
Editorial

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Biographical notes: Fotios Pasiouras is Lecturer B (equivalent to US Assistant Professor) in Accounting at the University of Bath School of Management (UK), an Honorary Research Fellow at Coventry University (UK), Foreign Research Fellow of Bank Indonesia (Central Bank of Indonesia), and a member of the research team of the Financial Engineering Laboratory of the Technical University of Crete (Greece). His research topics include bank efficiency and performance, banking regulations, prediction and determinants of mergers and acquisitions, bankruptcy prediction, credit risk modelling and auditing. He has coauthored two monographs and coedited one book with articles in economics and financial management. He has published over 35 papers in academic journals such as *Review of Quantitative Finance & Accounting*, *International Review of Financial Analysis*, *European Journal of Operational Research*, *Omega*, *Expert Systems with Applications*, *Applied Financial Economics*, *Journal of Multinational Financial Management*, *Research in International Business and Finance* and *Annals of Finance*. Pasiouras was recently awarded the *Dean's Award for Research Excellence 2007/08* at the University of Bath School of Management. He is the Editor-in-Chief of the *International Journal of Banking, Accounting and Finance*.

I am delighted to write the first editorial for the inaugural issue of the *International Journal of Banking, Accounting and Finance* (IJBAAF). Before going into the aims of IJBAAF and the details of the present issue, I would like to thank Dr. Mohammed Dorgham (Editor-in-Chief, Inderscience Publishers) and Jim Corlett (Information manager, Inderscience Publishers), for giving me the opportunity to edit the journal and for all their help over the last year. The efforts of other staff members of Inderscience are also greatly appreciated. Last, but not least, special thanks are due to all the editorial board members, the authors that submitted their work, and the anonymous reviewers.

The primary aim of IJBAAF is to provide an outlet for high-quality empirical research on all aspects of banking, accounting, and finance. However, articles of purely theoretical research in these disciplines with the potential for empirical applications and in-depth literature reviews are also welcome. There are many journals in accounting and/or finance, but not that many in banking and, interestingly, considerably fewer that examine topics linking accounting and banking. IJBAAF particularly welcomes papers in this area, investigating issues such as auditing of banks; use of cost accounting in

banks and financial firms; corporate governance of banks; financial reporting of banks; and the impact of accounting and auditing regulations in the banking and financial intermediation industry.

To ensure the quality of the accepted manuscripts, we follow a blind peer review process and make every effort to match knowledgeable reviewers with submitted manuscripts. Our goal is to have a quick peer review process, and we do our best to make an initial decision within two months of submission.

This first issue contains five articles that reflect a diversity of topics. This wide range of topics is interesting for an early issue of a journal, which I believe will attract a wide readership. In the first article, Chan-Lau provides an overview of the impact of financial globalisation on financial stability. Sources of strength and potential vulnerabilities are discussed and attention is given on the benefits and risks for financial stability associated with changes in financial markets, the globalisation of the banking system, the role played by other important players in the global financial system, and the regulatory environment. In the second article, Camarero *et al.* provide evidence on the fulfilment of Purchasing Power Parity hypothesis in the Mediterranean countries using two unit root tests that take into account the possibility of nonlinearities in the deterministic components. In the third article, Klumpes and Manson use a laboratory experiment to examine the disclosure effectiveness of financial risk regulation to investors' purchase decisions. They find that individual investors' purchase decisions are sensitive to both news favourableness and information load, especially where financial risk information is disclosed as financial ratios. In the fourth article, Memmel proposes a benchmark approach, called tracking bank approach, to investigate the impact of different interest rate scenarios on the banks' interest income. He first constructs, for each bank, a portfolio with a similar composition of its assets and liabilities, called 'tracking bank'. Then, he evaluates the effect of 260 historical interest rate shocks on the tracking banks of German savings and cooperative banks. He concludes that a sharp decrease in the steepness of the yield curve has the most negative impact on the banks' interest income. In the last article, Alghalith presents a note on currency hedging with basis risk. Interestingly enough, the proposed approach does not require a specification and estimation of the production or cost function. The methodology is then applied on a sample of US commercial banks that hedge European currency.

Your comments and suggestions on this inaugural issue of IJBAAF are welcome. I look forward to an interesting future for IJBAAF. Our editorial board includes leading scholars in the areas of the journal's scope with a distribution that spans 30 institutions from 13 countries. I truly believe that with their help and guidance this journal will become an outlet for high quality articles and serve as a forum of communication for academics, researchers, practitioners, and policymakers in the areas of accounting, banking and finance, including those involved in the regulation and supervision of the financial services industry.