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**University of
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Bachelor Thesis

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Investigation on the effects of Financial Fair Play announcement on the stock prices of European Football Clubs. An event study.

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Abstract

In September 2009, the footballing world was shaken, when UEFA announced the introduction of a new set of regulations called Financial Fair Play. Their mission was to transform the sport from a money burning industry, heavily reliant on sugar daddies and constant money injections, into a sustainable business. To this day, opinions on Financial Fair Play are split. Academics have been studying the regulations, tackling the ramifications from multiple angles. The purpose of this event study is to analyse the market's sentiment towards Financial Fair Play on the day of its announcement. A sample of ten listed clubs playing in Europe, including five event windows varying in length, were used to test whether a significant change in price took place. The results show six out of ten clubs having experienced significant cumulative abnormal returns around the announcement date. Of those six, four clubs responded negatively, the other two positively.