He believes that to stop the technological arms race, the old one is five milliseconds too slow."

"These machines already make decisions in their action speed. Menkveld believes it potentially is a waste of economic resources. "These machines already make decisions in their action speed. Menkveld believes it potentially is a waste of economic resources. "These machines already make decisions in their action speed. Menkveld believes it potentially is a waste of economic resources. "These machines already make decisions in their action speed. Menkveld believes it potentially is a waste of economic resources.

"The worst scientists come up with the biggest models."

"I think it’s very important to talk to the people who prepare policies, the professionals and officials who pencil in the legislation before the politicians vote on it, and to make them aware of the key economic forces.”

Menkveld saw how the plans for a European tax on financial transactions went awry. Due to the structure of the Dutch pension system, the Netherlands was faced with the prospect of paying a disproportionately high amount, yet nobody protested. He wrote a policy brief meant as a wake-up call for politicians. “Now all kinds of proposals on regulating HFTs are emerging, while we don’t even know what it is they do,” he sighs. “For goodness sake, let’s focus on what is actually happening first. Until we know that we should do nothing at all, because we don’t know what we are tampering with.”

MAJOR INSIGHT

The social relevance of his research fascinates Menkveld even more than the intellectual enjoyment he derives from it. That’s why he feels at home at VU University Amsterdam: “Taking part in the public debate is considered very important here. In that respect, VU University Amsterdam is still very much at the forefront.” He also had once chased the big bucks. Before he arrived at the university, he was offered a job at investment bank Goldman Sachs. But he found academic research a greater challenge: “Thinking about the architecture of the financial system, so that everyone will benefit from it as much as possible.”

"I felt like I was going round in circles. The hardest part of this job was that I never knew whether or not I was solving a problem. You therefore always wonder if you shouldn’t just stop investing all that energy in a problem. This level of uncertainty is a terrible burden. But a new day dawns and you find yourself right back at it again.” Staring out of his window one day at the skyscrapers of Manhattan, he suddenly saw the link between reality and his model. "It clicked into place! The market makers did what the model had predicted. That’s a real kick. That weekend, I really tied one on!”

ECONOMIC FORCES

Now he is carrying out an empirical study aimed at substantiating that descriptive model. The fact that Chicago-based data company Nanex gave him access to their data not only speaks volumes about the trust that Menkveld enjoys as an academic, but also about how urgent his research is for today’s securities markets. That’s why he is also involved in regular discussions with central banks and financial regulators, especially the European Securities and Markets Authority and the French Autorité des Marchés Financiers.