



Université  
de Limoges



# 2023 LAPE Spring Workshop

## Governance and Financial Stability

In conjunction with AAP<sup>1</sup>/ANR<sup>2</sup> CaLiBank

7 June 2023

Venue : Amphi 400A, Faculté de Droit et de Sciences Économiques  
Université de Limoges, Limoges

<sup>1</sup>Nouvelle Aquitaine Region Research grant, AAP 2018 (2018-1R40110) "Optimal bank board structure: Finding the right fit for all stakeholders," AAP 2020 (AAPR2020F-2019-8463610), "Les Analystes Financiers et la Production d'Information Financière sur les Banques (AFiPiFiB)". <sup>2</sup> ANR Research Grant, CaLiBank (ANR-19-CE26-0002), "The Post-Crisis Banking Industry: How will banks respond to tighter constraints?"

# Workshop Theme: Governance and Financial Stability

Program  
(WEDNESDAY, 7 JUNE 2023)

08.45 - 09.15: *Welcome & Registration*

Keynote Speech (9.15 – 10.00): *Deposit Insurance, Capital Regulation, and Financial Stability*, **Kose John** (Leonard N. Stern School of Business, New York University, United States)

Session 1 (10.00 - 11.15) - ESG - Chair: **Iftekhar Hasan** (Fordham University, United States and Bank of Finland)

10.00 - 10.30: *Does ESG superiority abroad matter? A subsidiary-level analysis of ESG practices of US MNCs and its impact on corporate valuation and investment policies*  
Amina Kamar (Imperial College London, American University of Beirut), **Ibrahim Siraj\***(Long Island University, NY, United States)

10.30 - 11.00: *Are ESG ratings informative to forecast market risk?*  
Christophe Boucher (Université Paris Nanterre, France), **Wassim Le Lann\***(Université d'Orléans, France), Stéphane Matton (Université Paris Nanterre, France) and Sessi Tokpavi (Université d'Orléans, France)

11.00 - 11.15: General discussion

11.15 - 11.30: *Coffee break*

Session 2 (11.30 – 12.45) - Monitoring - Chair: **Wolf Wagner** (Rotterdam School of Management, Netherlands and CEPR, United Kingdom)

11.30 - 12.00: *Shortfall in Tax Revenue: Evaluating the Social Security Contribution Fraud*  
**Denisa Banulescu-Radu\***(Université d'Orléans, France), Sylvain Benoit (Université Paris-Dauphine, France) and Christophe Hurlin (Université d'Orléans, France)

12.00 - 12.30: *Financial analysts, market discipline in banking and economic stabilization*  
Cristina Badarau (Université de Bordeaux, BSE, France), Kevin Moran (Université de Laval, Department of Economics, Canada), Alexandra Popescu (Université de Poitiers, France) and **Anne-Gaël Vaubourg\***(Université de Poitiers, CRIEF, France)

12.30 - 12.45: General discussion

12h45 - 14.00: *Lunch*

\*presenting author

Session 3 (14.00 - 15.15) – Bank Liquidity, Governance and Lending - Chair: **Anne-Gaël Vaubourg** (Université de Poitiers, CRIEF, France)

14.00- 14.30: *Liquidity Shock and bank lending*, **Oussama Labchara\*** (Université de Limoges, France)

14.30- 15.00: *Related party transactions, business group affiliation, and the cost of debt*  
Aldy Fariz Achsanta (Universitas Sebelas Maret, Indonesia), **Laëtitia Lepetit\***(Université de Limoges, France), Emmanuelle Nys (Université de Limoges, France) and Frank Strobel (University of Birmingham, United Kingdom)

15.00 - 15.15: General discussion

Short Presentations/ New Ideas Session (15.15 – 16.00) (5 minutes + 10 minutes of Q&A): Chair: **Kose John** (Leonard N. Stern School of Business, New York University, United States)

*Bank risk and bonholder representatives on boards: the role of institutional and cultural factors*  
Laëtitia Lepetit (Université de Limoges, France), **Justice Opoku\***(Université de Limoges, France), Phan Huy Hieu (CEREN EA 7477, Burgundy School of Business, Université Bourgogne Franche-Comté, Dijon, France), Frank Strobel (University of Birmingham, United Kingdom)

*Monetary policy decisions and stock analyst recommendations on European banks*  
**Quentin Bro de Comères\*** (Université de Poitiers, CRIEF, France ), Sophie Brana (Université de Bordeaux, BSE, France), Anne-Gaël Vaubourg (Université de Poitiers, CRIEF, France)

*ESG controversies and stock price performance during Covid-19: Evidence from NYSE*  
**Cédric Faure\*** (Université de Limoges, France), Emmanuelle Nys (Université de Limoges, France), Amine Tarazi (Université de Limoges, France)

16.00 - 16.15: *Coffee break*

Short Presentations/ New Ideas Session (16.15 – 17.15) (5 minutes + 10 minutes of Q&A): Chair: **Amine Tarazi** (Université de Limoges and Institut Universitaire de France (IUF))

*Macroprudential policies and systemic risk: Unveiling the Hidden Risks of asset commonality*  
**John Aibinu\*** (Université de Poitiers, Université de Limoges, France)

*Bank productivity, liquidity regulation and lending*,  
**Victor Henry Osei\*** (Université de Limoges, France) and Amine Tarazi (Université de Limoges, France)

*Relationship banking and zombie firms: a boon or a bane?*, **Oliver Asiamah\*** (Université de Limoges, France), Céline Meslier (Université de Limoges, France), Pierre-Nicolas Réhault (Université de Limoges, France), Alain Sauviat (Université de Limoges, France),

*A Support Vector Machine-based Method for Robust Influential Points Detection in High-dimensional Data*, **Lucas Aurouet\*** (Université de Limoges, France)

## Keynote Speaker

### Professor Kose John

*Professorship in Banking and Finance,  
Leonard N. Stern School of Business,  
New York University*



**Kose John** is the Charles William Gerstenberg Professor of Banking and Finance at the Stern School of Business, New York University. He holds a Ph.D. from University of Florida. He has also taught at the University of Chicago, Columbia University, and Institut D'Etudes Politiques de Paris (Sciences PO). He has won several awards including the Batterymarch Fellowship in 1983 and the Jensen Prize for the Best Paper published in 2000 in the Journal of Financial Economics. He was on the Nominating Committee for the Nobel Prize in Economics for 2017. He is the author of two books (on futures market and dividend policy) and the editor of more than 25 books and special issues of finance journals, on topics such as financial stability, financial distress, and valuation of distressed securities, corporate governance, and investments innovations in finance. He has published more than 100 research articles in the top finance and economics journals. His research focuses on banking, financial crisis, corporate governance, top-management compensation, and financial distress, valuation of distressed claims, and comparative bankruptcy and governance systems. He has also recently worked on bitcoins and blockchains. He has served as the President of the Financial Management Association International. He also serves as the Program Chair of the Association of Financial Economists. He has been a mentor and advisor to a large number (almost 100) of doctoral students who are finance professors and finance practitioners all over the world.

### AAP 2020 Région Nouvelle Aquitaine (AAPR2020F-2019-8463610) : **Les Analystes Financiers et la Production d'Information Financière sur les Banques (AFiPIFiB)**

The daily trading of around 8 billion euros on Euronext's spot markets is reliant on financial analysts providing information on the financial health of firms. Financial analysts are tasked with synthesizing and disseminating this information, enabling market participants, particularly asset managers, to make informed decisions when buying or selling securities. This ultimately improves financing conditions and investment levels for firms by reducing information asymmetries in financial markets. Financial analysis has experienced strong growth in continental Europe in recent decades due to financial deregulation and market development. Financial analysts can be divided into three categories: buy-side analysts, sell-side analysts, and independent analysts offering investment research services.

While rating agencies provide information on banking risk, it is not entirely independent of profitability and valuation - two dimensions of interest to financial analysts. Furthermore, banking activity has certain structural characteristics, such as the importance of prudential banking regulation and conflicts of interest, that make evaluation by financial analysts quite specific and may explain the lack of research in this area. Banks are also particularly sensitive to monetary policy decisions that affect their financing conditions, profitability, and risk-taking incentives. The AFiPIFiB project aims to address these issues and understand banks as specific objects of evaluation by financial information producers, such as financial analysts.

### AAP 2018 Région Nouvelle Aquitaine ([2018-1R40110](#)) : **Optimal Bank Board Structure: Finding the Right Fit for All Stakeholders (OBSS)**

The importance of banks for financing the economy and promoting economic growth is paramount. Efficiently raising and allocating funds allows for lower capital costs for businesses, stimulating investment and growth. Well-managed banks are essential for business functioning and national prosperity, making the quality of bank governance a crucial issue. Bank governance encompasses processes, policies, and practices governing bank direction, control, and regulation. The board of directors play a critical role in determining strategic direction, credit allocation, and risk-taking. Poor governance can lead to deviant behavior such as diverting credit to close associates of executives or controlling shareholders, leading to inefficient capital allocation, excessive risk-taking, and bank failures. Bank failures, such as the 2007-2008 financial crisis or the recent Silicon Valley Bank failure, can result in financial panic, loss of investor confidence, and a broader economic crisis. The OBSS project aims to determine the optimal structure of bank boards of directors that avoids excessive risk-taking without penalizing credit distribution to the economy. Governance must consider the specific role of banks and their production of externalities, going beyond shareholder representation. The project's originality lies in analyzing how board members linked to minority shareholders or important creditors could limit expropriation risks and excessive risk-taking by banks. The project's findings will help prevent future banking crises and ensure economic stability.

ANR 2020 (Agence Nationale de la Recherche, ([ANR-19-CE26-0002](#)) **The Post-Crisis Banking Industry: How will banks respond to tighter regulatory constraints? – CaLiBank**

The global financial crisis of 2007-09 uncovered many inadequacies in existing banking system regulations. In response to the severe malfunctioning of mainly Western banking institutions, the Basel Committee on Banking Supervision redesigned and tightened the regulatory requirements under which banks must operate (Basel III). Basel III introduces for the first time minimum liquidity requirements to ensure that banks hold enough liquid assets to withstand creditor runs during financial crises. These rules are added to existing capital requirements that are also stricter than before especially for the world's largest and most 'systemically important' banks. The CaLiBank project aims to provide a rigorous investigation into the expected responses of banks to the tightening of bank capital and liquidity rules mandated by Basel III. Will banks reduce lending? Will they pursue less risky or riskier activities? The project will assess the extent to which the new regulatory rules could affect the intermediation role of banks, which is vital for firm innovation and growth. CaLiBank will also highlight the particular response of systemically important banks to the changes in capital requirements in the presence of the new regulatory liquidity constraints. Such giants can pose a real threat to the world economy and hence, require special attention. CaLiBank gathers researchers with a strong background in the fields of banking, finance and financial econometrics, from two French research centers (LAPE, Université de Limoges and LEO, Université d'Orléans), augmented by experts in Banking from Europe and the U.S.. Beyond its scientific objectives, CaLiBank aims at promoting a reproducible research in finance. Finally, the CaLiBank project also includes a doctoral training program and two summer schools in the fields of banking, finance and financial econometrics for the PhD students of the two partners.

