

# Review of Finance - Report by the Managing Editors

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## 1) Impact and journal recognition

### a) First official impact factor

The first official impact factor of the *Review of Finance* has been published by ISI Web of Knowledge in June 2011: its current impact factor is 1.952, which is higher than that of the *Journal of Financial and Quantitative Analysis* and the *Journal of Financial Intermediation* and puts the *RoF* firmly in the group of the top 5 finance journals. More specifically, accounting for one self-citation outlier, this impact factor makes the *Review of Finance* the fourth finance journal. Table 1 lists the top 10 journals according to impact factors with and without self citations.

We are delighted that the *Review of Finance* has achieved such an impressive first impact factor. This clearly confirms the upwards trajectory of the journal within the top tier. We'd like to thank our highly dedicated editorial board, authors and reviewers for their contributions and on-going support, which enables us to provide the highest quality research to our readers.

### b) RoF included in A-list at HEC Paris

We are happy to report that HEC Paris has recently included the *Review of Finance* as an A journal in their journal ranking list. For the journal recognition of the *Review of Finance* in other business schools, please see the OUP report.

### c) Citation of articles published in the *Review of Finance*

About 200 emails were sent in late 2010 to authors who cited papers accepted or published in the *Review of Finance* still in their working paper version, inviting them to update their references to the published or forthcoming versions. Finding these outdated citations, extracting email-addresses etc. was a cumbersome but partially automated task: we start with an Excel list of our papers, check each in Google Scholar - download the "cited by" list, identify the unpublished ones by eyeballing and open each working paper to check whether the reference is correct. This work was carried out by Arne Westerkamp and Martina Schlichting, with the support of external help, who worked for about three days. Eventually, we got a list from which we sent automated emails. Some authors replied – mostly positive (including Cam Harvey).

## 2) Editorial statistics

As usual, we report the journal's latest statistics and benchmark them against the corresponding figures for previous years. Table 2 shows **editorial statistics for the past 12 months**. From August 1<sup>st</sup>, 2010 to July 31<sup>st</sup>, 2011, there have been **327** submissions (**47** of which are still pending), **with a 12% increase** relative to the 291 submissions in the previous year (1 August 2009 to 31 July 2010). The **acceptance rate has remained approximately constant** at 10.7%, compared to 10.3% last year, while the **fraction of papers accepted for resubmission has increased** to 30.4% (to be compared with 25.1% last year).

The **speed of the editorial process has increased** compared to the last two years. The median time to the first editorial decision (first response time) has been 41 days, to be compared with 46 days in 2009/10 and 58 in 2008/09. The median turnaround time (counting all submissions) has been 40 days, compared to also in 2009/10 and 53 in 2008/09. Nearly 80% of all submissions have been processed in less than 70 days, up from 60% in 2009/10. Only for 14 papers the 100 days deadline has been exceeded, so that the submission fee has been refunded, compared to 34 papers last year. Finally, 41 papers were desk-rejected (to be compared to 26 papers last year). In most cases the submission fees of desk-rejected papers have been refunded (the exceptions being papers for which an associate editor or a referee was consulted to provide a brief review and motivation for the 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 3 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 submitted at least once as fast-track (for instance, regular submissions that initially were fast-track submissions). This allows a direct comparison of the acceptance rates to regular submissions. Comparing Table 3 with Table 2, one sees that the **acceptance rate of fast-track submissions is about 20%** compared to the 10.7% for regular ones.

The difference is significant according to a simple  $t$ -test. However, this is to be expected from any sensible screening model. Arne Westerkamp has analyzed the data for 2009 submissions and found evidence that on average the quality of fast-track submissions is better than that of regular submissions. The results show a large and statistically significant difference in terms of Google-Scholar citations in favor of fast-track submissions. On average, fast-track submissions are cited 6.8 times compared to 1.8 for regular submissions! This result obtains despite the fact that we are not counting solicited fast-tracks. So our fast-track policy really comes out of this quality check with flying colors.

Notably, fast-track submissions **have again become considerably more popular than last year**: we received 47 new fast-track submissions (including fast-track resubmissions), up from 43 in 2009/10 – a **9.3% increase**. Unfortunately, for the first time since the introduction of the fast track submission process, we have missed the two-week deadline for two fast-track submissions by a narrow margin. In these cases we have fully refunded the submission fee.

Table 4 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 (55%), there is a **stable flow of submissions from authors based in North America** (29.7%, slightly less than last year). About 15% of the submissions originate from the rest of the world (up from 12%). Within Europe, the countries generating most submissions are Germany (13.8%), U.K. (12.5%), France (7.7%), Switzerland (4.0%) and the Netherlands (4.0%).

Panel 2 shows the breakdown between theoretical and empirical submissions: the **prevalence of empirical submissions has remained relatively stable** (66.97% versus 65.64% last year). Theoretical papers make up 29.97% of submissions, while experimental and clinical papers account for 3.06% of submissions (up from 1.72% 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 (35.17%) and Corporate Finance (29.36%), followed by Banking and Financial Intermediation (17.13%). The percentage of submissions in the area of Market Microstructure has almost doubled compared to last year (10.40% from 5.15%) and is now ahead of those in Behavioral Finance (7.95%).

Table 5 displays information about the **distribution of published articles** by research method and by research area, based on the articles published between 1 August 2010 and 31 July 2011. As last year, most of the articles published by the *Review of Finance* are in the area of Asset Pricing (35%). This year, the fraction of papers in Banking and Financial Intermediation (31%) is about twice as much as Corporate Finance (15%). This development may partly reflect the renewed interest in banking and financial intermediation due to the financial crisis, and partly the presence of Steven Ongena among the coeditors, which may be acting as a magnet of good submissions in this area. Interestingly, there has been a reversal in the proportion of empirical articles relative to the value observed last year: empirical papers now constitute the clear majority of published papers in the last four issues, being 62% of the total, up from 33% in 2010. However, the fraction observed this year is closer to those observed in previous years: 50% in 2009, 61.50% in 2008, and 47.7% in 2007. In this sense, the 2010 value is likely to have been an outlier. Another striking fact is that in the past year the *Review of Finance* did not publish any article based on experimental methods, in contrast with the previous four years – possibly a lagged response to Peter Bossaerts no longer being a coeditor of the journal.

Finally, the backlog of accepted but yet unpublished papers has become pretty large. Compared to last year it has increased by approximately 10% and now consists of 35 papers. At the current page budget, this means a waiting period of over one year from acceptance to publication.

### 3) Co-sponsorship of conferences and special issues

As in the past, occasionally the *Review of Finance* co-sponsors conferences on promising research areas or topics. Its 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.

The next issue of the *Review of Finance* (issue 4 of 2011) is a case in point. It will be a special issue on Household Finance, with 7 articles partly drawn from the papers presented at the

CFS Conference on “Household Finance” (held in Athens on 23-24 September 2010, and organized by Luigi Guiso, Michael Haliassos, Gikas Hardouvelis, and Tullio Jappelli). However, the majority of the articles forthcoming in this issue have been either directly solicited or independently submitted to the *Review of Finance*.

Another special issue on the “Real Effects of Finance” is being planned for 2012. Also in this case, some of the papers are anticipated to originate from a conference that the *Review of Finance* has agreed to co-sponsor: 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*..

The program committee of this conference includes several members of our editorial board:

- 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)

The conference organizers received 151 submissions but could accept only 12 for presentation, and the quality of the accepted papers is very high. Of course, it remains to be seen how many of these papers will be submitted to the *Review of Finance* after the conference. In any event, in the current backlog of the *Review of Finance* there are already a few papers that might be suitable candidates for inclusion in this issue.

#### **4) Best paper prize**

We are happy to announce that Spängler IQAM Invest has decided to fund the prize for the best papers published in the *Review of Finance*, which was funded by Goldman Sachs for several years and by Deutsche Bank last year. Accordingly, from now onwards the award will be named “2011 Spängler IQAM Best Paper Prize”. This year, it will be awarded on August 19 at the EFA 2011 annual meeting. The author(s) of the top paper will receive a Euro 3000 prize and the two runners-up Euro 1000 each. As in the past, the winning papers are chosen by the Associate Editors, Co-Editors and Advisory Board from all the articles published in the previous 4 issues.

## Appendix

### Articles published between 1 August 2010 and 31 July 2011

#### i) Volume 14 Issue 4

*Reint Gropp and Florian Heider*, The Determinants of Bank Capital Structure

*Philipp Jostarndt and Zacharias Sautner*, Out-of-Court Restructuring versus Formal Bankruptcy in a Non-Interventionist Bankruptcy Setting

*Yan-Leung Cheung, P. Raghavendra Rau, and Aris Stouraitis*, Helping Hand or Grabbing Hand? Central vs. Local Government Shareholders in Chinese Listed Firms

*Matthew R. McBrady, Sandra Mortal, and Michael J. Schill*, Do Firms Believe in Interest Rate Parity?

*Viktors Ajevskis and Kristine Vitola*, A Convergence Model of the Term Structure of Interest Rates

*Álvaro Cartea and Thilo Meyer-Brandis*, How Duration Between Trades of Underlying Securities Affects Option Prices

#### ii) Volume 15 Issue 1

*Fernando Restoy and Philippe Weil*, Approximate Equilibrium Asset Prices

*Jakub W. Jurek and Luis M. Viceira*, Optimal Value and Growth Tilts in Long-Horizon Portfolios

*Alex Edmans and Qi Liu*, Inside Debt

*Robert Novy-Marx*, Operating Leverage

*Viral V. Acharya, Jean Imbs, and Jason Sturgess*, Finance and Efficiency: Do Bank Branching Regulations Matter?

*H. Henry Cao, Bing Han, David Hirshleifer, and Harold H. Zhang*, Fear of the Unknown: Familiarity and Economic Decisions

*Christina E. Bannier, Patrick Behr, and André Faria, Paolo Mauro, and Aleksandar Zaklan*, The External Financing of Emerging Markets—Evidence from Two Waves of Financial Globalization

#### iii) Volume 15 Issue 2

*Takashi Ui*, The Ambiguity Premium vs. the Risk Premium under Limited Market Participation

*Anjan V. Thakor and Toni M. Whited*, Shareholder-Manager Disagreement and Corporate Investment

*Wei Wang and Chris Yung, IPO Information Aggregation and Underwriter Quality*

*Archishman Chakraborty, Simon Gervais, and Bilge Yilmaz, Security Design in Initial Public Offerings*

*Michaela Bär, Alexander Kempf, and Stefan Ruenzi, Is a Team Different from the Sum of its Parts? Evidence from Mutual Fund Managers*

*Carolina Salva and Frédéric Sonney, The Value of Analysts' Recommendations and the Organization of Financial Research*

*Martin Rohleder, Hendrik Scholz, and Marco Wilkens, Survivorship Bias and Mutual Fund Performance: Relevance, Significance, and Methodical Differences*

#### **iv) Volume 15 Issue 3**

*Thomas Mählmann, Is There a Relationship Benefit in Credit Ratings?*

*Manthos D. Delis and Panagiotis K. Staikouras, Supervisory Effectiveness and Bank Risk*

*Elisabeth Müller, Returns to Private Equity - Idiosyncratic Risk Does Matter!*

*Elyes Jouini and Clotilde Napp, Unbiased Disagreement in Financial Markets, Waves of Pessimism and the Risk-Return Trade-off*

*David Kelsey, Roman Kozhan, and Wei Pang, Asymmetric Momentum Effects Under Uncertainty*

*Raoul Minetti, Informed Finance and Technological Conservatism*

**Table 1: Impact factors of top 10 finance journals (2010)**

<i>Journal</i>	<i>2010 Impact Factor excluding self-citations</i>	<i>2010 Impact Factor</i>
The Review of Financial Studies	3.982	4.602
Journal of Finance	3.868	4.151
Journal of Financial Economics	3.413	3.810
Review of Finance	1.881	1.952
Journal of Financial and Quantitative Analysis	1.538	1.593
Journal of Corporate Finance	1.198	1.523
Finance and Stochastics	1.065	1.326
Journal of Financial Intermediation	1.060	1.200
Journal of Banking and Finance	0.748	2.731
Financial Management	0.562	1.297
Journal of Banking and Finance	0.748	2.731
Financial Management	0.562	1.297

**Table 2: Editorial statistics for all submissions**

The following statistics are based on all submissions and resubmissions received between August 1<sup>st</sup>, 2010 and July 31<sup>st</sup>, 2011. 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.

<i>Number of submissions</i>	327
Submissions processed	280
Submissions pending	47
Acceptance rate	10.7%
Fraction of papers accepted for resubmission	30.4%
Average first response time	41
Median first response time	41
Distribution of first response times	
less than 35 days	89
between 35 and 70 days	76
more than 70 days	36
Average turnaround time	42
Median turnaround time	40
Distribution of turnaround times	
less than 35 days	129
between 35 and 70 days	93
more than 70 days	58

**Table 3: Editorial statistics for fast-track submissions**

The following statistics are based on all those submissions and resubmissions received between August 1<sup>st</sup>, 2010 and July 31<sup>st</sup>, 2011, for which any submission (including those before August 1<sup>st</sup> 2010) 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.

<i>Number of submissions</i>	57
Submissions processed	55
Submissions pending	2
Acceptance rate	20.0%
Fraction of papers accepted for resubmission	41.8%
Average first response time	10
Median first response time	9
Distribution of first response times	
less than 35 days	30
between 35 and 70 days	0
more than 70 days	0
Average turnaround time	12
Median turnaround time	9
Distribution of turnaround times	
less than 35 days	51
between 35 and 70 days	3
more than 70 days	1

**Table 4: Submissions received between 1 August 2010 and 31 July 2011****Panel 1. Breakdown by Country**

<i>Country</i>	<i>Number of Submissions</i>	<i>Frequency</i>
UNITED STATES (US)	97	29.66%
GERMANY (DE)	45	13.76%
UNITED KINGDOM (GB)	41	12.54%
FRANCE (FR)	25	7.65%
SWITZERLAND (CH)	13	3.98%
NETHERLANDS (NL)	13	3.98%
AUSTRALIA (AU)	11	3.36%
ITALY (IT)	9	2.75%
SPAIN (ES)	9	2.75%
CANADA (CA)	7	2.14%
PORTUGAL (PT)	5	1.53%
JAPAN (JP)	5	1.53%
SINGAPORE (SG)	5	1.53%
HONG KONG (HK)	5	1.53%
TAIWAN, PROVINCE OF CHINA (TW)	4	1.22%
BELGIUM (BE)	4	1.22%
NORWAY (NO)	4	1.22%
CHINA (CN)	4	1.22%
KOREA, REPUBLIC OF (KR)	4	1.22%
GREECE (GR)	3	0.92%
CHILE (CL)	2	0.61%
IRELAND (IE)	2	0.61%
DENMARK (DK)	2	0.61%
ISRAEL (IL)	2	0.61%
FINLAND (FI)	1	0.31%
INDIA (IN)	1	0.31%
SERBIA (RS)	1	0.31%
SWEDEN (SE)	1	0.31%
AUSTRIA (AT)	1	0.31%
POLAND (PL)	1	0.31%
Total	327	100.00%

### Panel 2. Breakdown by Research Methodology

<i>Research Methodology</i>	<i>Number of Submissions</i>	<i>Frequency</i>
Empirical	219	66.97%
Theoretical	98	29.97%
Experimental	10	3.06%
<b>Total</b>	<b>327</b>	<b>100.00%</b>

### Panel 3. Breakdown by Research Area

<i>Research Area</i>	<i>Number of Submissions</i>	<i>Frequency</i>
Asset Pricing	115	35.17%
Corporate Finance	96	29.36%
Banking and Fin. Intermediation	56	17.13%
Market Microstructure	34	10.40%
Behavioral Finance	26	7.95%
<b>Total</b>	<b>327</b>	<b>100.00%</b>

**Table 5: Articles published in 2006-07, 2007-08, 2008-09, 2009-10, 2010-11**

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 2007-08 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). The statistics for 2010-11 are based on the articles published between 1 October 2010 and July 31, 2011, that is, in issue 4 of Volume 14 (2010) and issues 1, 2 and 3 of Volume 15 (2011).

**Panel 1. Breakdown by Research Methodology**

<i>Research Methodology</i>	<i>Frequency</i>				
	2006-07	2007-08	2008-09	2009-10	2010-11
Empirical	47.7%	61.5%	50.0%	33.3%	61.54%
Theoretical	47.7%	26.9%	40.0%	57.1%	38.46%
Experimental	4.5%	11.5%	10.0%	9.5%	0.00%
<b>Total</b>	100%	100%	100%	100%	100%

**Panel 2. Breakdown by Research Area**

<i>Research Area</i>	<i>Frequency</i>				
	2006-07	2007-08	2008-09	2009-10	2010-11
Asset Pricing	36.4%	26.9%	20.0%	33.3%	34.62%
Corporate Finance	27.3%	34.6%	35.0%	28.6%	15.38%
Behavioral Finance	9.1%	19.2%	10.0%	19.0%	11.54%
Banking & Fin. Inter.	13.6%	3.8%	30.0%	14.3%	30.77%
Market Microstruct.	13.6%	15.4%	5.0%	4.8%	7.69%
<b>Total</b>	100%	100%	100%	100%	100%