

Hints for seminar papers and theses at the Chair of Finance

This document contains a few hints and comments for students writing seminar papers or theses at the Chair of Finance and students that consider doing so. Slots for master theses are generally limited and are allocated on a “first come, first served” basis. Slots for seminars are assigned through the department’s central seminar registration system. If you are interested in writing your master thesis at the Chair of Finance, you are welcome to contact us by email to arrange a personal meeting (as long as the restrictions to fight the Corona virus still prevail, such a meeting may have to be held via a video conference).

Prerequisites for bachelor and master theses

Writing a bachelor theses at the Chair of Finance requires participation in a preceding bachelor seminar. For master theses, having attended a preceding seminar is not a prerequisite. Having attended courses or seminars offered by the Chair of Finance is neither a prerequisite, but – depending on your research question – might turn out to be helpful. A master thesis can

1. Build on a preceding seminar
2. Be chosen from the following list of topics:
 - Out-of-sample performance of portfolio strategies
 - Portfolio choice over the life cycle
 - Portfolio choice with owner-occupied homes
 - Portfolio choice with frictions (such as taxes or transaction costs)
 - Asset pricing implications of taxes
 - Household finance
3. Build on an own suggestion. In that case, we ask you to prepare an outline that should
 - (a) Precisely state a research question you would like to answer throughout your thesis. If you still have different ideas in mind, you should first find out, which of those ideas you would like to work with in more depth. If you do not have any idea on your mind yet, you should first find out which research question you would like to answer. Furthermore, you should briefly motivate why you consider this research question important.
 - (b) Explain in detail **how** you want to address your research question. That is, you should be precise about which methods you want to use to answer your research question. Furthermore, you should briefly argue why you feel that the method(s) you suggest are suitable for addressing your research question.
 - (c) Briefly describe the data you want to use and how you can get access to that data (only in case you plan to work empirically).
 - (d) Not exceed one page.

Based on your outline, we can then figure out, how to further proceed. Typically, we will schedule a meeting, in which we discuss the exact content of the thesis as well as the title.

Choice of topic

Choosing the “right” topic for your work is of crucial importance – especially for bachelor or master theses that you will spend quite some time with. We therefore strongly recommend, that you choose a topic that you are keen on digging deeper into. In the past, bachelor and master thesis have been dealing with risk management, portfolio management, and asset pricing broadly defined.

Examples for past bachelor theses

Examples for past bachelor theses include

- “Portfolio optimization under transaction costs”
- “Foreclosures and house prices”
- “Do index ETFs outperform actively managed mutual funds?”
- “Out-of-sample performance of parametric portfolios”
- “Retirement saving strategies”

Examples for past master theses

Examples for past master theses include

- The use of Google Trends data in risk management
- On the relationship between Google Trends and the American stock market
- Contagion models in risk management
- Financial bubble detection
- Reading between the lines of Central Bank communication
- Backtesting the expected shortfall
- Out-of-sample performance of portfolio strategies
- Crash-optimized momentum portfolios
- Portfolio optimization under risk constraints
- What drives cryptocurrencies’ returns?
- Pricing of credit default swaps under taxation
- Pricing of credit default swaps in general equilibrium
- Sentiment and the German stock market
- Stock recommendations and their performance
- Households’ investment decisions during the financial crisis

Language

We generally prefer seminar papers and theses in English language.

Replications

If your work contains original work (such as own empirical investigations, optimizations, etc.), we consider it important that your results can be replicated. We therefore expect you to hand in code, data, etc. along with your thesis in, such that we can replicate your results, if need be. Work that cannot be replicated is not deemed to be of the same quality as work that can be replicated. Work submitted, that does not come along with the necessary files to replicate results, is deemed as not being replicable.

Plagiarism

Selling others' intellectual as own work is a serious issue and absolutely intolerable. We therefore require an electronic copy of all theses to check these using a software for detecting plagiarism. In your own interest, do not “forget” to quote your sources. Moreover, correctly referring to your sources allows you to demonstrate your knowledge of the related literature, which can actually be to your advantage. We recommend that you take a careful look at the guidelines for prevention of plagiarism as well as other formalities on the homepage of the University of Konstanz.

Formalities

Unless otherwise determined in your study regulations (which have “first priority”), theses and seminar papers written at the Chair of Finance should fulfill the following formal requirements:

- The ultimate goal of a seminar paper or thesis is to give the reader an insight into a topic and convey a key take-away message. After reading your work, 1) the reader should know, why the topic is important and for whom, 2) what methods are used to investigate the research question your work is dealing with and why these methods are used, 3) summarize key ideas, findings, and concepts of your topic in your own words in a way that is easy to read and understand for other seminar participants. If you want to write a thesis at our chair that is building on your seminar paper, you should make a suggestion for a research question that you want to deal with in your thesis and outline how you want to proceed.
- The cover page of your work should contain the title of your work, your name, your matriculation number and the name of your supervisor. The cover page is unnumbered and does not count towards the page limit.
- Your work should be written in present tense, set in 12 point font size, Times font, double spaced, with margins of 1 inch each at top, bottom, left, and right. We recommend the use of L^AT_EX.
- Ensure paragraphs are indented throughout your work.
- There exist many different ways of formatting the list of references and referring to books/articles in the main body of a manuscript. Within the limits set up in the general requirements for theses, we leave this choice to you. Yet, you should be consistent. You could, for instance, use the layout of the *Journal of Finance* or the *Review of Financial Studies*. For L^AT_EX users: You can download the corresponding bibstyles `jf.bst` and `rfs.bst` on the web.
- In the manuscript, you should refer to scientific articles by the name(s) of the authors and the year of publication. For publications with up to two authors, you should list the surnames of the authors in alphabetical order and the year of publication in parentheses, e.g., Fischer and Stamos (2013). For publications with more than two authors, you should mention the surname of the first author and add an “et al.” (latin for “and others”) as well as the year of publication, e.g., Fischer et al. (2021).
- Refer to original scientific work (typically journal articles) as opposed to secondary sources, such as textbooks. Do not quote lecture notes or websites. Note that not all journals are of the same quality. The three leading journals in finance are *Journal of Finance*, *Journal of Financial Economics*, and *Review of Financial Studies*. Two other highly ranking general-interest journals are *Review of Finance* and *Journal of Financial and Quantitative Analysis*. To get an impression for the quality of other journals, the journals' impact factors can be used as a (rough) measure - the higher the impact factor, the

higher the quality of the journal. Alternatively, you can consult journal rankings, such as the VHB-ranking: <https://vhbonline.org/vhb4you/vhb-jourqual/vhb-jourqual-3/tabellen-zum-download>.

- Please ensure your work is high resolution. Graphs should have a resolution of at least 300dpi.
- Please do not use scans of printed documents for your manuscript.
- Do not use endnotes. If necessary, use footnotes instead.
- Tables and figures shall be embedded in the main text.
- Appendices do not count towards for the page limit. However, your work has to be able to stand on its own without your appendices.
- Legends and captions for tables or figures should be complete enough that the table or figure can stand on its own.
- Equations in the text are indented on a separate line with the number of the equation right-justified. All equations are numbered, even if they are never referred to in the text. Equations are punctuated as normal parts of a sentence if the sentence continues after the equation.
- When writing a seminar paper, we typically provide a reference (or a few references) as a departing point. While we consider this reference useful as a departing point, you should definitely dig deeper into the relevant literature and read more references and integrate their content into your seminar papers.

When writing a bachelor or master thesis, your thesis should additionally fulfill the following requirements (when writing a seminar paper, these requirements do not apply):

- A bachelor or master thesis should make a contribution, i.e., it should contain something new to learn from the thesis. For that purpose, we recommend a new investigation, such as investigating a research question with new data. We appreciate your input/suggestions on where to get the data from, which techniques/methods you want to use. Seminar papers do not have to make a contribution, but may well provide new insights.
- Theses should begin with an abstract not exceeding 100 words summarizing the main results of your work in the most intuitive way.
- Your introduction should motivate your topic (why it is important/interesting) and provide a more detailed summary of your findings.
- The main body of your manuscript should finish with a conclusion that summarizes your key results.
- More technical stuff (such as lengthy mathematical derivations or extensive robustness checks) should be placed in an appendix at the end of your thesis. It is important that the thesis can stand on its own without the appendix.
- On ILIAS, the University of Konstanz also offers an online course on “Scientific practice” designed by students from previous years. It is targeted towards bachelor students, but also master students may find it useful. Unfortunately, this online course is only available in German language.

Getting hands on data

Empirical papers rely on data of a good quality. Depending on the type of research question, that you would like to analyze, some data may be available via on the internet, such as some financial data on yahoo finance. The University of Konstanz has additionally subscribed to several data bases that can be assessed through the library. A particularly useful database in the field of finance, the university has subscribed, is the Datastream/EIKON database. The database can be assessed via Excel. Our former student assistant Christoph SchÃ¶fer has written a Python API has part of his master thesis, that facilitates axiomatization of downloads and downloading larger amounts of data. The tool is available on KIM's homepage.

Some hints on the writing process

- Writing is rewriting.
- Write a lot, because it clarifies your own thoughts, but don't spam the world with writing you don't even care about yourself.
- The final version of your paper should be focused. The value added is output minus input, and the time it takes to read your thesis is input.
- Don't go to the page limit if there is no need for it. For the page limit, see the regulations for your study line.
- Make reading your paper easy and enjoyable.
- Avoid undefined symbols, lengthy sentences, and tedious repetitions.
- Do not start writing your thesis before you have all results available. It does make sense, though, to make some comments/notes about, what you later want to emphasize.
- Writing the paper is a task as important as generating your results. Therefore, assign the same priority to the writing process as to the generation of your results.
- Good writers often read a lot.
- Many good ideas do not make it to top-journals because the results are poorly presented. Similarly, many theses get lower grades than they could otherwise have attained because they are poorly written.
- Book writing slots in your calendar.
- Eliminate disturbances (such as phone, email, etc.): Shut down Outlook and your mobile phone!
- Writing is only you, some sheets of paper and a pen (or your computer if you prefer typing).
- Most people are better at writing using the old-fashioned "paper and pencil" method.

We look forward to your seminar paper or thesis!

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