

Josef Ackermann

Dr Josef Ackermann, CEO of Deutsche Bank, joined LSE as visiting professor in the Department of Finance earlier this year. **Claire Sanders** outlines his role at the School.



When Dr Ackermann gave his inaugural lecture last January on 'Lessons from the Credit and Liquidity Crisis', the timing could not have been better.

In just over an hour of lucid presentation Dr Ackermann outlined the key events that had unfolded so dramatically in the credit market during the previous eight months, offering an overview of the fast changing world of modern banking as well as pointers for the future.

It was just the sort of in depth analysis of real world events that had been envisaged when Dr Ackermann's appointment was first announced. Indeed, Howard Davies, director of LSE, had said: 'His real world knowledge, combined with a long-standing interest in the academic underpinnings of financial markets, will add a new perspective to our work in the area.'

This first lecture set out the sweeping changes that have taken place in banks' business models over the last decade. 'Banks have evolved from simple enti-

ties that take deposits and extend loans to become vehicles that originate securities for distribution and transform credit risk through securitisation,' said Dr Ackermann. 'This development has led to higher turnovers on banks' balance sheets and, along with the rise in investors in alternative asset classes, to an increased demand for credit products.' He then split the history of the credit market turmoil broadly into five phases, starting with the initial emergence of the sub-prime problem. This had knock-on effects on leveraged loans and led to a spillover into the inter-bank markets. A short period of calm, with the restoration of nearly normal market conditions, preceded the next phase of the crisis, characterised by large write-downs. Dr Ackermann suggested that large off balance sheet liquidity commitments, a lack of transparency, and the absence of a reliable price discovery mechanism for many structured products were important explanations for the observed melt-down of the credit markets.

Dr Ackermann will be a visiting professor at the School until September 2009. During this time he will give a number of public lectures as well as undertake a range of teaching and research activities. This current year, for example, he has been lecturing master's students on topics of risk management and has organised a public policy event through the Financial Markets Group.

Dr Ackermann has had a long and distinguished career in banking. After studying economics and social sciences at the University of St Gallen, he worked at the University's Institute of Economics as a research assistant and received a doctorate in economics.

He started his professional career in 1977 at Schweizerische Kreditanstalt (SKA), where he held a variety of positions in corporate banking, foreign exchange/money markets and treasury, investment banking and multinational services. He also worked in London and New York, as well as at several locations in Switzerland. Between 1993 and 1996, he served as president of SKA's executive board, following his appointment to that board in 1990.

He joined Deutsche Bank as a member of the management board in 1996, and was responsible for the investment banking division. Deutsche Bank is a leading global investment bank with 77,920 employees in 76 countries. ■



Claire Sanders

is head of communications at LSE and commissioning editor, *LSE Magazine*.

Dahrendorf scholarships

Thanks to the generosity of Deutsche Bank, students from developing countries have been able to apply for new scholarships at LSE this year, named in honour of LSE governor and former director Lord Dahrendorf.

The Lord Dahrendorf scholarships will be for students taking an MSc in the Department of Finance. The first scholars will take up their places in October.

LSE director Howard Davies said: 'We are extremely grateful to Deutsche Bank for its generosity in funding the scholarships. We have named them after Lord Dahrendorf as a fitting way to honour one of the School's great figures who embodies both academic brilliance and leadership. Lord Dahrendorf helped shape LSE as a place that draws its talent from every background. These scholarships will ensure that we continue to reach every part of the globe.'

Each scholarship is worth £17,352 and is available to applicants for an MSc in Management and Regulation of Risk, Finance and Economics, or Finance.

Roselyne Renel, a managing director within Deutsche Bank's credit risk management division, said: 'Deutsche Bank is committed to helping high calibre students from around the world. The academic study of risk management and finance has played a significant role in the global banking industry and the world's capital markets. We are proud to contribute to LSE's continued success.'

Part-time MSc Finance

The MSc Finance (part-time) programme is specifically designed for those currently working within London's financial services sector. It is taught two evenings a week over 24 months. For more information about events and study in the Department of Finance, please see www.lse.ac.uk/finance