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Report

The EFA Annual Meeting 2022 in Barcelona, Spain, and the Ascension of New Topics from a European and a German View

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I. Overview

After two years of online meetings, the 49th Annual Conference of the European Finance Association (EFA) was organized as an in-person meeting hosted at the IESE Business School in Barcelona, Spain, from 24th August until 27th August 2022. Professor Laura Veldkamp from Columbia University's Graduate School of Business, USA, could be won as the keynote speaker.

While the number of submissions dropped from 2,144 in 2021 to 1,908 in 2022, the number of papers accepted for presentation rose from 180 to 216, leading to an increase of the overall acceptance rate from 8.40 % in 2021 to 11.32 % in 2022. Table 1 describes the development since 2015 in detail.

A total of 623 scientists contributed to the 216 papers presented at the conference, with 43 authors – who participated in 25 papers – being from 14 universities and institutions based in Germany. The ratio of "German papers" of 25/216 = 11.57 % is almost identical to that of 2021 and well above the previous average of 10.15 % realized since 2009.

Measured by the number of downloads from the Social Science Research Network (SSRN; deadline: October, 14th, 2022), the three most successful contributions with German participation were:

1. *Kwon,* S. P. (Harvard University)/*Ma,* Y. (University of Chicago Booth School of Business and NBER)/*Zimmermann,* K. (Leibnitz Institute for Financial Research SAGE): 100 Years of Rising Corporate Concentration, 537 downloads, ranking position 33 based on total downloads.

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Table 1

Selected Key Figures in Annual Comparison 2015 to 2022

	Average 2009–2021	2015	2016	2017	2018	2019	2020	2021	2022
Submissions	1,719	1,700	1,853	1,800	1,900	1,900	1,884	2,144	1,908
Acceptances	228	240	243	222	243	243	243	180	216
Acceptance rate	13.66 %	14.12 %	13.11 %	12.33 %	13.50 %	13.50 %	12.90 %	8.40 %	11.32 %
"German" papers	23	18	29	27	22	27	23	21	25
Rate Germany	10.15 %	7.50 %	11.93 %	12.16 %	9.05 %	11.11 %	9.46 %	11.66 %	11.57 %
Downloads total	37,278	32,613	35,454	34,523	44,646	36,372	51,057	54,760	64,945
Available via SSRN	157	145	144	148	176	174	185	127	152
Relative availability	68.77 %	60.42 %	59.26 %	66.67 %	72.43 %	71.60 %	76.13 %	70.56 %	70.37 %
Downloads per paper	240	225	246	233	254	209	276	431	427
Downloads German Top 3	1.657	685	1,236	1,729	2,213	2,421	915	2,728	1,476
Ranking German Top 3	18.33	47.67	15	15.67	13.33	12.33	23.33	22.33	36.67
Downloads Top 7	10,138	7,328	9,313	8,370	10,173	8,498	17,187	21,134	18,337
Percentage of downloads Top 7	26.09 %	22.47 %	26.27 %	24.24 %	22.79 %	23.36 %	33.66 %	38.59 %	28.23 %

2. *Braggion*, F. (Indiana University)/*von Meyerinck,* F. (Technical University Munich)/*Schaub,* N. (Indiana University): Inflation and Individual Investors' Behavior: Evidence from the German Hyperinflation, 508 downloads, ranking position 35 based on total downloads.

3. *Freyberger,* J. (University of Bonn)/*Höppner,* B. (University of Bonn)/*Neuhierl,* A. (Washington University in St. Louis))/*Weber,* M. (Booth School of Business, the University of Chicago and NBER): Missing Data in Asset Pricing Panels, 431 downloads, ranking position 42 based on total downloads.

This results in a total number of downloads of 1,476 with an average placement of 36.67, which is considerably worse than the average of 18.33 since 2009 (see Table 1 again). The download figures reported for the years 2015 to 2022 are based on the figures from the first half of October of the respective year. In general, 152 of the 216 papers accepted for the Barcelona meeting are available for download via SSRN. The rate of 70.37 % is somewhat higher than the average of 68.77 % achieved so far since 2009. The total number of downloads of 64,945 (until 14.10.2022) as well as the number of downloads per paper of 427, however, are considerably better than the corresponding averages since 2009.

Table 2 shows the shares of authors from selected countries of origin over the years 2015 to 2022 for the respective total number of presentations. The authors were assigned to countries according to the location of the university or institution where they work. If there are several locations mentioned for an author, only the first one from the list was taken into account. Furthermore, each author was weighted according to his or her proportionate participation in a conference contribution (e. g. with 0.5 participation points for two authors or 0.33 for three authors). Germany achieves a share of 6.4 %, which is slightly below the long-term average for 2009 to 2021 of 6.8 % and a persistent pattern since 2018. However, one more time, the third rank could be defended against other nations, in particular, China which seems to have passed beyond its peak in 2020 and was also beaten by Canada. The places 1 and 2 go to the "usual suspects" which are the USA and Great Britain. Rather remarkably, and in contrast to most of the previous conferences, in 2022 the country hosting the conference, here: Spain, was not able to reach an above-average submission success.

Table 3 presents the relevance of individual topics of the EFA 2022 meeting according to the respective number of accepted manuscripts and the corresponding downloads. The classification according to the current EFA meeting, though comparatively "coarse", was adopted. In accordance with previous years, "Corporate Finance", "Asset Pricing", and "Financial Intermediation" are the most important topics based on conference contributions. However, based on download figures, financial intermediation clearly is not in the center of interest. Instead, "Climate Finance" is apparently on the rise, with the share of contributions increasing from 3.33 % in 2021 to 9.72 % in 2022 and, even more re-

Table 2

Percentages of Authors by Country of Origin 2015 to 2022

	Average 2009–2021	2015	2016	2017	2018	2019	2020	2021	2022
USA	46.5 %	44.0 %	40.2 %	43.0 %	49.3 %	51.7 %	46.2 %	50.0 %	50.7 %
Great Britain	9.7 %	11.2 %	9.7 %	9.5 %	10.2 %	11.0 %	5.6 %	9.6 %	9.6 %
Germany	6.8 %	5.3 %	7.9 %	8.1 %	6.0 %	5.8 %	5.4 %	5.4 %	6.4 %
Canada	4.7 %	6.8 %	4.3 %	6.9 %	3.6 %	3.8 %	6.2 %	3.2 %	5.5 %
China	3.6 %	4.2 %	3.6 %	5.7 %	3.0 %	5.7 %	6.4 %	5.3 %	4.6 %
Netherlands	4.0 %	4.7 %	4.8 %	2.5 %	2.9 %	3.1 %	3.8 %	1.5 %	4.4 %
Switzerland	4.9 %	2.8 %	4.8 %	3.5 %	3.6 %	3.5 %	6.0 %	3.0 %	2.7 %
Italy	2.1 %	0.9 %	2.3 %	2.0 %	2.6 %	1.1 %	1.8 %	2.6 %	2.3 %
France	4.3 %	4.8 %	4.7 %	2.1 %	5.5 %	3.7 %	3.2 %	5.3 %	2.2 %
Spain	1.1 %	0.7 %	1.0 %	1.4 %	0.8 %	0.8 %	0.8 %	1.7 %	0.6 %

Table 3

SSRN Downloads and Conference Contributions per Topic Area

	Number of downloads	*Percentages of downloads*	*Number of conference contributions*	*Percentages of Conference contributions*
Corporate Finance	15,959	24.69 %	57	26.39 %
Asset Pricing	15,213	23.54 %	63	29.16 %
Climate Finance	10,800	16.71 %	21	9.72 %
Market Microstructure	9,264	14.34 %	12	5.56 %
Financial Intermediation	4,800	7.43 %	39	18.05 %
Household Finance	4,548	7.04 %	12	5.56 %
Norges Bank Inv. Manag.	2,049	3.17 %	3	1.39 %
European Central Bank	1,160	1.79 %	3	1.39 %
Groupo Catalana Occidente	562	0.87 %	3	1.39 %
Banco de Espana	270	0.42 %	3	1.39 %
Total	64,625	100 %	216	100 %

markable, an astounding 16.71 % fraction of downloads. Similarly noticeable is the corresponding value of 14.34 % for "Market Mikro Structure" which is typically only a niche category.

II. The Most Important Contributions

As in the previous years, German authors once again have not managed to enter the list of the top 7 papers according to total download numbers with at least one contribution. 28.23 % of all downloads are accounted for by these top 7, which is only slightly above the average observed since 2009. Furthermore, the top 7 are presented in detail according to their total download numbers.

1. *Pástor*, L. (University of Chicago Booth Schol of Business)/*Stambaugh*, R. F. (NBER)/*Taylor*, L. A. (NBER): Dissecting Green Returns, 4,817 total downloads, ranking position 1 based on downloads per day.

In this empirical study, a clear distinction is made between expected rates of return and realized rates of return – in particular with respect to green, i. e. sustainable, versus brown, i. e. conventional, investments. There are at least two reasons why green investments offer smaller expected returns than brown ones: a risk premium, as they may be used as a hedge against climate risk, and

a taste premium, because investors simply prefer green assets regardless of monetary considerations. Nevertheless, in the past years green investments outperformed brown assets due to unexpected demand shifts that led to high realized returns. First of all, investors' demand for green assets can directly increase. Secondly, customer demand for green products may increase firm profits and hence the corresponding stock prices. The authors found evidence for these relationships by looking at so-called German twin bonds, issued by the German government, which are mainly only distinguished by being labelled as green and as conventional, respectively, and US stocks. They thus conclude that investors should not expect green investments still to outperform brown ones in the future

2. *Babina*, T. (Columbia University)/*Fedyk*, A. (University of Calilfornia, Berkeley)/*He*, A. (University of Maryland)/*Hodson*, J. (Cognism; AI for Good Foundation): Artificial Intelligence, Firm Growth, and Product Innovation, 3,136 total downloads, ranking position 5 based on downloads per day.

This empirical study is not a typical finance paper, as it is concerned with the relationship between investments in artificial intelligence (AI) and firm growth. In order to do so the authors contrive a new (human-capital based) measure of investments in AI technologies with the help of two databases: resume data from Cognism Inc. offering job histories for 535 million people all over the world, and job postings from Burning Glass covering 180 million job postings. In particular, textual analysis is utilized to determine the AI-relatedness of each skill of the job postings. The most AI-related job skills according to this procedure are finally used to classify AI workers in the resume data. There is a positive feedback loop between AI investment and firm size: AI investments are mainly undertaken by large firms and these firms grow even larger through product innovations and thus improved product offerings.

3. *Ardia*, D. (Department of Decision Sciences and GERAD, HEC Montréal)/*Guidotti*, E. (Institute of Financial Analysis, University of Neuchâtel)/*Kroencke,* T. A. (Institute of Financial Analysis, University of Neuchâtel): Efficient Estimation of Bid-Ask Spreads from Open, High, Low, and Close Prices, 3,132 total downloads, ranking position 2 based on downloads per day.

In this paper, the Efficient Discrete Generalized Estimator (EDGE) of the bid-ask spread is introduced. The authors start with deriving unbiased estimators for bid-ask spreads from various combinations of Open, High, Low, and Close prices. Then these estimators are combined in such a way as to minimize the estimation variance finally yielding EDGE. On average, EDGE is twice as accurate as the best-performing estimators known so far. In particular, EDGE is not affected by the infrequent trading bias and the reset-to-zero bias is reduced. Moreover, EDGE offers a closed-form solution and can be computed

rather quickly. The authors present evidence for the superiority of EDGE by relying on a simulation experiment and on empirical data from the merger of the CRSP US stock data base and Trades and Quotes data for the time interval from 1993 to 2021 which comprises about 1.6 million stock-month spread estimates for common shares trading on NYSE, AMEX, and NASDAQ. As some practical implications of the application of EDGE, the authors conclude: 1) Liquidity benefits of modern financial markets have been underestimated. 2) The role of limits to arbitrage in explaining anomalies has been overestimated. 3) The size factor in empirical capital market models is essentially a proxy for liquidity.

4. *Catherine*, S. (University of Pennsylvania, Wharton)/*Miller*, M. (University of Pennsylvania, Wharton)/*Sarin*, N. (University of Pennsylvania, Law School and Wharton): Social Security and Trends in Wealth Inequality, 2,037 total downloads, ranking position 13 based on downloads per day.

Once again, this is not really a typical finance topic, not even for the sub-discipline of household finance and in fact the authors point out that they contribute to the "inequality literature" which is certainly not in the focus of research in finance. The starting point is the finding of previous studies that there has been a large increase in wealth inequality in the US over the last thirty years. The authors state that this is mainly caused by neglecting the wealth effects of Social Security. Taking Social Security into account, there has been no increase of top wealth shares since 1989. There are three main drivers for this effect: First, Social Security in the US expanded in scope. Second, the US population is getting older and life expectancy is rising. Third, real interest rates have fallen, making future income from long-term Social Security more valuable. However, top wealth shares are still overestimated even in this paper, as, e. g., the provision of public healthcare benefits is not taken into account.

5. *Patel*, V. (University of Technology Sydney)/*Putniņš*, T. J. (Stockholm School of Economics in Riga): How Much Insider Trading Happens in Stock Markets?, 1,825 total downloads, ranking position 12 based on downloads per day.

Based on a hand-collected sample of 453 insider trading cases (365 M&A and 88 earnings announcements, representing about 70 % of all prosecuted insider trading cases) in the US from the US civil litigation cases and DOJ criminal litigation cases for the time period 1996 to 2016 the authors utilize a so-called detection-controlled estimation (DCE) model in order to tackle the empirical problem that prosecutions are a non-random and incomplete subset of all illegal insider trading cases. With the help of DCE, it is possible to jointly estimate a model of the occurrence of insider trading and its possible detection offering at the same time unbiased estimates of the drivers and outcomes of each process. From this approach, it is concluded that about 20 % of all M&A events and

about 5 % of all quarterly earnings announcements are affected by illegal insider trading while the probability of detection/prosecution of insider trading amounts only to around 15 %. Additionally, the detection likelihood rose for the last twenty years of the sample period being in particular a consequence of the introduction of the SEC Whistleblower Program in 2010. In general, insider trading is higher for more liquid stocks, for higher value of inside information, and for a larger number of people in possession of a specific information.

6. *Haddad*, V. (UCLA and NBER)/*Huebner*, P. (UCLA)/*Loualiche*, E. (University of Minnesota): How Competitive is the Stock Market? Theory, Evidence from Portfolios, and Implications for the Rise of Passive Investing, 1,699 total downloads, ranking position 11 based on downloads per day.

Starting point of this paper is a semi-structural approach to model the behavior of capital market participants. Each individual's demand elasticity consists of an investor-specific component and a reaction to the current aggregate (market) demand elasticity. The intensity of the latter reaction is called the investor's strategic response. Against this background, it is possible to investigate the implications of changes in behavior by a subset of all investors on a capital market. In order to do so, the theoretical model is calibrated based on data for US stocks and portfolio holdings from 2001 to 2020. As a specific application, the consequences of the rise in passive investment strategies is examined. When investors become passive, their demand elasticity is reduced to zero. If the strategic response of the other investors is at the maximum, then overall demand elasticity of the capital market remains constant. If, on the contrary, the strategic response is zero, the elasticity formerly provided by the traders who have turned into passive investors is completely lost. The authors estimate that real-life reactions are in-between: About half of a change in the fraction of active investors leads also to a reduction in aggregate demand elasticity. With about a 30 % decrease in active investing during the last two decades, the resulting fall in overall market elasticity is around 13 % which still looks considerable. In doing so, this paper offers new insights for the discussion about the implications of the long-term increase in passive investing over the last 20 years.

7. *Antón*, M. (IESE Business School)/*Ederer*, F. (Yale School of Management and Cowles Foundation)/*Giné*, M. (IESE Business School, ECGI, CEPR, WRDS)/*Schmalz*, M. (University of Oxfort Saïd Business School, CEPR, ECGI, CESifo, C-SEB): Innovation: The Bright Side of Common Ownership?, 1,691 total downloads, ranking position 44 based on downloads per day.

Table 4

Percentages of Authors by Origin 2016 to 2022 (DGF)

	Average 2016–2022	2016	2017	2018	2019	2021	2022
Germany	57.00 %	60.90 %	57.90 %	51.00 %	66.90 %	52.70 %	52.30 %
Austria	4.80 %	2.00 %	2.60 %	5.00 %	2.70 %	6.30 %	10.30 %
Switzerland	8.70 %	10.90 %	9.00 %	6.70 %	3.90 %	15.70 %	5.90 %
German speaking	*70.50 %*	*73.80 %*	*69.50 %*	*62.70 %*	*73.50 %*	*74.70 %*	*68.50 %*
USA	6.40 %	4.80 %	5.80 %	9.60 %	5.20 %	5.60 %	7.10 %
Denmark	3.40 %	2.40 %	3.00 %	2.50 %	2.90 %	4.00 %	5.30 %
Great Britain	4.40 %	1.90 %	4.80 %	7.40 %	5.50 %	2.60 %	4.30 %
Netherlands	3.50 %	4.90 %	4.00 %	4.40 %	1.30 %	2.50 %	3.80 %
France	1.70 %	1.00 %	2.00 %	1.00 %	3.60 %	1.10 %	1.60 %
Norway	1.40 %	1.00 %	0.80 %	2.90 %	1.10 %	1.20 %	1.40 %
Sweden	0.70 %	1.40 %	0.70 %	0.00 %	0.00 %	0.50 %	1.30 %

Table 5

Number of Papers with at Least one Keyword in Abstract per Topic

Panel A) Topics and keywords

T1) Sustainability	sustainab*, green, ecolog*, climate, environment*, impact invest*, pollution, carbon, esg
T2) Machine Learning	machine learning, neural network, artifical intelligence, supervised, algorithm*, insurtech, fintech
T3) Diversity	divers*, race, racial, black, discriminat, gender, female
T4) Crash	disaster, crisis, collaps*, bubble, crash, systemic

Panel B) Relative occurencies

	# all papers	T1 (Sustainability)	T2 (Machine Learning)	T3 (Diversity)	T4 (Crash)
DGF 2009	77	3.90 %	2.60 %	7.80 %	7.80 %
DGF 2015	72	11.10 %	1.40 %	6.90 %	13.90 %
DGF 2021	95	10.50 %	2.10 %	7.40 %	8.40 %
DGF 2022	93	7.50 %	4.30 %	6.50 %	4.30 %
DGF average	84.3	8.30 %	2.60 %	7.20 %	8.60 %
EFA 2009	215	3.70 %	0.50 %	5.60 %	9.80 %
EFA 2015	240	1.70 %	0.40 %	3.80 %	9.20 %
EFA 2021	180	11.10 %	3.90 %	7.80 %	12.80 %
EFA 2022	216	13.00 %	3.20 %	5.60 %	8.80 %
EFA average	212.8	7.40 %	2.00 %	5.70 %	10.20 %

This table presents the relative frequencies of the coverage of four topics in DGF and EFA conference paper abstracts in the years 2009, 2015, 2021, and 2022 as well as corresponding average values. The four topics and their keywords are displayed in Panel A) while Panel B) presents the ratio of the number of papers where at least one keyword of a topic is present and the total number of papers. The character * illustrates a wildcard that matches all words with the same word stem as shown before that character.

According to the authors, this paper lies at the intersection of corporate innovation, corporate strategy, and corporate governance. With the help of a theoretical model and corresponding empirical testing, it is shown that common ownership of firms, i. e. the same investors are holding shares of different firms simultaneously, can internalize product market and technology externalities between companies and hence influence the level and heterogeneity of corporate innovation. To be more precise, technological spillovers mean that innovations in one firm also generate benefits in technologically related other firms. This externality reduces the incentive to innovate unless it is internalized by, e. g., common ownership. Product market spillovers are a consequence of innovations as they empower innovators to steal market shares and profits from other, non-innovating firms competing in the same product market. By internalizing this second externality as well, common ownership ceteris paribus reduces incentives to innovate. Since the relative strengths of these two effects are determining whether common ownership fosters or hampers corporate innovations, an empiricial analysis is necessary to settle this matter. For relatively large market spillovers, switching from the 25th to the 75th percentile of common ownership coincides with a decrease of 8.4 % in citation-weighted patents. On the other hand, with technological externalities being comparatively large, this increase in common ownership is related to a rise of 12.5 % in citation-weighted patents.

Rather remarkably, at least two out of these seven papers are only loosely related to the core of finance issues, i. e. asset pricing, corporate finance, and financial intermediation. As has already been observed in previous reports, "finance" as the topic of the EFA conference appears sometimes to be somewhat blurred.

III. The Progression of Research Interests in Finance over Time

In the last report for the EFA annual meeting 2021, additional analyses were presented addressing the issue of the importance of topical new subjects like sustainability, machine learning, diversity, and crashes. Against this background, I now take a look at these issues on the annual meeting of the German Finance Association (DGF) which puts much weight on stressing the international character of its yearly conference. However, when looking at Table 4 which essentially mirrors Table 2 for the EFA conferences for the DGF conferences, we see that the share of authors from German speaking countries at the DGF annual meetings fluctuates without trend for the years 2016 to 2022 (there was no annual meeting in 2020 due to the Covid-19 pandemic) around an average value of 70 %. Certainly, not all people from institutions in German speaking countries are German, Austrian, or Swiss nationals. However, in contrast, there will also be scholars from non-German speaking countries which are, e. g., German citizens. Presumably, this latter group is not smaller than the former. In particular,

whereas the annual meetings of the EFA seem to be extremely attractive for scientists from US institutions, this is not the case to the same extent for the DGF annual meetings. Apparently, there is some language/origin bias with respect to the participants of the DGF annual meetings. Therefore, there may also be peculiarities regarding the topics of the conferences. In order to check for this, the Table 4 of *Breuer* (2021) is to be extended by adding up the results for 2022 and additionally replicated for the DGF annual meetings for the years 2009, 2015, 2021, and 2022 (see Table 5).

Rather remarkably with respect to the four topics under consideration, on average, there seems to be no large difference of their relevance at the DGF and the EFA annual meetings when analyzing the abstracts of the respective papers. In addition, the findings from *Breuer* (2021) regarding the last year's report can only be partially confirmed: Sustainability and machine learning issues are still on the rise in comparison to the 2009 and 2015 figures, but this does not seem to be evident any more for diversity and crises related papers. Once again, findings for the DGF annual meetings are similar, but, however, somewhat weaker with respect to sustainability issues.

IV. Conclusion

Although the annual meetings of the European Finance Association are "finance" conferences the range of topics presented there is somewhat blurred and cannot not always be clearly distinguished from general economics conferences. Moreover, despite the pronounced "home bias" of the annual meetings of the German Finance Association, the relevance of "new" topics there is similar to that at the EFA conferences. For the future, it will be particularly interesting to watch the further developments in the fields of sustainability and machine learning.

References

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