

New Dimensions in Finance

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A dean from the California Institute of Technology (Caltech) is coming to Lausanne

Cooperation between the Swiss Finance Institute and the EPFL will boost financial engineering, a strategic discipline for Switzerland. Peter Bossaerts, one of the world's top specialists, has just been appointed a professor at Lausanne.

The financial and banking sector is one of the mainstays of the Swiss economy. With the emergence of many competing markets, a major effort in terms of training and research is required to safeguard its future. The Swiss Finance Institute has been coordinating efforts at the national level since its creation in 2006. Last fall, it signed a partnership agreement with the EPFL, thereby adding the latter's commitment to that of other major academic institutions. The EPFL will contribute in several areas in relation to its scientific expertise, in particular financial engineering, in close cooperation with the Swiss Finance Institute's other partner institutions, including the University of Lausanne. Today's appointment of Peter Bossaerts to the position of full professor by the Board of the Swiss Federal Institutes of Technology is a major step forward in this process.

American specialist Peter Bossaerts, a Professor of Economics and Management and a Professor of Finance at Caltech, and a Research Fellow at the Centre for Economic Policy Research in London, is considered to be a top expert in empirical finance. He is also the Chair of Caltech's Division of the Humanities and Social Sciences.

His arrival in Lausanne is part of the EPFL's cross-disciplinary development. Peter Bossaerts in fact counts among the world's leaders in emerging disciplines such as neuroeconomy. In particular, the purpose of his research is to map the activity in regions of the brains of economic operators such as, for example, brokers, under the effect of market stimuli. The goal is to gain a better understanding of the reasoning processes that are a prelude to trading operations.

Peter Bossaerts made many contacts on campus during his recent sabbatical year at the University of Lausanne. "Peter Bossaerts' arrival validates the strategy of cooperation in a complementary relationship within the Swiss Finance Institute, particularly between the two parts of the Lausanne campus. It spectacularly increases our teaching and research capabilities in an area critical to our economic future," said Jean-Pierre Danthine, the Director of the Swiss Finance Institute and a professor at the University of Lausanne.

Professor Bossaerts was born in 1960. He holds a doctorate in management awarded by the University of California–Los Angeles in 1986. He began his academic career as a research fellow at Carnegie Mellon University, then was an assistant professor of finance from 1986 to 1990. He moved to Caltech as an associate professor, then advanced to full professor before becoming the division chair. He has distinguished himself by his scientific contribution to

general finance on many fronts, and through his expertise in subjects such as financial asset allocation theory, business management and behavioral finance. He has published many articles in leading journals in all of these areas. In 2004, he published *The Paradox of Asset Pricing*, a work summarizing his research and contributions within a consistent, unified system. This work addresses key issues such as the relationship between the models that attempt to predict prices on financial markets, the behavior of the individuals who act on these markets, and the actual prices. It is a theoretical work that is of obvious interest to practitioners.

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