

10th PORTUGUESE FINANCE NETWORK CONFERENCE

2 – 4 JULY, 2018



PROGRAMME
AND ABSTRACTS OF
COMMUNICATIONS

WELCOME TO ISCTE-IUL

WELCOME MESSAGE**Dear colleagues,**

we are most pleased to welcome you to the 10th Portuguese Finance Network Conference (PFN2018).

The Portuguese Finance Network (PFN), first established in 1999, organizes a major international conference every two years. Past PFN conferences were held at the University of Minho (2000), University of Évora (2002), ISEG - University of Lisbon (2004), University of Oporto (2006), University of Coimbra (2008), University of Azores (2010), University of Aveiro (2012), University of Algarve (2014) and University of Beira Interior (2016). This year, we are proud to announce that **Prof. Lenos Trigeorgis** has accepted to be the PFN2018 Guest Speaker.

These are exciting and challenging times for research in finance. We are in the aftermath of the largest financial crisis since the distant depression triggered in October 1929. Exceptionally low interest rates set up to spur growth and investment have changed the financial system as well as the prices of a large number of assets. Technological innovation has enabled the spread of new financing vehicles as well as the emergence of virtual currencies. What impact this evolving environment may bring to the world economy and to small open economies such as the Portuguese, is an interesting theme that may attract the attention from researchers interested in very diverse fields of finance.

This year's conference is hosted by ISCTE Business School (IBS). Enjoying a central location in the city of Lisbon, IBS is part of ISCTE - Instituto Universitário de Lisboa, a Portuguese public university founded in 1972. IBS has about 3,600 students and 100 faculty members. The School is AACSB and AMBA accredited and has recently

entered the FT rankings of the best business schools, becoming one of the top 95 business schools in Europe. In 2017, our Master in Finance also made a direct entry to number 40 among the best 60 in the world.

IBS is entirely committed to provide a lively space for discussion and networking for finance scholars from all over the world and all fields of finance. We hope you also enjoy your stay in Lisbon.

Welcome!**José Paulo Esperança**

Chair of the Conference

**Luís Laureano**

Co-Chair of the Conference

ISCTE-Instituto Universitário de Lisboa

Avenida das Forças Armadas
1649-026 Lisboa, Portugal

Registration

Building I / Groundfloor

Social Events

Coffee Breaks will take place at the Atrium of the Auditoriums. Lunches will take place at the Restaurant Club i at INDEG-ISCTE Executive Education Building

Practical Information

Should you need to take a taxi we recommend calling +351 21 936 21 13
Emergency number: 112

SCHEDULE PROGRAMME

TUESDAY, 3 JULY 2018

LATE AFTERNOON

16:30 / J.J. Laginha
Auditorium

Session 13
Corporative Finance

Chair Zélia Serrasqueiro

Earnings management and stock price crashes post-cross-delisting

Presenter Sónia Silva
Discussant Maria Elisabete Neves

Which factors explains the Portuguese firm's performance? Evidence using panel data

Presenter Maria Elisabete Neves
Discussant Zélia Serrasqueiro

The investment sensitivity to cash flows in VC-backed SMEs: does firm size matter?

Presenter Zélia Serrasqueiro
Discussant Pedro Pinto

The Government and debt structure: The case of Portuguese SMEs

Presenter Pedro Pinto
Discussant Artur Rodrigues

M&A Dynamic Games under the Threat of Hostile Takeovers

Presenter Artur Rodrigues
Discussant Sónia Silva

16:30 / Caiano Pereira
Auditorium

Session 14
Investments

Chair Joni Kokkonen

Corporate Brand and stock returns

Presenter Magali Costa
Discussant Joni Kokkonen

Hidden Investment Beliefs

Presenter Joni Kokkonen
Discussant Liang Peng

Prices and the Stock Market Betas of Housing: Evidence from Micro Data

Presenter Liang Peng
Discussant Rasha Abadi

The Performance of Cap-Weighted Portfolios Versus Fundamentally Weighted Portfolios In The MENA Equity Markets

Presenter Rasha Abadi
Discussant Renato Domingues

Selecting mutual funds using quantitative and analyst ratings

Presenter Renato Domingues
Discussant Magali Costa

16:30 / Paquete de Oliveira
Auditorium

Session 15
Financial Institutions and Markets

Chair Enzo Scannella

I feel wealthy: a major determinant of Portuguese households' indebtedness?

Presenter Sofia Vale
Discussant Evert Carlsson

The different impact of banking spreads determinants in personal credit lines: Evidence from Brazil

Presenter José Valente
Discussant Sofia Vale

Numeracy, psychological traits, cultural factors and financial socialization: Are they determinants of financial literacy?

Presenter Cristiana Cerqueira Leal
Discussant José Valente

Derivative Disclosure Practices in the Annual Financial Reporting of Large European Banks: A Cross-country Empirical Study

Presenter Enzo Scannella
Discussant Cristiana Cerqueira Leal

A New Default in Pension Systems: Age is not as important as you may think

Presenter Evert Carlsson
Discussant Enzo Scannella

16:30 / Mário Murteira
Auditorium

Session 16
Options, Future and other Derivatives

Chair Ana Margarida Monteiro

Valuation of lookback options and turbo warrants on defaultable stocks

Presenter José Carlos Dias
Discussant António Santos

Stochastic volatility modelling using high-frequency data in a time deformed framework

Presenter António Santos
Discussant José Carlos Dias

Option prices and risk-neutral density estimation using local cubic polynomial with no-arbitrage constraints

Presenter Ana Margarida Monteiro
Discussant Luciana Barbosa

Feed-in Tariff Contract Schemes in Oligopoly

Presenter Luciana Barbosa
Discussant Ana Margarida Monteiro

20:00

Gala Dinner

Jupiter Lisboa Hotel

Dress Code - Smart Casual

How to reach there?

Subway

● Yellow line (Exit Station)

Address

Av. da República 46, Lisboa

continues on the next page →

Numeracy, psychological traits, cultural factors and financial socialization: Are they determinants of financial literacy?

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Universidade do Minho, Escola de Economia e Gestão

Manuel Rocha Armada

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Abstract

We present a comparative cross-region study that explains individual financial literacy level through demographic, psychological and cultural factors. We introduce cultural and psychological factors for the first time in financial literacy studies to control for omitted variable bias. To the best of our knowledge, we introduce a model that allows identifying the financial literacy level across demographic, psychological and cultural variables, and help in the implementation of new ways to construct financial education programs adjusted to particular needs, and consequently improve financial literacy in an effective manner as a tool to improve financial behavior. The main variables of our study are numeracy, financial socialization by parents, religiosity, family ties, confidence, impatience and country diversities. We produce a comprehensive survey that aggregates all these factors and is applied to 600 individuals across nine countries. The data is analyzed using OLS regression with country fixed effects, IV regression, GMM, PCA and PCR. The regression findings show that financial literacy is positively associated with numeracy, financial socialization, weak family ties, confidence and

Germanic countries. In addition to that, financial literacy is negatively associated with strong family ties, religiosity, impatience, age and females. Moreover, we apply Artificial Intelligence using machine learning algorithms which are regression trees, random forest and quantile regression forest. The Artificial Intelligence techniques that are introduced for the first time in financial literacy studies aim at providing a predictive approach to financial literacy determinants. Based on AI techniques, we find that financial literacy is mostly determined by country diversity, numeracy, impatience, confidence, financial socialization by parents, family ties and religiosity. These findings contribute to knowledge by suggesting new implementations of financial education program as an attempt to improve the effect of financial literacy on financial behavior. We suggest that financial education programs should be targeted towards focus groups based on gender, country, age, the level of religiosity and family ties, impatience and confidence

Keywords

Financial Literacy, Psychological traits, Culture

Derivative Disclosure Practices in the Annual Financial Reporting of Large European Banks: A Cross-country Empirical Study

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Salvatore Polizzi

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Abstract

Risk disclosure has strategic importance for the efficiency of financial markets and overall financial stability. It plays a pivotal role in strengthening market discipline and building trust to improve relationships with stakeholders in banking.

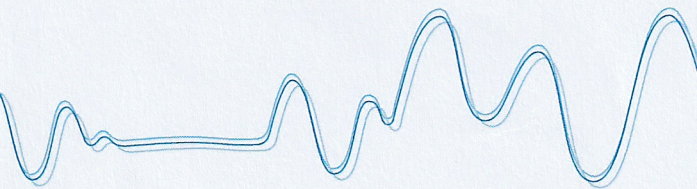
Risk reporting has taken a growing importance in banking over the last years. The topic of this paper is derivative reporting in banking. The authors employ content analysis to conduct an empirical study on a sample of large European banks. The research aims to assess the qualitative and quantitative profiles of derivative disclosure in banking institutions. The paper provides evidences that banks differ in their derivative reporting, even though they are subject to similar regulatory requirements and accounting standards. The paper also shows that there is room to improve various aspects of derivatives disclosure in banking.

Keywords

Risk reporting, Risk disclosure, Derivative, Banking, Financial regulation, Risk management, Financial reporting.

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University of Palermo

visit our site at pfn18.iscte-iul.pt

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