



JOURNAL ARTICLE

Is There a Replication Crisis in Finance?

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Several papers argue that financial economics faces a replication crisis because the majority of studies cannot be replicated or are the result of multiple testing of too many factors. We develop and estimate a Bayesian model of factor replication, which leads to different conclusions. The majority of asset pricing factors: (1) can be replicated, (2) can be clustered into 13 themes, the majority of which are significant parts of the tangency portfolio, (3) work out of sample in a new large data set covering 93 countries, and (4) have evidence that is strengthened (not weakened) by the large number of observed factors.

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