

Annual Finsia and Melbourne Centre for Financial Studies Banking and Finance Conference



“Reassessing the Role of Financial
Services”

28th – 29th September 2009

University of Melbourne
Economics and Commerce Building, Parkville

Sponsored by:



Venue sponsor:
Department of Finance, The University of Melbourne



14th Banking & Finance Conference

Conference Information Background

The Finsia-Melbourne Centre for Financial Studies Banking and Finance Conference provides a unique opportunity for practitioners and academics to exchange knowledge, views and develop contacts. In an environment where financial markets are undergoing marked change, understanding recent developments in both theory and practice and the results of applied research are crucial.

Now in its 14th year, the conference encompasses presentations of results of peer-reviewed Australian and international academic finance research, plenary session presentations from distinguished finance practitioners, and practitioner-oriented panel sessions. The choices available among concurrent streams of presentations provide attendees with the opportunity to sample leading edge finance knowledge and research in areas of specific interest.

Finsia – the Financial Services Institute of Australasia – is Australasia's only professional association representing the entire spectrum of financial services including the wealth management, banking & finance and capital markets sectors. It connects more than 17,000 members with the latest thinking and information from across the industry by providing relevant and high quality professional development and networking programs, a comprehensive suite of career support services and a range of industry-leading information resources and publications. Advocacy and policy initiatives ensure Finsia plays a critical role in promoting industry growth both regionally and around the world. www.finsia.com

The Melbourne Centre for Financial Studies (MCFS) is a not-for-profit partnership between public and private sectors, and between industry and academe. Seed funding has been provided by the Victorian Government as part of its Financial Services Strategy. Members of the consortium are Melbourne, Monash and RMIT universities, and Finsia. They have joined together to enhance Melbourne's national and international reputation for excellence in financial practice, research and education. The Centre facilitates knowledge transfer between, and builds research synergies between, industry and academe by undertaking finance research, arranging consulting by academics, and organising research focused conferences, workshops, public lectures and other educational activities. www.melbournecentre.com.au.

Conference venue

The University of Melbourne, Economics and Commerce Building, Parkville (adjacent to Baillieu Library)
Melways map reference 75A, C5

Conference format

Mornings - Addresses from influential keynote speakers

Afternoons - Concurrent sessions of peer reviewed research papers and MCFS Research Grants papers.

Conference dinner - Monday 28 September (included in conference fee, also separately bookable).

Conference plenary speakers

- Peter Boxall
Commissioner, Australian Securities and Investment Commission (ASIC)
- Chris Dalton
CEO, Australian Securitisation Forum (ASF)
- John Daley
CEO, Grattan Institute
- Prof Kevin Davis SF Fin
Research Director, Melbourne Centre for Financial Studies
- Stephen Halmarick
Head of Investment Markets Research, Colonial First State Global Asset Management
- Dr. Munawar Iqbal
Chief of Research, Islamic Banking and Finance Division, Islamic Research and Training Institute
- Deborah Cope
Commissioner, Victorian Competition and Efficiency Commission (VCEC)
- Kevin Stevenson
Chairman and CEO of Australian Accounting Standards Board (AASB)

Dinner Speaker

John Wylie

Managing Director & Head of Corporate Advisory – Australia, Lazard



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Conference technical program

Market practitioners are encouraged to attend relevant components of the 3 stream academic program which will run on each of the two afternoons of the event.

Academic presentations will address the following topic areas: Asset Allocation, Banking, Funds Management, Dividends & Earnings, New Financial Markets & Derivatives, Global Finance & The Crisis, Futures Contracts and Markets, Emerging Market Corporate Finance, Stock Returns, Retail Finance and Funds Manager Markets, Corporate Finance & Derivatives, Information and Stock market, Noise

Who should attend

Finance academics, bankers and corporate lenders, fund managers and financial analysts, risk managers, stock brokers, regulators, insurers and non-bank financial intermediaries.

Why attend?

- Hear from international thought-leaders and key decision-makers in the Australasian finance industry
- Keep up with the latest trends driving the region's capital markets
- Understand the response of regulators and the academic community to emerging issues
- Be exposed to leading edge academic research in funds management, banking, corporate finance and new financial markets
- Participate in an open forum between practitioners and academic researchers
- Benefit from this cost-effective event by gaining up to 12 PD points while networking with peers across the industry

This event provides excellent value for money for:

- Academics to meet with other academics in complementary fields
- Practitioners seeking to meet academics with specialist research and consulting expertise
- Academics seeking to discuss current issues with practitioners

As Conference Chairs we strongly encourage you and your staff to attend this event and maximise the opportunity to network with Finsia members, our academic thought-leaders and the broader financial community.



Professor Kevin Davis SF Fin
Research Director,
Melbourne Centre for
Financial Studies



Martin Fahy F Fin
Chief Executive Officer
Financial Services Institute of
Australasia

For more information please refer to www.melbournecentre.com.au



Conference Programme

MONDAY 28th SEPTEMBER 2009

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|--|--|---|
| 8.50 - 9.00 | Conference Opening and Welcome | Prof Deborah Ralston F Fin, Director, Melbourne Centre for Financial Studies |
| Plenary Sessions | | |
| 9.00 - 9.45 | The Future Role of Securitisation in the Australia's Financial Market | Chris Dalton, CEO, Australian Securitisation Forum (ASF) |
| 9.45 - 10.30 | Key Issues in Financial Reporting for Banking & Finance Professionals | Kevin Stevenson, Chairman and CEO of Australian Accounting Standards Board (AASB) |
| 10.30 - 11.00 | Morning Tea | |
| 11.00 - 11.45 | Implications of Massive Sovereign Debt Issuance for Investment Markets | Stephen Halmarick, Head of Investment Markets Research, Colonial First State Global Asset Management |
| 11.45 - 12.30 | The Introduction of the New Credit Regulatory Regime | Peter Boxall, Commissioner, Australian Securities and Investment Commission (ASIC) |
| 12.30 - 1.30 | Lunch | |
| Concurrent Contributed Paper Sessions & Practitioner Workshops | | |
| 1.30 - 3.00 | Contributed Paper Sessions | |
| 3.00 - 3.30 | Afternoon Tea | |
| 3.30 - 5.00 | Contributed Paper Sessions | |
| 6.30 - 10.30 | Conference Dinner | Guest Speaker: John Wylie, Managing Director & Head of Corporate Advisory – Australia, Lazard RACV Club – Level 17, 501 Bourke St, Melbourne |

TUESDAY 29th SEPTEMBER 2009

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|--|--|---|
| 8.50 - 9.00 | Housekeeping | Prof Deborah Ralston F Fin, Director, Melbourne Centre for Financial Studies |
| Plenary Sessions | | |
| 9.00 - 9.45 | The Aftermath of a Financial Crisis | John Daley, CEO, Grattan Institute |
| 9.45 - 10.30 | Insights for the Western Financial System from the Islamic Banking | Dr. Munawar Iqbal, Chief of Research, Islamic Banking and Finance Division, Islamic Research and Training Institute, Islamic Development Bank |
| 10.30 - 11.00 | Morning Tea | |
| 11.00 - 11.45 | Financial Services Efficiency – Regulatory and Tax Review | Deborah Cope, Commissioner, Victorian Competition and Efficiency Commission (VCEC) |
| 11.45 - 12.30 | Shadow Financial Committee Regulatory Recommendations | Prof Kevin Davis, Research Director, Melbourne Centre for Financial Studies |
| 12.30 - 1.30 | Lunch | |
| Concurrent Contributed Paper Sessions & Practitioner Workshops | | |
| 1.30 - 3.00 | Contributed Paper Sessions | |
| 3.00 - 3.30 | Afternoon Tea | |
| 3.30 - 5.00 | Contributed Paper Sessions | |

Afternoon sessions: Monday 28th September 2009: 1.30 – 3.00pm

| Funds Management | Banking | Dividends and Earnings | Corporate Finance & Derivatives |
|---|--|---|---|
| <p>Measuring Efficiency of Australian Equity Managed Funds: Support for the Morningstar "Star" Rating John Watson, J. Wickramanayake <i>Monash University</i></p> | <p>Do Country Specific Factors Have Any Relation with Central Bank Independence And Governance? Amirul Ahsan, <i>Deakin University</i> Mike Skully, <i>Monash University</i></p> | <p>Errors in Estimating Unexpected Accruals in the Presence of Large Changes in Net External Financing Yaowen Shan, Stephen Taylor, Terry Walter, <i>UTS</i></p> | <p>Convertible Security Design and Contract Innovation Patrick Verwijmeren <i>University of Melbourne</i></p> |
| <p>Managing funds for after tax returns: unresolved issues about unrealised gains Gordon D Mackenzie <i>University of New South Wales</i></p> | <p>Market Discipline in New Zealand Registered Banks W.R. Wilson, L.C. Rose, J.F. Pinfeld <i>Massey University, New Zealand</i></p> | <p>Dividend smoothing and the long-run stability between dividends and earnings in Korea Jin-Ho Jeong <i>Korea University</i></p> | <p>On or Off? That is the question Christine Brown <i>University of Melbourne</i></p> |
| <p>Perverse Incentives: the Conflict of Interest implicit in Alternative Investment Management Fees Paul Lajbcygier, David Ghijben <i>Monash University</i></p> | <p>Using DEA to investigate bank safety and soundness – which approach works best? David Tripe, <i>Massey University</i></p> | <p>Dividend Stability When Firms Distribute All Profits in Dividends Khamis Al-Yahyaee <i>Sultan Qaboos University, Oman</i> Toan Pham <i>University of New South Wales,</i> Terry Walter <i>UTS & Macquarie University</i></p> | <p>Are franking credits valuable to Australian shareholders? Richard Heaney, <i>RMIT</i></p> |

Monday 28th September 2009: 3.30 – 5.00pm

| Asset Allocation | Banking | Futures Markets and Contracts |
|--|---|--|
| <p>International Portfolio Choice and the Economic Value of Jump Timing Stuart Hyde, Nghia T. Nguyen, Ser-Huang Poon <i>University of Manchester, UK</i></p> | <p>Outsourcing framework for the Australian banking industry David Arthur, Paul Anthony McMahon <i>Southern Cross University</i></p> | <p>Non-Convexities in the 10-Year Treasury Note Marke Christopher G. Lamoureux <i>The University of Arizona</i> George Theocharides <i>Sungkyunkwan University, Korea</i></p> |
| <p>Portfolio evaluation using OWA-heuristic algorithm and Data Envelope Analysis Abhay Kumar Singh <i>Edith Cowan University</i> Shalini Bharadwaj, Rajendra Sahu <i>Gwalior India</i></p> | <p>Switching Costs in Banking: The Regulatory Response Claire Matthews, <i>Massey University</i></p> | <p>Determinants of Trading Activity on Single Stock Futures Market-Evidences from Eurex Exchange Jedrzej Bialkowski, <i>University of Canterbury</i> Jacek Jakubowski, <i>University of Warsaw</i></p> |
| <p>The Payoff Distribution Model: An Application to Dynamic Portfolio Insurance Alexandre Hocquard, Nicolas Papageorgiou Bruno Remillard <i>HEC Montreal, Canada</i></p> | <p>What Drives Foreign Expansion of the Top 100 Multinational Banks?The Role of Credit Reporting Systems Hsiangping Tsai, Pei-Hsin Hsiao, <i>Yuan Ze University</i> Yuanchen Chang, <i>National Chengchi University</i></p> | <p>Do Option Markets Undo Restrictions on Short-Sales: Evidence from the 2008 Short Sale Ban Bruce D. Grundy, Bryan Lim, Patrick Verwijmeren, <i>The University of Melbourne</i></p> |

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Afternoon sessions Tuesday 29th September 2009: 1.30 – 3.00pm

| Information and Stock Markets | Global Finance & The Crisis | Retail Finance & Funds Managers Markets | Islamic Finance (1.15 – 3.15pm) |
|--|---|--|---|
| <p>The effect of analyst forecast on broker market share: new evidence Rob Brown, Howard Chan, <i>University of Melbourne</i> Robert Faff Monash University Yew Kee Ho, <i>University of Singapore</i></p> <p>The Equity and Efficiency of the Australian Share Market with respect to Director Trading Katherine Uylangco, Steve Easton <i>University of Newcastle</i> Robert Faff, <i>Monash University</i></p> <p>Migration and its contribution to the size and value premiums: Australian evidence Philip Gharghori, Yusuf Hamzah, Madhu Veeraraghavan <i>Monash University</i></p> | <p>New Zealand and the Financial Crisis of 2008 David Tripe <i>Massey University</i></p> <p>Are Financial Markets Stable? New Evidence from An Improved Test of Financial Market Stability and the U.S. Subprime Crisis Sandy Suardi <i>La Trobe University</i></p> | <p>Cost-efficiency in Australian Superannuation Funds Andrew Worthington <i>Griffith University</i></p> <p>Financial Planning in Australia: Industry or Profession? Brian Murphy <i>Deakin University</i> Ted Watts <i>University of Wollongong</i></p> <p>Identifying Market Orientation in the Australian Funds Management Industry: An Exploratory Study Kate Westberg, Terrence Hallahan, Raju Mulye, Con Stavros, Michael Schwartz <i>RMIT University</i></p> | <p>Introduction: Factors that are important to the establishment of Islamic Finance in Australia John Masters, <i>SIRCA</i></p> <p>Financial Performance of Conventional VS Islamic Banks Mohamed Ariff, <i>Bond University</i></p> <p>The performance of Islamic mutual funds: The Malaysian Case M. Ishaq Bhatti, <i>La Trobe University</i></p> <p>Complementarity between equity based structures under Islamic Finance and limited partnerships in Western finance Robert Turnbull, <i>Strategic Advisory</i></p> <p>Panel Discussion: Implications for academic financial researchers John Masters, <i>SIRCA</i> Mike Skully, <i>Monash University</i> Munawar Iqbal, <i>Islamic Development Bank</i></p> |

Tuesday 29th September 2009: 3.30 – 5.00pm

| Emerging Market Corporate Finance | Noise | Interest Rate Behaviour | New Financial Markets and Contracts |
|---|--|--|---|
| <p>On the Dynamic Relation between Stock Market Development and Capital Structure of Firms: Evidence from a Developing Country Boopen Seetanah, <i>University of Mauritius</i>, Kesseven Padachi, <i>University of Technology, Mauritius</i>; Binesh Seetanah, <i>RMIT</i></p> <p>The pricing and performance of IPOs for small-and-medium-sized enterprises: Emerging market evidence Jirapun Chorrak, Andrew Worthington <i>Griffith University</i></p> | <p>Deafened by Noise: Do Noise Traders Affect Volatility and Returns? Edward Podolski – Boczar, Petko S. Kalev <i>Monash University</i>, Huu Nhan Duong <i>Deakin University</i></p> <p>Noise and expected return in Chinese A-share stock market Chong Qian, Chien-Ting Lin <i>The University of Adelaide</i></p> | <p>Interest Rate Setting Behaviour of Banks: Evidence from Australia and the US Guay Lim, Sam Tsiaplias <i>The University of Melbourne</i></p> <p>Interest rate spread determination in an error correction model Boopen Seetanah, <i>University of Mauritius</i> Ramesur Shalini, <i>University of Technology, Mauritius</i> Rojid Sawkut, <i>The World Bank</i> Seetaram Navneet, <i>University of Technology, Mauritius</i>, Binesh Seetanah, <i>RMIT</i></p> | <p>Modelling of Surface Air Temperature and Pricing of Weather Derivatives Anandadeep Mandal <i>KIIT School of Management, India</i></p> <p>A Microstructure Analysis of the Carbon Finance Market Don Bredin Cal Muckley <i>University College Dublin, Ireland</i> Stuart Hyde <i>University of Manchester, UK</i></p> <p>Exchange Traded Contracts for Difference: Design, Pricing and Effects Christine Brown, Jonathan Dark <i>The University of Melbourne</i> Kevin Davis, <i>The University of Melbourne and MCFS</i></p> |