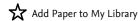
Q Product Submit Blog ↗ Ä & Subscribe **Browse** Rankings Contact а (https://www.ssrn.com/)Services paper (https://papers.ssrn.com/sol3/ShoppingCar



📆 Download This Paper (Delivery.cfm/SSRN_ID3604891_code1132943.pdf?abstractid=3244467&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID3604891_code1132943.pdf?abstractid=3244467&mirid=1&type=2)



Share: f 💆 🖾 🔗





The Shift From Active to Passive Investing: Potential Risks to Financial Stability?

Financial Analysts Journal 76(4): 23–29, 2020

33 Pages

Posted: 16 Sep 2019 Last revised: 6 May 2021

Kenechukwu Anadu (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=2762800)

Federal Reserve Bank of Boston

Mathias S. Kruttli (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=2081764)

 $Kelley\ Business\ School\ -\ Indiana\ University;\ University\ of\ Oxford\ -\ Oxford\ -Man\ Institute\ of\ Quantitative\ Finance$

Patrick E. McCabe (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=27563)

Board of Governors of the Federal Reserve System

Emilio Osambela (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=1132943)

Board of Governors of the Federal Reserve System

There are 3 versions of this paper

Date Written: May 15, 2020

Abstract

The past couple of decades have seen a significant shift from active to passive investment strategies. We examine how this shift affects financial stability through its impacts on: (i) funds' liquidity and redemption risks, (ii) asset-market volatility, (iii) asset-management industry concentration, and (iv) comovement of asset returns and liquidity. Overall, the shift appears to be increasing some risks and reducing others. Some passive strategies amplify market volatility, and the shift has increased industry concentration, but it has diminished some liquidity and redemption risks. Finally, evidence is mixed on the links between indexing and comovement of asset returns and liquidity.

Keywords: Asset Management, Passive Investing, Index Investing, Mutual Fund, Exchange-Traded Fund, Leveraged and Inverse Exchange-Traded Products, Financial Stability, Systemic Risk, Market Volatility, Inclusion Effects

JEL Classification: G10, G11, G20, G23, G32, L1

Suggested Citation >

Show Contact Information >



Download This Paper (Delivery.cfm/SSRN_ID3604891_code1132943.pdf?abstractid=3244467&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID3604891_code1132943.pdf?abstractid=3244467&mirid=1&type=2)

72 References

1. Vikas Agarwal (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=151145), Paul E. Hanouna (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=287064), Rabih Moussawi (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm? per_id=491241), Christof W. Stahel (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=123503) Do ETFs Increase the Commonality in Liquidity of Underlying Stocks? (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3001524)

28th Annual Conference on Financial Economics and Accounting, Fifth Annual Conference on Financial Market Regulation 2018 Pages: 53 Posted: 13 Jul 2017 Last revised: 11 Dec 2018

We use gookiesather (Arg.) Agessasy nto make routesite myseku Wezee 200 as abditional cookies to analyzed Paper to My Library improve, and personalize our content and your digital experience. For more information, see our Cookie

Policy(https://www.elsevier.com/legal/gookienotice)

Financial markets remain vulnerable to year-end stress

3. Nicholas Barberis , Andrei Shleifer , Jeffrey Wurgler Comovement Journal of Financial Economics , volume 75 , issue 2 , p. 283 - 317 Posted: 2005Crossref (https://doi.org/10.1016/j.jfineco.2004.04.003) 4. Barclays US Credit Alpha: Dissecting the Sell-Off 26 October Posted: 2018 Load more 0 Citations **Fetch Citations** Do you have a job opening that you would like to promote on SSRN? Place Job Opening (https://www.ssrn.com/index.cfm/en/Announcements-Jobs/) Paper statistics DOWNLOADS 4,030 ABSTRACT VIEWS 14,423 3,152 Citations 72 References PlumX Metrics (https://plu.mx/ssrn/a/? Related elournals ssrn_id=324446/) $Capital\ Markets:\ Asset\ Pricing\ \&\ Valuation\ eJournal\ (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse\&journal_id=1508951)$ Follow **①** Mutual Funds, Hedge Funds & Investment Industry eJournal (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=1504392) Follow **(i)** View more > Feedback 🗭 Submit a Paper > (https://hq.ssrn.com/submission.cfm) SSRN Quick Links

SSRN Rankings
About SSRN V
f (https://www.facebook.com/SSRNcommunity/) in (https://www.linkedin.com/company/493409? trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%
(http://www.elsevier.com/)
Copyright (https://www.ssrn.com/index.cfm/en/dmca-notice-policy/) Privacy Policy (https://www.elsevier.com/legal/privacy-policy) Terms and Conditions (https://www.ssrn.com/index.cfm/en/terms-of-use/)
All content on this site: Copyright © 2023 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, Al training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.
We use cookies to help provide and enhance our service and tailor content.
To learn more, visit Cookie Settings.
(http://www.relx.com/)
https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true)