Banking

Academic Year: (2019 / 2020) **Review date: 21-04-2020**

Department assigned to the subject: Business Administration Department

Coordinating teacher: SAMARTIN SAENZ, MARGARITA

Type: Electives ECTS Credits : 5.0

Year : 2 Semester : 2

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Financial Economics, Microeconomics, Corporate Finance I & II

OBJECTIVES

The objective of this course is to study the microeconomics of banking theory. To achieve this objective, the student should acquire a series of knowledge and skills.
With respect to the series of knowledge, at the end of the course the student should be able to:
¿ Understand the role that financial intermediaries play in the economy
¿ Understand the vulnerability of financial intermediaries to bank runs
¿ Analyze the challenges of bank regulation
¿ Be aware of the main risks faced by banks
With respect to skills, at the end of the course the student should be able to:
¿ Understand the foundations of the economics of banking and be able to apply to any context they encounter in their profession
¿ Estimate the different banking risks from a bank balance sheet
¿ Obtain information about prices or other relevant parameters for intermediaries or markets

DESCRIPTION OF CONTENTS: PROGRAMME

PROGRAM

1 Introduction: Why do financial intermediaries exist?

2 Intermediation and Crises

3 Systemic Risk and Contagion

4 Bank Regulation

5 Credit Rationing

6 Competition and Bank Risk

7 Capital Requirements

LEARNING ACTIVITIES AND METHODOLOGY

The teaching method includes:
Each topic or sub topic is presented by the professor in a theory session. After the theory session the students have to study the materials, do complementary readings and work on the relevant problem sets.
The course material for each topic (slides that will be used in theory sessions and problem sets to be solved in practice sessions) is provided in advance through the intranet in Aula Global 2.
Each teacher has scheduled weekly office hours that the students can use to obtain extra help.

% end-of-term-examination:	80
% of continuous assessment (assigments, laboratory, practicals…):	20

BASIC BIBLIOGRAPHY

- Allen, F. and D. Gale Understanding Financial Crises, Oxford University Press, 2007
- Freixas, X. and J. Rochet Microeconomics of Banking, MIT Press, 1997