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Journal of Financial Intermediation 13 (2004) 284–292
Journal of Financial Intermediation
www.elsevier.com/locate/jfi

FIRS Conference on Banking, Insurance and Intermediation

Capri, Italy
May 13–15, 2004

Programme[1]

Thursday, May 13

1:00pm Lunch at the La Palma Hotel

2:30pm – Sala Pagano I – Banks and Economic Activity

Are Banks Really Special?
Adam B. Ashcraft, Federal Reserve Bank of New York

Financial Market Frictions and Bank Access to External Financing during Periods of Monetary Policy Tightening
Dmytro Holod, University of Kentucky; **Joe Peek**, University of Kentucky

How Does a Shock to Bank Health Unrelated to Firm Performance Affect Firm Performance?
Jie Gan, Hong Kong University of Science and Technology

2:30pm – Sala Pagano II – Mutual Funds and Pensions

Information Acquisition and Mutual Funds
Diego Garcia, Dartmouth College; Joel M. Vanden, Dartmouth College

Defined Contribution Pension Plans: Determinants of Participation and Contribution Rates
Gur Huberman, Columbia University; Sheena Iyengar, Columbia University; **Wei Jiang**, Columbia University

Explaining the Size of the Mutual Fund Industry around the World
Ajay Khorana, Georgia Institute of Technology; Henri Servaes, London Business School and CEPR; **Peter Tufano**, Harvard University

[1] Presenters are in bold

1042-9573/2004 Published by Elsevier Inc.
doi:10.1016/j.jfi.2004.03.001

2:30pm – Sala Camino – Political Economy of Finance

Do Shareholders Vote Strategically? Evidence on the Advisory Role of Annual General Meetings
Ernst Maug, Humboldt University; Kristian Rydqvist, SUNY-Binghamton

The Political Economy of Corporate Governance
Paolo Volpin, London Business School and CEPR; **Marco Pagano**, University of Naples and CEPR

Cooperation in International Banking Supervision
Cornelia Holthausen, European Central Bank and CEPR; Thomas Ronde, University of Copenhagen and CEPR

2:30pm – Le Relais – Investment Banking

Financing Constraints and Transactions Costs when Investment Bankers Serve as Directors
Murali Jagannathan, SUNY-Binghamton; **Srinivasan Krishnamurthy**, SUNY-Binghamton

Regulating Securities Analysts
Mark A. Chen, University of Maryland; **Robert Marquez**, University of Maryland

Competition in Investment Banking: Proactive, Reactive, or Retaliatory?
Katrina Ellis, University of California, Davis; **Roni Michaely**, Cornell University; Maureen O'Hara, Cornell University

4:15pm Tea break

4:30pm – Sala Pagano I – Competition and Banking

Monopoly versus Competition in Banking: Some Implications for Growth and Welfare
Beatrix Paal, University of Texas at Austin; Bruce Smith, University of Texas at Austin; Ke Wang, Stanford University

The Impact of Competition on Bank Orientation and Specialization
Hans Degryse, University of Leuven; **Steven Ongena**, Tilburg University and CEPR

Bank Mergers, Competition and Liquidity
Elena Carletti, University of Mannheim; **Philipp Hartmann**, European Central Bank and CEPR; Giancarlo Spagnolo, University of Mannheim and CEPR

4:30pm – Sala Pagano II – Risk Management and Financial Innovation

Do Bank Risk Management and Regulatory Policy Reduce Risk in Banking
Loriana Pellizon, University of Padua; **Stephen Schaefer**, London Business School

Banks' Advantage in Hedging Liquidity Risk: Theory and Evidence from the Commercial Paper Market
Evan Gatev, Boston College; Philip E. Strahan, Boston College

Developer's Expertise and the Dynamics of Financial Innovation
Helios Herrera, ITAM; **Enrique Schroth**, University of Lausanne

4:30pm – Sala Camino – Law and Finance

How Law & Institutions Shape Financial Contracts: The Case of Bank Loans
Philip E. Strahan, Boston College; **Jun Qian**, Boston College

Agency Conflicts, Ownership Concentration, and Legal Shareholder Protection
Mike Burkart, Stockholm School of Economics and CEPR; Fausto Panunzi, University of Bologna and CEPR

Property Rights Protection and Bank Loan Pricing
Kee-Hong Bae, Korea University; **Vidhan K. Goyal**, Hong Kong University of Science and Technology

4:30pm – Le Relais – Compensation

Regulation, Subordinated Debt and Incentive Features of CEO Compensation in the Banking Industry
Kose John, New York University; **Hamid Mehran**, Federal Reserve Bank of New York; Yiming Qian, University of Iowa

Executive Pay, Earnings Manipulation and Shareholder Litigation
Lin Peng, Baruch College; **Ailsa Röell**, Princeton University

Tunnel-Proofing the Executive Suite: Transparency, Temptation, and the Design of Executive Compensation
Thomas H. Noe, Tulane University

6:30pm–7:30pm Reception at the La Residenza Hotel

Friday, May 14

8:30am – Sala Pagano I – Relationship Banking

Playing Hardball: Relationship Banking in the Age of Credit Derivatives
Stefan Arping, University of Amsterdam

Are Relationship and Transactional Banks Different? Evidence from Loan Loss Provisions and Write-Offs
Kathryn L. Dewenter, University of Washington; **Alan C. Hess**, University of Washington

Preferences in Bank–Firm Relationships
Emilia Bonaccorsi di Patti, Bank of Italy

8:30am – Sala Pagano II – Politics, Teams and Finance

Political Risk in Syndicated Lending: Theory and Empirical Evidence Regarding the Use of Project Finance
Christa Hainz, University of Munich; Stefanie Kleimeier, Maastricht University

The Politics of Bank Failures: Evidence from Emerging Markets
Craig O'Neil Brown, University of Michigan; **I. Serdar Dinc**, University of Michigan

Overconfidence and Team Coordination
Simon Gervais, Duke University; Itay Goldstein, Duke University

8:30am – Sala Camino – Bankruptcy

Bankruptcy Exemptions: Isolating Small Business Borrower Moral Hazard Effects
Sandhya Persad, Columbia University

Deliberation and Proposal Design with an Application to Bankruptcy
Hulya K. Eraslan, University of Pennsylvania; Bilge Yilmaz, University of Pennsylvania

Understanding the Recovery Rates on Defaulted Securities
Viral V. Acharya, London Business School and CEPR; Sreedhar T. Bharath, University of Michigan; Anand Srinivasan, University of Georgia

8:30am – Le Relais – Financing Corporations

Bank Supervision and Corporate Finance
Thorsten Beck, The World Bank; Asli Demirgüç-Kunt, The World Bank; Ross Levine, University of Minnesota and NBER

Is the Corporate Loan Market Globally Integrated?
Mark Carey, Board of Governors of the Federal Reserve System; Greg Nini, Board of Governors of the Federal Reserve System

Ownership and Control in Joint Ventures: Theory and Evidence
Robert Hauswald, American University; **Ulrich Hege**, HEC School of Management and CEPR

10:15am Coffee break

10:30am – Sala Pagano I – Systemic Risk

Risk Assessment for Banking Systems
Helmut Elsinger, University of Vienna; Alfred Lehar, University of Vienna; Martin Summer, Oesterreichische Nationalbank

Estimating Systemic Risk in the International Financial System
Söhnke M. Bartram, Lancaster University; Gregory W. Brown, Kenan–Flagler Business School, University of North Carolina – Chapel Hill; John E. Hund, Tulane University

Banking Fragility and Disclosure: International Evidence
Solomon Tadesse, University of South Carolina

Currency Crises and the Informational Role of Interest Rates
Nikola A. Tarashev, Bank for International Settlements

10:30am – Sala Pagano II – Resource Allocation and Finance

Price Informativeness and Investment Sensitivity to Stock Price
Qi Chen, Duke University; **Itay Goldstein**, Duke University; Wei Jiang, Columbia University

Managerial Hedging and Equity Ownership in Stock Market Economies
Viral V. Acharya, London Business School and CEPR; **Alberto Bisin**, New York University

Credit Risk Transfer and Financial Sector Performance
Ian Marsh, City University; **Wolf Wagner**, University of Cambridge

Banks as Collusive Devices
Giancarlo Spagnolo, University of Mannheim and CEPR

10:30am – Sala Camino – Governance

Governance and Bank Valuation
Gerard Caprio, World Bank**; Luc Laeven**, World Bank; Ross Levine, University of Minnesota and NBER

Evidence from the Banking Crisis in Japan
Masaharu Hanazaki, Development Bank of Japan; Toshiyuki Souma, Kyoto Gakuen University; **Yupana Wiwattanakantang**, Hitotsubashi University

Venture Capital and Corporate Governance in the Newly Public Firm
Yael V. Hochberg, Cornell University

Go Public or Stay Private: A Theory of Entrepreneurial Choice
Arnoud W.A. Boot, University of Amsterdam and CEPR; Radhakrishnan Gopalan, University of Michigan; **Anjan V. Thakor**, Washington University in St. Louis

10:30am – Le Relais – IPOs

From the IPO to the First Trade: Is Underpricing Related to the Trading Mechanism?
Sonia Falconieri, Tilburg University; Albert Murphy, Manhattan College; Daniel Weaver, Baruch College

Pre-IPO Markets
Francesca Cornelli, London Business School and CEPR; **David Goldreich**, London Business School and CEPR; Alexander Ljungqvist, New York University and CEPR

Product Market Advertising and Initial Public Offerings: Theory and Empirical Evidence
Thomas Chemmanur, Boston College; An Yan, Fordham University

IPO Underpricing and After-Market Liquidity
Andrew Ellul, Indiana University; **Marco Pagano**, University of Naples and CEPR

12:45pm Lunch at the La Palma Hotel

1:45pm Keynote Address by Professor Edward Kane of Boston College and General Meeting of the Financial Intermediation Research Society

3:00pm – Sala Pagano – Bank Lending

Multiple-Bank Lending: Diversification and Free-Riding in Monitoring
Elena Carletti, University of Mannheim; **Vittoria Cerasi**, Universita Degli Studi di Milano Bicocca; Sonja Daltung, Sveriges Riksbank

A Lender-Based Theory of Collateral
Roman Inderst, London School of Economics and CEPR; Holger M. Müller, New York University and CEPR

Debt Maturity, Risk, and Asymmetric Information
Allen N. Berger, Board of Governors of the Federal Reserve System; Marco A. Espinosa-Vega, IMF; W. Scott Frame, Federal Reserve Bank of Atlanta; Nathan H. Miller, University of California

3:00pm – Gazebo – Government Sponsored Mortgage Entities

The Effect of Conforming Loan Status on Mortgage Yield Spreads: A Loan Level Analysis
Brent W. Ambrose, University of Kentucky; Michael LaCour-Little, Washington University in St. Louis; **Anthony B. Sanders**, Ohio State University

Monopoly and Informational Advantage in Consumer Loan Markets with Special Reference to Mortgage Lending
Jie Gan, Hong Kong University of Science and Technology; **Timothy M. Riddiough**, University of Wisconsin - Madison

Competition, Efficiency and Endogenous Structure in Secondary Mortgage Markets
Tracy R. Lewis, Duke University; **David Nickerson**, Colorado State University

3:00pm – Sala Camino – Venture Capital

Building Relationships Early: Banks in Venture Capital
Manju Puri, Duke University and NBER; Thomas Hellman, Stanford University; Laura Lindsey, Arizona State University

Venture Capital Investments by IPO Underwriters: Certification or Conflict of Interest?
Xi Li, University of Miami; **Ronald W. Masulis**, Vanderbilt University

Venture Capital: An Experiment in Computational Corporate Finance
Zsuzsanna Fluck, Michigan State University; Kedran Garrison, MIT; Stewart Myers, MIT

3:00pm – Le Relais – Market Microstructure

Down and Out in the Stock Market: The Law and Finance of the Delisting Process
Jonathan Macey, Cornell University; **Maureen O'Hara**, Cornell University; David Pompilio, Cornell University

Brokerage Commissions and Institutional Trading Patterns
Michael Goldstein, Babson College; Paul Irvine, Emory University; **Eugene Kandel**, Hebrew University; Zvi Wiener, Hebrew University

Where is the Market? Evidence from Cross-Listings
Michael Halling, University of Vienna; Marco Pagano, University of Naples and CEPR; Otto Randl, University of Vienna and ISK; Josef Zechner, University of Vienna and CEPR

5:00pm Departure for a boat tour of the island and conference dinner at Add'o Riccio by La Grotta Azzurra

Saturday, May 15

9:00am – Sala Pagano I – Regulation

Optimal Supervisory Policies and Depositor-Preference Laws
Joao A. C. Santos, Federal Reserve Bank of New York; Henri Pages, Bank of France

State-Contingent Bank Regulation with Unobserved Action and Unobserved Characteristics
David A. Marshall, Federal Reserve Bank of Chicago; **Edward Simpson Prescott**, Federal Reserve Bank of Richmond

Solvency Regulation and Insurance against Aggregate Risk: An Equilibrium Approach
Thorsten V. Koeppl, European Central Bank; James MacGee, University of Western Ontario; Antoine Martin, Federal Reserve Bank of Kansas City

9:00am – Sala Pagano II – Finance and Geography

Economics of Portfolio Diversification and City Agglomeration
William N. Goetzmann, Yale University; Massimo Massa, INSEAD; **Andrei Simonov**, Stockholm School of Economics

Bad Loans and Entry into Local Credit Markets
Marcello Bofondi, Bank of Italy; Giorgio Gobbi, Bank of Italy

Group Lending with Endogenous Social Collateral
Beatrix Paal, University of Texas at Austin; **Thomas Wiseman**, University of Texas at Austin

9:00am – Sala Camino – Booms and Busts

Lending Booms and Lending Standards
Giovanni Dell'Ariccia, IMF and CEPR; **Robert Marquez**, University of Maryland

On the Causes of Overlending: Are Guarantees on Deposits the Culprit?
Mariassunta Giannetti, Stockholm School of Economics and CEPR

Bank Lending and Commercial Property Cycles: Some Cross-Country Evidence
E. Philip Davis, Brunel University; **Haibin Zhu**, Bank for International Settlements

9:00am – Le Relais – Corporate Finance Theory

Tender Offers and Leverage
Holger M. Müller, New York University and CEPR; Fausto Panunzi, Università di Bologna and CEPR

Asymmetric Information and Financing with Convertibles
Archishman Chakraborty, Baruch College; **Bilge Yilmaz**, University of Pennsylvania

Optimal Capital Allocation Using RAROC and EVA
Neal M. Stoughton, University of California, Irvine; **Josef Zechner**, University of Vienna

10:45am Coffee break

11:00am – Sala Pagano I – Contagion

Financial Networks: Contagion, Commitment, and Private-Sector Bailouts
Yaron Leitner, Federal Reserve Bank of Philadelphia

Bank Contagion in Europe
Reint Gropp, European Central Bank; Jukka Vesala, European Central Bank

Interbank Exposures: An Empirical Examination of Systemic Risk in the Belgian Banking System
Hans Degryse, University of Leuven; **Grégory Nguyen**, National Bank of Belgium

Shelters from the Storm: Multinational Linkages During Currency Crises
Mihir A. Desai, Harvard University and NBER; C. Fritz Foley, University of Michigan; Kristin Forbes, MIT and NBER

11:00am – Sala Pagano II – Credit Ratings

Parameterizing Credit Risk Models
Alfred Hamerle, University of Regensburg; **Daniel Roesch**, University of Regensburg

Credit Ratings as Coordination Mechanisms
Arnoud W.A. Boot, University of Amsterdam; Todd T. Milbourn, Washington University in St. Louis; **Anjolein Schmeits**, Washington University in St. Louis

Informational Efficiency of Credit Default Swap and Stock Markets: The Impact of Credit Rating Announcements
Lars Norden, University of Mannheim; Martin Weber, University of Mannheim and CEPR

Internal Ratings Systems, Implied Credit Risk and the Consistency of Banks' Risk Classification Policies
Jesper Linde, Sveriges Riksbank; **Kasper Roszbach**, Sveriges Riksbank; Tor Jacobson, Sveriges Riksbank

11:00am – Sala Camino – Underwriting

Tying Knots: Lending to Win Equity Underwriting Business
Steven Drucker, Stanford University; **Manju Puri**, Duke University and NBER

Wanna Dance? How Firms and Underwriters Choose Each Other
Chitru S. Fernando, University of Oklahoma; Vladimir A. Gatchev, Tulane University; Paul Spindt, Tulane University

Financial Contracting and the Choice between Private Placement and Publicly Offered Bonds
Willard T. Carleton, University of Arizona; **Simon H. Kwan**, Federal Reserve Bank of San Francisco

Financial Infrastructure, Underwriter Reputations, and Securities Fraud
Wei-Ling Song, Drexel University

11:00am – Le Relais – Corporate Financial Policy

Partial Adjustment toward Target Capital Structures
Mark J. Flannery, University of Florida; Kasturi P. Rangan, Case Western Reserve University

Informational Efficiency and Liquidity Premium as the Determinants of Capital Structure
Chun Chang, University of Minnesota; **Xiaoyun Yu**, Indiana University

Costless Versus Costly Signaling: Theory and Evidence
Utpal Bhattacharya, Indiana University; Amy Dittmar, University of Michigan

Does the Source of Capital Affect Capital Structure?
Michael Faulkender, Washington University in St. Louis; Mitchell Petersen, Northwestern University

1:15pm Lunch at the La Palma Hotel