# 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 markets and intermediaries. Considering their key role played within the Italian financial system, the course also explores the main features of bank management through the analysis of the regulatory framework and of the different business strategies adopted in Italy and in the international market. The course also explores the different types of financial instruments highlighting their technical features, their issuing procedures and their trading in the financial markets.

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

* identify the structure of the financial system, its functions, the role played by different intermediaries, the markets and particularly the role played by banks;
* assess the easiest way to evaluate prices and returns of the main financial instruments available to retail investors;
* understand the relevance of the most common saving schemes and particularly 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 connecting surplus and deficit operators

2.3. The transmission mechanism of monetary policy

3. Financial 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 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 financial crisis (outline)

4. Financial instruments: technical features, issuing procedures and valuation

4.1. Money market instruments

4.2. Medium-and long-term debt securities

4.3. Stocks

4.4. Derivative instruments

5. Financial markets in Italy

5.1. Overview of the structure of financial market regulation

5.2. Primary market: auctions, IPOs and seasoned offerings and consortia

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

6. Savings management instruments and pension funds.

***READING LIST***

Textbook:

Banfi A. - Biasin M. –Borroni M. - Oriani M. - RaggettiG., *Economia degli intermediari finanziari,* Isedi, Turin, (last edition).

Textbook suggested:

Banfi, *I mercati e gli strumenti finanziari,* Isedi, Turin, (last edition).

For details about the reading list and other exam preparation material, please refer to 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.

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 on the basis of 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.

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.

***NOTES AND PREREQUISITES***

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

Further information can be found on the lecturer's webpage or on the Faculty notice board.