

DFG Extends Funding: Research Unit FOR 5230, “Financial Markets and Frictions - An Intermediary Asset Pricing Approach” Secures Four Additional Years

KARLSRUHE, Germany - The Deutsche Forschungsgemeinschaft (DFG) has announced the extension of funding for the Research Unit FOR 5230, “Financial Markets and Frictions - An Intermediary Asset Pricing Approach.” Following an excellent evaluation of the initial funding period (2022-2025), the research consortium has been approved for a second four-year phase, continuing the project through 2029.

Led by spokesperson Prof. Dr. Marliese Uhrig-Homburg of the Karlsruhe Institute of Technology (KIT), this trans-regional initiative brings together leading finance researchers from the Karlsruhe Institute of Technology (KIT), Goethe University Frankfurt, University of Tübingen, University of Stuttgart, University of Münster, University of Hannover, and Vienna University of Economics and Business (WU Vienna). Supported jointly by the DFG and the Austrian Science Fund (FWF), the project represents a flagship collaboration within the D-A-CH research framework.

Expanding the Scope: Demand-Based Asset Pricing

The Research Unit’s core mission is to analyze asset prices through the lens of financial intermediaries - challenging traditional models that assume frictionless markets. While the initial phase established that the financial health and constraints of intermediaries are important drivers of asset prices, the second funding period extends this core agenda by integrating **demand-based asset pricing**.

Motivated by recent developments in academic research, the team identifies this as a highly promising approach for understanding modern financial markets. The demand-based perspective examines how the specific demand patterns of different intermediary types - such as banks, mutual funds, and insurance companies - interact to shape price dynamics, offering richer insights into market behavior.

About FOR 5230 Research Unit FOR 5230 was established in 2022 to advance asset pricing research by incorporating the role of financial intermediaries. It is funded by the Deutsche Forschungsgemeinschaft (DFG) and the Austrian Science Fund (FWF).

For more information, please visit: <https://www.intermediaryassetpricing.de/english/index.php>