Call for Papers

Generative AI and LLM in financial risk modeling and applications

Guest editors: *In a related note, the CIFEr 2024 Conference will be accepting discussion track and extended abstract submissions until July 15, 2024. __Please see submission information here__.*

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Special issue information:

This special issue aims to explore the **specific financial modeling issues** related to Artificial Intelligence (AI) (e.g., Generative AI) and Large Language models (LLMs) regarding financial risks and applications. It seeks to offer new risk insights in consideration of Generative AI/LLM innovation that brings changes to the traditional finance topics such as asset pricing, financial intermediation, investment, behavioral finance, etc. We particularly encourage the work that advance the understanding on how Gen AI and LLM modelling brings forward ethical implications, benefits financial inclusion and/or enhances regulatory and policy changes.

One important promise of AI technology is to provide low cost means to reduce financial contracting frictions, lower the cost of financial services, and improve consumer welfare (Thakor 2020). For example, machine learning and artificial intelligence of different kinds in financial information processing and financial decision making has been introduced by banks and asset management firms to improve decision making and accelerate delivery of decisions to line of business while maintaining trust through compliance and risk management. During the process, issues related to fairness, accountability, privacy, risk, and governance have become paramount hurdles from both technical and business perspective. The academic finance community only started actively engaging in related research around 2017, and the initial effort by Review of Financial Studies was instigated with a special issue on "To Fintech and Beyond" (Goldstein et al. 2019). The body of knowledge on AI finance literature has expanded since then, but it is still very limited (Hendershott et al. 2021).

The launch of ChatGPT in November of 2022 demonstrated the promise of Generative AI/LLMs and brought a renewed interest in finance research on artificial intelligence applications. Generative AI has the potential to revolutionize various aspects of finance by enabling better data generation, analysis, decision-making, and risk management. One example of the potential impact

is a recent paper on how FinBERT (a finance focused large language model) can improve several existing areas of information processing in finance (Huang et al. 2023). However, this is only the beginning, and it is anticipated that more research on modeling and applications using Generative AI is needed (Kim et al. 2022, Huang et al. 2023).

Moreover, we also want to draw special attention on issues related to fairness, inclusion, ethics, and regulation. Existing studies have shown that financial performance is intrinsically connected to firms' ethics commitment (Soana 2011). In the era of increased AI influence, ethical concerns often revolve around the use of big data, decentralized finance, artificial intelligence (AI), and how they affect customer privacy (Du and Xie 2021). At the same time, regulatory challenges are equally significant, with AI introducing new methods and risks that may not fit well within existing frameworks (Bromberg et al. 2017, Omarova 2020). For example, Generative AI can reduce costs associated with predictions and decisions but raises concerns about data privacy and the stifling of human-centered innovation. These challenges beg further research to bring better understanding.

Manuscript submission information:

Submission opening: January 15, 2025

Submission Deadline: January 15, 2026

Authors should submit their work to via the journal's website:

http://mc.manuscriptcentral.com/rejf

Authors are reminded that submitted papers must comply with the format specified in the notes for authors on the European Journal of Finance website:

http://www.tandf.co.uk/journals/authors/rejfauth.asp

and that there is a submission fee of £125.00. Submitted articles should be consistent with the aims and scope of the journal.

For general inquire regarding the journal, please contact the European Journal of Finance office via ejf@sheffield.ac.uk. For questions specific about this special issue, please contact the Professor Steve Yang (syang14@stevens.edu) or Professor Jing Chen (chenj60@cardiff.ac.uk).

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