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2020-02370

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# Centers for Financial Market Research

A call for proposals within the Financial Market Program

## Contents

1	Vinnova's offer in brief.....	3
2	What do we want to achieve with the funding? .....	5
2.1	Themes for the call.....	6
2.2	The two centers for financial market research .....	7
3	Who do we intend to address with this call for proposals?.....	10
4	What do we finance?.....	10
4.1	Activities eligible for funding .....	11
4.2	Eligible costs .....	11
5	How much funding can we provide? .....	11
6	Prerequisites for a proposal to be eligible for assessment .....	12
7	Assessment of applications received.....	12
7.1	What do we assess?.....	12
7.2	How do we assess applications? .....	15
8	Decision and terms for grant.....	15
8.1	About our decisions .....	15
8.2	Term of the authorized grant.....	15
9	How to apply a proposal for this call .....	16
10	Who can read the proposal? .....	17

## Revision history

Date	Change

## 1 Vinnova's offer in brief

On behalf of the government, Vinnova will implement a new long-term effort in financial market research. The aim is to strengthen the international competitiveness of Swedish financial market research and its relevance to both private and public actors in the financial sector.

This call for proposals is addressed to all research environments that deal with one or more themes of:

- Knowledge of crises and crisis management, globally, nationally and regionally
- Supply of capital for competitive business
- Financial innovations - enabling, streamlining and disruptive
- The industry's established and new actors
- Ecosystems and value chains
- Adaptation to ecological and social sustainability

Vinnova plans to fund two centers:

- One national center with special national responsibility for basic research in financial markets and for research training in the area.
- One competence center for industry renewal. This center is expected, together with new and cross-industry collaborations, to conduct research in disruptive models and system innovation. The center has a clear focus on sustainability regarding climate, environment and social perspectives.

The total financing from Vinnova is estimated to amount to SEK 29.4 million per year over a ten-year period, divided into:

- One national center, SEK 20 million
- One competence center, SEK 9.4 million

Vinnova's assessment of applications will refer to a ten-year project period. Funding over ten years requires that respective center deliver according to plans. After two years, a follow-up takes place and after the fifth year a larger review will be conducted. The results of the latter will be the basis for decisions on continued funding from Vinnova. Submitted applications must therefore address the entire funding period.

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**The following dates apply to the call for proposals:**

Please note that the dates are preliminary. For current information, see [vinnova.se](http://vinnova.se).

**Opening date**

**9 June 2020**

**The national center:**

Last application date	22 September 2020 at 14:00
Last decision date	3 November 2020
Project start no earlier than	1 January 2021
Project start no later than	1 July 2021

**The competence center:**

Last application date	24 November 2020 at 14:00
Last decision date	21 January 2021
Project start no earlier than	21 January 2021
Project start no later than	1 July 2021

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**Vinnovas IT-support:**

Technical questions about Vinnova's e-services portal  
+46 (0)8-473 32 99  
[helpdesk@vinnova.se](mailto:helpdesk@vinnova.se)

Current information on the call for proposals and a link to Vinnovas eServices 'Intressentportal' can be found at [www.vinnova.se](http://www.vinnova.se).

## 2 What do we want to achieve with the funding?

Vinnova has been commissioned by the government to further develop the research program for financial market research. Vinnova believes that, in accordance with the ongoing global development, it is possible to identify **several reasons** why financial markets are **critically important** and are now also subject to **major changes**:

- **Economic growth:** This is of great importance for economically sustainable growth, with effects on both companies' expansion, employment and innovation investment, as well as household consumption
- **Business cycle development:** This plays a key role in the development of economic cycles by affecting business cycles and economic stability
- **Growth industries:** The financial industry itself has shown strong expansion with future growth potential
- **Digital transformation and disruption:** The financial industry, as other industries, undergoes a digital transformation with new technologies, business models and types of actors
- **Sustainability requirements:** Important requirements now arise globally and across industry domains, for increased sustainability orientation and focus regarding; climate, environment and social conditions
- **Global shocks:** The financial industry and many other industries are challenged by global shocks, such as the current corona pandemic in 2020, affecting cross-border financial flows and the world economy as a whole

Research in financial markets thus is important also for Sweden where Vinnova finds that the following **processes** need to be supported:

- **Knowledge enhancement:** Increased knowledge of financial markets and policy actors linked to the challenges for growth and stability globally
- **Providing competence** from research graduates and policy development for students
- **Gathering of critical mass** in financial market research in order to strengthen Sweden as a financial center and the nations ability to attract internationally leading expertise in the field

- **Long-term and powerful research funding** that promotes strategic initiatives, innovative research and a well-developed knowledge exchange between researchers and users
- **National development of an environment that is internationally leading**, to support and strengthen internationally competitive research ecosystems, which are capable to attract world-leading expertise and which can constitute research centers of excellence
- **Collaboration between the private, public and academic:** Support and strengthen interaction between researchers and private and public financial market players to promote growth, sustainable development and policy development in the field

In 2020, within the Financial Market Research Program, Vinnova has thus opened a call for proposals "Centers for Financial Market Research".

## 2.1 Themes for the call

The research will examine the mechanisms of the global financial system to understand its function and effects on stability, resilience, efficiency and other factors that are important to consider. It is important that research examines the formation, function and development of markets, and also includes knowledge, theories and models about the behavior of different actors.

The two centers that the call for proposals intends to finance should address one or more of the **themes** below.

**Crises:** Knowledge of crises and crisis management, global, national and regional research that examines different types of crises and their emergence, processes, mechanisms, causes, effects and other factors' impact on the financial system, the real economy and society at large.

**Capital supply for competitive business:** Research that examines business capital supply based on conditions, mechanisms, development opportunities, driving forces and other factors.

**Financial innovations** - enabling, streamlining and disruptive: Research that examines financial innovations and the regulations, effects, stability aspects and other factors that are important for a well-functioning and dynamic financial market.

**The industry's established and new actors:** Research that examines different actors' functions, governance, roles, behaviors and other factors that contribute to a greater understanding at the system level.

**Systemic aspects:** Ecosystems and value chains

Research on systemic transformation of the financial system and its impact on the real economy and society at large.

## 2.2 The two centers for financial market research

Vinnova announces funding for two centers for financial market research:

- A **national center** with special national responsibility for basic research in financial markets and for research training in the area.
- A **competence center** for industry renewal. This center is expected, together with new and cross-industry collaborations, to conduct research in disruptive models and system innovation. The center has a clear focus on sustainability with regard to climate, environment and social perspectives.

### National center

The national center should have the capacity and ambition to be a multidisciplinary and co-located center that can gather power around central research themes, attract world-leading international competence and interact with users and the industry. Such a center should take national responsibility for important research infrastructure and for the development and further development of new and existing research schools. In addition to postgraduate education, the center will also contribute to the development of basic education and further training for professionals in the financial market area.

The center funding for the national center is expected to cover:

- Research
- International exchange and visiting researchers
- Interaction with users and actors
- National research infrastructure
- Development and operation of a national research school

The applicant must clarify how the national center should constitute an internationally leading multidisciplinary and physically co-located research environment characterized by international attractiveness and well-developed interaction with users and the industry. In addition to a physical node that constitutes a critical mass, other actors should also be included in some form of network structure. It must be clearly demonstrated how the interaction between the various parts of the center is to be developed and ensured, and how an organization with geographically dispersed nodes

contributes to strengthening the center's activities. The above description must also include how the center intends to develop collaboration with other research environments in Sweden so that Swedish financial market research is strengthened collectively. Relevant international actors may participate with co-financing but cannot receive financial support within this call for proposals.

The application must also show how research infrastructures, in the form of central databases, should be developed and how they should be made available to all researchers in Sweden. Furthermore, the applicant must describe how they will develop the use of the extensive public statistics concerning Swedish households financial situation and behavior, where the employment of such data analysis is in the aim of producing excellent and relevant research. Finally, the description must clarify how the center should develop a national research school in Sweden and how this school builds on already developed structures.

### **Competence center with focus on sustainability and renewal**

This novel center is expected to conduct research on the renewal of the financial markets and financial industry with a perspective of sustainability. Together with alternative actors, experimentally oriented research could address innovative new and emerging models, instruments and systems for the financial system.

Research on the financial market should be systematically linked to areas for sustainability and transformation. The research could include the areas of social mobility and migration, climate and the environment, and further how value is created, distributed and captured within as well as mediated by financial markets. In addition, research could be conducted on the interplay between the financial system and tensions at global, regional and local levels. Further, research should be conducted on the interactions between novel sustainability requirements and the emerging digital disruption and transformation of financial markets, where new types of actors deliver innovative solutions.

This center of competence should have the capacity and ambition to be an internationally leading center with also novel research topics. In collaboration with a variety of actors, research results on transformation, disruption and sustainability could be spread and brought to utilization.

The center funding for the competence center is expected to cover:

- Research
- International exchange and visiting researchers



- Interaction with users and actors
- Research infrastructures
- Experimental research within the field of finance

The applicant must clarify how the center intends to interact with users and actors in order to conduct an internationally leading multidisciplinary research environment. The application should also describe how collaboration with other Swedish research environments can strengthen Swedish financial market research in sustainability and in industry renewal. Important for the evaluation of applications will be said applications description of how networking organizations will contribute to critical mass and how different research approaches from various research disciplines will enrich each other.

Relevant international actors may participate with co-financing but cannot receive financial support in this call. The application further must state whether and, if so how, research infrastructures in the form of central databases could be built up and how this infrastructure could be made available to all researchers in Sweden.

### **Common to both centers**

Funding throughout the ten-year project period assumes that respective center delivers according to approved plans and receives recommendation for continued funding at follow-up and evaluations which will be initiated by Vinnova two and five years after the call. Vinnova targets that for respective center at least as much additional funding is to be allocated from private or public financial market players. Vinnova targets that the universities, colleges and / or research institutes which operate respective center allocate as much funding as Vinnova in the form of time or money.

The **national center** with funding up to SEK 20 million should target to have a total turnover of at least SEK 60 million per year.

The **competence center** with funding up to SEK 9.4 million should target to have a total turnover of at least SEK 28.2 million per year.

External follow-ups and evaluations will be carried out two and five years after the call. This with regard to the **governance and activities** of the respective centers, as well as to consider the **scientific quality and thematic relevance** of the funded research with regard to how the interaction between researchers and users has been developed, and further on how **collaboration with the industry's actors, spread of research**

**result and utilization** works. For the competence center, the research's application within transformative renewal as well as within sustainability regarding climate, environment and social aspects will also be evaluated. Both centers should report data and indicators each year.

Vinnova's mission is to promote sustainable growth by supporting the conditions for innovation. Improved conditions for innovation strengthen the capacity to achieve the goals of sustainable development in Agenda 2030. Through our efforts, we contribute to the global commitment to achieve these goals.<sup>1</sup>

Gender equality is a prerequisite for sustainable growth and is found in Agenda 2030, as an objective in itself but also as a perspective that should permeate the work on all objectives. The call for proposals should therefore contribute to an equal development of society linked to two main perspectives.

One aspect is that both women and men share the grant in an equal way, participate in and have influence over the project. In the application applicants should analyze and assess gender issues.<sup>2</sup>

### **3 Who do we intend to address with this call for proposals?**

The call for proposals "Center for financial market research" is aimed at Swedish universities and research institutes as applicants with actors in the financial industry and other parties relevant for financial markets as partners. Vinnova expects applications which credibly and clearly describe excellent research quality. Active participation of actors of contributions both financially and with competence must be described. The intended center coordinator can apply together with private and/or public financial market participants, such as banks, insurance companies, authorities, as well as non-traditional players with potential future impact on the financial market.

### **4 What do we finance?**

Vinnova plans to fund two centers within this call for proposals.

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<sup>1</sup> Please read more about our work to contribute to the goal of Agenda 2030: <https://www.vinnova.se/m/agenda-2030/>

<sup>2</sup> Read more about our work for gender equality: <https://www.vinnova.se/m/jamstalld-innovation/>

## 4.1 Activities eligible for funding

Funded activities are expected to include:

- Research
- International exchange and visiting researchers
- Interaction with users and the industry
- National research infrastructure
- Development and operation of national research school
- Experimental research in the field of finance

## 4.2 Eligible costs

Our funding is a grant. For such organizations which are engaged in economic activities, the grant is subject to the legal rules on state support.<sup>3</sup> The rules govern, among other things, what types of costs and what percentage of them may be covered by a grant. All costs must be auditable. Costs incurred before Vinnova's decision date are not accepted to be covered by the grant.

Within this call for proposals, **only universities, university colleges and/or research institutes are funded** with the foundation **"non-state aid"** (in accordance with the regulation SFS 2009: 1101). Other participating parties are not financed by Vinnova in this call.

Vinnova targets that the applicant can show that at least as much funding is planned to be contributed from private or public financial market players. Further, Vinnova targets that the universities, universities and / or research institutes concerned for the grant will contribute as much funding as Vinnova in the form of in-kind and/or cash.

## 5 How much funding can we provide?

The total funding from Vinnova to two centers is targeted to total a total of SEK 29.4 million per year for a maximum of ten years. Financing decisions are initially based on the granted proposal and then gated on a follow-up after two years and an evaluation after five years. Submitted applications for respective center should address the entire funding period of ten years.

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<sup>3</sup> Read more about state support: <https://www.vinnova.se/sok-finansiering/regler-for-finansiering/statligt-stod/>. There you will find our general terms and conditions for grants and guide to eligibility conditions: <https://www.vinnova.se/sok-finansiering/regler-for-finansiering/allmanna-villkor/>

Funding from Vinnova targets at least as much funding provided from private or public financial market players. Further, the universities or research institutes intended for support by the grant should target to contribute as much funding as Vinnova in the form of in-kind and/or cash. This means that funded centers combined are targeted to have a total funding of at least SEK 88.2 million per year.

## 6 Prerequisites for a proposal to be eligible for assessment

Vinnova will only assess applications that meet the following formal eligibility requirements:

- The applicant is a university, university college or research institute where the center in question will be established. Alternatively, the applicant could be a legal entity formed by several universities, colleges or research institutes and possibly companies or public organizations or alternative actors new to the financial industry.
- The parties in the application are corporations
- The proposal is submitted and designed according to the guidelines given in section 9

## 7 Assessment of applications received

### 7.1 What do we assess?

Decisions on funding will be based on a comprehensive assessment considering main criteria of; potential, actors and feasibility.

#### Potential

- *Thematic fit.* How well in general the research topics proposed by the application are in line with the orientations and aim as described in section 2 above
- *Scientific quality.* How the proposed research areas do relate thematically and methodologically to the scientific front in the academic subject areas in which the researchers are active. This should be clearly displayed in the proposal
- *Scientific innovation.* Real scientific breakthroughs can often occur at the intersections of different academic disciplines. Therefore, such ambitions have the potential to create new combinations of academic disciplines of increasing relevance

Date  
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- *Exchange of knowledge between different types of actors.* Innovative proposals for improved exchange of knowledge between researchers and actors in the financial market
- How and to what extent the proposed center activities (including the focus of research) contribute to build *a relevant and useful knowledge base* for financial markets considering both public and private sectors and how this will contribute to a strengthened supply of skills
- *Gender equality.* The potential to contribute to increased gender equality
- National center, specific criterion: *Infrastructure and research schools.* How the center intends to link several higher education institutions to a national center. How national responsibility is taken for research infrastructure and for further development of a national research school
- Center of competence, specific criterion: Ambition to an internationally leading center, within research themes on a) *alternative actors* for financial markets, b) principles, models and tools for *disruption* and *transformation* of the financial industry and c) the interaction of the financial markets with new and increasing requirements on *sustainability*; economic, environmental and social

## Actors

- Documented *experience in running research projects*, international collaborative projects and / or academic center education
- Documented *experience of initiating or participating in dialogues with public and private financial market players* at different levels (international, national, regional) and for different areas of the financial market
- *Access to networks in academia, politics, public administration and business* that can be employed to both generate new types of research projects, provide access to data and be used as a basis for knowledge exchange
- Access to *international contacts within academia, business and society* to demonstrate the center's ability to carry out international comparative project
- The presence of *developed strategies and / or plans for international recruitment and visits by international guest researchers or industry representatives* are considered positive
- How well the team (the key people) is composed with regard to *gender distribution, as well as the distribution of power and influence between women and men.* Vinnova targets a gender

balance within 40/60. Any deviations from this need to be well motivated

- Credibility in the description of *leadership: operationally and strategically*
- A description of how the proposed organization is well suited to contribute to *achieving the objectives of both the program and the individual center*
- National center, specific criterion: Description of how the industry's *leading established actors* should be involved
- Center of competence, specific criterion: Description of how a *variety of actors* should be involved, including actors who are *not traditional* in the financial industry

### **Feasibility**

- *Education*. Developed strategies and plans for how the business will contribute both quantitatively and qualitatively to strengthen the supply of skills in the financial market area
- *The nature and extent of co-financing*. The presentation of cash as co-financing from universities will be positively assessed as this means that the amount of research and other center activities will increase in relation to co-financing of the nature type. When it comes to co-financing from financial market players, in-kind efforts will be positively assessed as participation in research activities is an important way to stimulate knowledge exchange and network building between academia and the industry. See also the last paragraph of below 8.2 Term of the authorized grant
- *Access to other funding*. Since one of the goals of the program is to create critical mass, access to other funding of center-related activities will be considered an important prerequisite. Existence of, or long-term plans for, applications for funding from the EU Framework Program and other major international initiatives should be stated
- Clear descriptions of *aim, objective, plans* and descriptions of the *planned activities*
- *Spreading knowledge outside* of the centers own environment.
- *Access to databases* and plans to acquire or build new types of databases will be assessed. Since the databases are to be regarded as a national resource, questions about the availability of researchers who are not active at the national center constitute an important assessment criterion
- How well gender issues are integrated into the project plan
- National center, specific criterion: Building or access to a *national research school* is an integral part of the national center.

Consequently, the organization of the research school and how it is intended to co-operate with existing course activities, in particular Sweden and the Nordic countries, will constitute an assessment criterion

- Center of competence, specific criterion: Description of how *experimental research* in transformation, disruption and sustainability where research results can be spread and further *utilized*

## 7.2 How do we assess applications?

Applications submitted for the national center are in mutual competition, as are applications within the group submitted for the competence center. The applications are assessed by an external assessment group consisting of international experts. All evaluators are appointed by Vinnova. Proposals must be written in English. Based on recommendations from the evaluators, Vinnova makes the formal funding decisions and notifies this to all applicants.

## 8 Decision and terms for grant

### 8.1 About our decisions

How much each part is granted will be expressed in the decision. The basis for the support, which also controls which costs are eligible, will be stated in the decision.

Our decision to approve or reject a proposal cannot be appealed.

### 8.2 Term of the authorized grant

Our general terms and conditions apply to granted financing.<sup>4</sup> These terms include rules on project agreements, conditions for payment, follow-up, reporting and utilization of results.

The following special conditions apply to every part which is granted financing in this call:

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<sup>4</sup> You will find current terms on our website, along with help to understand and fulfill the terms: <https://www.vinnova.se/sok-finansiering/regler-for-finansiering/allmanna-villkor/>

- The applicant and all other parties in a proposal that is granted funding shall participate in the implementation of follow-ups, evaluations and impact analyzes both during the time the project has funding from Vinnova and after the completion of Vinnova's funding.
- Granted centers will be required to apply a detailed plan for gender and equality, in attachment to the project start report.

Additional special conditions can be further decided.

If a granted part should not follow our terms for the grant, said part may become liable for repayment. This also applies if one or several parts should have been granted incorrectly or with an excessive amount.

Vinnova targets that at the submitted proposal 60% of the funding will be secured with the signed agreement between the parties. At project start and the corresponding submitted start report, 100% of the funding for the next 5 years is targeted to be secured and certified in writing.

## 9 How to apply a proposal for this call

To apply for a grant, fill out a web-based form at Vinnova's application and eservices portal, which is accessible via [vinnova.se](https://www.vinnova.se). In order to submit a proposal, the applicant must first create a user account with Vinnova. With this done, the applicant can then log in to the application service. If the applicant already has a user account with Vinnova this can be used.

The proposal is made in Vinnova's portal. The portal also contains links to mandatory templates for the mandatory attachments to be uploaded.

### **Mandatory appendices and Vinnova's templates for these**

This must be uploaded designed according to the corresponding English template.

Link to the call website with templates for both the national center and the competence center: <https://www.vinnova.se/en/calls-for-proposals/center-for-financial-market-research/>

1. Project description, national center
2. Project description, competence center
3. Statement of intent for the main applicant
4. Statement of intent for other parties
5. CV



Only these annexes will be considered in the proposal. The attachments must be uploaded in pdf format.

**Proposals should be written in English**, as the evaluators are international.

Keep in mind that it takes time to construct a proposal. You can start by filling in information, saving and continuing later. When the proposal is complete, you mark it as done. You can unlock your proposal at any time and make changes, right up to the last application date.

Submit the proposal well in advance before the call's official closing time.

When the call for proposals has closed and the proposal has been registered with Vinnova, a confirmation will be sent by e-mail to the applicant who stands for user account, project manager and company signer / prefect. It may take a few hours after official closing time for you to receive the email.

When the application deadline (i.e. official closing time) has expired, the proposal can only be completed upon request from Vinnova.

Please note that applications must be submitted no later than 14.00 (CET) last application date, for the national center on September 22, 2020, and for the competence center on Nov 24, 2020.

## 10 Who can read the proposal?

Applications submitted to us become public documents, but we do not disclose information about an individual's business or operating conditions, inventions and research results in case it can be assumed that an individual suffers damage if the information is disclosed.

In practice, this means that we must disclose the documents if someone requests them, but that Vinnova erases all information that is deemed to be detrimental to the applicant company or other operator if it is disclosed.

Further information on the proposal privacy rules can be found on our website.<sup>5</sup>

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<sup>5</sup> <https://www.vinnova.se/om-oss/regler-som-styr-var-verksamhet/allmanna-handlingar-och-sekretess/>