

## Optimal dividends in the dual model under transaction costs

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### Abstract:

We analyze the optimal dividend payment problem in the dual model under constant transaction costs. We show, for a general spectrally positive Lévy process, an optimal strategy is given by a  $(c_1, c_2)$ -policy that brings the surplus process down to  $c_1$  whenever it reaches or exceeds  $c_2$  for some  $0 \leq c_1 < c_2$ . The value function is succinctly expressed in terms of the scale function. A series of numerical examples are provided to confirm the analytical results and to demonstrate the convergence to the no-transaction cost case, which was recently solved by Bayraktar et al. (2012).