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Financial Innovation

EDITORIAL **Open Access**

Editor's introduction

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The 31st volume of Financial Innovation (FIN), Volume 8, No.1 (2022) presents 16 papers contributed by authors and co-authors from fourteen countries and areas: Australia, Brazil, Canada, China, France, Hong Kong, Iran, Italy, Korea, Malaysia, Sri Lanka, Taiwan, United Arab Emirates, and UK.

Behavioral finance (4 papers)

The paper "How time-inconsistent preferences influence venture capital exit decisions? A new perspective for grandstanding" proposes two kinds of time-inconsistent preferences to advance research in the mechanisms of exit decisions of venture capital (VC), giving a behavioral explanation for the empirical fact of young VCs' grandstanding.

The paper "Overconfidence and the adoption of robo-advice: why overconfident investors drive the expansion of automated financial advice" proposes a theoretical framework that combines the divergence of opinion hypothesis with consumer behavior insights and information technology diffusion research. Its findings help managers to better position robo-advice by offering behavioral insights into their user base.

The paper "Default rules in investment decision-making: trait anxiety and decision-making styles" investigates the role of default options in the relationship between trait anxiety, and decision-making styles and financial decisions. The results show that the investment decisions of anxious, avoidant, rational and dependent individuals could be facilitated by using default options as a "nudge" to improve their financial decisions.

The paper "Factors affecting consumer acceptance of electronic cash in China: an empirical study" proposes and validates a comprehensive model of consumer acceptance in the context of offline e-cash payment. It modifies the unified theory of acceptance and the use of technology model (UTAUT) with constructs of perceived security, cost of use, and government policy.

Corporate finance (3 papers)

The paper "Could more innovation output bring better financial performance? The role of financial constraints" develops the profiting from innovation (PFI) framework and address the crucial role of financial constraints in the relationship between innovation output and financial performance.

The paper "The effects of managerial ability on firm performance and the mediating role of capital structure: evidence from Taiwan" utilizes mediation analysis and bootstrapping to analyze the mediating effect of capital structure on the association between managerial ability and firm performance. It also highlights the need for examining the effect of managerial ability on firm performance through a mediator.

The paper "Corporate Pledgeable Asset Ownership and Stock Price Crash Risk" reveals that firms with pledgeable assets increase their collateral value, thereby enhancing corporate transparency and limiting bad news hoarding, resulting in lower stock price crash risk.

Financial market (6 papers)

The paper "Do the RMB exchange rate and global commodity prices have asymmetric or symmetric effects on China's stock prices?" uses both auto regressive distributed lag (ARDL) and nonlinear ARDL (NARDL) approaches to explore the symmetric and asymmetric effects of the RMB exchange rate and global commodity prices on China's stock prices. Specifically, China's stock prices are more sensitive to increases than decreases in global commodity prices.

The paper "Profitability of technical trading strategies under market manipulation" answers the question of what is the effect when the official closing price is subject to market manipulation by testing the difference of profitabilities between using the official closing price and the last tick price.

The paper "Tracking market and non-traditional sources of risks in procyclical and countercyclical hedge fund strategies under extreme scenarios: a nonlinear VAR approach" uses the local projection method to forecast the dynamic responses of hedge fund strategies' betas to macroeconomic and financial shocks. It suggests that hedge fund strategies' betas respond more to illiquidity uncertainty than to illiquidity risk during crises, illiquidity and VIX shocks are the major drivers of systemic risk in the hedge fund industry.

The paper "Using ELECTRE-TRI and FlowSort methods in a stock portfolio selection context" applies the best–worst method to determine the weights of criteria. 19 different approaches were considered to select stocks from a large pool of stocks. Results indicated that the model parameter should be properly defined to minimize inconsistencies and improve the power of the model.

The paper "Stressed Portfolio Optimization with Semiparametric Method" proposes an innovative semiparametric method consisting of two modeling components: the nonparametric estimation and copula method for each marginal distribution of the portfolio and their joint distribution, respectively. From the outputs of short-term and long-term data analysis, optimal stressed portfolios demonstrate the advantages of model flexibility to account for tail risk over the traditional mean–variance method.

The paper "Credit granting sorting model for financial organizations" proposes a credit-granting sorting model for financial organizations and aggregates the perspectives of different decision-makers so as to support an organization for the process of credit analysis and, consequently, to improve its operationality.

Public finance and taxation (3 papers)

The paper "The role of R&D and economic policy uncertainty in Sri Lanka's economic growth" assesses the role of investment in research and development (R&D) and economic policy uncertainty (EPU) in Sri Lanka's economic growth experience. The results show through R&D, EPU has a crucial detrimental impact on TFP growth, although it is short-lived, which has important implications for R&D investment and for moderating EPU.

The paper "Non-Value-Added Tax to improve market fairness and quality" proposes a tool to improve market fairness. It significantly curtails volatility and prevents the occurrence of extreme market events, such as bubbles and crashes.

The paper "Operational Risk Assessment of Third-Party Payment Platforms: A Case Study of China" attempts to assess the operational risk on TPP platforms in China by constructing a systematic framework incorporating database construction and risk modeling, leading to beneficial results for TPP platform operators and regulators in managing and controlling operational risk.

Authors' contributions

The author read and approved the final manuscript.

Declaration

Competing interests

The author declares that he has no competing interests.

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