
Call for Papers

Conference on Financial Sector Performance & Risk (Post-Crisis)

Special Issue of Journal of Economic Behavior and Organization (JEBO)

June 23, 2011

Bangor University

N Wales, UK

A conference on Post-Crisis Financial Sector Performance & Risk will be held at Bangor Business School, Bangor University in June 2011, in collaboration with Gulf One Lancaster Centre for Economic Research (GOLCER). Papers accepted for presentation at the conference will be considered for publication in a special issue of JEBO.

Since late 2007, global financial markets and systems have been in the grip of the worst financial crisis after the Depression era of the late 1920s. Major banks in the US, UK and Europe have collapsed and been bailed-out by state aid. The second largest US insurer, AIG, has suffered a similar fate. The investment banking world has been decimated by the collapse of Lehman Brothers and Bear Stearns and all the major US bulge-bracket firms – Merrill Lynch, Morgan Stanley, Goldman Sachs – have either been acquired by commercial banks or converted into bank holding companies. Both Royal Bank of Scotland (owners of NatWest) and Citigroup, pillars of the UK and US financial system, respectively, are now under state ownership. Since the deterioration of the US property market in 2007 and the failure of sub-prime lending, much of which was securitized, markets of many types of financial assets have collapsed – although there was a blip of hope by mid-2009 that the worst was over. The response to the crisis by US and European governments and central banks has been significant and unprecedented. Measures enacted range from initiatives dealing with impaired bank assets, the recapitalizing or/and financial restructuring of troubled banks, and actions designed to inject liquidity into the banking system. Governments have also poured billions into their respective economies, and interest rates have been cut to record low levels. The objective is to provide both a fiscal and monetary stimulus to stave off recession.

The crisis has had a massive adverse impact on global banking and financial systems. The International Monetary Fund's April 2009 *Global Financial Stability Report* (IMF, 2009) reports an estimate of \$2.7 trillion for write-downs of US-originated assets by banks and other financial sector institutions between 2007 and 2010. Estimated write-downs for all mature market-originated assets for the same period are in the region of \$4 trillion. The same report contains estimates of the implications of these write-downs for bank recapitalization. To restore bank capital-assets ratios to the average 4% level before the crisis, the required capital injections are \$275bn for banks in the US, \$325bn for the euro area, \$125bn for the UK, and \$100bn for other mature European countries. Faced with such enormous losses many banks are retrenching, selling off non-core businesses and looking to boost their own capital strength (with or without the help of government). The recent turmoil surrounding the European sovereign debt problem in 2010 also heralds a new crisis period for European banks, witnessed by the turmoil in Greece and near collapse of the Spanish savings bank system. In contrast, banks in commodity rich countries like Australia, Canada and the Gulf states are booming and looking to expand overseas. Islamic banking and finance is developing rapidly and the features of global banking are being reshaped.

This conference aims to examine financial sector performance and risk post-crisis. The focus is on how the crisis has affected financial sector performance in terms of profitability, value creation, efficiency and risk management encompassing broad strategic developments.

Both theoretical and empirical papers will be considered on topics that fall within the conference theme including the following:

- Corporate governance and implications for market and financial system performance
- Bank performance, efficiency and risk
- Measuring credit, market and operational risk
- Capital and liquidity re-regulation (including Basel 3)
- Restructuring, mergers, and acquisitions in the financial sector
- Modeling asset bubbles
- Post crisis competition in banking and financial markets
- Reform of the financial system
- Pension fund, hedge fund and/or mutual fund performance
- Financial firm organizational forms and value creation
- Alternative banking models post-crisis (such as Islamic banking etc.)
- Safety net subsidies including 'Too-Big-To-Fail' and 'Too-Systemically Important to Fail'
- Securitization, risk and financial firm performance
- Credit rating agencies and risk appraisal
- Post crisis regulation and intervention strategies

The deadline for conference submissions is January 31, 2011. Authors will be informed of decisions regarding the conference by March 11, 2011.

Conference organizers:

M. Shahid Ebrahim (Bangor University)
Marwan Izzeldin (Gulf One Lancaster Centre for Economic Research)
Phil Molyneux (Bangor University)
John O.S. Wilson (St Andrews University)

Paper Submission Procedure:

Please e-mail 2 copies of the paper (one anonymous) in PDF (or MS Word) to:
m.s.ebrahim@bangor.ac.uk

Dates: Submission: 31st January 2011; **Decisions:** 11 March 2011