

TEACHING & LEARNING

Newsletter for EF Students, Alumni, Teachers, and Friends

Department of Economics and Finance (EF), City University of Hong Kong

Website: <http://www.cityu.edu.hk/ef/>

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If you have any questions or comments related to the newsletter, please contact Ms. Lily Yeung at (852) 34428804 or eflailee@cityu.edu.hk.

Enjoy a cup of coffee in Cambridge

In September 2015, I started taking the master's degree course in Real Estate Finance at University of Cambridge. Cambridge is a very beautiful city. During spring, all the flowers blossom and there is a lot of sunshine. Walking among the old buildings, I sometimes think about old stories and those famous people such as Isaac Newton, Charles Darwin and Stephen Hawking. I really feel lucky that I can spend one year studying here. When Dr. Ho asked me to write an article about my life in Cambridge, I started to look back on my daily life here. One interesting habit that I have taken up is that I drink more coffee here.



I made a lot of new friends from different parts of the world at Cambridge.

I usually go to a café three times a week and sometimes I would stay there for the whole morning. The courses require a lot of readings and after class we usually spend much time reading published papers on various topics. For me, the café is the best place to conduct some self-study. I have a notebook with me to write down important opinions and new questions when I read the papers.

In fact, I find that I learnt more knowledge in the café than the classroom. That is



Liu Yun

one interesting thing about studying in Cambridge and is different from my past experience. Instead of having a lot of assignments each month, we only have one big project or exam at the end of each term for each course. For the last term, we would spend three months working on a 12,000-word dissertation. So, rather than feeling the pressure of many deadlines, I began to enjoy the time absorbing and accumulating knowledge every day. We are not taught to do anything, but it is the atmosphere of Cambridge that leads people to get down to studying and creating new ideas and theories in a variety of fields.

After class, I would sometimes have a cup of latte and reflect on the course contents. For most projects and exam questions, there are no definite answers and each student should form his/her own views on the given topics. That is another thing that I learnt during my Cambridge life – critical thinking. Rather than spoon-feeding students, the purpose of education should be enabling students to think independently and make their own judgments.

Apart from studying, I also gained the opportunity to make a lot of new friends from different parts of the world. We usually gather in a café during weekends and talk about politics, the economy, culture and customs in

different countries. During these conversations, we are able to look at a problem from different angles and attempt to think out of the box. From time to time, we would have a heated discussion, which gives rise to deeper thoughts and enriched knowledge.

Cambridge is full of small cafés, such as Costa, Starbucks and Nero. Enjoy a cup of coffee! Meanwhile, I can study quietly, think deeply and enjoy a pleasant chat with my friends.

Liu Yun, BBA Finance Graduate in 2015



Southeast Asia Graduate Lunch Formal – Trinity College

More than a Master's degree

The strong sense of achievement and high monetary return make banking industry a lucrative career pursuit for recent Finance major graduates. As the industry is becoming overwhelmingly competitive, the firms are imposing higher recruiting requirements, where a master's degree is usually a must. In order to land a job in the banking industry, I chose to study MSc Finance at Imperial College Business School, which is known for its high graduate employment rate.

To develop deep knowledge in finance and get a thorough understanding of modelling

frameworks, I took highly quantitative courses such as Financial Econometrics and Empirical Finance, where I learnt to derive formulas from scratch. Besides the theoretical

contents, the program that I enrolled in has a focus on cultivating students' applicable skills



Sabrina Shi

in future jobs. The compulsory elements of coding tools such as VBA and MATLAB equipped me with data-processing skills to handle research work.

In addition to assigning hands-on coursework and offering applied projects relating to real-world practitioner cases, the business school provided various platforms for us to strengthen our “people skills”. By “people skills” I mean the ability to comfortably collaborate in a diverse environment and effectively communicate with any parties involved. Not until I came to Imperial did I realize that these skills are no less important than academic achievement. They are key to tackle challenges in the job interview and at the start of career.

After participating in various workshops and career events, I began to discover more about the banking industry and job market, which can hardly be learned from classrooms and textbooks. As a matter of fact, the industry specifically looks for qualities such as career aspiration, attention to details, as well as warm and friendly personality.

The engagement in job application matters a lot, which demonstrates a candidate’s determination to work for the company. It helped me to stand out amongst thousands of applications for the same position, when I reached out to Imperial’s alumni or acquaintances through coffee chats or email requests for informal interviews. Prompt and polite feedback by sending a thank you note is also crucial after networking occasions. From my personal experience, actively socializing at networking events and impressing the recruiters give you a better chance in getting an interview than to submit massive online application forms with a polished resume.



Tate Modern Museum has the greatest collections of modern art in the world.to deepen our understanding of the financial environment and industry landscape of Europe.

Through conversations with experienced industry practitioners, I learnt that remembering the name of each colleague by heart and finding out about their true interests will help you secure return offers from internships because being a likable person is also what the investment banks are looking for in candidates.

It is also essential to balance work and life in your future job. Dealing with heavy course workload and job hunting at the same time is not easy. It was stressful indeed to have such busy schedule. Thanks to the artistic cultural environment and entertainment London offers, I have plenty of choices for recreation and leisure. As a big fan of theatres, I went to West End musicals, such as Les Misérables and Book of Mormon with friends during weekends. These classics helped me relax. I am interested in modern art galleries, and Tate Modern Museum has become my favorite place in London in the past year. Therefore, time management was a crucial lesson I learnt during my time at Imperial.



I participated in various networking events in the city, and made friends with people from diverse backgrounds.to deepen our understanding of the financial environment and industry landscape of Europe.

I earned more than a Master's degree at Imperial. It was the applied tools and soft skills that helped me succeed in job hunting. I recently received an offer from a New York-based boutique investment bank and one from China Development Bank, the world's largest development financial institution. If I had not come to Imperial, I would never have made

sufficient and effective preparations for job hunting both inside and outside the classrooms. I am more than thankful for the entire experience that paved the way and enlightened me at the start of my career path.

Sabrina Shi, BBA Finance Graduate in 2015



The program organized a study trip to Brussels, Belgium, including visits to the Headquarter of EU's Economic Council to deepen our understanding of the financial environment and industry landscape of Europe.

An Internship with UN women

Last summer I was looking for internship and had the good fortune to be selected by the United Nations as their summer intern. I think this experience was extremely rare and precious, and I am very grateful that the EF department has given me the opportunity to share this experience with my peers.

United Nations is a very big organization, with offices located in every part of the world. For my internship I had the chance to go to a very beautiful country called Bhutan and work for United Nations Women as a summer internship.

It was a great opportunity for me to be a part of UN Women Bhutan for three months. I

learned a lot in this course of time mostly in the areas of women's economic empowerment in Bhutan and other gender-related issues. At the beginning of my internship, I was assigned to prepare a report related to the key issues which affect the economic empowerment of women in Bhutan. Writing the report was very educational as I learnt a lot about the factors affecting women's economic empowerment in Bhutan.

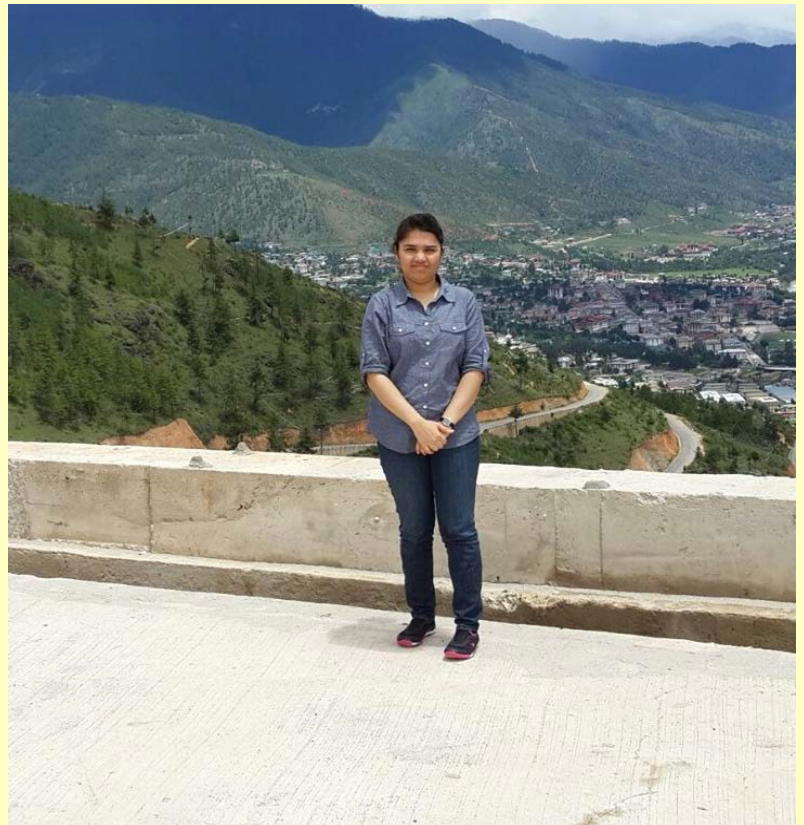
I also had the good fortune to be able to join a meeting held between UN Women and the Secretary of the Ministry of Labour and Human Resources. It was very useful because I learnt more about the factors that deter and factors that facilitate the employability of

women. The meeting also enabled me to understand the Government's views on women's employment.

Being a part of the HeforShe campaign was another educational experience for me because it allowed me to learn about gender-related issues. HeforShe campaign is a solidarity movement for women and I was part of the workshop conducted by UN Women to increase awareness about gender equality in Bhutan. I also worked to develop the Facebook page for the HeforShe Bhutan and met various embassies and international organizations in order to get their support for this cause.

Overall I would say it was a very enlightening experience because I learnt a lot about social issues and the very unique culture in Bhutan. At the same time I had the opportunity to meet with very influential people and this experience broadened my global horizon.

By Shreya Roy Choudhury, final year student (Cohort 2013) in Business Economics



View of the whole city from Buddha Point, one of the famous tourist spots in Bhutan to deepen our understanding of the financial environment and industry landscape of Europe.



The Austrian development cooperation in Bhutan posing with the HeforShe logo. Landscape of Europe.

Learning Economics through Experiment

Title of Research

Uncovering the Price of Sin: Are Individual Investors' Decisions Restrained by Social Norms? An Experimental Approach*

Hypothesis

Social norms restrain individual investors from optimizing investment return from all financially viable opportunities.

Importance of the Research Question

Many economists have observed incompetence in traditional economic theories that assume individuals are driven entirely by self-interest rationality. Breakthroughs are needed to accurately explain individuals' decision-making nowadays. Over the years, the literature has evidenced that homo-sapiens exhibit social preferences and thus we believe individual decision-making depends on other potential factors beyond wealth optimization.

Akerlof and Kranton (2000, 2005) introduced the concept of "identity utility". They incorporated the psychology and sociology of people's identity into an economic model to better outline the utility function of individuals, thus provided more appropriate explanations of one's behaviour and choice. List and Levitt (2007) further introduced non-pecuniary moral cost/benefit into their utility model.

Hong and Kacperczyk (2009) suggest that the market effect of social norms can be ideally investigated in the securities market where investors have to pay significant financial costs for their discriminatory tastes. Their empirical study of U.S. stock market data showed that stocks of publicly traded companies involving in the production of alcohol, tobacco, and gambling, which are referred to as "sin stocks", are less held by some institutional investors despite the higher expected returns observed on those stocks.

Nevertheless, most of the studies on sin stocks are restricted to empirical and theoretical researches and experimental studies seem to be rare. Whether the behaviour of socially responsible investment is universal to individuals of various social backgrounds and demographics is still left unanswered.

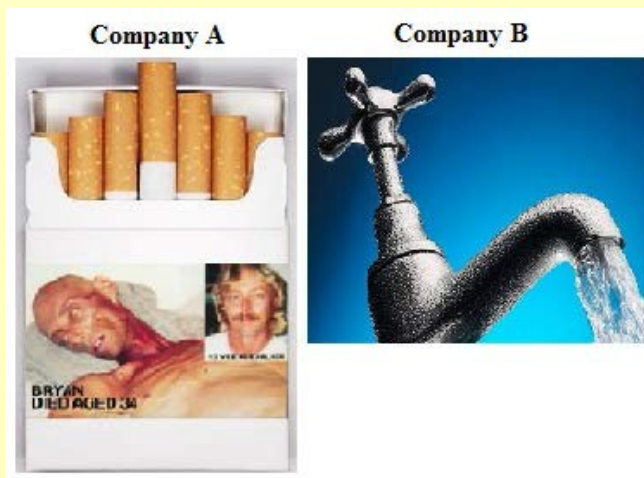
We believed that an in-depth study regarding how individual investors react to social norms is crucial to understanding more of human nature, especially because Economics is a field of study that has a strong emphasis on individuals. Our research looked into the role of social norms on individual level investment decision. The research also hopes to give possible explanations for individual investors' behaviour, for instance, why some people tend to invest in a socially responsible manner while others do not.

The Experiment

Our experiment was designed as a decision-making game in which participants are required to form an investment portfolio consisting two stocks, stock A and stock B, which are real stocks listed on the NYSE. We manipulated an investment decision situation where sinful information was disclosed (treatment 2) against a controlled situation that the sinful information was not disclosed (treatment 1). Sinful information includes sinful business summaries and product photos designed to impair positive social norms, such as, good health (see below).

* Authors: Chi Hon Philemon Chan, Kairu Carol Tang, Wai Keung Oscar Tang, and Ka Ki Miki Wong

Participants were first endowed with 10,000 points (for every 1,000 points equals HKD 1) and required to allocate any point between 0 and 10,000 (0 and 10,000 inclusive) to form their portfolio. Each stock investment has a 50% winning probability as participants had to bet on whether the second decimal place(s) of the closing price(s) of the chosen stock(s) on a randomly drawn historical trading day, which was announced in the end of the experiment, was(were) odd or even.



The payoff on the stocks was determined in the following way. If the participant's bet was correct, he received R times of the points invested in that stock. If his bet was incorrect, he won nothing. The values of R were 2.7 and 2 for Stock A and Stock B respectively. The value of R was intentionally made higher for Stock A as we hope to manipulate a trade-off between higher expected return and advocacy of social norms.

The Experimental Results

1. Although participants had invested less in the sin stock (Stock A) after the disclosure of sinful information, the effect was not statistically significant.
2. It was worthwhile to investigate what factors affect the investment decisions of participants.
 - a. The data showed that men invested 26.4% more than women under the situation when the sinful information was disclosed. Men are more rational than women under social norms so men are more self-interested. It also

indicated that men tend to be more utilitarian.

- b. Participants who took more than five Economics and Finance courses invested 24.6% less in the sin stock. A possible explanation was that they had higher chance to come across and were influenced by the Economics and Finance courses which are related to social responsibility and thus they are more aware of the harm of those so called "sinful companies".

3. Religious belief appeared to have shaped the behaviour of men but not women. Male participants with a religious background invested 43.3% less on the sin stock.

Contributions

Our paper contributes to the existing literature by adopting an experimental approach to the study of individuals' investment decision on sin stock. We provided a new insight to related studies on investment decision by relating personal factors to their investment behavior. Further studies and researches are advised to explore further on the topics such as the effect of cultural and gender differences on investment decision.

How does the experience differ from other courses?

EF4485 "Experimental Methods in Economics/Finance" was a challenge to our group as it required a well mix of creativity, knowledge in Economics and analytical skills. The course and the assessments were scheduled in a very different structure than other conventional Economics modules, for instance, Principles of Economics and Econometrics, where written tests are primarily used as assessment tools. It was not the case in EF4485.

EF4485 had a strong emphasis, thus a heavier score weighting, in research and the writing of an authentic academic paper through conducting experiments with real persons as subjects. It offered us a chance to critically appreciate the traditional and modern theories in a discovery-based

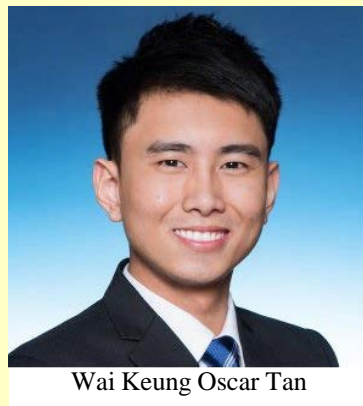
learning setting, where we were allowed the opportunity to do research and conduct experiments according to our areas of interests. Throughout the learning experience, we had to make decision on our research topic as well as to figure out how the lab experiment should be designed and carried out.

Since the behavioural field in Economics has evolved very rapidly in the past decades, it was imperative for us to read academic publications in order to do well in the course. We learnt a lot from the studies of world-class scholars, not only from their findings, but also from their research and analytical skills in writing an academic paper.

Although there is room for improvement in our research paper, we are satisfied that the experience has opened door to us to have a first sip of how the lives of academic scholars are like and to soak ourselves in the beauty of Economics with the perspective of empirical science.

The experience was unique to undergraduate students and therefore was truly treasurable.

Recent Photo of Co-authors



We would like to extend our gratefulness to Dr. King King Li for his guidance and support.

By Ka Ki Miki Wong (BE, Class of 2015)
Wai Keung Oscar Tang (BE, Class of 2015)
Chi Hon Philemon Chan (BE, Class of 2016)

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List, J. A., & Levitt, S. D. (2007). What Do Laboratory Experiments Measuring Social Preferences Reveal About the Real World? *Journal of Economic Perspectives*, 21(2):153-174.

COMPETITION

A team of four students coached by Dr. Stephanie Fan has won the 1st runner up award at the “SCMP/IFPHK Financial Planner Awards 2015 on 19th September 2015. They were required to prepare a financial plan in the first round, and incorporated new information to make an oral presentation in the final round. The name of the students is shown in the table below:

Full Name	PROGRAMME	MAJOR	COHORT
GUO Jiaxing	BBA4	FIN	2012
HUANG Xinlei	BBA4	FIN	2012
ZHOU Hanye	BBA4	FIN	2012
LI Wang	BBA4	Accounting	2012



(From Left to Right) LI Wang, Zhou Hanye, Dr. Stephanie Fan, Huang Xinlei and GUO Jiaxing

SCHOLARSHIP

Joseph Lau Non-local Internship Awards 2016 – EF

- The following students from EF department have applied successfully for funding support from the Joseph Lau Non-local Internship Awards 2016 (JL awards):

Student Name (Eng)	Student Name (Chi)	Host Organization
KONG Ching Chi	江晴芝	上海迪勤傳感技術有限公司
LI ANG	李昂	AIESEC in Novi Sad Serbia
CHAN Chun Kit	陳振杰	AXA
KWAI Tsz Ting	桂梓婷	Casey Kennedy
Cheng Chi Kin	鄭智鍵	Ideadero, S.L (Glampinghub)
TSE SIU HUNG	謝兆鴻	China Minsheng Bank
Yeung Chun kit	楊俊傑	BestWay
Law Sung Lim	羅崇濂	Walt Disney Parks and Resorts U.S. Inc.
NATASYA VIONA CHANDRA	NA	AIESEC
Chung Cheuk YIng	鍾卓瑩	Disney Worldwide Services, Inc.
Yik Sin Yan	易倩欣	Everbright Law Firm
Rehanah Arif	NA	Egyptian Association for Youth Exchange and Leadership Development, AIESEC Egypt
Leung Wing Ki	梁詠琪	Walt Disney Co., LTD
LAW YIN LING	羅燕玲	Walt Disney World Resort
Tsang Yee Kwan	曾綺珪	Walt Disney World Co.
Hon Yuk Ting Denise	韓玉婷	The Walt Disney
Ting Chi Ho	丁智豪	Aviareps

CO-CURRICULAR LEARNING ACTIVITIES

Recent Teaching and Learning Activities

Orientation:

- First Mentor Mentee Meeting new EF students, 11 September 2015

Learning Support:

- Staff-Student Consultative Meetings, 15 October 2015 and 3 March 2016
- Student Exchange Programme 2015/2016
- Peer-Assisted Learning Scheme (PALS) (CB2400 and EF2452, Semester A, 2015/16; and CB2402, Semester B, 2015/16)
- Undergraduate Mentoring Programme 2015/2016

Professional Support:

- Professional Mentoring Programme 2015/2016
 - Business Elites Seminar Talk (BEST) 2015/2016
1. Topic: “How To Start Your Own Hedge Fund - Introduction and Overview”, by Dr. Frank Wang, 5 September, 2015
 2. Topic: “Development of Public Housing in Hong Kong”, by Mr. Marco Wu, 12 September, 2015
 3. Topic: “Oil Price and Global Conflicts”, by Professor Albert Kwong, 19 September, 2015
 4. Topic: “Banking Practice Under New Big Nation Relationship”, by Mr. Jonathan Cheung, 26 September, 2015
 5. Topic: “Credit Risk Management”, by Mr. Dilip Parameswaran, 3 October, 2015
 6. Topic: “Banking Regulations”, by Dr. Lam Yat-fai, 10 October, 2015
 7. Topic: “Asset Management Industry Trend and Future”, by Dr. Li Wei, 24 October, 2015
 8. Topic: “SOVEREIGN RISK – A Shift in Risk Analysis Approaches”, by Mr. Philippe Delhaise, 31 October, 2015
 9. Topic: “Puzzles for My Career - From a Dealer to Top Management”, by Mr. Federick Au, 16 January, 2016
 10. Topic: “Unique Opportunities in Finland and Hong Kong-Finland Ties”, by Mr. Jari Sinkari, 23 January, 2016
 11. Topic: “Fixed Income Securities: Sales & Trading, and lifestyle of the Professionals”, by Dr Josiah Chan, 30 January, 2016
 12. Topic: “Introduction to Quantitative Investment Quant Fund Business Globally”, by Mr Shawn Liu Xiaojun, 6 February, 2016
 13. Topic: “Co-relationship of Currency Board System, Share Market and Asset Prices, Observations of Hong Kong 1997 and 2016”, by Mr. Andrew Fung, 20 February, 2016
 14. Topic: “Opportunities and Challenges in the Asia-Pacific Real Estate Markets”, by Dr Mayank Kaul Mrics, 27 February, 2016
 15. Topic: “Bank Asset & Liability Management”, by Dr Elton Tam, 5 March, 2016
 16. Topic: “Credit Rating: China Sovereign and China Corporates”, by Mr Stan Ho, 12 March, 2016
 17. Topic: “Private Equity – From a Practitioner's Perspective”, by Mr Peter Lee, 19 March, 2016
 18. Topic: “Oil Geopolitics” by Professor Albert Kwong, 3 September, 2016

19. Topic: “An Introduction to Cash-Flow Based Lending in Corporate Banking”, by Dr Victor C K Wai, 10 September, 2016
20. Topic: “Housing Problems in Hong Kong – Past and Present”, by Marco Wu, 10 September, 2016
21. Topic: “Latest Developments in Asian Bond Markets”, by Mr. Dilip Parameswaran, 17 September, 2016
22. Topic: “RMB offshore business and the Hong Kong monetary system”, by Dr. YIU Siu Fung Matthew, 17 September, 2016
23. Topic: “Big Data and Risk Management in Retail Banking”, by Dr. CHENG Wai Yan, 23 September, 2016
24. Topic: “Legal and Regulatory Framework of Anti-money Laundering in Hong Kong”, by Dr. LAM Yat Fai, 24 September, 2016
25. Topic: “Developments in the Hong Kong Financial Industry”, by Dr. Ronald Chung, 8 October, 2016
26. Topic: “Do we need regulators? Do they really protect your assets?”, by Mr. Simon Leung, 8 October, 2016
27. Topic: “China: Avoiding the Minsky Moment”, by Mr. Chris Shiu Kay LEUNG, 22 October, 2016
28. Topic: “Value Creation in Banking”, by Ms Ivy AU-YEUNG, 22 October, 2016
29. Topic: “Banking under Negative Interest Rates”, Dr. Philippe Delhaise, 29 October, 2016
30. Topic: “Hedge Funds and Its Strategies”, by Dr. LI Wei, 29 October, 2016

Career Preparation:

Career Seminars, Workshops & other events 2015/16

Date	Event	Company/ Speaker
Sept 2015 - Aug 2016	Career Advising Appointments with EF students	
Sept 2015 - Nov 2015	Career Seminar	Hong Kong Management Association (3 Seminars)
17 September 2015	Recruitment Talk	Noble Apex
02 October 2015	Career Seminar	Hong Kong Institute of Bankers
07 October 2015	Student-Alumni Gathering	Sharing from Mr Boscal Yuen (2003 BBA FE Graduate)
19 November 2015	Student-Alumni Gathering	Sharing from Ms Lisa Cheng (2003 BBA FE Graduate)
31 March 2016	City University Employers' Luncheon	
14 April 2016	Student-Alumni Gathering	Sharing from Mr Arthur Nam (2014 BBA QFRM Graduate)
17 April 2016	Career Workshop	First Aid Kit for Career Preparation

Departmental Internship Programme 2015/16

- AIA, Aon Services Limited, Bank of China, China Development Bank Corporation, Coface, DHL Global Forwarding (Hong Kong) Limited, Excelsior Capital Asia, Hang Seng Bank, Hong Kong Institute for Monetary Research, HSBC, GCL New Energy Holdings Limited, Greenwoods Asset Management, Guotai Junan International, J.P Morgan, Mergermarket Ltd, Manulife, Money Concept, Plentiful co.Ltd , PricewaterhouseCoopers Hong Kong, PLT Planning and Architecture Limited (Hong Kong), Prudential Plc., Shenyin Wanguo Securities (HK) Ltd, Times Property, Southwest Securities Company Ltd., Veco Invest, Wing On Department Store Ltd. , Unicredit
 - New Youth New World Summer Internship 2016
 - 香港大學生暑期內地實習計劃 2016
 - Cross-border Study Tour for Post-secondary Financial Talents 2016
- Internship Programmes organized by College of Business (CB3800) and Career and Leadership Center

External Competition

- CIMA Global Business Challenge
- SCMP/IFPHK Financial Planner Awards 2015
- HKRFP Financial Planner Awards 2015
- Joint University Forex Investment Simulation Contest 2015
- Rotman International Trading Competition

EF Alumni Network

- EF Alumni Networking Drink (28 January 2016, Central)