

EDITORIAL

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Editor's introduction



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The first issue of *Financial Innovation* (FIN), Volume 1, No. 1 (2015) presents six papers contributed from 19 authors and co-authors from 4 countries: China, Singapore, Switzerland, and USA.

The first paper, “Social Credit: A Comprehensive Literature Review”, by Lean Yu, Xinxie Li, Ling Tang, Zongyi Zhang, and Gang Kou, provides a comprehensive review of the social credit literature from the perspectives of theoretical foundation, scoring methods, and regulatory mechanisms. The second paper, “Economics of eBay’s Buyer Protection Plan”, by J. Christopher Westland, explores the financial viability of eBay’s Buyer Protection Plan, under competing assumptions of Normal versus Paretian claims distributions. EBay’s model viability was analyzed under three risk metrics – mean-variance risk of classic portfolio theory; value at risk used in regulation such as the Basel Accords; and tail value at risk which is preferred by academics. The third paper, “Harnessing Internet Finance with Innovative Cyber Credit Management”, by Zhangxi Lin, Andrew B. Whinston, and Shaokun Fan, summarizes the current status of innovative financial applications from five aspects: e-commerce, e-payment, e-money market, online loan services and digital currencies and proposes a market structure of Internet finance extended from traditional financial market. The fourth paper, “Will High-Frequency Trading Practices Transform The Financial Markets In The Asia Pacific Region?”, by Robert J. Kauffman, Yuzhou Hu and Dan Ma, explores the technological, institutional and market developments in leading financial markets around the world that have embraced HFT trading, and then assesses the extent to which HFT practices have begun to be observed in Asian regional financial markets, and what will be their likely impacts. The fifth paper, “A process model on P2P lending”, by Huaiqing Wang, Kun Chen, Wei Zhu, Zhenxia Song, focuses on the P2P lending process model and provides a comparative analysis comparing with traditional bank loan process. The last paper, “Systemic Risk Management and Investment Analysis with Financial Network Analytics: Research Opportunities and Challenges”, by Daning Hu, Gerhard Schwabe, and Xiao Li, reviews the existing research about financial network analytics and then discuss its main research challenges from the economic, social, and technological perspectives.

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