

## Topic proposed for OEE research project in 2021

### Call for tenders

#### **Topic N° 1: Pandemics and the portfolio-saving problem**

The health crisis led to a significant increase of households' saving rates in all European countries. To some extent, some relatively new saving behaviors emerged. Despite the uncertainty brought by the COVID crisis and its impact on the economy, the stock market crash observed during the first quarter of 2020, and high levels of volatility, individual investors tended to buy stocks. The plausibility of future pandemic crises and the associated extreme macroeconomic catastrophes that they are expected to trigger should reduce the demand for stocks, if not compensated by an increase in the equity premium. At the same time, it should raise precautionary savings if not compensated by a reduction of interest rates. The GameStop trading frenzy on Robinhood trading platform is one illustration of these new types of saving behaviours from individual investors. In France, the increasing share of unit-linked contracts in life-insurance contracts held by households is another illustration of the growing appetite for stocks.

What is the impact of the COVID crisis on the demand for stocks? What are the main drivers explaining the return of stock investments during the COVID crisis? Is there a generational effect? It is often said that individual investors tend to have counter-cyclical saving behaviours. Should we revise this claim from recent observations? Who are the investors who bought stocks during the crisis? Are these behaviours only short-term trends? We are still in a context of very low interest rates and low remuneration for risk-free assets, does it drive households' savings toward riskier assets? What can we learn from the GameStop episode? Is it a change in asset allocation or just a direct consequence of additional saving induced by the lockdown? What is the role played by stock market performance anticipations? Is there a bias in household's belief about risks and performance?

#### **Topic N° 2: Socially responsible investments**

In most countries, we can observe a growing demand for Socially Responsible Investment products from retail investors. This could be emphasized in the coming years with the increasing awareness of the importance of global warming, the current health crisis and the willingness to rethink our economic model.

What are the main drivers behind the growing demand for SRI products? What are the impacts of this growing demand for SRI funds on the allocation of capital in the economy, on the cost of capital of more responsible firms and on the reduction of GHG emissions? Are investors expecting a higher return in the long run? Is it more acceptable for them to bear potential losses if it is with an SRI product? How should SRI funds select their portfolios to combine their risk-return objectives with extra-financial ones?

### **Topic N° 3: Women and finance**

Money is normally associated with power. Households' budgets and wealth are still predominantly managed by men. Can we observe differences between saving and portfolio behaviour of men and women? Do they have a similar risk aversion? Do they react differently in times of crisis? Are there different male and female wealth management “styles”? Can we observe different patterns across European countries and/or social and occupational categories? Has there been some convergence? What is the role of financial education?

### **General requirements**

The allocated budget can vary according to the responses received and will in any case not exceed 50,000 Euros for all the projects financed. It can be one or several projects, depending on the responses received. Proposals must take into account existing literature and works on these topics.

The OEE will encourage research proposal that propose to use new or alternative sources of data such as, for example:

1. data gathered through Internet and social networks;
2. data that recently became publicly available;
3. satellite data.

The selected researchers will be asked to present the results of their research during a conference organized by the OEE in partnership with the selected organisation after or when the final report is submitted. The presentation material, in Microsoft PowerPoint format, will be made available to OEE members. The OEE may decide to restrict access to the conference and presentation materials to OEE member institutions only.

The presentation made available to OEE members should be intelligible and accessible to a professional audience.

The OEE will encourage research proposals that cover at least two European countries. When the main empirical results concern only a few countries, the authors will be asked to do their utmost to put the results of their work into perspective with the experiences of other European countries, notably France, and to draw lessons and recommendations in terms of public policies for all European countries in general and for France in particular. This can be done with the help of the OEE and its members. In particular, the OEE will make its statistical database on savings behavior in Europe available to researchers to facilitate this task.

The submission of the final report will be accompanied by a summary of a few pages in French and English. This summary should be intelligible and accessible to a professional audience and will include the main conclusions and recommendations of the study, particularly in terms of public policies for Europe and France. This can be done with the help of the OEE.

Proposals will have to be sent to Grégoire NAACKÉ ([g.naacke@oee.fr](mailto:g.naacke@oee.fr)), OEE Director, no later than **24 May 2021**.