# Institutions and Financial Markets

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***Text under revision. Not yet approved by academic staff***

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide students with a theoretical and institutional overview of the financial system functions and of the role played by the different financial intermediaries and markets. Considering their key role played within the Italian financial system, the course also explores the main features of bank management through the analysis of its reference regulatory framework and of the various bank operation fields in Italy as also in the international market. The course also explores the different types of financial instruments highlighting their technical features and their methods of issue and negotiation in the markets.

At the end of the course, students will be able to:

* Recognise the structure of the financial system, its functions, the role played by intermediaries, the markets and particularly the role played by banks
* Independently assess the easiest way to calculate the profitability of the main financial tools available to the average investor;
* Understand the relevance of access to the most common forms of saving schemes and particularly supplementary pension products.

***COURSE CONTENT***

1. Features and structure of the financial system: financial activities, financial intermediaries and markets.

2. The functions of the financial system

 2.1. The monetary function

 2.2. The function of connection among surplus and deficit operators

 2.3. The transmission mechanism of monetary policy

3. Intermediaries

3.1. Financial intermediation and the specificity of the bank: the theoretical foundations

 3.2. Banks and credit intermediation

 3.3. Bank management profiles and organisational models

 3.4. Supervision and current regulation

 3.5. Other financial intermediaries

3.6. Brokerage intermediaries and investment services provided by banks and investment firms

 3.7. Bank financial statement (outline)

 3.8. The role of the banking system on the international scene (outline)

 3.9. Intermediaries and the financial crisis (outline)

4. The financial instruments: technical features, methods of issue and revenue calculation

 4.1. Money market instruments

 4.2. Medium-and long-term debt securities

 4.3. Shares

 4.4. Derivative instruments

5. Financial instrument markets in Italy

 5.1. Overview of the structure of financial market regulation

 5.2. Primary market: auctions, capital increase and consortia

 5.3. Secondary market and its recent evolution: regulated markets and stock exchanges.

6. Savings management instruments and pension funds.

***READING LIST***

Textbook used:

Banfi A. - Biasin M. –Borroni M. - Oriani M. - RaggettiG., *Economia degli intermediari finanziari,* Isedi, Turin, 2017.

Textbook suggested:

Banfi, *I mercati e gli strumenti finanziari,* Isedi, Turin, 2020.

For details of the reading list and other exam preparation material, please refer to the appropriate notice in Blackboard

***TEACHING METHOD***

Frontal lectures supported by slides and other material. The slides shown during lectures are available for students on the download area of the lecturer’s webpage in the Virtual classroom and Blackboard. During the academic year supplemental material concerning the topics covered will be distributed to attending students.

In order to encourage student participation, exercises may be completed during lectures and corrected together: students will be invited to take part, this activity is optional.

The reading list is the same for both attending and non-attending students.

***ASSESSMENT METHOD AND CRITERIA***

Written exam consisting of an adequate number of open-ended questions, open questions and exercises based on which the lecturer is able to assess students’ preparation.

Different sets of questions and/or exercises with equal level of difficulty may be administered to students according to their number in the exam session.

Special exam measures may be arranged to favour regularly attending students (but only in case of exam sessions specifically agreed with students). In this case the number of open-ended questions and/or exercises may exceed the number of questions expected during ordinary exam sessions and these may also be supplemented with closed-ended questions (about a dozen) mainly on topics specifically and thoroughly covered during classes. This type of exam may be followed by an optional complementary oral exam.

Assessment will be based on relevance and accuracy of students’ answers as well as appropriate use of specific terminology.

The pass mark is 18/30 for both the part of the syllabus taught by Prof. Di Pasquali and the part taught by Prof. Bodio.

***NOTES AND PREREQUISITES***

There are no prerequisites for attending the course. However, students should be interested in the course topics.

Should the COVID-19 health emergency prevent in-person appointments with the lecturer, the Teams platform will be used as per the information provided by the lecturers on Blackboard and/or on the lecturer's webpage.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG, or on the Faculty notice board.