

**Abstract**

This paper studies how climate-related risk may shape corporate financial decisions. A growing body of research shows that environmental and climate factors can affect firm value, investment, and external financing conditions. However, existing work has primarily focused on broad economic and financial outcomes, while we still know less about how climate-related uncertainty may influence the design of corporate financial arrangements themselves. This question is important because firms and external stakeholders often respond to uncertainty not only through observable pricing or quantity adjustments, but also through changes in financial structure and contractual design.

The project is motivated by the idea that climate-related risk may affect firms before its consequences are fully visible in realized outcomes. Environmental uncertainty can alter expectations about future operating conditions, cash-flow stability, regulatory exposure, and longer-term firm risk. As a result, climate-related factors may shape the way financial relationships are structured and how risk is allocated ex ante. Studying this process can improve our understanding of how climate concerns are incorporated into corporate financial decision-making and how firms adapt to a changing risk environment.

Methodologically, the study combines firm-level financial information with textual analysis of relevant financial documents. The empirical analysis examines whether variation in climate-related exposure is associated with systematic differences in financial design choices across firms and over time. By moving beyond broad outcome measures, the project aims to provide a more detailed view of how environmental uncertainty may influence corporate financial arrangements. The analysis also considers heterogeneity across firms with different risk profiles, information environments, and industry characteristics.

The project remains work in progress, and several empirical challenges are central to its development. These include measuring climate-related exposure in a way that captures meaningful variation, distinguishing climate-related responses from other concurrent changes in firms' operating environments, and constructing consistent measures of financial design. Addressing these issues is important for identifying the relevant mechanisms and for interpreting the empirical results.

This research contributes to the emerging climate finance literature by shifting attention from broad outcomes to financial decision-making under environmental uncertainty. More broadly, it seeks to show how climate-related risk may influence the structure of corporate finance in ways that are not immediately visible from standard firm-level outcomes alone.

## Monetary Policy, Equity Term Structure, and Stock–Bond Comovement – Shaokai Ding

This project examines how monetary policy shocks affect the term structure of equity cash flows and how these effects propagate to stock–bond comovement. While a large literature documents time variation and sign reversals in stock–bond correlation, the underlying mechanisms remain unresolved, particularly regarding the role of maturity-specific equity cash flows and their interaction with inflation and discount rate channels.

This question is important because it connects two central areas in macro-finance: the transmission of monetary policy to asset prices and the joint behavior of stocks and bonds. Understanding whether monetary policy operates primarily through discount rates, expected cash flows, or inflation compensation and how these effects vary across maturities can shed new light on both asset pricing and macroeconomic stabilization.

The project builds on recent advances in high-frequency identification of monetary policy shocks and the growing literature on the equity term structure. In particular, it combines event-based monetary policy surprises with market-based measures of expected dividends across maturities. Rather than relying solely on short-horizon dividend strips, the analysis leverages dividend futures and swaps to construct a longer-horizon term structure of expected cash flows, which allows for a more comprehensive examination of maturity-specific responses .

Methodologically, the study employs high-frequency event-study designs together with state-dependent local projections. This framework enables the estimation of how different types of monetary policy shocks affect the equity term structure and how these changes relate to stock–bond comovement. A key feature of the empirical design is the decomposition of bond returns into real and inflation components, which provides a mechanism-based interpretation of the transmission channels. The project also faces several challenges. First, identifying exogenous monetary policy shocks requires careful treatment of information effects and potential predictability in high-frequency surprises. Second, measuring the equity term structure is subject to noise and maturity overlap, especially when using option-implied measures. Third, data availability for long-horizon dividend expectations and high-frequency option data may impose practical constraints.

Despite these challenges, the project has the potential to contribute to the literature by providing a unified framework linking monetary policy, the term structure of equity cash flows, and stock–bond comovement. By explicitly incorporating the maturity dimension and inflation decomposition, it aims to clarify the mechanisms behind the changing relationship between stocks and bonds and offer new insights into the transmission of monetary policy across asset classes.

# **Blocked in Chains of Empire or Freed by Transparent Encryption? Investigating The Role of Cryptocurrencies in Postcolonial Contexts**

**Mohammed Sabra – PhD Student in Accounting and Finance**

Cryptocurrencies are purported to be emancipatory tools that aid in decentralisation, transparency, and financial inclusion (Ozili, 2022). This seems to be the case with MazaCoin: a cryptocurrency created for and by Native Americans to reclaim some degree of economic sovereignty from the Western-dominated financial systems (Cordes, 2022). Yet one could easily stumble upon instances in which cryptocurrencies have been implicated in 'cryptocolonialism' in Africa and Latin America (Jutel, 2021, 2023). Building on the work of Pflueger et al. (2022) as well as Fortin and Pimentel (2024), I argue that cryptocurrency is an accounting technology and propose a study that seeks to develop a deeper understanding of its (de)colonial potentiality. In so doing, I draw on the literature highlighting how different accounting tools or technologies can serve emancipatory (e.g., Gallhofer et al., 2006) or colonial (e.g., Neu, 2000) pursuits. I plan a qualitative case study of Egypt, a country with rich historical entanglements with colonialism, contemporary dependence on international financial institutions, and emerging cryptocurrency adoption, as an emblematic site for examining the tensions between financial sovereignty and transnational economic control, thereby answering recent calls for interdisciplinary, multicultural, and decolonial accounting research (e.g., Ghio et al., 2024; Sauerbronn et al., 2024).

My methodology is based on a critical discourse analysis: a framework that is widely employed in critical accounting research (e.g. Cooper, 1995; Gallhofer et al., 2001; Duval et al., 2015) to study how social power structures are produced, reproduced, and challenged through written and spoken language (Van Dijk, 1993, 2015). With regards to data collection, I plan to combine publicly available sources with semi-structured interviews to capture the prevailing discourse around cryptocurrency's use in Egypt. Such sources will include written, audio, and visual media such as government publications, social media posts, news articles, research publications, podcasts, etc. on the topic of cryptocurrencies. This will be supplemented with twenty semi-structured interviews, to be expanded using a snowballing technique, with Egyptian government officials, legislators, researchers, traders, and finance professionals to capture the diverse perspectives on the topic and construct a cohesive narrative of the power structures in action.

The contemporary relevance of this study is added to by the Trump administration, which is supportive of a growing role of cryptocurrency as well as the passing of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act. Furthermore, the European Union has also recently passed the Markets in Crypto-Assets (MiCA) regulation. Indeed, part of the allure of cryptocurrencies lies in how they are claimed by groups across the political spectrum for various ends. Yet their potential to either disrupt or reproduce international power asymmetries remains largely understudied by accounting scholars amidst a state of growing international adoption. Theoretically, the study aims to make a critical intervention at the intersection of accounting, financial technology, and postcolonial studies by interrogating the paradoxical nature of cryptocurrencies as both vehicles of financial decolonisation and tools of economic and territorial subjugation.

## 2026 AMBS PGR Conference Abstract

**Name: Chenwei Wang**

**Student ID: 10817305**

Our research investigates whether and when cyber risk is priced in the UK equity market. While a growing literature documents the cyber risk premium evidence in the US by utilizing 10-K report (see, e.g., **Jiang et al., 2024; Celeny and Maréchal, 2024; Maréchal and Monnet, 2024**), evidence for the UK remains limited, particularly given the reliance on unstructured annual reports of UK listed firms and the use of advanced transformer-based language models to capture semantic information, rather than simpler approaches such as n-grams or Word2Vec. Our research is motivated by the increasing economic relevance of cyber threats and the potential for mispricing due to information asymmetry. Unlike empirical risk factors, cyber risk is often embedded in qualitative disclosures, making it difficult to quantify using the financial and accounting fundamentals. Building on the recent studies in narrative-based asset pricing and cyber risk premium, our research proposes a novel measurement that leverages advances in natural language processing.

Methodologically, the research collects data from three main sources: firm-level annual reports, financial news and media, and regulatory requirements. Firstly, we construct a cyber risk scoring framework based on the MITRE ATT&CK knowledge base, which provides a comprehensive classification of cyber-attack techniques. The textual descriptions of 691 techniques are embedded into vector representations and subsequently grouped into clusters representing distinct threat archetypes. These clusters are designed to be mutually exclusive and semantically interpretable, capturing different dimensions of cyber risk, such as Preparation and Reconnaissance, Persistence and Evasion, Credential Movement, and Command and Data Manipulation. Also, relevant regulatory and financial news are processed through chunking and embedding procedures and stored in a retrieval-augmented generation (RAG) vector database. Firm-level annual reports of FTSE 350 constituents are then analyzed at the paragraph level. By combining cosine similarity with LLM-based validation, corporate disclosures are mapped to the identified cyber risk clusters. The resulting similarity scores are regarded as a time-varying measure of firm-level cyber risk exposure.

The empirical analysis will employ cross-sectional asset pricing tests, including Fama-MacBeth regressions and portfolio sorts. The study aims to examine whether cyber risk is associated with expected risk premiums. In addition, our research will explore the connections between cyber risk exposure and digital dependence, supply chain complexity, organizational resilience, etc. Identification challenges include potential measurement error in text-based proxies, disclosure endogeneity, and the difficulty of disentangling cyber risk from the broader operational risks. Overall, our research will contribute to the literature on narrative-based asset pricing by demonstrating how forward-looking disclosures can inform risk premia. The findings may give more insights to investors, regulators, and firms in understanding and managing cyber-related financial risks.

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# Abstract

Junhong Yu

Because of the imperfect information faced by corporate managers and the lack of a universal model for the optimal decision in investment growth, it is more realistic to mimick peer firms' decision for corporate managers to actively operate their firms rather than behaving contrarianly (Scharfstein and Stein, 1990; Leary and Roberts, 2014). This situation is especially faced by the portfolio companies of LBOs (Leveraged Buyouts), where fund partners' high-level debt and monitoring motives spur portfolio company managers to actively operate, chasing more aggressive expansion or more conservative growth, financing through additional debt or equity injections relative to their peers.

LBO-backed firms typically face two main strategies to realize growth: organic expansion and expansion through acquisitions. Managers may find either path relatively easy to pursue because external financing is more accessible—through equity injections from the fund and debt provided by banks or private credit funds—as documented by Bernstein et al. (2019). However, rapid investment growth may still create substantial shocks to profitability and financial health. This raises several important research questions: What drives the growth decisions of LBO-backed firms? Do these firms respond to peer effects or generate a "catfish effect"? And how do the two strategies differ in their impact on operation improvement and financial policy? Answering these questions is important for furthering our understanding of the real economic effects of LBO-backed firms.

Unlike their publicly traded peers, LBO-backed firms lack observable market valuations, exhibit lower financial disclosure frequency, and are typically characterized by a smaller operational scale. These constraints hinder the direct measurement of firm-level risk and risk premia. Consequently, publicly listed firms within the same industry serve as a vital benchmark to capture industry-level investment opportunities and idiosyncratic risk. To ensure granular comparability, we also incorporate a set of private peer firms, which facilitates a more nuanced benchmarking of investment growth, profitability, and financial policy.

To the best of our knowledge, this paper is the first to analyze the growth decisions of LBO-backed firms through the lens of peer effects in investment decisions and to distinguish the real economic gains arising from different growth strategies. In doing so, it further clarifies the sources of private equity's contribution to social investment and financial stability, as documented in a broad body of existing research.

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