

THE DEUTSCHE BANK PRIZE IN FINANCIAL ECONOMICS

2015

2013

2011

2009

2007

2005



PROGRAM

6TH
EDITION

Award Ceremony and CFS Symposium

“What Market Prices Tell Us”

In honor of Stephen A. Ross, the award winner of 2015

Thursday, 24 September 2015, 12:00 pm

at Campus Westend, Goethe University Frankfurt, Germany

The Center for Financial Studies (CFS), in partnership with Goethe University, has been awarding the Deutsche Bank Prize in Financial Economics biennially since 2005. The award honors internationally renowned researchers whose work has significantly influenced financial economics, and has led to fundamental advances in economic theory and practice. It carries an endowment of 50,000 Euro, which is donated by the *Stiftungsfonds Deutsche Bank im Stifterverband für die Deutsche Wissenschaft**. 2015 marks the academic award's 6th edition. It will be presented by Jürgen Fitschen, Co-Chief Executive Officer of Deutsche Bank, and Jan P. Krahnert, Jury Chairman and CFS Director, prior to the international academic CFS symposium in honor of the award winner.

Stephen A. Ross was announced as the prize winner in March 2015. The international Jury has chosen Professor Ross for his groundwork and fundamental contributions to the analytical development of financial economics. Major models he has developed relate to the theory of asset pricing, the analysis of the term structure of interest rates, understanding option prices, and the basic structure of the principal-agent problem. His work has shaped today's thinking in financial innovation, practice, and policy.

Members of the Jury 2015, alongside the Chairman Jan P. Krahnert, are the professors Guillermo Calvo (Columbia University), David Folkerts-Landau (Chief Economist at Deutsche Bank), Michael Haliassos (CFS Director and Goethe University Frankfurt), Otmar Issing (CFS President), Nobuhiro Kiyotaki (Princeton University), Holger Kraft (Goethe University Frankfurt, Director of the Finance Department), Robert Merton (Nobel Laureate, Massachusetts Institute of Technology), René M. Stulz (Ohio State University, Fisher College of Business), Uwe Walz (CFS Director and Goethe University Frankfurt), and Mirko Wiederholt (Goethe University Frankfurt, Director of the Money and Macroeconomics Department).

*Deutsche Bank Donation Fund in the Donor's Association for German Science

The Award Winner



Stephen A. Ross is the Franco Modigliani Professor of Financial Economics and Professor of Finance at the MIT (Massachusetts Institute of Technology) Sloan School of Management. Previously, he was the Sterling Professor of Economics and Finance at Yale University and a Professor for Economics and Finance at the Wharton School of the University of Pennsylvania. Ross is a fellow of the Econometric Society and a member of the American Academy of Arts and Sciences. In 1988, he was president of the American Finance Association. He is the author of more than 100 peer-reviewed articles in economics and finance and co-author of the best-selling textbook *Corporate Finance*.

Stephen A. Ross's wide range of research interests include the economics of uncertainty, corporate finance, decision theory, and financial econometrics. He is known for his fundamental contribution to modern financial economics. His models have changed and advanced practice profoundly. They are widely applied and standard in academia and the financial industry.

Most notably, Stephen A. Ross is the inventor of the Arbitrage Pricing Theory, a cornerstone of modern asset pricing theory and the Theory of Agency, which is omnipresent not just in corporate finance but also in many other spheres of economics. Furthermore, he is the co-creator of Risk-Neutral Pricing and of the Binomial Model for Pricing Derivatives. His work has been central for the development and the empirical analysis of the term structure models. He co-authored the *Econometrica* paper *A Theory of the Term Structure of Interest Rates* in 1985, which remains one of the most crucial contributions on the topic to this date. In addition, recently Ross's Recovery Theory has opened up a huge potential for the analysis of household subjective expectations, rationality and financial literacy, but also financial advice. His theories provide standards for pricing in major securities trading firms, useful for retirement accounts and for new financial products that may allow households to insure a wider range of risks.

The award ceremony takes place at the beginning of the symposium. Jürgen Fitschen and Jan P. Krahnén present the award to Stephen A. Ross. The laudation will be given by Philip H. Dybvig.



The Award Ceremony Speech



Jürgen Fitschen is Co-Chairman of the Management Board and the Group Executive Committee of Deutsche Bank AG. After completing his commercial training in the wholesale and import/export business, he studied Economics and Business Administration at the University of Hamburg. He started his career in the corporate banking business at Citibank, ultimately serving as a member of the Management Committee, Germany.

After joining Deutsche Bank in 1987, Fitschen held a wide range of executive positions in Thailand, Japan, and Singapore before becoming a member of the “Global Corporates and Institutions” Divisional Board in 1997. Fitschen then transferred to London in this capacity and in 2001 he was appointed to the Board of Managing Directors of Deutsche Bank Group. Later he became Global Head of the newly established Regional Management and CEO Germany. With these functional responsibilities, Fitschen was appointed to the Management Board of Deutsche Bank in 2009. Since June 2012 Fitschen is Co-Chairman of the Management Board and Group Executive Committee together with John Cryan. Fitschen is President of the Association of German Banks (Bundesverband deutscher Banken e.V.).

The Laudation



Philip H. Dybvig is the Boatmens Bancshares Professor of Banking and Finance at Washington University, St. Louis. His research has provided fundamental theoretical analysis of practical problems. He is well known for his paper, Diamond-Dybvig [1983], one of the most widely cited papers in Finance and Economics. The Diamond-Dybvig model shows how banks serve the economy by creating liquidity, and how this

liquidity creation subjects the banks to runs if there is not any deposit insurance or other protection. Dybvig previously taught at Princeton University and was tenured at Yale University. He has published two textbooks and more than 35 articles in leading journals. He has consulted for government, organizations, and individuals. Dybvig’s recent work has focused more on investments and corporate governance.

The Chairman of the Jury and Symposium Organizer



Jan P. Krahnén is a Director of the CFS and the Research Center SAFE. He coordinates the CFS research area “Monetary Policy & Financial Stability”. He holds the Chair of Corporate Finance at Goethe University’s House of Finance. His current research interests focus on the implications of the 2007-2010 financial turmoil for banking, systemic risk, and financial market regulation. His publications appeared, among others, in the Review of Economic Studies, the Journal of Financial

Intermediation, and the Journal of Banking and Finance. He is a CEPR research fellow, and was President of the European Finance Association in 2011. Krahnén has been involved in policy advisory on issues of financial market regulation, most recently as a member of the High Level Expert Group on Structural Reforms of the EU Banking Sector (“Liikanen Commission”), implemented by EU Commissioner Michel Barnier. He was a member of the Issing-Commission, advising the German government on the G-20 meetings. He is also a member of the Group of Economic Advisors at the European Securities and Markets Agency, and a member of the Academic Advisory Board of Germany’s Federal Ministry of Finance.

The Program

Award Ceremony

- 12:00 Opening Address** **Jan P. Krahn**
(Chairman of the Jury and Symposium Organizer, CFS Director and Professor of Finance, Goethe University Frankfurt)
- 12:10 Award Ceremony Speech** **Jürgen Fitschen**
(Co-Chief Executive Officer of Deutsche Bank AG)
- 12:25 Presentation of the trophy to Stephen A. Ross**
- 12:30 Laudation** **Philip H. Dybvig**
(Boatmen Bancshares Professor of Banking and Finance, Washington University in St. Louis)
- 12:50 Acceptance Remarks** **Stephen A. Ross**
(Award winner of the Deutsche Bank Prize 2015, Franco Modigliani Professor of Financial Economics and Professor of Finance, Massachusetts Institute of Technology)

Symposium "What Market Prices Tell Us"

- 13:00 Plenary Lecture Speaker** **"TERM STRUCTURE OF INTEREST RATES"**
Robert C. Merton
(Jury member, Nobel Laureate 1997, School of Management Distinguished Professor of Finance, Massachusetts Institute of Technology)
- 13:45 Lunch Break**
- 14:15 Plenary Lecture Speaker** **"HISTORICAL ASSET PRICES (LONG TERM SERIES)"**
K. Geert Rouwenhorst
(Robert B. and Candice J. Haas Professor of Corporate Finance, Yale University)
- 15:00 Keynote Lecture Speaker** **"THE RECOVERY THEOREM"**
Stephen A. Ross
(Award winner of the Deutsche Bank Prize 2015, Franco Modigliani Professor of Financial Economics and Professor of Finance, Massachusetts Institute of Technology)
- 15:45 Coffee Break**

Panel "Understanding Efficient Markets: Limits Of Policy Influence"

- 16:15 Chair** **Jan P. Krahn**
(Chairman of the Jury and Symposium Organizer, CFS Director and Professor of Finance, Goethe University Frankfurt)
- Speakers** **Eugene F. Fama**
(Award Winner of the Deutsche Bank Prize 2005, Nobel Laureate 2013, Robert R. McCormick Distinguished Service Professor of Finance, University of Chicago)
- Martin F. Hellwig**
(Director of the Max Planck Institute for Research on Collective Goods, Professor of Economics, University of Bonn)
- Josef Zechner**
(Jury member 2005, Professor of Finance and Investments, WU Vienna University of Economics and Business)
- 17:45 End of Scientific Symposium**

The Speakers



Eugene F. Fama, first recipient of the Deutsche Bank Prize in 2005 and 2013 Nobel laureate in economic sciences, is the Robert R. McCormick Distinguished Service Professor of Finance at University of Chicago Booth School of Business. Fama is widely recognized as the “father of modern finance”. He is strongly identified with research on markets, particularly the efficient markets hypothesis. He focuses much of his research on the relation between risk and expected return and its implications for portfolio management. His work has transformed the way finance is viewed and conducted. Fama is Chairman of the Center for Research in Security Prices (CRSP) at Chicago Booth, which was founded 40 years ago to create the finest tools for tracking, measuring, and analyzing securities data. Fama is a prolific author, having written two books and published more than 100 articles in academic journals. He is among the most cited researchers in economics. He is also an advisory editor of the *Journal of Financial Economics*. He was the first elected fellow of the American Finance Association in 2001. He is also a fellow of the Econometric Society and the American Academy of Arts and Sciences.



Martin F. Hellwig is Director at the Max Planck Institute for Research on Collective Goods and Professor of Economics at University of Bonn. His research has addressed issues from many fields of economics, including the economics of information and incentives, financial markets and financial institutions, and of financial stability. In addition to multiple articles in leading journals, he is the author (with Anat Admati) of the book “The Bankers’ New Clothes – What’s Wrong with Banking and What to Do about It” (Princeton University Press, 2013). Hellwig is a Member of the Scientific Advisory Committee of the German Ministry of Economic Affairs. He also was the first Chair of the Advisory Scientific Committee of the European Systemic Risk Board and previously Chair of the German Monopolies Commission and of two ad hoc advisory committees in the financial crisis in Germany, dealing with government loans and loan guarantees to nonfinancial companies and with exit strategies for the government’s participations in banks. Hellwig has held teaching appointments at Princeton University, the University of Bonn, the University of Basel, Hebrew University, Harvard University and the University of Mannheim. He received an M.A. in economics from the University of Heidelberg and a Ph.D. in economics from the Massachusetts Institute of Technology.



Robert C. Merton, Jury member of the Deutsche Bank Prize and 1997 Nobel laureate in economic sciences, is the School of Management Distinguished Professor of Finance at the MIT Sloan School of Management and University Professor Emeritus at Harvard University. Merton’s current research focuses on three areas: lifecycle investing and retirement funding solutions, measuring and monitoring macrofinancial (systemic) risk, and financial innovation and the dynamics of financial institutional change. He is currently Resident Scientist at Dimensional Fund Advisors, where he is implementing a next generation, integrated retirement-funding solution system that addresses the deficiencies associated with traditional defined-benefit and defined contribution pension plans. Merton was the George Fisher Baker Professor of Business Administration (1988–98) and the John and Natty McArthur University Professor (1998–2010) at Harvard Business School. Previously, he served on the finance faculty of MIT from 1970 to 1988, after receiving his Ph.D. in Economics from MIT (1970). He received the inaugural Financial Engineer of the Year Award from the International Association of Financial Engineers in 1993. Merton is past President of the American Finance Association, a member of the National Academy of Sciences, a Fellow of the American Academy of Arts and Sciences, and Distinguished Fellow of the CFS.



K. Geert Rouwenhorst is the Robert B. and Candice J. Haas Professor of Corporate Finance & Deputy Director of the International Center for Finance at the Yale School of Management. Rouwenhorst specializes in international finance and asset pricing, including the empirical tradeoff between risk and return in developed and emerging stock markets, and portfolio choice. His recent work examines hedge fund strategies, mutual fund settlement, commodity investments, and the history of financial innovation. Rouwenhorst has held visiting positions at the MIT and the IMF. His work has been published in both academic and practitioner oriented journals, and reviewed in *The Wall Street Journal*, *The Financial Times*, and *The New York Times*. His co-edited book “*The Origins of Value: the Financial Innovations that Created Modern Capital Markets*” surveys key historical innovations in the field of finance, and was named a best book of 2005 by *The Economist* and *Barron’s*.



Josef Zechner is Professor of Finance and Investments at WU Vienna University of Economics and Business and Director of the PhD Program Vienna Graduate School of Finance. He is a full member of the Austrian Academy of Sciences and a CEPR Research Fellow. Before joining the WU Vienna University of Economics and Business, he was Professor of Finance at the University of Vienna. His research covers a broad range of topics in the areas of corporate finance, banking, and asset management. Zechner has published in leading finance and economics journals such as the *Journal of Finance*, the *Journal of Financial Economics*, the *Journal of Political Economy*, and the *Journal of Business*. He was the Managing Editor of the *Review of Finance* from 2003 to 2012. He is also past President of the European Finance Association and the German Finance Association and currently President elect of the Western Finance Association. Zechner has consulted for numerous financial institutions. He is founding partner and a member of the scientific board of Spängler IQAM Invest, an Austrian Asset Management Company.

AWARD WINNERS AT A GLANCE



2005
Eugene Fama



2007
Michael Woodford



2009
Robert Shiller



2011
Kenneth Rogoff



2013
Raghuram G. Rajan



2015
Stephen A. Ross



The Center for Financial Studies (CFS) is a non-profit research institute which conducts independent and internationally oriented research in important areas of financial and monetary economics, ranging from monetary policy and financial stability, household finance and retail banking to corporate finance and financial markets. It serves as a forum for dialogue between academia, policy-making institutions, and the financial industry. The CFS offers a platform for top-level fundamental research as well as applied research relevant for the financial sector in Europe. President of the CFS is Prof. Dr. Dr. h.c. mult. Otmar Issing. Chairman of the supporting association is Dr. Rolf-E. Breuer. The overall management of the institute is conducted by the directors Prof. Michael Haliassos, Ph.D., Prof. Dr. Jan Pieter Krahen, and Prof. Dr. Uwe Walz.

► www.ifk-cfs.de

The Stiftungsfonds Deutsche Bank im Stifterverband für die Deutsche Wissenschaft e.V.*

Stiftungsfonds Deutsche Bank 
im Stifterverband für die Deutsche Wissenschaft e.V.

The Stiftungsfonds Deutsche Bank was founded in 1970 to commemorate Deutsche Bank's 100th anniversary. The fiduciary foundation operates under the aegis of the Stifterverband für die Deutsche Wissenschaft*, to which Deutsche Bank makes a yearly contribution to support the Stifterverband für die Deutsche Wissenschaft and to promote economic research and firstclass education at an internationally competitive level. Deutsche Bank considers it especially important to facilitate international exchange between financial markets' executives, professors and students. Since 2004, the Stiftungsfonds Deutsche Bank has been supporting the "Finance" cluster at the Goethe University Frankfurt. To enhance Frankfurt's international reputation as a center for financial economics, it has initiated the House of Finance-Foundation and the Deutsche Bank Prize in Financial Economics, which is awarded biennially by the Center for Financial Studies and the Goethe University Frankfurt.

► www.stiftungsfonds-deutsche-bank.de

* Deutsche Bank Donation Fund in the Donor's Association for German Science



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