



**UNIVERSITÀ  
DEGLI STUDI  
DI UDINE**  
hic sunt futura



# 2018 FINEST Autumn Workshop

30 November 2018

## Conference Venue

Consorzio Universitario di Pordenone,  
via Prasecco 3/A, 33170 Pordenone, Italy

## Organized by

Department of Economics and Statistics  
University of Udine, Italy



**Pordenonese**

<http://www.finest-network.eu>

# FINEST

## Financial Intermediation Network of European Studies

The Financial Intermediation Network of European Studies (FINEST) acts as a research and discussion forum for banking and financial intermediation researchers and practitioners throughout Europe. FINEST operates as an open research network facilitating research and other analytical synergies among academic staff involved in various European Universities as well as policymakers and financial sector practitioners.

The FINEST is a private non-profit association (network) of researchers from various universities, central banks, financial authorities, other research institutes and practitioners who are interested in exploring all aspects of banking and finance. The FINEST is currently hosted by the Università di Roma Tre, Italy.

All those that wish to cooperate with FINEST activities can join the Network. Membership can be asked by individual researchers from universities, central banks, financial authorities, other research institutes and practitioners who are interested in exploring all aspects of banking and finance.

### **Activities**

1. Working papers. The working paper series gives the possibility to share the research effort among all interested researchers dealing with banking and financial intermediation issues. At the same time, working papers will be highly viewed in the academic environment. Working papers will be reviewed following a double-blind review system.
2. Research projects. FINEST promotes research groups, surveys and observatories on specific complex areas of banking and financial intermediation in Europe with the aim to originally contribute to international research on these issues.
3. Conferences. FINEST organizes periodical conferences on a specific banking and financial intermediation issue.
4. Workshops. FINEST promotes workshops to present high quality papers providing authors with a deep and open discussion before the paper submission to top academic journals.
5. Summer schools. FINEST organizes short summer courses on issues related to banking and financial intermediation in Europe for undergraduate and postgraduate students in accounting, economics, finance and management.

### **Contact:**

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### **Workshop Organizers**

Stefano Miani, Università di Udine, Italy  
Enrico Geretto, Università di Udine, Italy  
Andrea Paltrinieri, Università di Udine, Italy  
Alex Sclip, Università di Modena e Reggio Emilia, Italy  
Ornella Ricci, Università di Roma Tre, Italy

### **FINEST President**

Franco Fiordelisi, Università di Roma Tre, Italy, and Middlesex Business School, U.K.

### **FINEST Steering Committee**

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### **FINEST Working Papers Editorial Board**

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Gregory F. Udell, Indiana University, U.S.

## Notes on Discussants

**Anna Chernobai** is an Associate Professor of Finance at the M.J. Whitman School of Management at Syracuse University. The focus of her research is operational risk, default risk, stochastic processes, and applied statistics and probability. She has published in top finance and related journals such as the *Journal of Financial and Quantitative Analysis*, *Journal of Banking and Finance*, *Journal of Accounting Information Systems*, and *Real Estate Economics*. She is also an author of the book "Operational Risk: A Guide to Basel II Capital Requirements, Models, and Analysis" published by Wiley Finance in 2007. In 2008, she won a selective FDIC research fellowship for her research on operational risk in financial institutions. In 2009, she collaborated with JP Morgan Chase and served as a Syracuse University - JP Morgan Chase Faculty Research Fellow. Also in 2009, her work in the area of operational risk received recognition from the industry and she was selected as one of the "Top 50 Faces of Operational Risk."

**Bill Megginson** is Professor and Price Chair in Finance at the University of Oklahoma's Michael F. Price College of Business. He is also the Saudi Aramco Chair Professor in Finance at King Fahd University of Petroleum and Minerals in Dhahran, Saudi Arabia. He has published refereed articles in several top academic journals, including the *Journal of Economic Literature*, the *Journal of Finance*, the *Journal of Financial Economics*, the *Review of Financial Studies*, the *Journal of Financial and Quantitative Analysis*, and *Foreign Policy*. His co-authored study documenting significant performance improvements in recently privatized companies received one of two Smith Breeden Distinguished Paper Awards for outstanding research published in the *Journal of Finance* during 1994. He is author or co-author of nine textbooks. His articles have been downloaded over 59,000 times from the Social Sciences Research Network, and his books and articles have been cited over 18,000 times (according to Google Scholar).

**Stefano Rossi** is a Full Professor of Finance in the Finance Department of Bocconi University where he holds the Generali Chair in Insurance and Risk Management, an IGIER Fellow, a Research Affiliate of the Centre for Economic Policy Research (CEPR), a Research Associate of the European Corporate Governance Institute (ECGI), an Executive Editor of the *Journal of Law, Finance, and Accounting*, and an Associate Editor of *European Financial Management*. His research interests include law and finance, corporate governance, bankruptcy and financial distress, debt financing, international finance, sovereign borrowing and crises, financing of innovations, and market mis-pricings due to institutional frictions and strategic trading. His research has been published in top peer-reviewed journals such as *The Journal of Finance*, *The Journal of Financial Economics*, *The Review of Financial Studies*, *The Journal of Monetary Economics*, and *The Review of Finance*, and has been featured in publications such as *The Financial Times* and *The Economist*. His research on the evolution of ownership (with J. Franks and C. Mayer) was awarded two international prizes for Best Paper by the European Corporate Governance institute. Prior to joining Bocconi Stefano Rossi has taught at Purdue University, the Stockholm School of Economics, the Johnson School of Management at Cornell University, and Imperial College Business School.

**Klaus Schaeck** is a Professor of Banking and Finance at the University of Bristol. Prior to his appointment at Bristol, Klaus was a Professor of Finance at Lancaster University and a

Professor of Empirical Banking at Bangor University. Earlier in his career he also held positions at Cass Business School and at the University of Southampton. His research interest focuses on the empirical modelling of bank behavior. In particular, he primarily investigates the role of the government in banking systems in terms of regulation, supervision, and bank bailouts, and how such government interventions affect bank conduct. Klaus has published in the *Review of Financial Studies*, the *Journal of Financial and Quantitative Analysis*, the *Journal of Financial Intermediation*, the *Review of Finance*, the *Journal of Money, Credit, and Banking*, the *Journal of Corporate Finance*, and other journals. His research has been presented at leading international conferences such as the American Finance Association Conference, the SFS Finance Cavalcade, the European Finance Association Conference, the Financial Intermediation Research Society Meeting, the Annual Darden International Finance Conference, the Federal Reserve Bank of Chicago Bank Market Structure Conference, and the Annual Bank Research Conference held at the Federal Deposit Insurance Corporation.

## Notes on the Presenters, and Chairs

**Stefano Colonnello** is Assistant Professor of Financial Economics at Otto-von-Guericke University Magdeburg and coordinates the research group Law and Finance at the Halle Institute for Economic Research (IWH). His research interests include empirical corporate finance, corporate governance, financial institutions, and law and finance. Stefano holds a Ph.D. in Finance from École Polytechnique Fédérale de Lausanne and Swiss Finance Institute, and a M.Sc. in Finance from Bocconi University.

**Matias Ossandon** Busch is postdoc researcher at the Halle Institute for Economic Research since 2017. He obtained his PhD from the Otto-von-Guericke University Magdeburg and holds master's degrees in economics from the University of Tübingen and from the Adolfo Ibañez University in Chile. His research focuses on international banking and on the evaluation of policy interventions in the banking sector, with a special focus on emerging countries. He has been visiting researcher at the Deutsche Bundesbank and at the Bank of England as well as visiting lecturer at the Adolfo Ibañez University.

**Marta Degl'innocenti** is associate professor at the Southampton Business School. Her research interests focus on empirical banking and corporate finance. She has published papers in journals as *the European Journal of Operational Research*, *Journal of Banking and Finance*, and *Journal of International Financial Markets, Institutions and Money*, and *Environment and Planning A*

**Franco Fiordelisi** is professor of banking and finance at the University of "Roma Tre", Italy. He is also (part-time) professor of Finance at the Middlesex Business School in London, U.K., and affiliated faculty member at the SDA Bocconi in Milan, Italy. His work has been published in various finance journals such as *the Journal of Financial and Quantitative Analysis*, *Review of Finance*, *Journal of Corporate Finance*, *Journal of Banking and Finance*, and *Journal of International Money and Finance*.

**Xing Huan** joined Warwick Business School as an Assistant Professor of Accounting in July 2017. He was formerly a Postdoctoral Research Fellow in Banking and Finance at Smurfit

Graduate Business School, University College Dublin. He obtained his PhD from Ca' Foscari University of Venice and MA from Durham University Business School. His research focuses on operational risk, bank accounting and bank ethics.

**Andrea Paltrinieri** is Assistant Professor of Banking and Finance at the University of Udine. He is Associate Editor of International Journal of Islamic and Middle Eastern Finance and Management and a member of Editorial Review board of International Journal of Emerging Markets. His fields of research are in banking and finance area, with a focus on Sovereign Wealth Funds, Islamic finance, emerging markets and commodities. He published, among the other journals, in *Quarterly Journal of Finance*, *Review of Financial Economics*, *Research in International Business and Finance*, *The Quarterly Review of Economics and Finance*, *Business Ethics: a European Review*, *The Geneva Papers of Risk and Insurance*.

**Daniele Previati** is professor of Financial Markets and Institutions at the University of Rome III, and professor at the Bocconi University SDA Business School, Milan. He has been teaching banking and finance for more than 30 years, with particular focus on bank management, strategy and organization in the financial services industry and fintech. His main research interests relate to various perspectives on bank management: human resources management, intellectual capital, organizational change, stakeholder management and finance for SMEs, with particular focus on crowdfunding. He has published widely in academic journals and books.

**Maurizio Polato** is Professor of Banking and Finance at the University of Udine. His research interests are banking and financial intermediation. He published about 100 contributions, among papers, book, and book chapters. Over the last decade, he was also member of Board of Director and the Board of Auditors in various banks and financial companies.

**Amine Tarazi** is a professor of economics and finance at the University of Limoges (France) where he is currently the Director of a research center, LAPE, and Head of the Economics department. His current research interests relate to financial institutions, bank risk and prudential regulation. His work has appeared in journals such as the *Journal of Financial Economics*, *Review of Finance*, *Journal of Banking and Finance*, *Journal of International Money and Finance*, and others.

**Stefano Zedda** is lecturer in Financial Mathematics at the University of Cagliari (Italy). His research activities mainly focus on quantitative analyses for banking and finance, especially on banking systems modeling and simulation. He developed in 2008 the mathematical modeling and software implementation of the Systemic Model for Banking Originated Losses (SYMBOL), further developed during his activity at the European Commission. The Commission subsequently adopted it as a standard tool for testing banking regulation proposals. His research interests include banking, financial mathematics, and statistics, specifically simulation of banking and financial systems stability, banking regulation impact assessment, and interactive agent simulation.

## Program

**08.30-9.00**

**Registration**

**08.00-9.15**

**Welcome remarks**

Enrico Geretto, Dean 'Banking & Finance, University of Udine, Pordenone Campus

Franco Fiordelisi, President of Finest

### Session 1

Chair: Daniele Previati

**09.15-10.00**

Title: **Basel II and Bank Operational Losses**

Authors: Thomas Conlon, Xing Huan, Steven Ongena

Discussant: Anna Chernobai

**10.00-10.45**

Title: **FX funding shocks and cross-border lending: fragmentation matters**

Authors: Fernando Eguren-Martin, Matias Ossandon Busch, Dennis Reinhardt

Discussant: Klaus Schaeck

### Coffee break

**11.15-12.00**

Title: **Public Bailouts, Bank's Risk and Spillover Effects: The case of European Banks**

Authors: Giovanni Cardillo, Franco Fiordelisi, Ornella Ricci

Discussant: Bill Megginson

### Publication Roundtable

**12.00-13.00**

Title: Publishing in Top Journals: What Editors Like and Dislike

Coordinator: Franco Fiordelisi

Panelists: Bill Megginson, Stefano Rossi, Amine Tarazi

### Lunch

## Session 3

Chair: Amine Tarazi

### 14.00-14.50

Title: **Search for Yield: Does Size and Income Diversity Matter?**

Authors: M. Kabir Hassan, Nicolas Duvernois, Andrea Paltrinieri, Alex Sclip

Discussant: Klaus Schaeck

### 14.45-15.30

Title: **The Case of Loan Covenant Violations**

Authors: Stefano Colonnello, Michael Koetter, Moritz Stieglitz

Discussant: Bill Megginson

## Coffee break

## Session 4

Chair: Maurizio Polato

### 16.00-16.45

Title: **The role of correlation in systemic risk: mechanisms, effects, and policy implications**

Authors: Stefano Zedda, Michele Patanè, Luana Miggiano

Discussant: Anna Chernobai

### 16.45-17.30

Title: **Supply Chain Relationships and Bank Lending**

Authors: Ettore Croci, Marta Degl'Innocenti, Si Zhou

Discussant: Stefano Rossi

### 17.30

**Concluding remarks**

Stefano Miani, Workshop organizer



## Sightseeing & Dinner

**17.45**

**Bus to Spilimbergo**

**18.30**

**Visit of the World Famous 'Scuola Mosaicisti'**

**19.30**

**Walking to Piazza Castello and visit the 'Duomo'**

**20.00**

**Dinner in the castle: 'Ristorante La Torre'**

**At the end of the dinner, return to Pordenone by bus.**

## Accomodation

**We reserved 19 rooms at 'Best Western Plus Park', Pordenone, for the period November 29<sup>th</sup> -December 1<sup>st</sup>. In order to book the rooms, please contact by November 14<sup>th</sup>,**

**[commerciale@parkhotelpordenone.it](mailto:commerciale@parkhotelpordenone.it)**

**phone number +39-0434-27901**

**The room availability is guaranteed until November 14<sup>th</sup> at the following prices:**

**-euro 210 for two nights (November 29-30), double hotel room, single use (max 2 people inside), breakfast included**

**-euro 130 for one night (Thursday, 29), double hotel room, single use (max 2 people inside), breakfast included.**

**The Best Western Plus Park is close to the railway station, well connected to Venezia - Mestre and all other parts of Italy.**

**It is close to the bus station as well. It takes 5 minutes through the U line to reach the campus.**

**The bus will bring all the participants to the Best Western Plus Park Hotel, after the dinner.**



## Sightseeing & Dinner<sup>1</sup>

Contact:  
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The FINEST is a private association (network) of researchers from various European universities, central banks, financial authorities, other research institutes and practitioners who are interested in exploring all aspects of banking and finance.

The FINEST is hosted by the University of Rome III, Italy. The FINEST is widely supported by various academic research centers as:

- ❖ Institute for European Finance, Bangor University, U.K.
- ❖ Laboratoire d'Analyse et de Prospective Economiques, Université de Limoges, France
- ❖ Centre for Responsible Banking and Finance, University of St. Andrew, U.K.
- ❖ Centre for Banking Research, Cass Business School, U.K.
- ❖ The Libera Università del Mediterraneo (LUM), Italy
- ❖ Essex Finance Centre, Essex University, U.K.
- ❖ Banking, Risk and Intermediation (BRI) research group, Durham Business School, U.K.
- ❖ Credifact, Italian Factoring Association, Italy
- ❖ Banking, Investment and Finance Association, Middlesex University, U.K.

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For further details, please visit:

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