Conference Paper

Investment in Fine Art Market Versus Investment in Financial Instruments

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Abstract

The art market has been seen always as an area of excellence, where only the elected people can understand the mysteries of the specific of the arts. Although there might be both investments in assets, the investment in art and the investment in financial instruments are different. This paper explores the differences between these two types of investments.

Keywords: art investment, art value, art price

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1. Introduction

Art market as discipline evolved over time into art economics, cultural economics and in our days more creative cultures. No matter the definition, the art market has as centerpiece the art object, with a value given or asked from different participants on the market. Although it might be similar to other markets, the art market has its particularities due to the specific of the art works, being different than the other markets of goods (e.g. steel market for example).

The paper intends to analysis the differences between the art as investment and the investments in securities on the stock exchange market.

1.1. Economic literature

`Performing Arts - The Economic Dilemma' by Baumol and Bowen, published in 1968 is the first representative study of art economics. In their book, the authors analyzed the state of the performative art, the costs and revenues, the factors that influence the demand and earnings, and the financial support the organizations might need. The central contribution of Baumol and Bowen analysis translated into `the cost disease' and `productive gap', new concepts and theories in the world of economics.

In 1976, Mark Blaug explored the developments of the art economics in his book *The Economic of the Arts*. In 1977, William Hendon and his colleagues found *The Journal for Cultural Economics* at the University of Akron, transformed into international biennale conference (Edinburgh). In '90, in the *Journal of Economic Literature*, David Thorsby and Glen Withers published *The Economics of the Performing Arts.* In 2006, Victor A. Ginsburgh, David Throsby published *Handbook of the economics of the arts and culture,* one of the most extensive material, collecting articles centered around the art economics. Starting 2000, the literature around art economics expanded. In 2011, Ruth Towse published *A Handbook of Cultural Economics* and Iain Robertson and Derrick Chong published *Understanding International Art Markets and Management in 2005.* There are documented articles published by the auction houses, such as Christie's, Sotheby's; there are detailed analysis performed by dr. Clare McAndrew, founder of the Arts Economics, who issues a yearly analysis of the art market in the Art Basel & UBS Report [1]. ArtTActic [2] performs analysis of the auction results, publishing regularly reports regarding the art market. Deloitte, one of the Big4s, is issuing yearly the report *Deloitte Art & Finance* [3], containing analysis related to the state of the art, the general trends, art as and investment and other matters like risk and regulations. In the last two decades, the literature around the art and cultural economics increased with the market, showing the raised interests in this area.

2. Fine Art Market. Generalities

The main players, the initiator and the end user on the art market are the artists and collectors or the museums. In the value chain, there are also the dealers, gallerists, the curators, the art critics, but in the end, the transactions on the market have on one hand at inception, the artist and at the end, the collector, the museum or the investor. The transactions on the art market are different now than it used to be few centuries ago, in the Renaissance for example, the beneficiary - the patron, usually the church or a rich person, used to commission the artist, the patron was paying for the materials (e.g paint and dust colors), and in addition the work of the artist was remunerated separately, depending on how famous was the artist.

In our days, the artist has multiple ways of selling its paintings: it can have his own website, the artworks can be sold through online art sellers *(Saatchi online, Artsy*), the artist might be represented by a gallery or a dealer who sells the art works, or through art fairs and festivals.

2.1. Primary market

The sales made by the dealers and gallerists represent the primary art market, the market where the original works are sold for the first time. Investing in the primary art market is similar to the investment/joint venture funds investing in startups or in companies with potential, ``the unicorns''. The investors need to have flair and intuition, in addition to the due diligence process they are carrying before entering a transaction. Similarly, the collector or investor in the art market have to have knowledge of the art market and also intuition, to anticipate the fashion and trends in the future. Most of the investors' intent is to discover the next famous artists in early stages, similar to Taleb [4]'s black swan.

2.2. Secondary art market

The subsequent sales of an artwork, which is usually done in the auction house, constitutes the secondary art market. The secondary market has more information of the artists, and the work starts having an history, the main players on this submarket are the auction houses. ``An auction is a market institution with an explicit set of rules determining resource allocation and prices on the basis of bids from the market participants'' [5].

2.3. Size of the art market

The financial crisis made investors to become interested in alternative ways of investments. The art market follows the big trends of the stock market, yet it has its main characteristics which might make the artwork more appealing to investors during difficult times. The impact of the financial crisis can be seen in the Table 1 below, the significant decrease in 2009 [6].

3. Analysis

The analysis compares the investment in the art market and the investment in securities. When performing the analysis, the started point was the creation moment, continuing with the purpose and messages; market aspects and income generating differences.

TABLE 1: The Global Art Market: Value and Volume of Transactions.

Year	Global GDP ($ billion) [7]	Year Value ($m)	Variance year to year ($m)	Variance %	Volume (m)	Volume variance year to year (m)	Volume variance year to year (%)
2007	$456,042	$65,875	$58,869	11.90%	49.8	3.69	8%
2008	$508,577	$62,020	($3,855)	-6%	43.7	(6.10)	-12%
2009	$482,399	$39,511	($22,509)	-36%	31	(12.70)	-29%
2010	$534,951	$57,025	$17,514	44%	35.1	4.10	13%
2011	$600,701	$64,550	$7,525	13%	36.8	1.70	5%
2012	$617,304	$56,698	($7,852)	-12%	35.5	(1.30)	-4%
2013	$639,800	$63,287	$6,589	12%	36.5	1.00	3%
2014	$658,568	$68,237	$4,950	8%	38.8	2.30	6%
2015	$619,620	$63,751	($4,486)	-7%	38.1	(0.70)	-2%
2016	$626,619	$56,948	($6,803)	-11%	36.1	(2.00)	-5%
2017	$670,282	$63,683	$6,735	12%	39.0	2.90	8%
2018	$707,554	$67,380	$3,697	6%	39.8	0.80	2%
Growth 2017--2018		6%			2%		
Growth 2008--2018		9%			9%		

Art economics (2019) [8]; World Bank

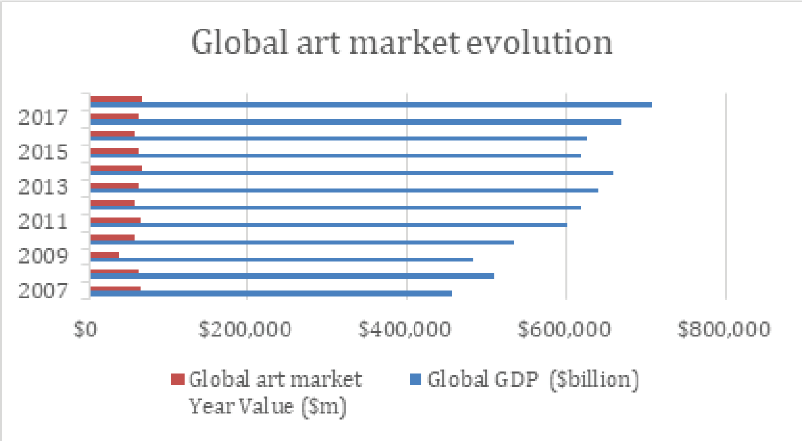

Figure 1: Evolution of the global GDP and global art market.

3.1. Inception moment

What separates the art market from the others is the way the art object is created, comparing with how the stocks or goods are generated on other markets. A painting or an artwork is a result of many years of study of the artists and express an idea of the artists. As Andre Malraux said, ``Every work of art is created to satisfy a need, a need that is passionate enough to give it birth.'', the artwork expresses a state, feeling, manifest of the artist. Usually the artist does not create the painting to be traded at the stock-market, but he/she is focused on the creative process, it's the tangible results of the artists state. ``A Romanesque crucifix was not regarded by its contemporaries as a work of sculpture; nor Cimabue's Madonna as a picture. Even Pheidias' *Pallas Athena*, was not primarily a sculpture.'' [9]. As James Rosenquist, ``art isn't really done for any reason other than a means of the artist's self-expression. [10]''

A share is created the moment the shareholders set up a company. The stock becomes listed the moment the activity of the company is sound and profitable enough to generate higher returns to its investors, and therefore the shareholders might decide to go public, increasing the value of the company. Although they are clearly different, there might be similarities with the creation of the artwork if we consider the passion of the founders, and their efforts to build up and develop the company. Both the artists and the entrepreneurs are creative people, and innovate and build new things, the main difference might be that the entrepreneur creates goods or services for the functionality and utility, while the artists creates artwork for soul or mind. The use of the artwork is the decorative one or more profound, the use the society has given it in the respective times. In our days, the artists need to have a minimum understanding of the market to be able to sell their work, ``while not all entrepreneurs are artists, all artists are entrepreneurs'' [11].

3.2. Purpose, feelings and message

The painting transfers a feeling or a state to a viewer. If the owner of a painting stays at one hand of the painting, the viewer is experiencing the personal space of the artists, the distance the artists had worked and had experienced with the color. Furthermore, the artwork has a decorative use, the owner of the painting/sculpture benefiting from the aesthetic pleasure of having that piece of work. We cannot say the same about the stock or other goods traded on other markets. In our days, usually the investors have purchased the stock and they are monitoring the economic return of that specific stock on the computer or on the smartphone, the investor has no tangible value of the stock and has information of the company's activity from the press releases and the annual reports. Some specialists assimilate the aesthetic value of the art to the dividend income for investors [12].

3.3. Uniqueness

The painting is unique, even if the artist made the same theme in more than one painting, they are not the same, they come to complete each other, and they form the message the painter wanted to transmit. If we are looking at Edvard Munch, Melancholy series painted between 1891 - 93, we can understand better the message of the artist if we are looking at the entire series than if we are looking only at on piece of the work. Monnet with his water lily is another example of the different painting with the same topics, showing how the artists evolved and played with the color to verge toward abstraction. The aim of his large Water Lilies (1914 -26), found in our days at the Museum of Modern Art, New York, was to supply ``the illusion of an endless whole, of water without horizon or bank.'', Monet sought to create ``the refuge of a peaceful meditation in the center of a flowering aquarium''[13]. However, in order to understand how Monet has reached this point of creative moment, we need to analyze and understand the previous work. The bulls series of Picasso, comes to sustain this point of view, Picasso made a series of 11 lithographs created around Christmas in 1945, that depicts the animal in various stages of abstraction, and reaching the substance of the bull in the end, through simplicity of few lines. If we are looking only at the result, without considering the entire process through which the painter went in order to reach this level of simplicity, we are not able to understand the depth of the process and of the painter. But each painting or lithograph is different, and they are the result of the creative process at that moment.

The stock prices are similar, having the same value, they represent the share capital divided in equal parts. The stocks are homogeneous, perfectly substitutable to one another. They are not tangible; their value is given by the company's activity during the financial year. One company may issue different instruments (bonds, preferred shares), might be present on different markets, but all the instruments, in their category are substitutable and for the investors represent just a way of investing, considering all the investment opportunities on the market. To exemplify, included below Table 2 [14], is the result for one week of trading for Sotheby's shares, one of the biggest auction houses in the world. The volume represents the number of shares traded in the respective day, all with the values between open and closing price.

Table 2: Sotheby's historic stock lookup - week of September 16, 2019.

Date Requested	Closing Price	Volume	Split Adjust-ment Factor	Open Price	Day High	Day Low
16-Sep-19	$56.87	238,558	1:01	$56.87	$56.99	$56.87
17-Sep-19	$56.91	261,812	1:01	$56.92	$56.95	$56.87
18-Sep-19	$56.90	347,792	1:01	$56.93	$57.05	$56.87
19-Sep-19	$56.94	1,228,163	1:01	$56.89	$56.98	$56.88
20-Sep-19	$56.94	1,446,766	1:01	$56.97	$56.99	$56.90

Sotheby's website

3.4. Liquidity

The shares and the bonds are listed frequently on the stock exchange, there are many transactions during the day, changing to a certain extern the price of the stock, for reference please see the volume of transactions of Sotheby's shares presented in Table 2. An artwork on the other hand can be traded once in 20 years or more or not even in a century. Salvador Mundi, the most expensive painting in the world, which was sold for USD 450.3 million by Christie's in New York to Abu Dhabi Department of Culture and Tourism, painted by Leonardo around 1450 - 1519, it was considered lost until it was discovered and restored in 2011-2012 and exposed in National Gallery, London. The art market is not an active market, transactions are not occurring so often as those of stocks.

3.5. Transparency

As mentioned above, the art market has two main sub-markets: primary and secondary art market. Both are trading art works, but not all of them are known to the public, usually the price is known only to the parties immediately involved. The most known transactions are those of the auctions houses, who announce the public the auction's results. However, the access to the information related to the transactions in the art market is very limited.

All transactions on the stock exchange are known, the prices at which the stock is traded is known to all participants in the market and it's publicly available. The traders need to comply to the rules of the stock exchange, and the price cannot increase in one day above a certain level. With reference to the Table 2, the value of Sotheby's one share is between 56.87 and 57.05 in the week of 16 September 2019. The value of the share is known in seconds while the artwork needs to be appraised by the specialist to assess their value. This makes the market less transparent, being a barrier for the potential investors.

3.6. Regulations or lack of regulations

The trading of securities is highly regulated, and the companies need to comply with many laws and regulations. The art market is not a regulated market, the lack of reporting obligation of the art companies and the lack of information about the transactions on this market, make this difficult to approach and seen by many investors as a doubtful market. The stock exchange has strict rules in terms of insider trading, who has access to the information and there are severe consequences if the laws are not respected. In the art market, it cannot be defined exactly what is the insider trading. Furthermore, there are times when, at the auction houses, the painter is buying its painting back in order to keep the price up, transaction which is legal, however, the public doesn't know who acquired the work and therefore cannot conclude adequately. As mentioned above, the lack of the transparency on the market may distort the information to the potential investors. On the other hand, the investor in art do not let the performance of their investment in a management team, as in a case of investments in stocks. The collector is not exposed to the possible risk of the management incompetency or even more, management fraudulent transactions; but it has to pay attention to the authenticity of the artwork.

3.7. Valuation

As Warren Buffett said, ``Price is what you pay, value is what you get''. The price and the value are two distinct notions however they are directly correlated, one being the reflection of the other. For financial reporting, a company is valued using multiple methods, most commonly presented in International Accounting Standard (``IAS)'' 36 Impairment of assets: the fair value less cost to sale or value in use, the latter being determined based on discounted future cash-flows. If fair value less cost to sale is determined with reference to a similar market transaction, the value in use, requires significant judgements and estimates regarding the Company's activity in the future (e.g. the growth rate, discount rate and the inflation rate, period of the business plan, etc). Although the process is very complex, it does generate a value of the company. The public companies have the capitalization publicly available and represent the value the buyer want to buy and the seller to sell the respective share, see Table 2 for the values of Sotheby's in one week of trading.

A painting or an art object is valued considering different elements, but not the future cash-flow of the respective work. Nobody can estimate reliable the rate of return of a certain painter. As Baumol said in his work, ``Finally, in the case of a stock we know, at least in principle, what its " true" (equilibrium) price should be-it is the stock's pro rata share of the discounted present value of the company's expected stream of future earnings. But, for a work of art, who would dare to claim to know the true equilibrium price? Distorting Oscar Wilde to my purposes, even those critics who claim to know the value of everything may know the true price of nothing.'' [15]

The future of an artwork resides in the tastes and the fashion of future times, aspects which defy any predictions in case of the artwork. Some of the well-known examples are Vermeer [16] who virtually disappeared from the public for centuries to be rediscovered and considered the producers of some of the priceless works. El Greco is another example of modern rediscovery. The most known painter who increased in value significantly after death is Van Gogh who sold during his lifetime only one painting, to become one of the most famous painters of the XX century.

Valuation is the highest difficulty in the art world which affects the liquidity on the market. When Ben Williams, managing director, head of lending solutions in UK&Nordics for JP Morgan Private Bank was asked what was the biggest risk he saw when providing art-secured lending to clients, he responded: ``The biggest risk in art-secured lending is valuation variability. Since valuation transparency and consistency are key factors when providing loans, we rely on the knowledge of the expert to assess the value of the client's art. However, even the best experts are frequently obliged to value individual artworks within a range. Additionally, while price certainty is a function of the liquidity, we do not control the liquidity of the art market. On the other hand, transparency and provenance are less of a concern when pieces can be associated with clear history and central registers.'' [17]

Although the price cannot be estimated based on the future returns, on the secondary market, the prices are determined considering objective, rationale factors and some subjective, related to preferences or what's fashionable. The rational factors are represented by the artists, the features of the work and the place and time of the sale.

In determining the valuation of a piece of art on the secondary art market, the valuators start with the artists themselves: who they are, their fame and what role they played in their artistic movement, the role in the history of the art market and the importance of the artistic group. According to Leslie Singer and Gary Lynch (1997) [18], the artists can be grouped as follows:

1. the first category is represented by the founders who created innovative pictorial insights. Examples are Francis Bacon, Max Beckmann, Paul Cezanne or Pablo Picasso;
2. the second category followers of significant achievement examples are Lovis Corinth, Andre Derain or Raoul Duffy; ´
3. The third phase is composed of artists who are essentially following the mainstream art movements. Often, they are not known to the general public. This time sequence corresponds well to the typical development of fields of scientific inquiry.

It is obvious that the price is strictly correlated with the fame of the artist and the importance of the art movement in the art history. ``Greater fame and prestige will generate a higher return on investment and lower downside risk, driving prices up'' [19].

Characteristics of the artwork itself is another category of objective factors which affect the valuation of art. These aspects were analyzed over time, reaching the following conclusions:

1. Size of the work. Although it is not applicable in all cases, it is known that the art price increases with the size of the work. Empirical studies showed that although the prices are increasing with the size, they are increasing with the decreasing of marginal rates: the prices increase proportionately with the size, until a certain level, after which they tend to become flat or even to decrease. The decrease in marginal rate after a certain size is due to the fact that many collectors are interested in small to medium size works, so they are able to expose the works in their home and they are less expensive to maintain. There are institutions which drive the demand for large pieces of work, however they also have negotiation power which may subdue prices.

2. Medium of art works. It is known that the oil paintings on canvas are often more expensive than the art works on papers. This is due to higher raw material costs for with the canvas and the oil and to the higher durability given by this medium. But the effects of the different medium are not straightforward and often varies between artists. If an artist became famous due to works in a certain medium, those works will be the most expensive ones.

3. Period in which the artwork was created. The creative period of an artist can be divided in early, transitional and mature works. Usually the price of an artist starts to rise once the artist has formed his own style, however due to scarcity of the art works of a famous artist, the early works can also become very expensive.

4. The subject matter also affects price; however, no rule can be set in this area. There is a variety between artists, region, cultures, artistic movement which put value on certain subjects in detriment of the others. The historical portraits are known to achieve better prices that the unknown figures, the religious theme which is used to be valued it is know it has decreased in value in our days.

5. Recognizability is another feature which affects the price. If we are looking at Theodor Pallady work or Ciucurencu, we can say the work and style belongs to the maestros. These works are usually more expensive if they are part of the consecrated style of the artist.

6. Physical condition of the canvas is another element which influences the price. A canvas with many holes it requires more work to be reconditioned and restored and these costs are deducted from the price of the artwork. However, this is also fashionable, there were periods when the collectors liked to have the artwork fully reconditioned, now some collectors pay a premium to have it as authentic as possible, with fewer restoration needed.

7. Provenance and authenticity are key factors in determining the value of the artwork; the signed works will be more expensive, and knowing the history of the previous owners, the history of the artwork might be crucial in determining the price. Where and how often the work has been exhibited also affects the prices.

8. The rarity of the work can increase the prices. If an artist has created a reduced number of works, their work can be more expense than those of other more prolific artists, due to their scarcity.

The subjective part is determined by the preferences and tastes of the collectors, in the auction houses, the price may rise because the collector has a passion for collecting the respective painter, deriving value from the decorative and ownership of the artwork.

If we are analyzing the valuation from the time perspective, an artist has usually few creative periods. The painting might have different value, depending in which period it was created. The legacy of the artist is his lifetime work and it is composed from all the painting he has painted. The artist might have an index or might be included in an index, however from the economic point of view, his heritage is composed from different works, with different values. The collectors usually own unique works from different period which will increase in value depending on how famous the artist was.

The company produces goods over time which are sold and used by its customers, the way is doing this, meaning how good or bad is reflected in the profit and loss and consequently in the price of the stocks (shares/bonds). There are multiple traders/investors who own shares in the same company. The paper it is not focused on the factors influencing the stock-price, these being a result of public actions and financial performance of the company. Due to the lack of transparency, the paper tried to explain the factors influencing the artworks

3.8. Lack of intermediary income (e.g interest or dividend income)

This is a substantial difference and a specific for the art market. The artwork doesn't generate income, the returns come only from the capital growth. The investment in the works of art have higher rate when they are kept for longer periods, but they don't bring dividends or interest income. The investment in securities generate income over time of possession in the form of dividend or as for of coupon income in case of the bonds. The artwork income over time is given by the aesthetic pleasure. Furthermore, holding a collection of the artwork may generate costs with the insurance, security and preservation of the respective work, which may conduct to serious expenses to the owner.

Yet, no matter the rate of return, during the crash time, the owners of the art works are safer than the investors in shares/bonds. The Companies may disappear, and the value of the stock can get to nil; while in the art world, the paintings have their value. Even if the market is affected by the financial crash and there are no transactions, the value will recover in the following periods, and the art object might be sold on profit. During severe economic climate, the collectors feel a less pressure to sale than the investors on the other markets.

During inflation times, the art market might be an alternative for investment. The most known example is the Railpen (the British Rail Pension Fund) who invested its pension funds in the artwork, in 1974, because it wanted to hedge against inflation. At that time, the inflation rate was running at an annual rate of 30 per cent, the stock market was in decline and the property devalued. The pension funds at that time were limited to equities and bonds, not having instruments to hedge against inflation. The fund successfully hedged against inflation, and the £40 million invested between 1974 and 1980 generated a return higher with 4% than the inflation rate, obtaining a value of £172 million. [20] However, when the inflation rate had stabilized and the economic pressure to invest in an alternative asset disappeared, Railpen decided to sell its art investments. In addition to lack of pressure for alternative investments, the fund considered also the opportunity cost of investing in different instruments, and the difficulties had incurred with the valuation, the cost of storage and the cost of insurance.

3.9. Valuation from accounting perspective

From accounting perspectives, the paintings and the artworks need to be valued and captured in the balance sheet. Depending on the role played in the market, the paining can be captured in different position in the balance sheet, having certain rules of valuation.

3.9.1. Auction house - presenting art as inventory

In its financial statements, Sotheby's has included the difficulty in assessing the proper valuation in their annual reports [21].

``The art market is not a highly liquid trading market. As a result, the valuation of art is inherently subjective, and the realizable value of art often fluctuates over time. If there is evidence that the estimated realizable value of a specific item held in inventory is less than its carrying value, we record a loss to reflect our revised estimate of realizable value. If the estimated realizable value of the property pledged as collateral for a loan is less than the corresponding loan balance, we assess whether it is necessary to record a loss to reduce the carrying value of the loan, after taking into account the ability of the borrower to repay any shortfall between the value of the collateral and the amount of the loan.

In estimating the realizable value of art held in inventory and art pledged as collateral for loans, we consider the following complex array of factors: (i) whether the property is expected to be offered at auction or sold privately, and the timing of any such sale; (ii) the supply and demand for the property, taking into account current art market conditions, as well as changing trends as to which collecting categories and artists are most sought after; (iii) recent sale prices achieved for comparable items within a particular collecting category and/or by a particular artist; (iv) the state of the global economy and financial markets; and (v) our intent and ability to hold the property in order to maximize its realizable value.

Due to the inherent subjectivity involved in estimating the realizable value of art held in inventory and art pledged as collateral for loans, our estimates of realizable value may prove, with the benefit of hindsight, to be different than the amount ultimately realized upon sale.''

3.9.2. Other companies -- different treatments

In the International Financial Reporting Standards there is no clear definition how to recognize investment in art. Considering the International Financial Reporting Standard (IFRS) Framework definition `Asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity (IASB Framework)', the artworks meet the definition of the asset. In the absence of a Standard or an Interpretation that specifically applies to a transaction, companies use their judgement in developing and applying an accounting policy that results in information that is relevant and reliable. In making that judgement, IAS 8.11 requires management of the companies to consider the definitions, recognition criteria, and measurement concepts for assets, liabilities, income, and expenses in the Framework. Depending on the purpose of the acquisition of the art, the art can be presented as Other long-term investments, Property, plant and equipment or Inventory.

Luke Dugdale, the director of the Royal Bank of Canada's British-based private client wealth management division said that "Art is an asset, not an asset class. If it were an asset class, the F.C.A. (Financial Conduct Authority) would regulate it. And that would kill the art world. It's a market in which everyone can be an adviser." Economists define an asset class as a group of investments that behaves in a similar way in the marketplace. ", fact which is not applicable to the sales of the artworks. [22]

3.10. Consolidated results versus total number of the art works

If we assimilate the activity of a company with the activity of an artist, the company consolidates its subsidiaries in one set of consolidated financial statements and present the same financial results to different markets where it is listed; the work of an artist cannot be consolidated in one piece of work, the works can be exposed in different museums around the world, but each piece represents a unique work which is done by the artist on a certain period of his career, and although is the same artists, might be totally different than other works from other periods (e.g. beginning versus mature period), it is very difficult to have the entire work of an artist only into one place, gallery or museum.

4. Conclusion

The investment in the art market it is not transparent, lacks liquidity and the valuation of the art work requires time and experts to be performed. The fact that the market increased, and more data is available for the public, doesn't mean the investment in the art market is easier. Furthermore, the acquisition of the artwork is not regulated in the accounting standards, the most known being only those for auction house, where the art is treated as inventory. This doesn't help to open and to make the market more understandable for the possible investors. As shown above, the price of an artwork is determined by multiple factors, which make the valuation very difficult; even Sotheby's highlight this in their accounting policies in the annual financial statements, and the JP Morgan director points out, in his interview in Deloitte Art and Finance report, being the riskiest factor for lending loans with art collateral. The complexity for determining the value of the artworks presented above, the lack of accounting regulation, the limited willing to give loans having art works as collateral are factors which limit the investors' appetite to invest on this market.

In conclusion, there are clearly differences between the art market and other markets, as described above. The investment in the art market requires special skills and knowledge and furthermore a passion for the decorative and aesthetic role of the art, the dividend income of the artwork being the privilege to admire the artwork while having the ownership, with no tangible monetary income during the ownership of the work.

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