

Academic Year: ( 2024 / 2025 )

Review date: 16-04-2024

Department assigned to the subject: Social Sciences Department

Coordinating teacher: BATTILOSSI , STEFANO

Type: Electives ECTS Credits : 3.0

Year : 1 Semester : 2

**REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)**

Monetary and financial macroeconomics  
Financial economics

**OBJECTIVES**

- To understand the theoretical foundations and the empirical implications of the nexus between financial development and economic growth
- To analyze both theoretically and empirically the distortions created by financial repression and restrictions, and the benefits and risks of financial liberalization
- To analyze both theoretically and empirically the sources of financial vulnerability and fragility of developing economies
- To analyze causes, patterns and consequences of financial crises; to elaborate leading indicators of financial vulnerability; to design measures of prevention, management and solution of financial crises
- To analyze both theoretically and empirically the benefits and risks of prudential regulation and financial safety nets; to design reforms aimed at strengthening financial systems and promoting financial stability in developing economies
- To understand the causes and consequences of limited access to credit by households and small-and-medium size firms in developing economies; to design reforms aimed at promoting access to credit.

**DESCRIPTION OF CONTENTS: PROGRAMME**

- 1) Financial development and growth: theory and empirical studies
- 2) Legal roots of financial development: common law vs civil law
- 3) Government intervention, regulation and repression of financial systems in developing economies
- 4) State-owned banks and development banks
- 5) Access to and use of financial services in developing economies
- 6) Access to financial services, inequality and poverty
- 7) Access to finance of SMEs and micro-enterprises
- 8) Informal finance
- 9) Financial liberalization and its impact on growth
- 10) Financial fragility: financial crises and boom-bust credit cycles

**LEARNING ACTIVITIES AND METHODOLOGY**

Students will develop their knowledge base and analytical skills by:

- attending lectures setting the basic theoretical framework as well as illustrating key empirical findings. Students will receive the content of each lecture in advance in the form of power point presentations. At the same time students will receive at the start of the module a full list of basic and complementary bibliographical references. All readings will be uploaded to Aula Global in order to allow students to read in advance and dwell autonomously on the topics in which they are more interested.
- discussing published articles and working papers, as well as completing group and individual assignments, in order to stimulate active participation by students.

Students will develop their instrumental skills by:

- analysing and presenting in class the methods, data and empirical findings of published articles and

working papers;

- writing and presenting in class a final academic essay based on a review and discussion of the existing literature on one of the topics dealt with in the module;
- actively participating in the discussion of other students' essays.

Students will have two hours per week of individual tutorials; they may also request additional tutoring, either individually or in groups.

#### ASSESSMENT SYSTEM

<b>% end-of-term-examination:</b>	50
<b>% of continuous assessment (assignments, laboratory, practicals...):</b>	50

Training assessment will represent 50% of the final grade. It will be based on:

- Active participation in class: 20%. Includes presentations and discussions of articles and reports of interest for the module, as well as commentaries and interventions with added value to the class discussion.
- Submission and presentation of a research essay on topics related to the course: 30%. To be delivered usually at the end of the module. Students can work in small groups of 2 or 3 members.

A final written exam will assess knowledge and skills developed by students in the module, and will provide the rest of the grade (50%).

All this in compliance with the existing legislations and regulations.

#### BASIC BIBLIOGRAPHY

- Beim D., Calomiris C. Emerging Financial Markets, McGraw Hill Education, 2001
- Mishkin F. The Next Great Globalization. How disadvantaged nations can harness their financial systems to get rich, Princeton University Press, 2008
- Montiel P. Macroeconomics in Emerging Markets (Chapter 20), Cambridge University Press, 2011
- Ray D. Development Economics (Chapter 14), Oxford University Press, 1998
- Todaro M.P., Smith S.C. Economic Development (Chapter 15), Addison-Wesley, 2020

#### ADDITIONAL BIBLIOGRAPHY

- Allen F. et al. ¿The foundations of financial inclusion: understanding ownership and use of formal accounts¿, Journal of Financial Intermediation 27, pp. 1-30, 2016
- Aron J. ¿Mobile money and the economy: a review of the evidence¿, The World Bank Research Observer 33: 135-188, 2018
- Banerjee A. et al. ¿The miracle of microfinance? Evidence from a randomized evaluation¿, American Economic Journal: Applied Economics 7 (1), pp. 22-53, 2015
- Beck T., Demirguc-Kunt A., Levine R. ¿Finance, inequality and the poor¿, Journal of Economic Growth 12 (1), pp. 27-49, 2007
- Bruhn M., Love I. ¿The real impact of improved access to finance: evidence from Mexico¿, The Journal of Finance 69 (3), pp. 1347-1376, 2014
- Claessens S., Perotti E. Finance and inequality: channels and evidence, Journal of Comparative Economics 35, pp. 748¿773, 2007
- Demirguc-Kunt A., Klapper L. Measuring financial inclusion. The Global Findex Database, World Bank Policy Research Working Paper, n. 6025, 2012

- Ghosh S., Vinod D. ¿What constrains financial inclusion for women? Evidence from Indian micro data¿, World Development 92, pp. 60¿81, 2017
- Guirkinger C. ¿Understanding the coexistence of formal and informal credit markets in Piura, Peru¿, World Development 36, pp. 1436-1452, 2008
- Kose M., Prasad E., Rogoff K, Wei S. ¿Financial globalization: a reappraisal¿, IMF Staff Papers 56(1), pp.8-60, 2009
- Ranciere R., Tornell A. Westermann F. ¿Decomposing the effects of financial liberalization: crises vs. growth¿, Journal of Banking & Finance 30, pp. 3331 ¿3348, 2006
- Suri T., Jack W. ¿Risk sharing and transaction costs: evidence from Kenya¿s mobile money revolution¿, American Economic Review 104 (1), pp. 183-223, 2014
- Tsai K. ¿Imperfect substitutes: the local political economy of informal finance and microfinance in rural China and India¿, World Development 32, pp. 1487¿1507, 2004
- World Bank Policy Research Report Finance For All? Policies and Pitfalls in Expanding Access, World Bank (Washington DC), 2007
- de Haan J., Sturm J-E. Finance and income inequality: a review and new evidence, European Journal of Political Economy 50, pp. 171-195, 2017

#### BASIC ELECTRONIC RESOURCES

- AFI . Alliance for Financial Inclusion: <http://www.afi-global.org/>
- Accion . Center for Financial Inclusion: <http://www.centerforfinancialinclusion.org/>
- World Bank . Financial Inclusion: <http://www.worldbank.org/en/topic/financialinclusion>
- World Bank . Global Financial Development: <http://https://www.worldbank.org/en/publication/gfdr/data/global-financial-development-database>
- World Bank . Global Financial Development Report: <http://www.worldbank.org/en/publication/gfdr>