

# Report by the Managing Editors

Marco Pagano and Josef Zechner

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## 1. Renewal of the editorial board

In May 2010 there has been a substantial restructuring and rejuvenation of the editorial board of the *Review of Finance*: with the appointment of twelve new associate editors: Alon Brav, Pierre Collins-Dufresne, Martijn Cremers, Joost Driessen, Andrew Ellul, Adlai Fisher, Yael Hochberg, Liu Hong, Anthony Lynch, Stefan Nagel, Daniel Paravisini and Mark Seasholes. We welcome all of them on board, and expect them to contribute their expertise and enthusiasm to the journal, not only by reviewing papers but by submitting their best papers and by proposing new initiatives.

We are also glad to report that eleven other associate editors accepted to stay for another term: Viral Acharya, Suleyman Basak, Denis Gromb, Andrew Karolyi, Ernst Maug, Alan Morrison, Massimo Massa, Jun Pan, Christine Parlour, David Thesmar and Paolo Volpin. Finally, we wish to thank all the outgoing associate editors for their great contribution to the journal: Arnoud Boot, Peter Bossaerts, Kalok Chan, Espen Eckbo, Christopher Hennessy, Burton Hollifield, Roman Inderst, Neal Stoughton, Fausto Panunzi, Javier Suarez, Dimitri Vayanos and Wei Xiong. Of these, Arnoud Boot and Neal Stoughton accepted to stay over as advisory editors.

Another important innovation in the editorial board has been the appointment of Burton Hollifield (formerly an associate editor) to the role of coeditor: consistently with expectations, Burton is already doing a great job, by dealing with great competence and efficiency especially with the increasing number of submissions in empirical asset pricing received by the *Review of Finance*.

As in the past, the relationship with Oxford University Press is excellent and fully cooperative, and the team of coeditors continues to show a strong commitment to the success of the journal.

## 2. Editorial statistics

As usual, the best way to take the pulse of the journal's life is to look at its statistics relative to previous years. Table 1 shows **editorial statistics for the past 12 months**. From 1 July 2009 to 30 June 2010, there have been **291** submissions (**48** of which still pending), **with a 24% increase** relative to the 234 submissions in the previous year (1 July 2008 to 30 June 2009). The **acceptance rate has decreased** to 10.3%, down from 13.3% last year, and the **fraction of papers accepted for resubmission has remained nearly constant** at 25.1% (to be compared with 25.5% last year).

The **speed of the editorial process has increased** compared to last year. The median time to the first editorial decision (first response time) has been 46 days, to be compared with 58 days in 2008/09 and 55 in 2007/08. The median turnaround time (counting all submissions) has been 40 days, down from 53 days in 2008/09 and 44 in 2007/08. As in 2008/2009, nearly 60% of all submissions have been processed in less than 70 days, down from 65% in 2007/08. For 34 papers the 100 maximum deadline has been exceeded, so that the submission fee has been refunded. Finally, 26 papers were desk rejected (18 papers were desk rejected last year). Submission fees have also been refunded in case of desk-rejection. These statistics are broadly in line with those of the

*Journal of Finance*, the *Review of Financial Studies* and the *Journal of Financial Economics*, except for the number of submissions, which is considerably smaller.

Table 2 provides similar statistics for the subset of **fast-track submissions**, which guarantee an editorial decision letter within two weeks. More precisely, the table shows editorial statistics for all papers submitted in the reporting period that were at least submitted once as fast-track (for instance, the regular submissions that initially were fast-track submissions). This allows a direct comparison of the acceptance rates to regular submissions. Comparing Table 2 with Table 1, one sees that the **acceptance rate of fast-track submissions is about the same as for regular ones**, although the fraction of papers accepted for resubmission is larger. Notably, fast-track submissions **have become considerably more popular than last year**: we received 43 new fast-track submissions (including fast-track resubmissions), up from 23 in 2008/09 and 31 in 2007/08 – an **87% increase**. Still, we managed not to miss a single deadline for these submissions.

Table 3 provides data about the **distribution of submissions** along three dimensions: (i) geographic origin of the submitting author, (ii) prevalent research method, and (iii) research area.

Panel 1 provides information about the journal's geographic scope. While Europe is still prevalent (53.92%), there is a **stable flow of submissions from authors based in North America** (33.34%, slightly less than last year). About 12% of the submissions originate from the rest of the world (up from 10%). Within Europe, the countries generating most submissions are the U.K. (12.37%) Germany (11.68%), France (5.84%), Switzerland (5.15%) and Italy (3.44%).

Panel 2 shows the breakdown between theoretical and empirical submissions: the **prevalence of empirical submissions has become more pronounced** (65.64% versus 57.69% last year). Theoretical papers make up 32.66% of submissions, while experimental and clinical papers account for 1.72% of submissions (nearly the same as last year).

Panel 3 shows the **breakdown of submissions among research areas**, with the proviso that for some articles the attribution to an area has an element of arbitrariness. The largest groups are Asset Pricing (37.80%) and Corporate Finance (29.55%), followed by Banking and Financial Intermediation (21.26%) and Behavioral Finance (5.84%), while fewer submissions were received in Market Microstructure (5.15%).

Table 4 displays information about the **distribution of published articles** by research method and by research area, based on the articles published between 1 August 2009 and 31 July 2010. For the first time since 2006-07, the *Review of Finance* has published more articles in asset pricing (33%) than in corporate finance (29%). The strong decline of articles in the area of banking and financial intermediation (from 30% to 14%) is certainly due to the special issue in banking last year. There is a noticeable surge in theoretical articles (57%, up from 40% last year).

### **3. Standing relative to other finance journals**

A key element to strengthen the competitive position of the *Review of Finance* relative to other finance journals is to increase the flow of submissions of young faculty striving for tenure or promotions in top business schools. To this purpose, two of the journal's advisory editors, Franklin Allen and Michael Brennan, sent a letter to LBS and INSEAD asking them to assign a large weight to articles published in the *Review of Finance* in tenure and promotion decisions. In response to this letter, on 10 May 2010 the finance faculty of INSEAD wrote a letter unanimously and strongly supporting such a policy: the letter is currently posted on the journal's web site ([www.revfin.org](http://www.revfin.org)).

We hope to get an equally public and strong support by LBS and other top European and U.S. business schools.

Impact factors are generally recognized as a measure of the competitive position of journals. Table 5 shows the impact factors published by RePEc for the main finance journals. The recursive impact factor assigns a weight to each citation in the sense that a citation in a journal which itself has a high impact factor counts more. The discounted recursive impact factor “discounts” older citations. On both criteria, the *Review of Finance* comes out as number 5. The *Journal of Financial Intermediation* is ahead of the *Review of Finance*, but that journal is not a broad field journal. On those dimensions, the *Review of Finance* clearly beats the *Journal of Financial and Quantitative Analysis* and the *Journal of Banking and Finance*. These data suggests that the *Review of Finance* is at the top of the group of journals immediately behind the top three.

#### 4. Co-sponsorship of conferences and special issues

We have agreed to co-sponsor two forthcoming conferences on areas that we envisage as potentially “hot”: (i) household finance and (ii) real effects of finance. In each case, the RoF sponsorship consists of granting free fast-track submission to the authors of papers accepted for presentation at the conference, with an eye to the possibility of producing a special issue on the corresponding topic. (To the same purpose, we have also solicited few select papers in the area of household finance, granting a free fast-track review also to these.)

More specifically, the two conferences are:

- (i) the CFS Conference on “Household Finance”, to be held in Athens on 23-24 September 2010, and organized by Luigi Guiso, Michael Haliassos, Gikas Hardouvelis, and Tullio Jappelli;
- (ii) the Conference on “Financial Intermediation and the Real Economy”, to be held at HEC Paris on 22-23 August, 2011, jointly organized by Centre for Economic Policy Research, the European Banking Center at Tilburg University, HEC Paris and the *Review of Finance*..

For the first of these conferences the program is already defined, and three authors have agreed to submit their papers to the *Review of Finance*. Also another solicited paper is about to be submitted.

For the second conference, instead, the program is still to be defined. Its call for papers lists the following issues: (i) financial integration: implications for fluctuations, growth and trade; (ii) capital market depth and efficiency: effects on growth and development; (iii) availability of credit and capital market finance and firms’ competitiveness; (iv) financial deregulation and real economic activity (firm and job creation and destruction, innovation, volatility, industry structure, capital allocation across firms and industries); (v) availability of finance, financial and real estate bubbles. The program committee, which includes several members of our editorial board, is composed by:

- Thorsten Beck (Tilburg University)
- Asli Demirgüç-Kunt (World Bank)
- Andrew Ellul (Indiana University)
- Luigi Guiso (European University Institute)
- Luc Laeven (IMF)
- Tomasz Michalski (HEC Paris)
- Steven Ongena (Tilburg University)
- Evren Örs (HEC Paris)
- Marco Pagano (University of Naples)
- David Thesmar (HEC Paris)
- Josef Zechner (WU)

## **Appendix. Articles published between 1 August 2009 and 31 July 2010**

### **Volume 13, Issue 4**

Utpal Bhattacharya and Hazem Daouk, When No Law is Better Than a Good Law

Andriy Bodnaruk, Proximity Always Matters: Local Bias When the Set of Local Companies Changes

Carol C. Bertaut, Michael Haliassos and Michael Reiter, Credit Card Debt Puzzles and Debt Revolvers for Self Control

Tony Berrada, Bounded Rationality and Asset Pricing with Intermediate Consumption

Susheng Wang, Convertibles in Sequential Financing

### **Volume 14, Issue 1**

Viral V. Acharya and Paolo F. Volpin, Corporate Governance Externalities

Ingolf Dittmann, Ernst Maug and Christoph Schneider, Bankers on the Boards of German Firms: What They Do, What They Are Worth, and Why They Are (Still) There

Enrique Schroth and Dezso Szalay, Cash Breeds Success: The Role of Financing Constraints in Patent Races

Alessandro Beber and Michael W. Brandt, When It Cannot Get Better or Worse: The Asymmetric Impact of Good and Bad News on Bond Returns in Expansions and Recessions

Alon Brav, J.B. Heaton and Si Li, The Limits of the Limits of Arbitrage

### **Volume 14, Issue 2**

Antje Berndt and Iulian Obreja, Decomposing European CDS Returns

Jens Hilscher and Yves Nosbusch, Determinants of Sovereign Risk: Macroeconomic Fundamentals and the Pricing of Sovereign Debt

Christina E. Bannier, Patrick Behr, and Andre Güttler, Rating opaque borrowers: why are unsolicited ratings lower?

Menachem Brenner and Meir Sokoler, Inflation Targeting and Exchange Rate Regimes: Evidence from the Financial Markets

Massoud Heidari and Liuren Wu, Market Anticipation of Fed Policy Changes and the Term Structure of Interest Rates

Frank Lutgens and Peter C. Schotman, Robust Portfolio Optimisation with Multiple Experts

### **Volume 14, Issue 3**

Angelo Ranaldo and Paul Söderlind, Safe Haven Currencies

Prasad V. Bidarkota and Zhiguang Wang, A Long-Run Risks Model of Asset Pricing with Fat Tails

Amit Bubna and Bhagwan Chowdhry, Franchising Microfinance

Shimon Kogan and John Morgan, Securities Auctions under Moral Hazard: An Experimental Study

Kristoffer W. Eriksen and Ola Kvaløy, Myopic Investment Management

Turan G. Bali, K. Ozgur Demirtas, and Armen Hovakimian, Corporate Financing Activities and Contrarian Investment

## Table 1. Editorial Statistics

The following statistics are based on all submissions and resubmissions received between August 1<sup>st</sup>, 2009 and July 31<sup>st</sup>, 2010. The turnaround time is the number of days elapsed from receipt of the manuscript to notification of the editorial decision. The first response time is the number of days elapsed from *initial* receipt of the manuscript to notification of the *first* editorial decision.

Number of submissions	291
Submissions processed	243
Submissions pending	48
Acceptance rate	10,3%
Fraction of papers accepted for resubmission	25,1%
Average first response time	51
Median first response time	46
Distribution of first response times	
less than 35 days	76
between 35 and 70 days	56
more than 70 days	60
Average turnaround time	48
Median turnaround time	40
Distribution of turnaround times	
less than 35 days	108
between 35 and 70 days	66
more than 70 days	69

## Table 2. Editorial Statistics for Fast-Track Submissions

The following statistics are based on all those submissions and resubmissions received between August 1<sup>st</sup>, 2009 and July 31<sup>st</sup>, 2010, for which any submission (including those before August 1<sup>st</sup> 2009) has been of the Fast-Track type. The turnaround time is the number of days elapsed from receipt of the manuscript to notification of the editorial decision. The first response time is the number of days elapsed from *initial* receipt of the manuscript to notification of the *first* editorial decision.

Number of submissions	49
Submissions processed	46
Submissions pending	3
Acceptance rate	10.9%
Fraction of papers accepted for resubmission	39.1%
Average first response time	10
Median first response time	10
Distribution of first response times	
less than 35 days	34
between 35 and 70 days	0
more than 70 days	0
Average turnaround time	10
Median turnaround time	10
Distribution of turnaround times	
less than 35 days	45
between 35 and 70 days	1
more than 70 days	0

**Table 3. Submissions received between 1 August 2009 and 31 July 2010****Panel 1. Breakdown by Country**

<b>Country of Submitting Author</b>	<b>Number of Submissions</b>	<b>Frequency</b>
UNITED STATES	81	27.84%
UNITED KINGDOM	36	12.37%
GERMANY	34	11.68%
FRANCE	17	5.84%
CANADA	16	5.50%
SWITZERLAND	15	5.15%
ITALY	10	3.44%
SPAIN	8	2.75%
NETHERLANDS	8	2.75%
AUSTRALIA	7	2.41%
JAPAN	5	1.72%
CHINA	5	1.72%
DENMARK	5	1.72%
NORWAY	4	1.37%
TAIWAN	4	1.37%
FINLAND	4	1.37%
BELGIUM	4	1.37%
GREECE	4	1.37%
SWEDEN	3	1.03%
ISRAEL	3	1.03%
HONG KONG	3	1.03%
AUSTRIA	3	1.03%
EGYPT	2	0.69%
KOREA	2	0.69%
POLAND	1	0.34%
RUSSIAN FEDERATION	1	0.34%
PORTUGAL	1	0.34%
SINGAPORE	1	0.34%
HUNGARY	1	0.34%
INDIA	1	0.34%
ARGENTINA	1	0.34%
IRELAND	1	0.34%
<b>Total</b>	<b>291</b>	<b>100.00%</b>

**Panel 2. Breakdown by Research Methodology**

<b>Research Methodology</b>	<b>Number of Submissions</b>	<b>Frequency</b>
Empirical	191	65.64%
Theoretical	95	32.65%
Experimental	5	1.72%
<b>Total</b>	<b>291</b>	<b>100.00%</b>

**Panel 3. Breakdown by Research Area**

Research Area	Number of Submissions	Frequency
Asset Pricing	110	37.80%
Corporate Finance	86	29.55%
Banking and Fin. Intermediation	63	21.65%
Behavioral Finance	17	5.84%
Market Microstructure	15	5.15%
Total	291	100.00%

**Table 4. Articles published in 2006-07, 2007-08, 2008-09 and 2009-10**

The statistics for 2006-07 are based on the articles published between 1 August 2007 and 31 July 2008, that is, in issues 3 and 4 of Volume 10 (2006) and issues 1 and 2 of Volume 11 (2007). The statistics for 2007-08 are based on the articles published between 1 August 2007 and 31 July 2008, that is, in issues 3 and 4 of Volume 11 (2007) and issues 1, 2 and 3 of Volume 12 (2008). The statistics for 2008-09 are based on the articles published between 1 November 2008 and 31 July 2009, that is, in issue 4 of Volume 12 (2008) and issues 1, 2 and 3 of Volume 13 (2009). Note that issue 13 (2) was a special issue on banking (6 papers). The statistics for 2009-10 are based on the articles published between 1 October 2009 and July 31, 2010, that is, in issue 4 of Volume 13 (2009) and issues 1, 2 and 3 of Volume 14 (2010)

**Panel 1. Breakdown by Research Methodology**

Research Methodology	Number of Articles				Frequency			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Empirical	10.5	16	10	7	47.7%	61.5%	50.0%	33.3%
Theoretical	10.5	7	8	12	47.7%	26.9%	40.0%	57.1%
Experimental	1	3	2	2	4.5%	11.5%	10.0%	9.5%
Total	22	26	20	21	100%	100%	100%	100%

**Panel 2. Breakdown by Research Area**

Research Area	Number of Articles				Frequency			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Asset Pricing	8	7	4	7	36.4%	26.9%	20.0%	33.3%
Corporate Finance	6	9	7	6	27.3%	34.6%	35.0%	28.6%
Behavioral Finance	2	5	2	4	9.1%	19.2%	10.0%	19.0%
Banking & Fin. Inter.	3	1	6	3	13.6%	3.8%	30.0%	14.3%
Market Microstruct.	3	4	1	1	13.6%	15.4%	5.0%	4.8%
Total	22	26	20	21	100%	100%	100%	100%



**Table 5. RepEc Impact Factors**

<b>Journal</b>	<b>Recursive impact factor</b>	<b>Discounted recursive impact factor</b>
<i>Journal of Finance</i>	1.116	1.059
<i>Journal of Financial Economics</i>	1.584	1.566
<i>Review of Financial Studies</i>	1.209	1.216
<i>Journal of Financial and Quantitative Analysis</i>	0.218	0.187
<i>Journal of Banking &amp; Finance</i>	0.205	0.249
<i>Journal of Financial Intermediation</i>	0.545	0.696
<i>Journal of Corporate Finance</i>	0.152	0.173
<i>Review of Finance</i>	0.293	0.443