

**FIRS Conference on
Banking, Insurance and Intermediation**

**Capri, Italy
May 13-15, 2004**

Thursday, May 13

1:00pm Lunch at the La Palma Hotel

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

Are Banks Really Special?

Author: Adam B. Ashcraft, Federal Reserve Bank of New York

Financial Market Frictions and Bank Access to External Financing during Periods of Monetary Policy Tightening

Authors: Dmytro Holod, University of Kentucky; Joe Peek, University of Kentucky

How Does a Shock to Bank Health Unrelated to Firm Performance Affect Firm Performance?

Author: Jie Gan, Hong Kong University of Science and Technology

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

Information Acquisition and Mutual Funds

Authors: Diego Garcia, Dartmouth College; Joel M. Vanden, Dartmouth College

Defined Contribution Pension Plans: Determinants of Participation and Contribution Rates

Authors: Gur Huberman, Columbia University; Sheena Iyengar, Columbia University; Wei Jiang, Columbia University

Explaining the Size of the Mutual Fund Industry around the World

Authors: Ajay Khorana, Georgia Institute of Technology; Henri Servaes, London Business School and CEPR; Peter Tufano, Harvard University

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

Do Shareholders Vote Strategically? Evidence on the Advisory Role of Annual General Meetings

Authors: Ernst Maug, Humboldt University; Kristian Rydqvist, SUNY-Binghamton

The Political Economy of Corporate Governance

Authors: Paolo Volpin, London Business School and CEPR; Marco Pagano, University of Naples and CEPR

Cooperation in International Banking Supervision

Authors: 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

Authors: Murali Jagannathan, SUNY-Binghamton; Srinivasan Krishnamurthy, SUNY-Binghamton

Regulating Securities Analysts

Authors: Mark A. Chen, University of Maryland; Robert Marquez, University of Maryland

Competition in Investment Banking: Proactive, Reactive, or Retaliatory?

Authors: 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

Authors: 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

Authors: Hans Degryse, University of Leuven; Steven Ongena, Tilburg University and CEPR

Bank Mergers, Competition and Liquidity

Authors: 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

Authors: Loriana Pellizon, University of Padua; Stephen Schaefer, London Business School

Banks' Advantage in Hedging Liquidity Risk: Theory and Evidence from the Commercial Paper Market

Authors: Evan Gatev, Boston College; Philip E. Strahan, Boston College

Developer's Expertise and the Dynamics of Financial Innovation

Authors: 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

Authors: Philip E. Strahan, Boston College; Jun Qian, Boston College

Agency Conflicts, Ownership Concentration, and Legal Shareholder Protection

Authors: Mike Burkart, Stockholm School of Economics and CEPR; Fausto Panunzi, University of Bologna and CEPR

Property Rights Protection and Bank Loan Pricing

Authors: 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

Authors: 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

Authors: Lin Peng, Baruch College; Ailsa Röell, Princeton University

Tunnel-Proofing the Executive Suite: Transparency, Temptation, and the Design of Executive Compensation

Author: 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

Author: Stefan Arping, University of Amsterdam

Are Relationship and Transactional Banks Different? Evidence from Loan Loss Provisions and Write-Offs

Authors: Kathryn L. Dewenter, University of Washington; Alan C. Hess, University of Washington

Preferences in Bank-Firm Relationships

Author: 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

Authors: Christa Hainz, University of Munich; Stefanie Kleimeier, Maastricht University

The Politics of Bank Failures: Evidence from Emerging Markets

Authors: Craig O'Neil Brown, University of Michigan; I. Serdar Dinc, University of Michigan

Overconfidence and Team Coordination

Authors: Simon Gervais, Duke University; Itay Goldstein, Duke University

8:30am – Sala Camino – Bankruptcy

Bankruptcy Exemptions: Isolating Small Business Borrower Moral Hazard Effects

Author: Sandhya Persad, Columbia University

Deliberation and Proposal Design with an Application to Bankruptcy

Authors: Hulya K. Eraslan, University of Pennsylvania; Bilge Yilmaz, University of Pennsylvania

Understanding the Recovery Rates on Defaulted Securities

Authors: 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

Authors: 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?

Authors: 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

Authors: 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

Authors: Helmut Elsinger, University of Vienna; Alfred Lehar, University of Vienna; Martin Summer, Oesterreichische Nationalbank

Estimating Systemic Risk in the International Financial System

Authors: 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

Author: Solomon Tadesse, University of South Carolina

Currency Crises and the Informational Role of Interest Rates

Author: Nikola A. Tarashev, Bank for International Settlements

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

Price Informativeness and Investment Sensitivity to Stock Price

Authors: Qi Chen, Duke University; Itay Goldstein, Duke University; Wei Jiang, Columbia University

Managerial Hedging and Equity Ownership in Stock Market Economies

Authors: Viral V. Acharya, London Business School and CEPR; Alberto Bisin, New York University

Credit Risk Transfer and Financial Sector Performance

Authors: Ian Marsh, City University; Wolf Wagner, University of Cambridge

Banks as Collusive Devices

Author: Giancarlo Spagnolo, University of Mannheim and CEPR

10:30am – Sala Camino – Governance

Governance and Bank Valuation

Authors: Gerard Caprio, World Bank; Luc Laeven, World Bank; Ross Levine, University of Minnesota and NBER

Evidence from the Banking Crisis in Japan

Authors: 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

Author: Yael V. Hochberg, Cornell University

Go Public or Stay Private: A Theory of Entrepreneurial Choice

Authors: 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 – IPO's

From the IPO to the First Trade: Is Underpricing Related to the Trading Mechanism?

Authors: Sonia Falconieri, Tilburg University; Albert Murphy, Manhattan College; Daniel Weaver, Baruch College

Pre-IPO Markets

Authors: 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

Authors: Thomas Chemmanur, Boston College; An Yan, Fordham University

IPO Underpricing and After-Market Liquidity

Authors: 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

Authors: Elena Carletti, University of Mannheim; Vittoria Cerasi, Università Degli Studi di Milano Bicocca; Sonja Daltung, Sveriges Riksbank

A Lender-Based Theory of Collateral

Authors: Roman Inderst, London School of Economics and CEPR; Holger M. Müller, New York University and CEPR

Debt Maturity, Risk, and Asymmetric Information

Authors: 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

Authors: 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

Authors: 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

Authors: Tracy R. Lewis, Duke University; David Nickerson, Colorado State University

3:00pm – Sala Camino – Venture Capital

Building Relationships Early: Banks in Venture Capital

Authors: 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?

Authors: Xi Li, University of Miami; Ronald W. Masulis, Vanderbilt University

Venture Capital: An Experiment in Computational Corporate Finance

Authors: 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
Authors: Jonathan Macey, Cornell University; Maureen O'Hara, Cornell University;
David Pompilio, Cornell University

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

Where is the Market? Evidence from Cross-Listings
Authors: 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 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
Authors: 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

Authors: 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
Authors: Thorsten V. Koepl, 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

Authors: William N. Goetzmann, Yale University; Massimo Massa, INSEAD; Andrei
Simonov, Stockholm School of Economics

Bad Loans and Entry into Local Credit Markets

Authors: Marcello Bofondi, Bank of Italy; Giorgio Gobbi, Bank of Italy

Group Lending with Endogenous Social Collateral

Authors: 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

Authors: Giovanni Dell’Ariccia, IMF and CEPR; Robert Marquez, University of Maryland

On the Causes of Overlending: Are Guarantees on Deposits the Culprit?

Author: Mariassunta Giannetti, Stockholm School of Economics and CEPR

Bank Lending and Commercial Property Cycles: Some Cross-Country Evidence

Authors: E. Philip Davis, Brunel University; Haibin Zhu, Bank for International Settlements

9:00am – Le Relais – Corporate Finance Theory

Tender Offers and Leverage

Authors: Holger M. Müller, New York University and CEPR; Fausto Panunzi, Università di Bologna and CEPR

Asymmetric Information and Financing with Convertibles

Authors: Archishman Chakraborty, Baruch College; Bilge Yilmaz, University of Pennsylvania

Optimal Capital Allocation Using RAROC and EVA

Authors: 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

Author: Yaron Leitner, Federal Reserve Bank of Philadelphia

Bank Contagion in Europe

Authors: Reint Gropp, European Central Bank; Jukka Vesala, European Central Bank

Interbank Exposures: An Empirical Examination of Systemic Risk in the Belgian Banking System

Authors: Hans Degryse, University of Leuven; Grégory Nguyen, National Bank of Belgium

Shelters from the Storm: Multinational Linkages During Currency Crises

Authors: 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

Authors: Alfred Hamerle, University of Regensburg; Daniel Roesch, University of Regensburg

Credit Ratings as Coordination Mechanisms

Authors: 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

Authors: 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

Authors: 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

Authors: Steven Drucker, Stanford University; Manju Puri, Duke University and NBER

Wanna Dance? How Firms and Underwriters Choose Each Other

Authors: 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

Authors: Willard T. Carleton, University of Arizona; Simon H. Kwan, Federal Reserve Bank of San Francisco

Financial Infrastructure, Underwriter Reputations, and Securities Fraud

Author: Wei-Ling Song, Drexel University

11:00am – Le Relais – Corporate Financial Policy

Partial Adjustment toward Target Capital Structures

Authors: Mark J. Flannery, University of Florida; Kasturi P. Rangan, Case Western Reserve University

Informational Efficiency and Liquidity Premium as the Determinants of Capital Structure

Authors: Chun Chang, University of Minnesota; Xiaoyun Yu, Indiana University

Costless Versus Costly Signaling: Theory and Evidence

Authors: Utpal Bhattacharya, Indiana University; Amy Dittmar, University of Michigan

Does the Source of Capital Affect Capital Structure?

Authors: Michael Faulkender, Washington University in St. Louis; Mitchell Petersen, Northwestern University

1:15pm Lunch at the La Palma Hotel