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DFI Scientific Board, Annual Report 2020-21

Summary

The Scientific Board (SB) of the Danish Finance Institute (DFI) met with the DFI Directors virtually via Zoom on August 19, 2021. The meeting began with DFI Director Carsten Sørensen providing a short status report on DFI activities and administrative changes since the previous annual meeting by the SB on August 14, 2020. This was followed by a discussion of Publication Scholarships and Research Scholarships on which the SB was asked to provide its recommendations. The SB also briefly discussed and largely concurred with the DFI journal and top-50 universities lists that currently dictate the award of Publication Scholarships and Junior Research Fellowships. This was followed by a discussion of the process for the midterm review of the DFI to be conducted in Spring 2022. The meeting concluded with a discussion of the criteria currently governing the award of Senior Research Scholarships.

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General Comments

The SB continues to be impressed with the success of the DFI in building up and sustaining top level finance research at the affiliated Danish academic institutions.

The financial support offered through the DFI Research Scholarship and Publication Scholarship programs have clearly helped to both recruit and retain top-level researchers and promote the publication in top-level academic journals, and in turn put Denmark “on the map” as one of the leading countries in Europe for conducting world class research in finance.

As a case in point, in addition to the many first-rate Assistant and more senior Full Professors successfully recruited by the DFI member institutions since the start of the DFI Research Scholarship program, three additional DFI-supported Assistant Professors were successfully recruited this past year: Matthias Lassak at AU (2021 Ph.D. from Frankfurt School of Finance and Management), Simon Rother at CBS (Ph.D. from University of Bonn), and Charline Uhr at SDU (2021 Ph.D. from Goethe University in Frankfurt).

Underscoring the high-quality of these three most recent recruits,



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they all automatically qualified for the higher Level 2 Junior Research Scholarships, as stipulated by the guidelines in the Principles Program for the DFI.

As far as the Publication Scholarship Program is concerned, 2020-21 was another banner year. Matching or bettering the output from the past academic year, DFI Fellows placed ten papers in what is generally considered to be the top-4 finance journals, with three articles published in the *Journal of Finance*, five in the *Journal of Financial Economics*, one in the *Review of Financial Studies*, and one in the *Review of Finance*. Another article with clear finance content was published in the *American Economic Review*, considered one of the very top journals in economics more generally. In addition, DFI Fellows published five articles in the *Journal of Corporate Finance*, one article with a clear finance content in *Accounting Review*, and two articles with a clear finance content in *Management Science*. Moreover, since not every DFI Research Fellow applied for a publication Scholarship for their works published during the past year, this list actually represents an under-count of the total number of DFI top finance publications.

Regardless, this is truly an impressive list of finance publications, and if viewed as a single institution this list would easily rank the DFI among the very best academic finance departments in the world. More concretely, looking at the most recent version of Table A1 in Appendix A to the Principles Program for the DFI, which is based on the total number of publications in the top-3 finance journals over the 2016-2020 five-year period, extrapolating the number of top-3 finance publications produced by DFI Research Fellows over the past academic year puts DFI just slightly below the Swiss Finance Institute (SFI), the highest ranked European institution in Table A1, and ahead of the London School of Economics, the second highest ranked European institution on the list.

While the Research and Publication Scholarship programs are explicitly designed to help foster and encourage the production of new knowledge, the wider dissemination and transfer of such knowledge are obviously important. As such, the SB applauds the decision by the DFI Board to institute two new honorary awards explicitly designed to encourage such dissemination and education, given to someone who has: (i) contributed importantly to the public debate through solid financial insights and the broader communication of financial knowledge, and (ii) further advanced the



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educational mission at one of the DFI member institutions through their exceptional teaching, advising or other novel pedagogical initiatives. The decision to alternate between the Dissemination and Education awards on an annual basis also seems like a prudent choice to the SB. It is the SB's hope that the promotion of these new honorary awards will help further solidify the DFI brand and broadening the recognition of the value of DFI to society more generally, and in turn help secure the continued support and financial funding of DFI by Finans Danmark.

The continued threat posed by the Covid-19 pandemic resulted in the cancellation of almost all in-person DFI activities for the 2020-21 academic year, including most academic conferences and meetings. As a notable exception, the DFI was able to hold its 2020 Annual Conference on October 8 at the University of Copenhagen in a hybrid format, with a sizeable number of people participating in-person. The SB is hopeful that the 2021 Annual Conference scheduled for October 7 will also be able to take place at least partly in-person. Likewise, the now twice postponed Retreat for DFI Research Fellows to be held at Sandbjerg Manor will hopefully take place in-person at the newly planned dates of April 21-22, 2022. Reiterating earlier comments, the SB strongly believes that such conferences and meetings can be very helpful in fostering a sense of research community and collaboration among the DFI Research Fellows affiliated with each of the five different DFI member institutions, who might otherwise not feel part of the same research environment. As such, the SB also strongly encourages all DFI Research Fellows, regardless of their home institution, to participate in these and other future DFI sponsored activities and events.

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