Editorial introduction – Volume 27 Number 1/2 & 3/4

“The beginning is the most important part of the work.” (Plato)

As the first volume and issue of the Multinational Finance Journal under the new editorial team, we are pleased to introduce Volume 27 Number 1/2 and 3/4.

The year 2023 starts with many, and diverse, continuing challenges around the world, which serve to highlight the importance of robust corporate governance mechanisms and independence of key institutions such as central banks. The issues of 2023 contain two papers that touch on very different but both highly topical issues in finance. One paper provides new empirical evidence that highlights the importance of corporate governance mechanisms in the context of the firm, by focusing on capital structure and institutional ownership, while the second paper provides a thoughtful expose of the Secured Overnight Financing Rate (SOFR), the replacement for The London Interbank Offered Rate (LIBOR) in the United States, detailing its definition, calculation and making historical parallels a system implemented in the city-state of Florence from 1252 to 1532.

Volume 27 Number 1/2 and 3/4 contains the following articles:

An Ancient Ancestor of the U.S. Secured Overnight Financing Rate Determination: The Florin Fix

Geoffrey Booth and Iordanis Karagiannidis

This paper explores the shift from LIBOR to SOFR in the U.S. and similar changes inother countries, placing these developments in a broader historical context. It traces the origins of benchmark interest rates back to medieval Florence, where the Arte del Cambio, a guild of moneychangers, played a key role in setting exchange rates and shaping early financial systems. By drawing this connection, the paper highlights how historical banking practices have influenced modern

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financial markets and regulations. Ultimately, it offers a fresh perspective on the long-standing evolution of financial stability and benchmark rate reforms.

The Interplay between Institutional Investors, Debt and Firm Value: Evidence from France, Germany and the UK

Gabriel Frahm, Christian Glöerb and André Küster Simic

Drawing on trade-off theory, agency theory, free-cash flow theory, this empirical paper demonstrates that institutional ownership and debt jointly enhance firm value, particularly during financial crises when monitoring becomes more critical. The results also infer that different types of institutional investors exert varying degrees of influence, with stronger effects observed among active and independent investors. By employing a structural break test, the study demonstrates that the impact of IO and debt on firm value intensifies during financial turmoil, offering fresh insights into how governance mechanisms adapt to economic stress.

We hope you enjoy reading the issues of 2023!

Kind regards,

Editors-in-chief

Timothy King, Tatiana King, Vanja Piljak and Anastasiya Shamshur

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