

EDITORIAL

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Editor's Introduction



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The second issue of *Financial Innovation* (FIN), Volume 1, No. 2 (2015) presents ten papers contributed from 26 authors and co-authors from 6 countries and areas: China, Hong Kong, Korea, Nigeria, Pakistan, and USA.

The first paper, “The information content of financial survey response data”, by J Christopher Westland, suggests that varying bias and response dispersion inherent in market data for financial studies may require increases of sample size by several orders of magnitude to compensate for information loss and in order to derive valid conclusions at a given significance and power of tests. The second paper, “Exploring the critical factors influencing online lending intentions”, by Peng Wang, Haichao Zheng, Dongyu Chen, and Liangchao Din, uses PPDai.com—the most influential online lending platform in China—as a research object to study the leading factors that affect lenders’ loan trust and perception of information asymmetry. The third paper, “Volatility spillover effect between financial markets: evidence since the reform of the RMB exchange rate mechanism”, by Zhengde Xiong, and Lijun Han, uses GC-MSV model to study the spillover effect between the foreign exchange market and the stock market after the reform of the RMB exchange rate mechanism. The fourth paper, “Heterogeneous expectations, IPO Underpricing and issuing mechanism”, Xiao-cheng Zhang, Miaomiao Zhang, Shao-an Huang, and Yongsheng Zhou, builds the Initial public offering (IPO) pricing and underpricing models with investors’ heterogeneity based on different issuing mechanisms and provide a comparative analysis. The fifth paper, “Invigorating foreign aid administration: remittances’ strategy, pro-poor and gender focus”, Adebayo Adedokun, reviews the extant foreign aid administrative norms and practices using various conceptual frameworks and diagrammatic representations with a view to identifying the inherent weaknesses which pitches its tent around the concept of remittances as a learning process for aid administration. The sixth paper, “Cash holdings, corporate governance, and acquirer returns”, by Seoungpil Ahn, and Jaiho Chung, examines the interaction of antitakeover provisions (ATPs) with firm characteristics and governance environment in explaining the cross-section of bidder announcement returns. The seventh paper, “A credit risk assessment model based on SVM for small and medium enterprises in supply chain finance”, by Lang Zhang, Haiqing Hu, and Dan Zhang, establishes an index system for credit risk assessment, adopting a view of the supply chain that considers the leading enterprise’s credit status and the relationships developed in the supply chain. The eighth paper, “Performance of Islamic and conventional stock indices: empirical evidence from an emerging economy”, by Md Rana, and Waheed Akhter, investigates the hypothesis that Islamic stock index has inferior performance compared with unscreened conventional counterparts due to

availability of a smaller investment universe, increased monitoring costs, and limited diversification. The ninth paper, “Determining pledged loan-to-value ratio: an option pricing perspective”, by Ran Zhang, Jing Zhang, and Shuang Xu, investigates the determination of the pledged loan-to-value ratio in an option pricing environment and mainly articulated the theoretical framework and analytical method. The last paper, “Value of Big Data to Finance: Observations on an Internet Credit Service Company in China”, by Shaofeng Zhang, Wei Xiong, Wancheng Ni and Xin Li, summarizes four aspects related to the value of Big Data in Internet credit services: 1) value from large data volume that provides access to more borrowers; 2) value from prediction correctness in reducing lenders’ operational cost; 3) value from the variety of services catering to different needs of lenders; and 4) value from information protection to sustain credit service businesses.

Managing Editor-in-Chief

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