

STANDING TALL

WIZARDRY IN THE FINANCIAL WORLD OF ECONOMICS

Kian-Ping Lim is an economic academician and holds a PhD in Finance. He is ranked number eight in the Top 25% Economists in Malaysia by RePEc (Research Papers in Economics). In addition, his valued contribution was recognised by the Marquis Who's Who in the World 2012. Recently, Top 10 of Malaysia gets to speak with this passionate and goal-driven young man who is committed to being the best finance educator and researcher in his field.

Kian-Ping Lim was born in Beaufort, Sabah and received his primary and secondary education there. At the age of 19, he left for Kuala Lumpur to pursue his pre-University studies at Tunku Abdul Rahman College. He extended his stay in the Peninsula for his B.B.A. in Finance at Universiti Kebangsaan Malaysia, and a M.Sc. in Financial Economics at Universiti Putra Malaysia. After completing his master's degree, he joined Universiti Malaysia Sabah (UMS) as a lecturer in 2002. Three years later, he was given a staff scholarship to pursue his PhD at Monash University. He returned to serve UMS in 2009.

As an academician, he has two important roles - teacher and researcher. Both are complementary, because teaching exposes him to a wider range of topics. In certain cases, it triggered his curiosity which led to a thorough investigation on the subject matter. The feedback effect is undeniable, as the research findings become his teaching materials.

His field of study is finance and financial economics. Since joining academia in 2002, he has been conducting research on issues related to emerging stock markets. Among the key areas that he has covered are market efficiency, financial liberalisation and market integration.

"Each day, I give priority to my teaching and family commitments. I use the spare time to pursue my research interests - reading, analyzing, writing and engaging in peer discussion. To be honest, research is my passion, and I don't treat it as work but rather a hobby," says Kian-Ping.

He has been working on the area of market efficiency over the past 10 years. When he first started his academic career in 2002, he was fortunate enough to have a great mentor, the late Prof Melvin Hinch. Melvin was a renowned statistician, and they started examining one key implication of market efficiency, the lack of return predictability. Using advanced statistical tests, their work managed to uncover hidden patterns in previously-observed random stock market data. He continued to pursue this topic in his PhD research under the supervision of Prof Robert Brooks and Prof Jae Kim.

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He has published extensively on market efficiency in leading economics and finance journals such as *Journal of Empirical Finance* (Elsevier), *Applied Economics* (Taylor and Francis), *Economic Modelling* (Elsevier), *Journal of Economic Surveys* (Wiley-Blackwell) and *Macroeconomic Dynamics* (Cambridge University Press).

"My 2011 paper in *Journal of Economic Surveys* summarises the past, present and future of the market efficiency literature, including my own contributions to the field. Another joint paper of mine has been listed Science Direct Top 25 Hottest Articles in International Review of Financial Analysis for 22 quarters," he shares.

In mainstream finance, there has been much controversy between proponents of the efficient markets hypothesis and advocates of behavioural finance. To offer reconciliation to the opposing camps, Prof Andrew Lo noted that useful insights can be gained from the biological perspective and he called for an evolutionary alternative to market efficiency. His 2004 paper in *Journal of Portfolio Management* proposed the new paradigm of adaptive markets hypothesis (AMH), a major breakthrough that offers concrete implications to the practice of investment management.

Kian-Ping goes on to explain that while the above 'beat the market' version of market efficiency is of great interest to the investment communities, it somehow does not provide relevant policy guides. The informational efficiency of a stock market warrants the attention of policymakers in order to avoid substantial misallocation of resources that has a negative impact on long-term economic growth. Several academic papers have shown that the stock market is

not an economic sideshow, but an efficient stock price leads to the efficient allocation of investment resources. The major breakthrough from this emerging strand of academic studies is the development of new indicators for relative market efficiency.

Over the past two years, Kian-Ping has been working on relative market efficiency as he is interested in government policies. Given the implication of an efficient stock market to the real sector, it is important to explore the efficiency effect of macroeconomic or financial reforms. He explains that in the Malaysian context, we can examine insider trading laws, short-selling regulations, corporate transparency, and stock market liberalisation. An understanding of the key drivers behind market efficiency will provide useful input to stock exchange regulators.

The question that has often been posed to Kian-Ping is how he achieves so much in an unconducive research environment. As he explains, there is no shortcut to it. As in any other professions, it requires commitment, discipline, focus and hard work.

"To be honest, my career path has not been smooth since joining academia in 2002. However, these setbacks have never dampened my passion for research. Instead, the love grows stronger with the passage of time, as I become more alert and curious about certain issues. Thus, my advice to young economists or early career researchers - your aspiration should be accompanied by perspiration. I believe that if you are determined and willing to work hard, your dream will eventually materialise," Kian-Ping reveals.