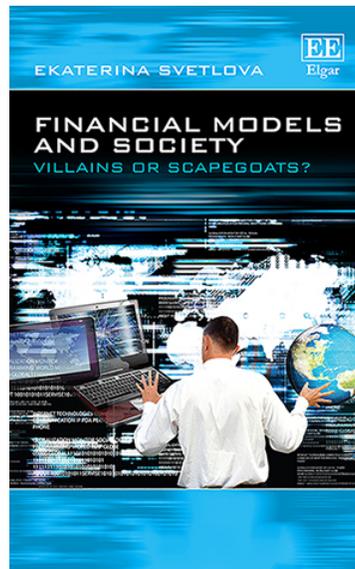


## Financial Models and Society Villains or Scapegoats?

Ekaterina Svetlova, University of Leicester, UK

This innovative book employs the social studies of finance approach which aims to enhance the dialogue between finance and sociology by addressing the blind spots of economic and financial theories. In so doing, it challenges the accusations made towards financial models in the aftermath of the last economic crisis and argues that they cannot be condemned indiscriminately. Their influence on markets and society is not straightforward, but determined by the many ways in which models are created and then used. Ekaterina Svetlova analyses the various patterns of the application of models in asset management, risk management and financial engineering to demonstrate that their power is far more fragile than widespread criticism would indicate.



'Svetlova has written a thought-provoking book with an important message.'  
– Lavan Mahadeva, Society of Professional Economists

'This book is a must-read for anyone interested in the role of models in financial markets. While scholars might value that the book consolidates the somewhat fragmented empirical cases and insights of the social studies of finance in one well-crafted volume, market practitioners or even regulators might appreciate it as a tool to raise awareness of the role of 'human' judgements in financial markets. Since the author designed the book to attract various readerships, it might itself trigger a debate between scholars and market professionals, pointing to a new role for the social studies of finance beyond academia.'  
– Marius Birk, Economic Sociology

'The theoretical overview, in particular, is well-written and would be especially useful to research students interested in performativity. As such, the book is essential reading alongside other established works'  
– Neil Lancaster, Economic Issues

'Ekaterina Svetlova's *Financial Models and Society* is a rigorous and thought-provoking work that presents some highly convincing arguments about the ways in which models are used in decision-making within financial markets. . . . This book is essential reading for students and scholars in the social studies of finance specifically, in economic sociology more generally, and those in science and technology studies, anthropology, and economics. Practitioners in financial markets and regulatory bodies should also find useful cues in this book. Yet it is also of relevance to wider audiences in sociology, political science and political economy among other fields, particularly for general considerations and debates around the role of scientism, expertise and technocracy in modern societies.'  
– Dylan Cassar, *Journal of Cultural Economy*

'It is rare to encounter a fascinating book on epistemology masquerading as a description of modern finance, but here one is.'  
– Philip Mirowski, *Springer Nature*

'Svetlova's book is essential reading for anyone – scholars and practitioners alike – who truly want to understand how financial models shape modern financial markets. Her brilliant starting point – that markets function remarkably well despite widespread adoption of models that are necessarily limited – sets the stage for her key insight: that models are not followed blindly but

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wielded judiciously by savvy practitioners who collectively create a “culture of model use” that makes the otherwise incalculable “investable”.

– Ezra Zuckerman Sivan, Massachusetts Institute of Technology, Sloan School of Management, US

‘This is a wonderfully stimulating book that delivers a brilliant, extremely lucid account of how formal models are used in financial decision-making, an issue rather neglected so far. This multi-faceted body of work shows in a fascinating way how everyday practices of model use produce heterogeneous behavior of market participants. Theoretical models are demonstrated to be creative resources of financial markets. The book represents a successful – and provocative – interplay of modelling accounts developed in philosophy, science and technology studies, economics and social studies of finance. The book will certainly spark a lively debate. Key reading for those who are interested in profound insights of how financial markets work.’

– Birger P. Priddat, Witten/Herdecke University, Germany

‘This book addresses the topical, but relatively untouched issue of the cultures in which financial models are used. Following a thorough analysis of empirical cases of the use of models in financial institutions, the author offers an important innovation by enriching the meanings assigned to the notion of ignorance. Readers in diverse disciplines, from finance, through sociology, social psychology and regulation studies will find this book relevant and illuminating.’

– Yuval Millo, University of Warwick, UK

‘Few issues are more important, and more often misunderstood, than the role of quantitative models in financial markets. Svetlova’s calm, balanced, and — above all — well-informed analysis of this issue will be highly influential.’

– Donald MacKenzie, The University of Edinburgh, UK

‘Financial Models and Society is rich with original insights about the way investment practitioners use—and do not use—models. Many of the observations will ring true to those of us who work with financial models daily and are intimately familiar with their inevitable limitations.’

– Financial Analysts Journal

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