

Performance Measurement in the Financial Services Sector: Efficiency Frontier Methodologies and Other Innovative Techniques

58 Prince's Gate, Exhibition Road, London

July 4-5, 2008



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Performance Measurement in the Financial Services Sector Conference 4-5th July 2008

**Performance Measurement in the Financial Services Sector:
Efficiency Frontier Methodologies and Other Innovative Techniques
July 4-5, 2008
Tanaka Business School
Imperial College London
London, UK**

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Performance Measurement in the Financial Services Sector Conference 4-5th July 2008

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Oxera is Europe's foremost independent economics consultancy. Established in 1982, we have built a reputation for providing critical economic insight to an international list of clients including governments, regulators and major companies.

Performance Measurement in the Financial Services Sector

Financial services firms are increasingly using benchmarking techniques to identify operations that need improvement by comparing their performance with other firms in the industry. An important new class of bench-marking methods has been developed called Efficiency Frontier Methodologies. The frontier methodologies measure firm performance relative to 'best practice' frontiers derived from firms in the industry.

Organisers

Professor J. David Cummins

Risk, Insurance, and Healthcare Management Finance

Dr. J. David Cummins is the Joseph E. Boettner Professor of Risk Management, Insurance and Financial Institutions. He also serves as the Director of the Advanta Center for Financial Institutions, and as a member of the Research Roundtable.

Dr. Cummins is a prolific author. In a recent academic research article in the Journal of Risk and Insurance that analyzed the relative contributions to the field of risk, insurance and financial institutions of all scholars, Dr. Cummins was recognized as the Premier (#1) researcher in this discipline in the world.

Dr. Cummins' research focuses on insurance economics; financial risk management; productivity and efficiency; and securitization. During his career, Dr. Cummins has written 85 articles in academic journals. He has published numerous articles in the premier Risk and Insurance journals, including: the Journal of Risk and Insurance, Geneva Papers, North American Actuarial Review, and Insurance, Mathematics and Economics. Apart from Insurance journals, he has also published in many premier journals in Finance and Economics, such as: The Journal of Banking and Finance, The Journal of Money, Credit and Banking, The Journal of Monetary Economics, The Journal of Financial Economics, The Journal of Law and Economics, Management Science, The Journal of Business, The Journal of Economic Perspectives, Econometrica, Economic Letters, The Bell Journal, Federal Reserve Bank Reviews and the Brookings Papers.

Dr. Rajiv D. Banker

Chair in Accounting and Information Technology. Fox School of Business, Temple University

He is a world-renowned scholar, an innovative leader and a distinguished teacher. He received a Doctorate in Business Administration from Harvard University concentrating in Planning and Control Systems. Prior to joining the Temple University, Dr. Banker was the Dean and Anderson Chair in Management at the A. Gary Anderson School of Management at the University of California, Riverside. He also has held distinguished professorial and endowed chair positions at Carnegie Mellon University, the University of Minnesota and the University of Texas at Dallas.

Dr. Banker is internationally recognized as a leader in interdisciplinary research in management. His interests range from analytical modeling to statistical analysis of emerging business questions, often in collaboration with business or policy organizations. He has published more than 100 articles in prestigious research journals including Management Science, Accounting Review, Journal of Accounting and Economics, Journal of Accounting Research, Operations Research, Manufacturing & Service Operations Management, MIS Quarterly, Information Systems Research, Communications of ACM, IEEE Transactions in Software Engineering, Academy of Management Journal, Strategic Management Journal, and Econometrica. One of his papers is ranked fourth highest in citations in the 50-year history of Management Science. Dr. Banker is recognized by the ISI Web of Science as one of only 243 scholars in management and economics for fundamental contribution to science. He has served in senior editorial capacity on leading research journals in information systems, accounting and operations management.

Professor Paul Klumpes

Chair in Accounting, Tanaka Business School, Imperial College

He received a BCom (Hon), MCom (Hon) and PhD from the University of New South Wales, Australia. He received an LLB (Hon) from the Open University. He is an Honorary Fellow of the Institute of Actuaries.

Before joining Tanaka Business School, he worked as a lecturer at the Australian National University, Canberra, as a senior lecturer at the University of Lancaster and as a reader at the University of Warwick. He was Swiss Re: Professor of Risk Accounting at Nottingham University and visiting Professor at City University of Hong Kong. He also provides advice to GLG Consulting and HM Treasury. Professor Klumpes specialises in pensions and insurance accounting.

He has written extensively on performance benchmarking, and is published in the Journal of Business, 2004, the Journal of Accounting, Auditing and Finance, 2002; and the Journal of Banking and Finance, 2000 and 2005.

Plenary Speaker

Professor Allen Berger

H. Montague Osteen, Jr., Professor in Banking and Finance, Moore School of Business, University of South Carolina

Mr. Berger also currently serves on the editorial boards of 6 professional economics and finance journals. Mr. Berger was Senior Economist from 1989 to 2008 and Economist from 1982-1989 at the Board of Governors of the Federal Reserve System. He is also past editor of the Journal of Money, Credit, and Banking, has co-edited 6 special issues of various journals, and is currently co-editing the Oxford Handbook of Banking. He has published more than 100 articles, including papers in the Journal of Political Economy, American Economic Review, Journal of Monetary Economics, Journal of Finance, Journal of Financial Economics, and Review of Financial Studies. His research covers a variety of topics related to financial institutions. He received a Ph.D. in Economics from the University of California, Berkeley in 1983, and a B.A. in Economics from Northwestern University in 1976.

Industry Panel

Frank Milne

Bank of Montreal Professor of Economics and Finance

Department of Economics, Queen's University

Frank Milne has a PhD in Economics from the Australian National University. He has held positions at the University of Rochester and the Australian National University. Currently he is the Bank of Montreal Chair in Economics and Finance in the Economics Dept., Queen's University. He has published widely on finance theory, asset pricing and derivative models, banking, and microeconomic theory.

Con Keating

Head of Research, BrightonRock Insurance

Principal, Finance Development Centre

While Con is perhaps best known for his quantitative work in investment performance measurement and forecasting with techniques such as the Omega function and metrics, he has also been involved with pensions as a fund manager and trustee since the early 1970s, when he managed the NATO provident fund. His professional career included periods as an analyst with INA on P&C and large risk insurance and subsequently CIGNA in life, pensions and health-care. He chaired the European Federation of Financial Analysts' Societies committee on methods and measures from 1994 until 2001. He is a member of the steering committees of the Finance Research Institute and Financial Econometrics Research Centre at the University of Warwick, a member of the Societe Universitaire Europeene de Recherche en Finance and of the American Finance Association. He is currently an advisor to the OECD's working party on private pensions and to the World Bank.

Amlan Roy

Director, Investment banking division at Credit Suisse

Amlan Roy is a Director in Investment Banking Division of Credit Suisse based in London. He is a Senior Research Associate of London School of Economics' Financial Markets Group and UBS Pensions Research Centre. In his prior role as Emerging Markets strategist, Amlan developed several Global Emerging Markets models used by global institutional clients as well as the US Treasury, UK Treasury, IMF, Board of Governors US Fed and several EM Central Banks. Prior to joining CSFB in 1998, Amlan spent over ten years in academia at Boston University School of Management I, University of Iowa Business School and the University of London (QMW College and LSE). Amlan has a M.A. and Ph.D. in Financial Economics from the University of Iowa, an M.B.A. (Finance & Quant.) from the Indian Institute of Management in Ahmedabad and a B.A. with Honors in Economics and Maths from University of Delhi.

Rick Di Mascio

Chief Executive, Inalytics

Rick Di Mascio established Inalytics in 1998, previously he was the MD and CIO of CINMan, and then Head of the UK Unit at GSAM. Rick has also been a Director of Olympus Capital Management, a European long/short hedge fund manager, and IMIGest, the leading Italian mutual fund company. Rick is also Chairman of the T-Charter group.

Peter Andrews

Research Director Financial Services Authority

Peter Andrews has degrees in law and economics, is a Chartered Accountant and a member of the Securities Institute. Before becoming a regulator at the Securities and Investments Board (SIB), he held various positions in the City, including as a Senior Manager in a "big-4" accounting and consulting firm and as Special Adviser to the Chairman of a foreign-owned British bank. His initial role in regulation was focused on negotiation of international capital standards, for example in IOSCO and the tripartite group. In 1995 he (rashly) agreed to try to establish a cost-benefit analysis (CBA) unit within the SIB, this ground-breaking step being one of the main recommendations of the Large Review of financial regulation. His present role in the FSA as Head of the Economics of Financial Regulation Department includes responsibility for providing an advisory service on CBA of regulatory policy, a programme of longer-term economic research on prudential, market efficiency and conduct-of-business issues, certain aspects of the FSA's accountability to the UK Government and certain aspects of the FSA's international liaison.

Consultants

Conference Programme

(Venue: 58 Prince's Gate, Exhibition Road, SW7 2PG, London, tel: 0207 594 1558)

Day 1	Friday, 4th July 2008	
08.45-09.00	Registration and Tea/Coffee	
09.00-09.15	Welcome from the Chair	
09.15-10.15	Plenary Address: Allen N. Berger : The Effects of Focus versus Diversification on Bank Performance: Evidence from the Chinese Banks	
10.15-11.15	Session 1: Methodological Issues (I) (Chair: Rajiv Banker) <ul style="list-style-type: none"> - J. David Cummins⁽¹⁾, Mary A. Weiss⁽¹⁾, and Hongmin Zi⁽²⁾, “Economies of Scope in Financial Services: A DEA Bootstrapping Analysis of the US Insurance Industry,” ⁽¹⁾Temple University and ⁽²⁾EWHA Women’s University (Korea). - Hela Dahren and Georges Dionne, “Scaling Models for the Severity and Frequency of External Operational Loss Data,” HEC Montreal. 	
11.15-11.45	Tea/Coffee	
11.45-13.15	Session 2: M&As and Scope Economies (Chair: Mary Weiss) <ul style="list-style-type: none"> - Nurhan Davutyan and Paul J.M. Klumpes, “Consolidation And Efficiency In The Major European Insurance Markets: A Non Discretionary Inputs Approach,” Imperial College – London. - Dario Focarelli and Alberto Franco Pozzolo, “Do M&As In The Financial Industry Modify Systematic Risk?” ANIA and University of Molise (Italy). - Yuan Yuan and Richard D. Phillips, “Financial Integration And Scope Efficiency Post Gramm-Leach-Bliley,” University of Wisconsin – Whitewater and Georgia State University. 	
13.15-14.15	Lunch	
14.15-15.45	Session 3: Bank efficiency (I) (Chair: Paul Klumpes) <ul style="list-style-type: none"> - Rajiv D. Banker, Hsihui Chang, and Seok-Young Lee, “Differential Impact Of Korean Banking System Reforms On Bank Productivity,” Temple University, Drexel University, and Sungshin Women’s University (Korea). - Mette Asmild, Peter Bogetoft, and Jens Leth Hougaard, “Rationalising Inefficiency: A Study of Canadian Bank Branches,” Nottingham University Business School, Copenhagen Business School, and University of Copenhagen. - Angela Tran and Joseph Paradi, “Two-Stage Financial Risk Tolerance Assessment Using Data Envelopment Analysis,” University of Toronto. 	Poster Session 1 Thomas Url Neogi Chiranjib Geetha Ravishankar
15:45-16:15	Tea/Coffee	
16:15-17:45	Industry Panel (Chair: Con Keating) Professor Frank Milne, Bank of England and Queen’s University Kingston Ont Canada Mr Peter Andrews, Research Director Financial Services Authority Mr Amlan Roy, Credit Suisse Mr Rick DiMascio, Inalytics Ltd Mr Con Keating, BrightonRock Ltd	Poster Session 1 Thomas Url Neogi Chiranjib Geetha Ravishankar
18:30-20:00	Buffet Dinner: Garden Room	

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Day 2		Saturday, 5 th July 2008	
08:45-09:00		Registration and Tea/Coffee	
09:00-10:30	Session 4: Insurance industry efficiency (Chair: Richard Phillips) <ul style="list-style-type: none"> - J. Tyler Leverty and Martin F. Grace, “Issues In Measuring The Efficiency Of Property-Casualty Insurers,” University of Iowa and Georgia State University. - Martin Eling and Michael Luhn, “Frontier Efficiency Methodologies to Measure Performance in the Insurance Industry: Overview and New Empirical Evidence,” University of Wisconsin and University of St. Gallen (Switzerland). - Dev Vencappa, Paul Fenn, and Stephen Diacon, “Parametric Decomposition of Total Factor Productivity Growth in the European Insurance Industry: Evidence from Life and Non-Life Companies,” Nottingham University Business School 	Poster session 2 Constantin Belu Sergei Sontchik Gustavo Souza	
10:30-11:00		Tea/Coffee	
11:00-12:30	Session 5: Bank efficiency (II) (Chair: Joe Paradi) <ul style="list-style-type: none"> - Emili Grifell-Tatje and C.A. Knox Lovell, “Profit, Productivity and Distribution: Differences Across Organizational Form,” Universitat Autònoma de Barcelona and University of Georgia. - Ana Lozano-Vivas and Fotios Pasiouras, “The Impact Of Non-Traditional Activities On The Estimation Of Bank Efficiency: International Evidence,” University of Malaga and University of Bath. - Barbara Casu and Claudia Girardone, “Does Competition lead to Efficiency? The Case of EU Commercial Banks,” Cass Business School (U.K.). 	Poster session 2 Constantin Belu Sergei Sontchik Gustavo Souza	
12:30-13:15		Lunch	
13:15-14:45	Session 6: Organizational form (Chair: Emmanuel Thanassoulis) <ul style="list-style-type: none"> - Hsihui Chang⁽¹⁾, Anna M. Cianci⁽¹⁾, Hsing-Chin Hsiao⁽²⁾, and Li-Hua Huang⁽²⁾, “First Financial Restructuring and Operating Efficiency: Evidence from Taiwan Commercial Banks,”⁽¹⁾ Drexel University, ⁽²⁾National Taipei College of Business. - Lucinda Trigo-Gamarra and Christian Growitsch, “Single- versus Multi-Channel Distribution Strategies in the German Life Insurance Market,” University of Rostock and WIK – Scientific Institute for Infrastructure and Communication Services (Germany). - Xiaoying Xie, “Are Publicly Held Firms Less Efficient? Evidence from the U.S. Property-Liability Insurance Industry,” California State University – Fullerton. 	Poster session 3 Magdalena Kamecka James Doran Karligash Keniegalieva	
14:45-15:15		Tea/Coffee	
15:15-16:45	Session 7: Methodological Issues (II) (Chair: Hsihui Chang) <ul style="list-style-type: none"> - Necmi K. Avkiran and Hirofumi Fukuyama, “Searching for the Sustainable Competitive Advantage in Banking through Network DEA: An Illustration with Japanese Banks,” University of Queensland and Fukuoka University. - Vladimir Krivonozhko, Oleg B. Utkin, Mikhail M. Safin, and Andrey V. Lychev, “On Comparison of the Ratio Analysis and the DEA Approach in the Financial Area,” Institute for Systems Analysis, Global S. Consulting Company, Institute for Systems Analysis, and Moscow State University (Russia). - Maria C.A. S. Portela and Emmanuel Thanassoulis, “Malmquist Indices In The Presence Of Negative Data: An Application To Bank Branches,” Portuguese Catholic University and Aston University. 	Poster session 3 Magdalena Kamecka James Doran Karligash Keniegalieva	
16:45-17:00		Closing Remarks	

Travel Details

From Heathrow airport

Take the Underground train (Piccadilly Line) to South Kensington station (50 minutes travelling time).

From Gatwick airport

Take a British Rail train to Victoria station (journey time 40 minutes) and then by Underground train (Circle or District Line - westbound) to South Kensington.

Both airports are some distance from central London and a taxi is not recommended for the whole journey. However, if you have to do so, establish the cost before you get in.

By sea

Take a British Rail train from the port of entry to London (Harwich to London journey time 1hr 30 mins; Dover to London journey time 2hrs) and then travel by Underground train to South Kensington station.

By Underground

The London Underground is probably the most convenient way of getting to Imperial College by public transport. Travel to South Kensington station, which is on the Piccadilly, Circle and District lines (Transport for London Underground Map). Inside the station and to the right, as you come through the ticket barriers, is an underground walkway that finally emerges in Exhibition Road, adjacent to college and nearby Science Museum.

By bus

- 9,10 or 52 – Royal Albert Hall
- 74 or 14 – Victoria and Albert Museum
- 49 – Gloucester Road
- 345, 430, 45A or C1 – South Kensington
- 70 or 360 – Queen's Gate
- 9A – Prince Consort Road

For a more detailed location of bus stops here is the Transport for London bus map. (South Kensington is located south-west in the map.)

By car

Car parking at the South Kensington campus is severely restricted and you are advised NOT to bring a car unless permission has been given. After 6pm, at weekends and during vacations the car park is open to the paying public. Parking in the streets surrounding the College is at pay and display or parking meters for limited periods only.

Accommodation

Local hotels are available within easy access to the College. Minimum cost for a room with shower/bath will be in the region of £85 a night.

This is additional to the course fees and delegates are responsible for the payment of their hotel bills.

Booking through our booking facilities in Imperial College will allow you to benefit from negotiated rates.

For more information, please contact:

Imperial College Conference Link on: +44 (0)20 7594 9507 or 9511

Email: accommodationonlink@imperial.ac.uk

Website: <http://www.imperial.ac.uk/conferences> (The Hotel Directory link on this page provides an overview of the hotels available close to the South Kensington campus)

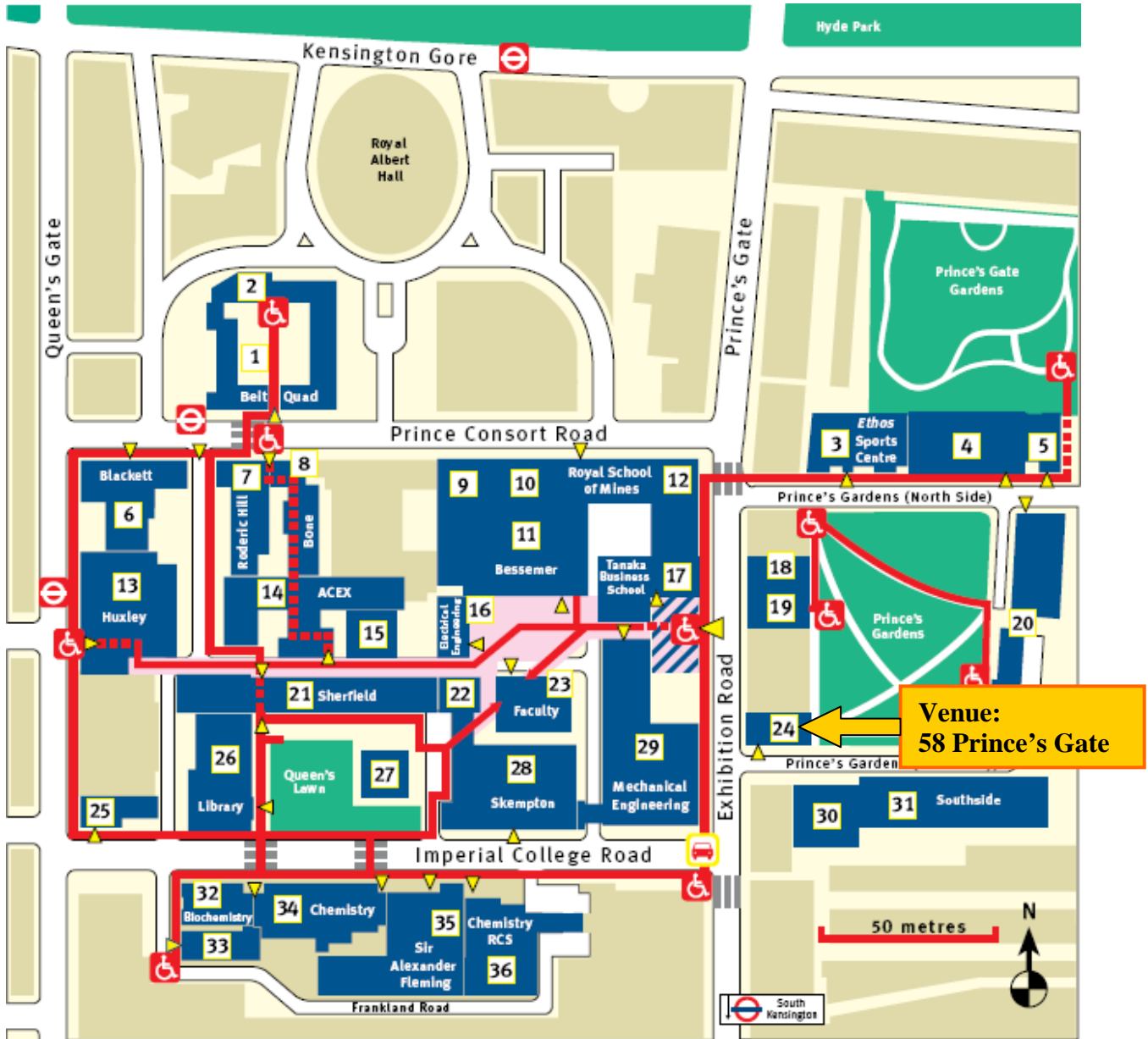
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Campus Map



- South Kensington Underground
- Bus stops
- Building entrances
- Vehicle entrance



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