Volume 10, Number 1 **ISSN 1948-562X**

Allied Academies International Conference

New Orleans, LA
April 14-16, 2010

Academy of Banking Studies

PROCEEDINGS

Table of Contents

MULTIVARIATE MARKOV MODELS FOR RETAIL MORTGAGES BASED ON CORRELATION ANALYSIS

Chang Liu, SouthernWest University of Finance and Economics, China
Morsheda Hassan, Wiley College
Raja Nassar, Louisiana Tech University

ABSTRACT

This study presents a high-order multivariate Markov chain model to analyze the relationship between retail mortgage loans and consumer credit cards (other than commercial cards). This model provides a theoretical basis for the empirical phenomenon concerning the historically high correlation between those two retail financial products. Also, it provides the bank management with a quantitative method to predict its loans' behaviors, which is important for making strategic financial decisions.

MULTI-RATING CHOICE DETERMINANTS: EVIDENCE FROM FITCH, MOODY'S AND STANDARD AND POOR'S RATINGS

Gianluca Mattarocci, University of Rome Tor Vergata

ABSTRACT

Rating agencies represent one of the main information provider for all the main financial markets and the value of the service they offered depends on their reputation and on the degree of independence respect to rated entities.

In order to signal the correctness of a rating agency evaluation, a firm could hire more than one rater. Studies proposed in literature demonstrate that the market normally appreciate the availability of ratings expressed by different agencies.

The paper considers the customers of the main worldwide rating agencies (Fitch, Moodys' and S&P) in the time period 1999-2008. The results demonstrate that the multi-rating solution is frequently adopted by their customer and normally the choice to hire more than one rating agency is affected by the type of rating requested, the variability of rating assigned and the number of new ratings that will be demanded.

JEL Codes: G14, G29

Keywords: Multi-rating, rating agencies, Rated entities' choice

IMPROVING SECURITY OF ONLINE BANKING USING RFID

Zakaria Saleh, Yarmouk University

ABSTRACT

Banks protect customers' security in three main techniques: passwords, encryption, and firewalls/server security. This study develops a module that shall further tighten security of online banking, and improve trust. This study proposed that there is a need for an additional authentication due to the fact that trust has new dimensions in financial services. A model using RFID as a second authentication layer is proposed and developed. Internet security is assumed too be a major obstacle to the adoption of online banking, which made customers concerned about the safety of their online accounts and risk of fraudulent transactions. Based on the findings of Saleh dissertation, improved security can improve Trust in Online [9]. RFID can provide such improvement. This is a solution for issues relates to gaining access by impersonating the genuine user, where a hacker could intercept a user name and password as they cross the Internet and uses them to access the banks network. Missing the physical ID (RFID) will prevent such intrusion.

TARP AND THE THEORY OF CIRCULAR INEFFICIENCY

Randall Valentine, Georgia Southwestern State University
John G. Kooti, Georgia Southwestern State University
Dawn Valentine, Georgia Southwestern State University

ABSTRACT

Perhaps the seminal piece of legislation as it affects the banking sector is the TARP program, which gives bridge loans to troubled banks giving them the needed liquidity to sustain operations and more important keeping the availability of credit at an acceptable amount. The Theory of Circular Inefficiency seeks to explain the mechanisms of TARP, including where the money for TARP came from and how the actual mechanisms of TARP worked.

TARP AND THE THEORY OF CIRCULAR INEFFICIENCY

Randall Valentine, Georgia Southwestern State University
John G. Kooti, Georgia Southwestern State University
Dawn Valentine, Georgia Southwestern State University

ABSTRACT

Perhaps the seminal piece of legislation as it affects the banking sector is the TARP program, which gives bridge loans to troubled banks giving them the needed liquidity to sustain operations and more important keeping the availability of credit at an acceptable amount. The Theory of Circular Inefficiency seeks to explain the mechanisms of TARP, including where the money for TARP came from and how the actual mechanisms of TARP worked.