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Management
Education

Activity Report 2014/2015
Chair of Behavioral Finance

Prof. Dr. Mei Wang

Chair of Behavioral Finance

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A. Greeting from Chair

Dear all,

This report summarizes the academic activities of the members of the chair of Behavioral Finance during the academic year 2014/2015.

In the past year, we have two doctoral students, Dennis Dlugosch and Yujing Gong, who graduated from our chair with excellent academic performance. Dr. Dlugosch is currently a junior economist in OECD, and Dr. Gong is assistant professor at Zhongnan University of Economics and Law in China. We wish them further success in their career!

We welcome new members as doctoral students to our chair, Hui Chen and Yingbo Gong. Please find further details about them in the report. We also welcome Lixin Mei as visiting doctoral student for the coming year for collaboration on a research project.

We have been active in conducting research in broad areas, which lead to successful publications. We also contribute to the education programs in bachelor, master and doctoral programs, as well as communicate and collaborate with academics and practitioners outside WHU.

I warmly thank Anja Ziegler and all members from the Finance and Accounting group for their helpful support.

Vallendar, September 2015



Prof. Dr. Mei Wang

B. Team

Prof. Dr. Mei Wang

Professor of Behavioral Finance



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Research Interests:

- Decisions under risk and uncertainty
- Cross-cultural comparison of behavioral preferences and financial markets
- Behavioral economics and finance
- Institutional change and behavioral political economy

Prof. Dr. Mei Wang has been holding the chair of Behavioral Finance since January 2011. She received her Ph.D. degree at the Carnegie Mellon University, U.S. in 2003. Before joining WHU, she was assistant Professor of Finance and Financial Markets at the University of Zurich, Switzerland, and head of the Behavioral Finance group of the University Research Priority Program. She has also worked as researcher at the University of Mannheim, Germany, and the ETH Zurich, Switzerland. Her main research interests are behavioral and experimental finance, cross-cultural comparisons and decision theory. She has published in academic journals such as Management Science, Economic Theory, Journal of Regulatory Economics, Journal of Risk and Uncertainty, Quantitative Finance, Risk Analysis, and others. She also contributed to a number of books in the fields of banking and derivatives.

Anja Ziegler

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Hui Chen

Research Assistant/Doctoral Student



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Research Interests:

- Behavioral International Finance
- Economic Uncertainty and Stock Market

Hui Chen has started his Ph.D study at the chair of Behavioral Finance from September 2015. He received his master degree in economics and management science from Humboldt-Universität zu Berlin in 2011. During his master studies, he has worked as a student research assistant in Chair of Banking and Stock Market, and collaborated in a research project in calculating systematic risk of worldwide broadband industry which was assigned by the Bundesnetzagentur. Before joining the Ph.D program he has worked in Commerzbank AG, Frankfurt, for four years. His main tasks were post-trading service and collateral management.

Yingbo Wang

External doctoral student



Email: yingbo.wang@whu.edu

Research Interests:

- Cross-cultural differences and entrepreneurial activities
Financing of SMEs and family firms

Yingbo Wang joined the chair of Behavioral Finance at the WHU in September 2014. Her doctoral study is sponsored by the China Scholarship Council. Before joining WHU, she obtained Master degree in Law and Business from the joint Master program of Bucerius Law School and WHU and Bachelor degree in Chemistry from Fudan University in Shanghai. She worked as a Junior Analyst in HaiTong Securities Co, Ltd and Development Engineer in the R&D department of Unilever. Her main research focus is on the cross-cultural differences in behavioral preferences and their impact on entrepreneurial activities and financing of SMEs and family firms.

Simone Braun

External doctoral student



Email: simone.braun@whu.edu

Research Interests:

- Behavioral decision theory
- Cross-cultural and gender differences in behavioral preferences

Simone Braun started her external doctoral program at the faculty of Behavioral Finance at the WHU in July 2011. Her main research focus is on gender differences in risk preferences in cultural, psychological and social contexts. Before joining WHU, she obtained a Master degree in Finance and Management from the University of St Andrews and a Bachelor Degree from the International School of Management in Dortmund. Next to her doctoral studies, Simone works full-time at DB Advisors, the institutional Asset Management division of Deutsche Bank, where she works as a relationship manager and is responsible for a portfolio of institutional clients from the German “Public Sector”. Currently she is focusing on cross-country gender differences in behavioral preferences

Johannes Schaewitz

External doctoral Student



Email: johannes.schaewitz@whu.edu

Research Interests:

- Behavioral decision theory
- Cross-cultural difference in behavioral preferences
- Culture and institutions

Johannes Schaewitz started his doctoral studies at the WHU in July 2012. He holds a Bachelor of Arts in Corporate Finance and a Master of Science in Finance both from the International School of Management, Dortmund. During his studies he spent two semesters abroad, one at the Hawaii Pacific University, USA and one at the Oxford Brookes University, UK. His main research interests are Behavioral decision, Emotions and Decision Theory. Currently He is focusing on the differences in behavioral preferences between West European countries and post-communist countries in East Europe.

Alumni:

Dr. Dennis Dlugosch



Junior Economist

Structural Policy Analysis Division,
Economics Department
OECD
Paris, France

Dr. Yujing Gong



Assistant Professor

Zhongnan University of Economics
and Law

Wuhan, China

C. Teaching

International capital market and derivatives (BSc Program. Prof. Wang, 2 SWS, Fall 2014 and Spring 2015)

This course introduces markets of bond, derivatives and equities, with their related international aspects. We discuss the underlying risk factors and pricing of bonds. We also introduce the characteristics, applications and pricing models of derivatives, including forwards/futures, swaps and options. Finally, we examine the arguments supporting and against international diversification.

Behavioral and Emotional Finance (Prof Wang & Prof. Johanning, MIF Program, 2.5 SWS, Spring 2014):

This course discusses important topics in Behavioral Finance, including non-expected-utility theory, heuristics and biases, heterogenous beliefs, anomalies such as equity premium puzzle, momentum, and bubbles. The goal is to understand various perspectives in the behavioral finance research and its practical relevance. In Emotional Finance psychological and neural aspects of financial decision making are explored, especially the role of emotions such as joy, trust and fear.

Dissertations

Dennis Dlugosch, finished on July, 2015

Title of Dissertation: Empirical essays on portfolio diversification
First supervisor: Prof. Mei Wang
Second supervisor: Prof. Markus Rudolf

Yujing Gong, finished on August, 2015

Title of Dissertation: Empirical essays on information uncertainty and momentum strategy
First supervisor: Prof. Mei Wang
Second supervisor: Prof. Burcin Yurtoglu

Matthias Held, finished on July, 2015

Title of Dissertation: Essays in finance
First supervisor: Prof. Mei Wang
Second supervisor: Prof. Burcin Yurtoglu

D. Publications/Working Papers

The following publications are from the academic year 2014/2015:

Peer-reviewed Journals

- Jingyi Lu, Xiaofei Xie, Mei Wang & Xin Tang (2015) Double reference points: The effects of social and financial reference points on decisions under risk. *Journal of Behavioral Decision Making*, forthcoming.
- Amelie Brune, Thorsten Hens, Marc Oliver Rieger, Mei Wang (2015) The war puzzle: contradictory effects of international conflicts on stock markets. *International Review of Economics*, 62(1), 1-21.
- Marc Oliver Rieger, Mei Wang, & Thorsten Hens (2015) Risk preferences around the world. *Management Science*, 61(3), 637-648.
- Wolfgang Breuer, Thorsten Hens, Astrid J. Salzmann, & Mei Wang (2015) On the determinants of household debt maturity choice. *Applied Economics*, 47(5), 449-465.
- Tõnn Talpsepp, Martin Vlcek & Mei Wang (2014) Speculating in gains, waiting in losses: A closer look at the disposition effect. *Journal of Behavioral and Experimental Finance*, 2, 31-43.
- Luca Taschini, Marc Chesney, & Mei Wang (2014) Experimental comparison between markets on dynamic permit trading and investment in irreversible abatement with and without non-regulated companies. *Journal of Regulatory Economics*, 46, 23-50.

Working Papers:

- Dennis Dlugosch & Mei Wang (2014) Relation between equity home bias and ambiguity aversion: An international study. SSRN working paper.
- Dennis Dlugosch, Kristian Horn & Mei Wang (2014) Behavioral determinants of home bias theory and experiment. SSRN working paper.
- Yujing Gong & Mei Wang (2014) Ambiguity aversion, information uncertainty and momentum around the world. SSRN working paper.
- Diefeng Peng, Yulei Rao & Mei Wang (2014) Are top-tens better? A study on investor attention and ranking lists. SSRN working paper.
- Jingyi Lu, Xiaofei Xie, Mei Wang & Xin Tang (2014) Double reference points: The interaction effect of social and individual reference points on decision under risk.
- Thorsten Hens, Marc Oliver Rieger, & Mei Wang (2014) How time preferences differ: Evidence from 52 countries.

E. Professional Service

Associate Editor

Finance Research Letters

Editorial Board

Journal of Behavioral and Experimental Finance

Referee

American Economic Review, Emerging Market Finance and Trade, Financial Analyst Journal, Financial Markets and Portfolio Management, Games and Economic Behavior, International Journal of Psychology, Journal of Banking and Finance, Journal of Behavioral and Experimental Finance, Journal of Business Economics, Journal of Economic Psychology, Journal of Economic Behavior and Organizations, Journal of Economics and Finance Education, Journal of Behavioral Finance, Journal of Risk and Uncertainty, Journal of Risk Research, Management Science, Risk Analysis, Review of Finance, Theory and Decisions □

F. Presentations and Invited Talks

- 7th International IFABS Conference on “The Future of Financial Institutions and Markets: Navigating the Challenges Ahead.” Jun 27---29, 2015.
- Are we rational? Insights from Behavioral Finance. Keynote speech at Global □Siemens Venture Capital Workshop, March 18, 2015 □

G. Contributions to WHU Development

WHU Research Seminar in Finance

The Finance Groups provides a research seminar, which was held once a week during the academic year 2014/2015.

Following Researchers/Scientists were invited:

Yakov Amihud, New York University, Leonard N. Stern School of Business
The Pricing of Corporate Foreign Trade Risk

Ettore Crocia, Università Cattolica del Sacro Cuore, Italy
Decision-Making during the Credit Crisis: Why did the Treasury let Commercial Banks fail?

Daniel Metzger, Stockholm School of Economics
Why Do Shareholder Votes Matter?

Karin Thorburn, NHH Norwegian School of Economics
Are stock-financed takeovers opportunistic?

Nikolaos Karampatsas, Surrey University
Do Rating Agencies affect Acquisition Decisions?

Markus Glaser, Ludwig-Maximilians-Universität München
Managerial Voting Power and Firm Value

Oguzhan Ozbas, USC - Koc University
Managerial Accommodation, Proxy Access, and the Cost of Shareholder Empowerment

Bo Becker, Stockholm School of Economics
Bad times, Good credit

Sascha Steffen, European School of Management and Technology
Zero Risk Contagion - Banks' Sovereign Exposure and Sovereign Risk Spillovers

Tereza Tykvová, Universität Hohenheim
Special Purpose Acquisition Companies - Are They an Alternative to IPOs?

Andreas Kaeck, University of Sussex
Variance-of-Variance Risk Premium

H. Cooperation in Research

The chair members have been actively collaborated with researchers from universities within and outside Germany, including University of Zurich (Switzerland), RWTH Aachen University (Germany), University of Trier (Germany), University of Innsbruck (Austria), Peking University (China), South Central South University (China), Xiamen University (China), etc.

I. Sustainability

Our chair have been committed to economize the use of natural resources in our daily work. More importantly, we actively conducted sustainability-related research projects, e.g., emission permit trading market, to provide insights on how to reduce pollution from market and behavioral perspectives. We are also interested in comparing markets with different developmental stages and different institutions to gain insights on sustainability.