Credit and Capital Markets, 57 (2024) 1 – 4: 237 – 250
https://doi.org/10.3790/ccm.2024.1449501
Reports

29th Annual Meeting of the German Finance Association (DGF)

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Introduction

The 29th Annual Meeting of the German Finance Association was held from September 28 to 30, 2023, at the University of Hohenheim in Stuttgart. The objective of the conference was to provide a forum for the presentation and discussion of the latest research findings from all areas of finance, banking, and insurance.

The event was organized by *Prof. Dr. Hans-Peter Burghof, Prof. Dr. Thomas Dimpfl, Prof. Dr. Robert Jung*, and the DGF 2023 Organizing Committee. A total of 256 submissions were received by the German Finance Association from 21 countries. Following a comprehensive review process involving numerous reviewers, 97 papers were selected for presentation in five sessions, each comprising six categories, together with a poster session.

In addition to the main conference, a doctoral seminar was held, specifically designed for Ph.D. students to present their work and engage in discussion with experienced researchers. Concurrent with the doctoral seminar, the second Woman-in-Finance workshop took place. This event provides a valuable platform for female finance researchers to network, collaborate, address shared challenges, and draw inspiration from accomplished female role models.

The keynote speech delivered by *Holger M. Mueller*, Nomura Professor of Finance at New York University Leonard N. Stern School of Business, addressed the dissemination of local shocks across regions by large firms' internal networks.

I. Doctorial Seminar

On Thursday morning, the German Finance Association convened a workshop for advanced doctoral students in conjunction with the forthcoming conference at the University of Hohenheim, scheduled to commence on Friday.

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This one-day event provides doctoral students with the opportunity to present their research and engage in discourse with leading experts in the field regarding the content and methodology of their work. The faculty members who participated in the event included *Prof. Dr. Ralf Elsas, Prof. Dr. Joachim Grammig, Prof. Dr. Stefan Ruenzi, Prof. Dr. Christian Schlag*, and *Prof. Dr. Erik Theissen*.

Furthermore, the Sparkassen-Finanzgruppe (Stiftung für die Wissenschaft) provided sponsorship for the best doctoral student paper, awarded for the most outstanding presentation during the workshop.

II. Woman in Finance Event

From midday on Thursday, the German Finance Association also hosted the second Women-in-Finance Event, building on the success of the previous year's edition. The half-day gathering, which preceded the commencement of the conference, constituted an invaluable forum wherein female finance researchers were afforded the opportunity to establish connections, engage in joint endeavours, confront shared obstacles, and draw sustenance from the exemplars of accomplished female professionals. The event was held at the BW Bank in Stuttgart.

The attendees participated in rhetorical and presentation training with *Katrin Seifarth* and listened to a keynote address by *Erin Hengel*, Ph.D., from Brunel University, on the topic of "Gender and the time cost of peer review." Subsequently, a panel discussion was held, during which insights were provided by *Erin Hengel*, *Prof. Tabea Bucher-Koenen, Anke Dembowski,* and *Prof. Alexandra Niessen-Ruenzi*. The day's activities concluded with a joint dinner, followed by a reception at the main conference.

The event was organized by *Larissa Ginzinger*, *Leah Zimmerer*, and *Sophia Koch*, with support from Fonds Frauen, Schwäbisch Hall, and the Sparkasse.

III. Conference Presentations

This section provides a chronological overview of the conference sessions and the research presentations of the main conference, given during the respective sessions. Due to space limitations, it is not feasible to describe all 97 in the subsequent part. Consequently, a selection has been made for inclusion in this report.

Session A1: Asset Management

Vesa Pursiainen and *Tereza Tykvova* from the University of St. Gallen presented a study examining the impact of private equity acquisitions on retail customer behavior. The analysis demonstrates that acquisition announcements result in a notable decline in customer visits to the target firm's outlets, particularly in instances of primary buyouts. This decline, which is observed to reverse after the acquisition is finalized, suggests that it is not attributable to operational alterations. The decline in visits is more pronounced in economically disadvantaged regions and varies based on regional socio-economic and political characteristics, such as income levels and political orientation.

Session A2: Central Banking and Regulation

A study by *Cyril Couaillier* from the European Central Bank examines the manner in which banking institutions determine and attain their target capital ratios. The study demonstrates that banks augment their capital targets in response to elevated regulatory requirements. However, their responses to rigorous versus operational requirements are analogous, which calls into question the efficacy of the Basel III framework. The findings indicate that targets are procyclical, with banks seeking to demonstrate solvency during economic downturns. Furthermore, Couaillier demonstrates that discrepancies between actual and target capital are a significant factor influencing balance-sheet adjustments. In particular, he shows that banks utilize existing capital to cover two-thirds of the gap and adjust their assets to bridge the remaining portion. This discrepancy was particularly influential in shaping credit supply during the global health crisis precipitated by the covid-19 pandemic.

Session A3: Behavioral Finance

Marten Laudi (Maastricht University), *Thomas Pauls* (Goethe University Frankfurt), and *Paul Smeets* (University of Amsterdam) conducted an analysis of the impact of negative ESG news on investor behavior. The study demonstrated that investors tend to increase their consumption of dividend income following negative ESG news about a firm, consuming twice as much compared to dividends from firms without such controversies. This heightened consumption occurs immediately on the dividend payout date, indicating that it is an emotional response to negative news rather than a rational adjustment.

Session A4: Green Finance

The session of Green Finance was opened by *Emily Kormanyos*, and *Daniel Worring* from Goethe University Frankfurt, and *Famulok Jakob* from the Leibniz Institute for Financial Research SAFE. They examined the impact of individual investors' carbon footprints on their preferences for ESG investments. Their study demonstrated that investors frequently utilize sustainable assets as a means of compensating for their elevated carbon footprints, rather than for reasons pertaining to sustainability or returns. This behavior is particularly prevalent among those who perceive their environmental impact to exceed that of their peers, and it is also positively correlated with religious beliefs historically associated with offsetting. The findings indicate that income effects do not serve as the primary driver of these investment choices.

Session A5: Corporate Finance

An analysis by *Fabio Girardi* from Goethe University Frankfurt, introduces a consumption-based asset pricing model to assess the market price of uncertainty in the term structures of U.S. Treasury and S&P 500 equity yields. His model, which incorporates compensation for mpu, effectively captures the essential characteristics of the data set and demonstrates the impact of uncertainty on short- and long-term payoff valuations.

Session A6: Asset Pricing

In a theoretical context, *Lutz Kruschwitz* and *Andreas Löffler* from Freie Universität Berlin, address the equity premium puzzle by proposing a novel approach that integrates stochastic dividend-price ratios into the Lucas Model. The authors contend that traditional models, which rely on deterministic ratios, are incompatible with empirical data. Their innovative theory, which is consistent with no arbitrage and transversality principles, offers a potential solution to the discrepancies between theoretical predictions and real-world observations in consumption behavior.

Session B1: Risk Management

A research paper presented by *Tim Philippi* and *Jörg Schiller* of the University of Hohenheim, examines the trade-off between premium subsidies and disaster relief payments. The analysis is based on a government's role in ensuring a subsistence level of welfare for its citizens while minimizing its total transfer expenditures. The government can choose between ex-post disaster relief payments or ex-ante premium subsidies to maintain this subsistence level. The study concludes that when insurance markets are efficient, government intervention is unnecessary. However, in the presence of market frictions that impede risk transfer to insurers, the government faces a choice between two equilibria: relying solely on disaster relief payments or offering sufficiently high premium subsidies to encourage individuals to choose insurance over relying on disaster relief.

Session B2: Central Banking and Regulation

Pedro J. Cuadros-Solas (CUNEF Universidad), *Carlos Salvador* (Universidad de Valencia), and *Nuria Suárez* (Universidad Autónoma de Madrid) examines the impact of supervisory design on sovereign risk. Using the Single Supervisory Mechanism (SSM) in Europe, the study finds that sovereign risk, as indicated by sovereign ratings, is lower in countries where large banks are supervised at the supranational level than in countries with only national supervision. This effect is influenced by the characteristics of the banking sector and the institutional framework of the country. The authors identify bank stability as the key channel linking supervision to sovereign risk. Their results are robust to the use of credit default swap (CDS) spreads as an alternative measure of sovereign risk and to changes in prudential policy.

Session B3: Behavioral Finance

The research by *Carina Fleischer*, *Holger Kraft*, and *Farina Weiss* from Goethe University investigates the gender revenue gap in the sale of personal belongings. Utilizing a distinctive data set from a widely viewed television program, wherein items are sold via an English auction and sellers can impact outcomes through post-auction negotiations. The study reveals that women, on average, earn 7.3 % less than men after controlling for various factors. The analysis demonstrates that women tend to fare better when selling items that align with traditional female roles or items with easily determined values. Furthermore, the observed performance discrepancy is influenced by both the characteristics of the sellers and the composition of the dealer teams. Notably, female teams have been shown to significantly outperform individual female sellers.

Session B4: Digital Finance

Rachel J. Nam from Goethe University presented her research paper “Open Banking and Customer Data Sharing: Implications for Fintech Borrowers” at the conference. The paper examines the impact of open banking on the outcome of loan applications. The findings indicate that borrowers with higher risk profiles are more likely to share their data, resulting in higher loan approval rates and lower interest rates. These effects are evident across all credit risk profiles, with the most notable benefits observed in borrowers with both lower and higher credit scores.

The paper was awarded as the Best Paper in Digital Finance, sponsored by Börse Stuttgart and Stuttgart Financial.

Session B5: Corporate Management

In this session, a study shows the influence of division managers' human capital on the distribution of internal capital within firms by *Andreas Benz* (University of Hohenheim), *Peter Demerjian* (Georgia State University), *Daniel Hoang* (University of Hohenheim), and *Martin Ruckes* (KIT). The study introduces a novel measure of division-manager ability. It reveals that managers who are more capable receive significantly larger capital allocations than their less skilled peers. This finding remains consistent even after considering assortative matching and is more pronounced in firms with superior governance. The research also demonstrates that higher-ability managers are appointed to larger divisions, indicating that firms entrust them with greater capital allocations in both relative and absolute terms. The allocation of additional capital to these high-ability managers is shown to create value at the firm level, supporting the concept of efficient fund transfers to productive managers.

Session B6: Asset Pricing

A research by *Brad Cannon* from Binghamton University and *Hannes Mohrschladt* from the University of Münster examines the contrarian trading behavior of retail investors. The study, presented at the conference, reveals that while retail investors typically sell stocks after recent high returns, the contrarian behavior observed in these trades is specific to positions with unrealized capital gains and reverses for stocks with unrealized losses. The researchers ascribe this phenomenon to the prominence of portfolio positions and trading strategies such as take-gain and stop-loss orders. Additionally, the study investigates the impact of this trading behavior on asset prices, demonstrating that conditional contrarian selling influences short-term return reversals and increases stock return volatility. Utilizing stock splits as a natural experiment, the authors present causal evidence to substantiate their findings.

Session C1: Market Efficiency

The paper "Payment for Order Flow and Market Quality: A Field Experiment", authored by *Ralf Elsas* (LMU Munich School of Mangement), *Lutz Johanning* (WHU – Otto Beisheim School of Management), and *Erik Theissen* (University of Mannheim), examines the influence of payment for order flow (PFOF) on stock market quality. The study was conducted in collaboration with a major German neo-broker. It involved rerouting large volumes of retail orders for randomly selected stocks to the primary market, Xetra, on designated treatment days, instead of processing them through a PFOF trading venue. The researchers evaluated a range of standard liquidity and informational efficiency metrics before, during, and after the treatment period for both the treatment stocks and a control group of similar stocks. A difference-in-differences analysis was employed to ascertain the causal effects of PFOF on market quality. The findings did not corroborate the hypothesis that PFOF negatively affects market quality, thereby offering valuable insights into the ongoing debate over PFOF practices.

Their work was awarded the DGF Best Paper Award 2023 sponsored by the German Finance Association.

Session C2: Central Banking and Regulation

The research conducted by *Philipp Klein*, *Alexander Nitschke*, and *Andreas Pfingsten* from the University of Münster, which examines the function of Synthetic Capital Relief Trades (SCRTs) within the framework of sustainable finance. The study employs a novel dataset of SCRTs to investigate the factors influencing banks' issuance of these trades and their subsequent impact on bank performance and loan supply. The findings indicate that an increase in total capital ratios does not motivate banks to issue SCRTs. Conversely, a higher ratio of non-performing loans has a negative impact on issuance. Subsequent to issuance, SCRTs are associated with a notable increase in the supply of syndicated green loans, although the overall supply of syndicated loans remains unaltered. However, these green loans are riskier, resulting in higher non-performing loan ratios for banks. It is noteworthy that SCRTs do not affect total capital ratios, indicating that capital arbitrage, which was prevalent before the Global Financial Crisis, is no longer feasible. The study highlights that SCRTs can enhance green lending, potentially addressing the green finance gap, while mitigating adverse effects.

Session C3: Environmental, Social Governance

The paper "Market-Based Green Firms" of *Matthias Reiner*, and *Oliver Rehbein* from Fordham University, along with *Konrad Adler*, and *Jing Zeng* from TU Dortmund University, introduce a novel method for assessing the greenness of firms using market data. The authors develop a model that demonstrates how abnormal stock returns around significant climate news events reflect a firm's exposure to climate risk, or its "greenness". Applying this model to S&P 500 firms, the authors utilize market reactions to climate-related news to score firms according to their level of greenness. This market-based measure is an effective means of capturing future emissions and integrating diverse market information. The results are in accordance with existing measures, such as

CO_2 emission intensities and text-based assessments. However, no correlation was observed with self-reported metrics, which may be less reliable.

Session C4: Cryptocurrencies

A conceptual framework and research by *Christoph Bertsch* from the Riksbank shows the factors that influence both the uptake and fragility of stablecoins. This framework offers valuable insights for risk assessment, regulatory strategies, and the generation of new testable hypotheses. The analysis demonstrates that while the broader adoption of stablecoins may result in a destabilizing composition effect, this can be offset by positive network effects. However, these network effects may simultaneously diminish the utility of traditional bank deposits as a payment method, potentially leading to an over-adoption of stablecoins. Factors such as increased issuer revenue from fees and seigniorage, along with congestion effects, are demonstrated to enhance stability. Furthermore, the development of a stablecoin lending market is identified as beneficial for both stability and adoption, provided it remains free from speculative influences. The inclusion of a moral hazard problem offers further insights into effective reserve management and disclosure practices.

Session C5: Mergers and Acquisition

The session was begun by the paper of *Nils Lohmeier*, and *Christoph Schneider* from University of Münster. The study examines how bidder overvaluation influences payment methods in mergers and acquisitions (M&As). The study reveals that bidders often use stock payments opportunistically, leveraging target shareholders' familiarity biases. By employing the Stambaugh, Yu, and Yuan (2015) mispricing score, the authors find that overvalued bidders are more likely to use stock for payment. Using an instrumental variable approach, they demonstrate that bidder mispricing causally affects the proportion of stock used in payments. The research also shows that target shareholders, more familiar with the bidder, are prone to accept overvalued stock, despite negative market reactions. Additionally, targets of such opportunistic bidders do not receive higher offer premiums and face long-term underperformance of the bidder's shares. The findings suggest that behavioral biases in shareholder decision-making can perpetuate stock market inefficiencies in corporate acquisitions.

Session C6: Asset Pricing

A research "Risk Aversion and Real Economic Activity: A Macro-Finance Perspective" by *Jürg Fausch* from Hochschule Luzern explores how time-varying risk aversion, as predicted by an external habit macro-finance model, forecasts macroeconomic dynamics. The study finds that increases in risk aversion are associated with decreases in real economic activity, while decreases in risk aversion predict increases in economic activity. These predictions are consistent both in-sample and out-of-sample across various forecasting horizons and remain robust even when controlling for standard macroeconomic predictors.

Session D1: Household Finance

Marlene Koch from the University of Konstanz explains how fractional home-ownership affects individuals' consumption, saving, and housing decisions using a quantitative life-cycle model. In fractional home-ownership, an individual and an institutional investor share ownership of a property, with the individual living in the home and paying rent to the investor. The study finds that this arrangement is particularly attractive to the young and elderly, leading to earlier entry and later exit from the housing market. In addition, fractional home-ownership leads to lower loan-to-value ratios and less moving activity in old age compared to traditional binary rent-versus-own decisions.

Session D2: Insurance

The paper "Classification Risk in Health Insurance: The Interaction of Genetics, Prevention, and Insurance" by *Julia Holzapfel* from LMU Munich analyses the implications of using genetic and behavioral information in health insurance pricing. It investigates how individuals' genetic predispositions affect their ability to take preventive measures to reduce health risks, creating moral hazard and adverse selection problems in the insurance market. The study finds that using only behavioral information in pricing can efficiently reduce long-term health care costs when prevention is uniformly effective across individuals. However, when the effectiveness of prevention varies by genetic predisposition, regulators face a trade-off between equity and efficiency, necessitating the possible intervention of a social planner.

Session D3: Financial Intermediation

In the study by *Oliver Rehbein* from Vienna University of Economics and Business identifies a noteworthy correlation between local news coverage and deposit behavior during the COIVD-19 pandemic. By analyzing nearly one million local television news stories in the United States, Rehbein demonstrates that increased reporting on the pandemic led to a 1.3 % rise in demand deposits in counties where pandemic news stories were significantly more frequent. This correlation persists even when accounting for pandemic severity and other factors. Furthermore, the study highlights that heightened local discourse, reflected in news intensity, drives deposit spikes, particularly in areas with weaker social structures.

Session D4: Financial Data Science

The research presented by *Clint Howard* of the University of Technology Sydney offers a critical evaluation of the application of machine learning in asset pricing, emphasizing potential challenges related to biases and overfitting. The analysis commences with the demonstration that size-specific machine learning models appear to offer superior out-of-sample performance when compared to models trained on a broader cross-section of stocks. This finding is further validated through simulations involving factors with group-specific interactions. However, the study reveals that the perceived superior performance of size-specific models is attributable to insufficient regularization of target stock returns. These results underscore the importance of cautious and well-guided use of machine learning to avoid misattributing model improvements to economic priors.

Session D5: Options

The paper "Model-Free Option Greeks" by *Hauke Ball*, *Julian Dörries*, and *Olaf Korn* from the University of Göttingen, reveals a novel method for calculating Option Greeks that circumvents the necessity for reliance on specific pricing models. Their approach employs transformations of the risk-neutral price distribution of the underlying stock to derive uncomplicated expressions for delta, vega, and rho, which remain consistent across all strike prices. The study demonstrates that these model-free Greeks are in close alignment with theoretical values and perform similarly to Black-Scholes Greeks when applied to S&P 500 options. It is noteworthy that the model-free deltas markedly enhance the effectiveness of hedging strategies, thereby underscoring their practical utility in options trading.

Session D6: Asset Pricing

A unique method for estimating linear factor pricing models with dynamic risk premia that utilizes a generalized method of moments (GMM) framework was introduced by *Dennis Umlandt* from the University of Innsbruck. The approach incorporates time-varying risk prices and exposures, which are updated in order to achieve the steepest descent of the conditional moment-criterion function at each time point. The cross-sectional pricing equation, estimated in the second stage of the Fama-MacBeth regression, provides the most informative moment for inferring risk premium dynamics. Monte Carlo simulations demonstrate that this method effectively filters various types of risk premium dynamics. When applied to the Fama-French 3-factor model, the GMM-based procedure significantly reduces pricing errors in comparison to other dynamic and static methods. The results reveal that risk premia dynamics vary across factors, are generally countercyclical, and experience significant declines at the onset of crisis periods. These declines are not captured by regression-based approaches.

Session E1: Housing Finance

The study "Present Bias and Mortgage Refinancing Decisions", *Sebastian Golder* defines the impact of present bias and inattentiveness to mortgage rates on refinancing choices among households exhibiting behavioral traits. Golder presents the initial closed-form optimal refinancing rule for such households, which allows for precise estimation using Danish administrative data. The study reveals a substantial present bias, with an average short-run discount factor of $\beta = 0.39$, particularly evident among older, less-educated, wealthier, and higher-income households. Conversely, an increase in housing wealth and financial literacy is demonstrated to diminish this bias. The paper was selected as the recipient of the Best Paper Award in Housing Finance, sponsored by the Arbeitsgemeinschaft Baden-Württembergischer Bausparkassen (ARGE).

Session E2: Central Banking and Regulation

The paper "Accounting Changes and Enforcement of Bank Capital Requirements in a Crisis", *Natalija Kostic*, *Christian Laux*, and *Viktoria Muthsam* from Vienna University of Economics and Business, explores the impact of regulatory responses to financial crises on bank behavior. The study demonstrates that in the context of systemic shocks, modifications to accounting regulations can prompt banks to enhance their capital reserves, as they assess the costs associated with raising equity and the risks of violating capital requirements. The paper finds that a lack of enforcement of capital rules during crises diminishes banks' motivation to recapitalize, which may result in them engaging in regulatory arbitrage by shielding their regulatory capital from specific losses. The authors investigate the broader implications of relaxing accounting standards versus easing capital requirements, thereby elucidating the manner in which regulatory changes influence financial stability.

Session E3: Financial Intermediation

A study by *Martin Waibel* from Stockholm School of Economics, and *Andreas Rapp* of the Federal Reserve Board of Governors describes the impact of Basel regulations on the behaviour of dealers in the US corporate bond market. The findings of their research indicate that as Basel regulatory requirements become more stringent, particularly in the period immediately preceding the end of a quarter, bank dealers experience a notable reduction in their inventory levels. This stands in contrast to their approach in short-term money markets. In lieu of absorbing the selling pressure themselves, these dealers transfer the bonds to nonbank financial intermediaries, relying on their investor networks for investment-grade bonds and nonbank dealers for high-yield bonds. The study underscores the role of leverage regulations in dampening liquidity in the corporate bond market, with regulatory shadow costs exerting a significant impact on balance sheet-intensive trades, reaching up to 20%. These findings are of great consequence for the formulation of future regulations that will affect both bank and non-bank financial intermediaries.

Session E4: International Finance

A research "Trade Conflicts and Credit Supply Spillovers: Evidence from the Nobel Peace Prize Trade Shock" by *Cao Jin*, *Juelsrud Ragnar*, and *Liaudinskas Karolis* of Norges Bank, together with *Dinger Valeriya* of the University of Osnabrück, reveals how trade disruptions affect financial intermediaries and their lending practices. The study focuses on the 2010 Nobel Peace Prize awarded to Liu Xiaobo, which led China to ban Norwegian salmon imports – a significant trade shock for the Norwegian salmon industry. By analyzing bank balance sheets and credit data, the researchers find that banks heavily exposed to the salmon industry reduced their lending to non-salmon firms and households by 3–6% more than less exposed banks in the years following the shock. This work sheds light on how trade conflicts can ripple through financial systems and affect broader economic credit flows.

Session E5: Commodities

Martin Hain, *Tobias Kargus*, *Marliese Uhrig-Homburg*, and *Wolf Fichtner* from Karlsruhe Institute of Technology (KIT) present in their paper "An Electricity Price Modeling Framework for Renewable-Dominant Markets" an innovative approach to modeling electricity prices in markets increasingly dominated by renewable energy sources. Their flexible framework integrates a weather model that captures the joint distribution of local weather conditions, allowing for precise calibration with extensive historical weather data. This model enables an assessment of how shifts in renewable energy generation affect future wholesale spot prices. Empirical tests validate the model's effectiveness in mirroring key market variables, offering significant advantages over existing pricing models.

Session E6: Asset Pricing

The paper entitled "A Sceptical Appraisal of Industry-Specific Return Predictability" is researched by *Jochen Lawrenz*, *Mauricio Praxmarer*, and *Nicolas Richtmann*, professors at the University of Innsbruck. In the article, the authors critically examine the question of whether returns at the industry level can be predicted with certainty. The authors' analysis reveals that the predictability of aggregate returns is shaped by the interplay between idiosyncratic volatility and correlations, which exhibit an S-shaped curve when examined through the lens of industry portfolios. The study finds that significant predictability is confined to a narrow set of highly specific Standard Industrial Classification (SIC) codes, with the results varying based on the industry classification method employed. The authors employ a vector autoregression (VAR) methodology to decompose industry returns into changes in discount rates and expectations of cash flow. This approach reveals that sectors with less cash flow news tend to exhibit higher predictability.

IV. Keynote by Holger M. Mueller

Holger M. Mueller identified his keynote presentation at the conclusion of Friday's proceedings as one of the highlights of the event. He is the Nomura Professor of Finance at the NYU Stern School of Business. He has held a distinguished position at NYU Stern since 2001, teaching Corporate Finance and having received multiple awards for excellence in teaching.

In his keynote presentation, entitled "Geography and Firm Boundaries", *Holger M. Mueller* examined the strategies employed by large firms operating across multiple regions to mitigate the impact of local economic fluctuations. He posits that when a region experiences a local shock, such as a change in demand or productivity, corporate headquarters can redirect resources, including capital and knowledge, between firm units across different regions. Such internal redistribution can result in employment changes in distant regions, either due to losses resulting from negative shocks or gains resulting from positive knowledge shocks. Mueller's discussion elucidates the manner in which this "within-firm, across-region propagation channel" affects overall economic fluctuations, influences optimal firm organization, and has implications for local industrial policies.

V. Conclusion

Overall, the various contributions to the 29th DGF have highlighted a raise in the interest throughout many different fields. The conference has managed to increase the already high interest among leading researchers and financial practitioners. The high-quality presentations and the intense and fruitful discussions at the conference greatly contributed to new insights for all conference participants. The 30th meeting will be held in Aachen.