and currently an editor of the International Journal of Central Banking. He has been an associate editor at the Journal of Finance and a Director of the American Finance Association.

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**Professor Charles Goodhart**, Professor of Professor of Banking and Finance, London School of Economics, UK

**Lecture Title:** Behavioural Perspectives on Bank Misdeeds

**Abstract:** Economists' approach to 'wrong-doing' is very different from that of most other moralists and commentators. For economists, what we do is largely a matter of incentives. Perhaps supervisors should look more closely at the structure of incentives and worry less about 'culture'.

**Bio:** Charles Goodhart, CBE, FBA is Emeritus Professor of Banking and Finance with the Financial Markets Group at the London School of Economics, having previously, 1987-2005, been its Deputy Director. Until his retirement in 2002, he had been the Norman Sosnow Professor of Banking and Finance at LSE since 1985. Before then, he had worked at the Bank of England for seventeen years as a monetary adviser, becoming a Chief Adviser in 1980. In 1997 he was appointed one of the outside independent members of the Bank of England's new Monetary Policy Committee until May 2000. Earlier he had taught at Cambridge and LSE. Besides numerous articles, he has written a couple of books on monetary history; a graduate monetary textbook, Money, Information and Uncertainty (2nd Ed. 1989); two collections of papers on monetary policy, Monetary Theory and Practice (1984) and The Central Bank and The Financial System (1995); and a number of books and articles on Financial Stability, on which subject he was Adviser to the Governor of the Bank of England, 2002-2004, and numerous other studies relating to financial markets and to monetary policy and history. His latest books include The Basel Committee on Banking Supervision: A History of the Early Years, 1974-1997, (2011), and The Regulatory Response to the Financial Crisis, (2009).

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**Professor Marie-Hélène Broihane**, Professor of Finance, Université de Strasbourg, France

**Lecture Title:** Decision under risk in various primate species: Monkeys should stop playing darts!

**Abstract:** Previous research in behavioral finance has established that various biases affect investor behavior. I will show that heuristics and biases are most likely a heritage from our evolutionary past as they are also detected in non-human primates and observed early in children. A similar food gambling task was used with children and individuals of 6 different species of non-human primates. In the experiments, subjects were given an initial reward that they can either choose to keep or gamble in a lottery. The lottery consisted of a set of six cups containing visible food. If the subjects gambled the initial reward, they received the content of one randomly chosen cup. We used combinations of rewards that are larger, identical to, or smaller than the initial (safe) one. Observed gambling rates



were analysed according to stochastic dominance criteria and estimations of different choice theories (EUT, CPT) parameters were run. The key finding is that judgment biases in the context of risk are not uniquely human and are based on biologically measurable foundations.

**Bio:** Marie-Hélène Broihanne is Full Professor of Finance at EM Strasbourg Business School, Strasbourg University. Her research work focuses both in behavioral finance (individual investors' behavior) and ethology of human and non-human primates.

Concerning behavioral finance, she has authored the first French academic book "Finance comportementale" and she has published articles in *Finance Research Letters*, *Theory and Decision*, *The Journal of Risk and Uncertainty*, *Review of Quantitative Finance and Accounting*, *Finance*, *Bankers Markets and Investors*.

Concerning ethology, she conducts interdisciplinary research in decision-making under risk, and on the cognitive development of economic skills for different species (monkeys, apes, humans). Her contributions show that behavioral biases that were found in investors for example, are also observed in children and in non-human primates (*Cognition*, *PLoS ONE*, *The Journal of Risk and Uncertainty*).

Her researches were funded by ANR (French Research Agency) over 2009-2012 to study "The biological bases of economic decisions" in a joint work with an international team of ethologists of primates (Max Planck Institute, Leipzig, Germany; CNR, Rome, Italy; St-Andrews University, United Kingdom).

She has been a Guest Editor of *International Journal of Entrepreneurship and Small Business* for the special issue on "Entrepreneurship and Behavioural Finance" and a Track Chair in AFFI (French Finance Association) and FMA conferences.

She obtained best paper awards (2004 and 2009) in *Finance*. She has been nominated as member of the Scientific Committee of the French equivalent of the Securities and Exchange Commission (AMF) in 2014.