

## ***Trusting Banks* project: PhD studentship 2014–18 Universities of Cambridge and Groningen**

*Trusting Banks* is a collaborative research project in applied ethics and epistemology between the Universities of Cambridge and Groningen, sponsored by the Netherlands Organisation for Scientific Research (NWO). The project is led by Prof Alex Oliver (Cambridge) and Prof Boudewijn de Bruin (Groningen) and includes two postdoctoral researchers (Dr Anthony Booth and one vacancy) and two PhD students (Marco Meyer and the present vacancy).

The PhD studentship extends from 1 October 2014 to 31 July 2018. The successful candidate will spend three years pursuing research for the Cambridge PhD in Philosophy, and they will be expected to work away in Groningen in their second year. After completion of the Cambridge PhD at the end of the third year, they will spend their fourth year in Groningen pursuing research leading to a second PhD in Philosophy or Economics from the University of Groningen.

PhD supervision will be shared between Professors Oliver and de Bruin. Details of the project are appended to this document.

### **Funding details**

The PhD student will receive funding from 1 October 2014 to 31 July 2018. Gross figures are €28,498 (Year 1), €33,201 (Year 2), €34,778 (Year 3) and €31,245 (Year 4 until 31 July 2018), and are subject to Dutch tax law. The student is expected to use these funds to help provide for their maintenance and to pay for their course fees at Cambridge (there are none at Groningen).

### **Requirements**

The studentship will be awarded on a competitive basis, and is open to students of any nationality. Normally, candidates should have completed a minimum of two years' full-time undergraduate study in Philosophy, and have gained a good Upper Second Class BA Honours Degree (67%) or the equivalent (US GPA 3.6).

Candidates should also have completed a Master's course (or equivalent) in Philosophy, with a substantial research component, achieving a grade equivalent to 67%.

It is desirable, though by no means essential, that candidates also have some knowledge of Economics, or Social Psychology, or Mathematical Finance.

Candidates whose first language is not English are required to pass an English test at a high level prior to their admission being confirmed. For details see

<http://www.admin.cam.ac.uk/students/gradadmissions/prospec/studying/entryreq/index.html#english>

## Application Process

Candidates should submit an application for the Cambridge PhD course via the Prospective Graduate Students webpage

<http://www.admin.cam.ac.uk/students/gradadmissions/prospec/>

where they will find an on-line application form and details about the necessary supporting documentation. Candidates are there asked to submit a 500-word research proposal, which should make clear how their background makes them a suitable candidate for the *Trusting Banks* project, and it should also indicate the lines of enquiry they would wish to pursue within the framework of the *Trusting Banks* project (see appended description).

Candidates are asked to submit their applications on-line by Friday, 10 January 2014. Once their application is submitted, the candidate and their referees will have two weeks (i.e. until Friday, 24 January 2014) to upload the necessary documents. Complete paper applications will also be accepted after 10 January 2014 but they must be received by 24 January 2014.

Candidates should also send an email message to Mrs Zoe Walker-Fagg, Graduate Secretary in Cambridge's Faculty of Philosophy, notifying her that an application has been submitted and giving her the application number. Her email address is [zw249@cam.ac.uk](mailto:zw249@cam.ac.uk). Please enter 'Trusting Banks' in the subject line of the email message.

Interviews will be held in mid-late February 2014.

For further information, please contact Prof Alex Oliver ([ado10@cam.ac.uk](mailto:ado10@cam.ac.uk)) and/or Prof Boudewijn de Bruin ([b.p.de.bruin@rug.nl](mailto:b.p.de.bruin@rug.nl)).

## *Trusting Banks*

**The Project** The overall aim of the project is to assess ways to restore trust and trustworthiness in finance by answering the following four questions: (i) what virtues do we have to possess in order to be trustworthy (the *motivation* requirement of trustworthiness)? (ii) what is the importance of skills and knowledge for trustworthiness (the *competence* requirement of trustworthiness)? (iii) what obligations do we have to trust others (the *duties* required by well-placed trust)? and (iv) how can we ensure that we trust only those who are trustworthy (the *evidence* required by well-placed trust)? The project proceeds on the basis of a context dependent conception of trust, which involves extending and synthesizing research from philosophy, psychology, economics, finance and related disciplines.

The research starts by investigating what is required for banks actually to be trustworthy (questions (i) and (ii)). This part of the project will be conducted by the post-doctoral researchers. Inspiration is found in Hardin's distinction between the motivational and competence requirements of trustworthiness. The *motivational* component of a person's trustworthiness concerns their character. The *competence* requirement concerns the knowledge, skills or tools a person possesses. Considerable attention will be given to developing these ideas and applying them in the context of banking.

Marco Meyer was awarded a PhD studentship for 2013–17, and is tackling item (iii) in the opening list (the duties required by well-placed trust).

The present PhD studentship is for a project tackling (iv) in the opening list (the evidence required by well-placed trust). Here is a brief outline of the project.

### **PhD Project: Trust and Evidence**

A claim often heard in the wake of the global financial crisis is that it is complex financial products that have to be blamed for causing it. People don't understand what such things as 'adjustable rate mortgages' are, and governments in many countries have therefore been advised to take steps to discourage the financial sector from developing overly complex financial products. The Yale economist, Shiller, however, argues persuasively that complex products will be increasingly needed to help citizens through the next crisis and that a ban on such products runs the risk of throwing the baby out with the bathwater. Complex financial products will remain, even though not everyone understands them. But financial services are no different from medicine in this respect. Most patients, too, fail to understand the workings of their medical treatment. Inspired by work on trust in medicine, the PhD student examines the evidential or informational basis of trust in finance.

The principal aim of this project is to gain insight in the *epistemic virtues* that would help us to deal with banks and other financial institutions and to judge their trustworthiness. Epistemic virtues include such dispositions as open-mindedness, the willingness to confront one's prejudices with opposing ideas, and the courage to admit one's ignorance, and they promise to be a good remedy against a number of behavioural biases that often cause misplaced or unjustified trust. Biases that are

particularly stubborn in the context of financial decision making are, for instance, the *confirmation bias* (we attach too much weight to evidence confirming our prejudices and initial convictions, disregarding counterevidence), and *unrealistic optimism* (we are prone to delusions of personal invulnerability concerning unemployment risks, house price development, etc.).

So far, however, the relation between epistemic virtues and judgements of trustworthiness is unexplored in philosophy. If epistemic virtues have a positive influence on a person's ability to judge the trustworthiness of others, it should be expected that people with epistemic virtues make better decisions. The second part of the project is to test this hypothesis empirically. The PhD student will carry out experimental work under the supervision of econometricians and/or social psychologists at Groningen.