EAFIT: Open to the World

This promise made by our university inspires us to work passionately every day to achieve the most relevant goals for the School of Economics and Finance. Of utmost importance in this regard is the formation of professionals competent to work in a global arena, known not only for their talent and professionalism, but also for their integrity and for embodying the values of their alma mater: excellence, tolerance, responsibility and audacity.

Our goal is that our students have complete confidence that their professional and personal trajectories will traverse the global environment and that they find themselves capable of functioning in that environment, as part of multi-disciplinary teams composed of professionals from all over the world. Another vision inspiring us is that our students have the enriching and formative experience of studying abroad and living in a completely different cultural environment.

For this reason the School of Economics and Finance has focused its efforts on the establishment of many international agreements that encompass different types of cooperation: from one-semester internships overseas to dual degrees with highly-recognized foreign universities. Examples of the latter are the recently-signed agreements for dual degrees in the Masters in Economics and Finance (with Florida International University-FIU) and the Masters in Financial Administration (with Brandeis University in Waltham, Massachusetts).

We are also very pleased that our undergraduates are taking advantage of our exchange agreements with the University of Chile and with Mannheim University in Germany (just to mention a few). The agreements signed most recently include those signed with the Universities of Oldenburg and Bayreuth (both in Germany) and one signed with the Universidad Autónoma de Nuevo León (in Mexico).

Another priority of the School is the enhancement of the relevance, the visibility, and the international recognition of our scientific and applied research. Our current focus is to publicize our intellectual output in the international scientific and academic community and to put our University on the map of institutions of higher education known in Latin America for the quality of their research.

Many different mechanisms contribute to this goal: the publication of our research...
papers in international scientific journals, our participation as presenters in premier conferences, integration with prestigious academic networks (such as, the Latin American and Caribbean Economic Association—LACEA, or the Latin American Council of Business Schools—CLADEA), joint research with authors overseas, and the presence of visiting professors at the School.

Our Center of Economic and Financial Research (CIEF) attracts to our city world-class scientific conferences. This year, for example, in conjunction with King’s College (from London) and Northwestern University and UCLA, CIEF is sponsoring the Real Options Conference at the School. The event provides a forum for the interaction of academics and finance professionals on topics related to real options and investment in uncertain environments.

In the field of economics, we are honored to host the 6th Annual Meeting on the Economics of Risky Behaviors (AMERB), in association with George Washington University, Temple University, Georgia State University and the Institute of Labor Studies (IZA), from the University of Bonn in Germany. This important conference addresses a topic of major importance: the dynamics of a variety of risky behaviors and the associated social costs.

We are pleased to have on our staff six professors from the United States, Europe, and other countries in Latin America, who joined our School through an international competitive recruiting process. This multicultural composition of the staff, and the fact that most of our professors with Masters and Doctorates completed their graduate studies abroad, contributes in an important way to interesting debates and facilitates academic discussions that include different points of view.

Another aspect of internationalization is related to foreign language proficiency. We are offering a growing number of courses in English and are adding more readings and homework in this language in our courses. Our experience with this effort has been very positive to date, since more and more undergraduate and graduate students want to take courses in English.

We live, breathe, and feel internationalization. And our purpose is to fulfill EAFIT’s marvelous promise to be a university “Open to the World.”

Juan Felipe Mejía Mejía, Ph.D.
Dean
Achievements and Awards

Three of the School of Economics and Finance’s recent graduates have been accepted in graduate programs in universities that are highly-ranked internationally.

The acceptance of Mateo Uribe in the Doctorate program at the University of Maryland (in the U.S.), of Ona Duarte in a Master’s program at the London School of Economics, and of Santiago Bohórquez in the Doctorate program at Tilburg University (in the U.S.), all of them graduates of EAFIT’s undergraduate program in Economics, shows the quality of the program and provides encouragement to the School in its efforts to continue strengthening the undergraduate and graduate programs.

Research Groups from the School of Economics and Finance have advanced to a higher research category in Colciencias’ rating system

The School’s Research Group on the Economy and the Firm achieved the highest category ranking (A1). The Research Group in Spatial Economics (RISE) advanced from category C to B, a great achievement given the short period the Group has been in existence. The Research Group in Finance and Banking (GIFyB) also was classified in category B.

» Meet the Research Groups of the School of Economics and Finance
Special Events

- **July 16 to 23:**
  at Universidad EAFIT in Medellín, the 18th Annual International Conference on Real Options, organized by the Real Options Group and the School of Economics and Finance in association with King’s College from London, and Northwestern University and UCLA in the U.S.

This conference is one of the most important worldwide meetings on real options. It includes lectures from scholars and finance experts related to this topic. This is the first time the conference will be held in Latin America. The principal lecturers will be Lenos Trigeorgis, Avinash Dixit, Dean Paxson, John Kensinger, Tom Copeland, Mark Rubinstein, Robert C. Merton, Robert S. Pindyck, Stewart C. Myers, Alex Triantis, Gordon Sick, Eduardo Schwartz, Myron Scholes, Stephen A. Ross, Robert L. McDonald and Michael J. Brenans.

The topics covered in the conference include competition and strategy, R&D, entrepreneurship and innovation, new product development, investment in infrastructure and networks, corporate valuation and IPOs, environmental protection and public policy, issues of agency and incentives, and others. Also, there are expected to be sessions on telecoms, pharmaceuticals, the energy industry, innovation, and on many different policy issues.

- **EAFIT’s Master in Economics and Master in Finance programs opened the second call for complete or partial scholarships for its research-oriented degrees that begin in 2015**

The complete scholarship provides economic aid that includes 100% of tuition, plus a monthly contribution equivalent to twice the minimum wage. The partial scholarship provides economic aid that is equal to or less than twice the minimum wage. The requirements for the selection process are: an average of 4 out of 5 points in undergraduate grades, a CV, and a research proposal. The applicant also must interview with the sponsoring professor.
The Dean of the International Business School, Bruce Magid, and Matthew Magida, the Associate Director of External Relations and the Latin America Initiative of Brandeis University visited the School of Economics and Finance for the launching of the new agreement for a dual degree of a Masters in Financial Administration.

In addition to completing the agreement to provide double degrees from the two universities, the representatives of Brandeis University discussed possibilities for cooperation in research and the exchange of professors with EAFIT University. In parallel, discussions proceeded to plan the visit of a group of Brandeis students to Medellín to visit with executives of regional companies headquartered in Medellín and to learn more about the city’s experience with innovation and urban transformation.

EAFIT joins the National Strategy for Economic and Financial Education

On March 25th the “National Strategy of Education in Economics and Finance” Conference took place at EAFIT, under the direction of Claudia Liliana Sastre, Manager of the financial and economic education program. This program began in 2012 as part of the initiative of the Ministry of National Education (MEN) to consolidate “quality education” in the country.

The Strategy provides conceptual and teaching tools in economics and finance so that students, teachers, managers, and the whole educational community can use them in educational establishments. The objective of the program is to promote and encourage education and financial education for young people, providing an approach based on personal finance and the fundamental aspects of the Bolsa de Valores de Colombia (BVC).

The School of Economics and Finance pledged to offer short talks about various topics in personal finance to high school students, as well as programs of continuous education for teachers, with the support of the undergraduate students in finance and other careers already linked to the personal finance program.

More information
http://www.mineducacion.gov.co/cvn/1665/w3-article-339693.html
Within the framework of the eighth version of the Symposium for Research in Finance (SIF), Professor Diego Cueto Saco (professor of ESAN University) presented his research, “Private Valuation of Compensation Stock Options” on February 19th. On Wednesday, February 26th, the session was given by José Eduardo Gómez, Senior Research Economist, of Banco de la Republica (Central Bank of Colombia), who presented his research work in progress, “Testing for Bubbles in Housing Markets: New Results Using a New Method”.

The Masters in Finance program schedules this Symposium each year to provide students in the research phase of the program (4th semester) an opportunity to make contacts with researchers, to learn from them, and to assist them in their development, presentation, and defense of their own research, which is required to complete the program.

The subjects addressed in the Symposium relate to the two lines of emphasis in the Masters of Finance program, corporate finance and financial engineering. Participants include professors in the School of Economics and Finance, alumni of the program, and students in the last semester of the program.

The Journal Corporate Ownership and Control published the article, “The lifetime of the firm, corporate governance and investment performance” authored by Professor Jimmy Saravia, associated with the Finance and Banking Research Group (GIFyB).

In his article the author presents empirical results showing that as firms mature, free cash flow increases, more anti-takeover provisions are put into place, and projects with negative net present value are undertaken. The article develops an empirical index that identifies companies with corporate problems related to agency costs. It concludes that if the objective of the policy-maker is to align agents’ acts with the needs of the principal, there is only one effective policy: make anti-takeover actions illegal. If this policy were implemented, over-investment on the part of mature corporations would be mitigated to a moderate degree because the agent would be pressured to pay out profits to owners, either through dividends or stock buy-back programs.

The results in the article show that methodologies based on normal, Student’s t, and skewed t distributions do not forecast properly the value of coverage funds in risk situations, while SNP and EVT approaches accurately estimate this value. The article extends its results to a multivariate framework by providing an explicit formula for the GC copula and its density, which encompasses the Gaussian copula and accounts for non-linear dependences. Finally, the authors show that the VAR obtained by the meta GC accurately captures portfolio risk and outperforms regulatory VAR estimates obtained through the meta Gaussian and Student’s t distributions.

MIT published the document Senseable City Guide to Medellín that contains the project “Micro-Red Community – Micro Smart Grid” co-authored by Professor Fabiola Saavedra Caballero from the Economics department.

This document reports the results of a smart-metering initiative started by Empresas Públicas de Medellín, in which the users watch their consumption as they are using the energy. Informing users about their energy consumption and their remaining prepaid energy, the smart-metering prepaid system is designed to assist consumers to use their budget in an optimal way and to monitor their monthly energy consumption. The program proved successful from the beginning and offered a better alternative than disconnection to those having difficulty managing their consumption.

Senseable City Lab is the multidisciplinary research group from MIT that publishes City Guides for many cities in the world. The group examines the relationship between cities, people, and technologies, and seeks to show how digital tools and communication networks can positively impact urban life.

Participation in seminars and events

- The paper “Evaluación de los márgenes requeridos en un mercado de derivados de Energía Eléctrica” written by Kelly Maradey, graduate from the Masters in Finance program and Alfredo Trespalacios, and directed by Professor Javier Pantoja, was accepted for presentation at the “International Congress of Research and Innovation 2014 in Guanajuato – México”
Professor Juan Carlos Duque, Director of RiSE Group and Academic Director of the Masters in Economics program, participated in a conference involving ONU-Habitat and the Ibero-American General Secretariat.

Professor Duque spoke on behalf of the School at the conference, “The New XXI Century Urban Agenda in Latin America: Balance and Perspectives”. The forum took place in Madrid, as preamble for the Seventh World Urban Forum that will be held in Medellín in April. The topics of the forum were related to the challenges and opportunities of urban transformation in Latin America. The conference participants included Carmen Sánchez Miranda, Chief of ONU-Habitat office in Spain; Alejandro Nieto, Sub Secretary of Urban Development and Dwelling from the Secretariat of Agricultural Development of México; José Alejandro Bayona, Director of Urban Development of the National Department of Planning of Colombia; Ricardo Jordan, Chief of the Unity of Human Settlements of the ECLAC; Booris Graizbord, Coordinator of the Program of Advanced Studies in Sustainable Development and Environment of the LEAD program in México, and Juan Carlos Duque, on behalf of EAFIT’s School of Economics and Finance.

Additionally, March 17th and 18th Professor Juan Carlos Duque participated in an event entitled, Global Expert Group Meeting on National Urban Policies: Towards Effective National Urban Policies – Lessons from Current Practice. The principal objective of this event was to create a road map for the application of national urban policy, as a key strategy for sustainable national socio-economic development and urbanization in countries not yet heavily urbanized.

After this event Professor Duque, together with Elkin Velásquez (Regional Director of ONU-Habitat for Latin America and the Caribbean) and Ricardo Jordan (Chief of the Unity of Human Settlements of CEPAL) participated in “A Conversation on the New Urban Agenda in the 21st Century in Latin America: Current Conditions and Outlook,” organized by the Ibero-American Secretary General.

The paper “Effects of the monetary policy on the Colombian banking system: a FAVAR approximation” was presented by Professor Hermilson Velásquez and his team on February 28 at the Banco de la República Seminar in Medellín.

Professor Velásquez’s work quantifies the impact of monetary policy decisions on profitability, risks, operations, liquidity and prices in the Colombian banking system. It concludes that monetary policy has a direct effect on the management of the banking system, acting as a catalyst by causing increased effectiveness of the credit channel and interest rates, an increase in mid and long term deposits, deterioration in credit risk and an increase in the cost of deposits.

The paper “The role of income inequality and wealth concentration in the recent crisis” was presented by Professor Thomas Goda on March 6th at the Annual Progressive Economy Forum. The event took place at the European Parliament in Brussels, Belgium, which included renowned academics, Joseph Stiglitz, Jean-Paul Fitoussi, and Peter Bofinger.

Professor Goda’s research investigates the role of the inequality of income and wealth in the recent financial and economic crisis in the European Zone. The study finds that the increase in these indicators in recent decades is a key element in the explanation of the crisis. As a consequence, the attempt to improve distribution should not be an objective only during financial crises, but should be a continuing objective of political economy at all times.
All human beings are a product of their environment. Since our earliest infancy we are affected by people around us. Our home, our parents, siblings, and relatives have a profound influence on us for the rest of our lives, and the teachings and examples we see or perceive are definitive inputs into the construction of our character.

As we arrive in school and later at the university, we continue absorbing knowledge and experiences that enhance our capabilities throughout our personal and professional life, and these capabilities enable us to face the challenges of our everyday work and professional life.

Framed in this way, the double dimension of our lives is clear, and also the double dimension of our capabilities in our personal life and our professional life. Also clear is the enormous responsibility of the actors and protagonists in this process of formation: The individual herself, the parents and home, and finally, the school and university.

The primary responsibility falls on the individual herself. As she advances in her process of growth and formation, acquires responsibility and benefits from the opportunities provided by her family and the society, she has the obligation to take advantage of and enrich her personal growth, so she can give back to society much of what she has received.

Today’s society urgently needs individuals whose life is founded on moral, ethical, social and political values that ensure the conformation of a solid, fair, balanced, and equitable
social fabric that includes us all and in which progress and development are the results of the common efforts of all its members.

And the moment arrives in which academic training becomes a part of this process, and it is here where the university provides leadership. The globalized world of today requires professionals with a global formation and vision who can comprehend, in the term so common today, that the world is a global village that requires professionals who are capable of confronting this reality.

Making an analogy with the industrial world, just as a company is measured by the quality of its products and its position in the market, the university has its products to offer the market, and these products are its alumni.

Today it is not necessary to cross borders to compete in the international market, and so today’s professional has to know how to insert herself into the globalized world. To achieve this goal, she has to be prepared to interact in a totally demanding labor market, without forgetting the human element as the basic and fundamental part of the labor world.

Within the professional profile, as a definitive criteria in the characteristics of today’s executive, I believe that the human side is the most important: today’s executive before everything else, must be a person.

Respect for the dignity of the human being, as an axis around which the activity of today’s society revolves, must be a criteria and a value that is injected into the mind and heart of the EAFIT alumnus.

And in this sense I invite all the university estates to inculcate this value in their students from the first day, so they understand that there is no professional or economic success that could be justified or admired if it is not based on deep respect for the dignity of the human being.