# Economics of Financial Intermediaries and Markets

## Proff. Simone Rossi-Andrea Lippi

**Module One – Economic Institutions of financial intermediaries**

Prof. Simone Rossi

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

The course aims to provide students with theoretical and applicative tools for understanding the workings of the financial system, as well as the role played by various financial intermediaries. Particular attention will be paid to the topic of banking regulations and the innovative and organisational aspects that are reshaping the financial sector.

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

* identify the main players within the financial system;
* understand the role the financial system plays in the economic system;
* understand the determinants of the continuous development of financial systems, their components and the single intermediaries that operate within them;
* understand the evolutionary lines of banking regulations and the impact they have on the strategic decisions made by financial intermediaries;
* appreciate and measure the degree of profitability, efficiency and capital strength of a bank.

***COURSE CONTENT***

The course is organised as follows.

- Structure and evolution of the financial system: the fundamentals of the financial system and its functions.

- Theoretical outlines of financial intermediation: types of financial intermediaries and the specificity of banks.

- The functions of banks: credit, monetary and transmission of monetary policy impulses.

- Regulation of the financial system, supervision tools and the role of supervisory authorities.

- Organisational models that can be adopted by credit intermediaries.

***READING LIST***

Compulsory reading:

A. Banfi-M. Biasin-M. Oriani-G.M. Raggetti, *Economia degli intermediari finanziari (fourth edition)*, Isedi, 2022.

Recommended further reading on the subject of banking operations:

M. Borroni-M. Oriani, *Le operazioni bancarie,* Il Mulino, Bologna, 2020.

***TEACHING METHOD***

The course involves active teaching based on classroom lectures, monitored exercises aimed at analysing balance sheet data from credit intermediaries, seminars and company testimonials.

***ASSESSMENT METHOD AND CRITERIA***

The examination consists of a written test, generally consisting of:

* 4 open-ended questions (each with a maximum mark of between 5 and 8, depending on the complexity of students’ knowledge/skills)
* 5 multiple-choice and/or true/false questions (each is worth one mark if correct and o marks if wrong or left blank).

The clarity and effectiveness of presentation, the adherence of the answer to the content of the question, the use of correct technical terminology and the completeness of the arguments put forward will all contribute to the assessment of the open-ended questions.

Students must obtain at least 18/30 in order to pass.

For further information please refer to the “Guide to the examination” section under “Materials” on the course page on the Blackboard platform.

***NOTES AND PREREQUISITES***

During the lectures, the lecturer will indicate the parts of the reading list students should focus on in order to prepare for the examination. Update and support material will be available on Blackboard.

Although not compulsory, regular attendance is strongly advised.

There are no specific prerequisites for the course; however, knowledge of the rules of creating a corporate balance sheet, corporate finance and organisational models adopted by companies is useful. Students should be naturally interested and curious in the the course subjects.

Further information can be found on the lecturer's webpage at http://www2.unicatt.it/unicattolica/docenti/index.html, or on the Faculty notice board.

Information on office hours available on the teacher’s personal page at <http://docenti.unicatt.it/>.

**Module Two – Economics of securities markets**

Prof. Andrea Lippi

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

 The course aims to provide students with broad knowledge of financial markets and financial tools. With reference to markets, students will be provided with an overview of their organisational models and workings, with particular focus on competition from other trading venues. With regard to financial tools, the course analyses their main financial-technical characteristics and presents the main appraisal methods.

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

* identify financial markets, their organisation, workings and composition;
* identify the different types of bonds on the market and their financial-technical characteristics;
* identify the different types of shares and their financial-technical characteristics;
* identify and understand the appraisal techniques of the main financial tools;
* identify and understand the workings of derivative financial tools;
* express an opinion on investment in financial tools by retail clients.

***COURSE CONTENT***

The course is organised as follows:

- Financial markets: classification, workings and composition.

- Multilateral Trading Facilities and systematic internalisers.

- The main indices of Borsa Italia SpA.

- The different types of bonds: technical characteristics.

- Assessment criteria for bonds.

- Types of shares and their main characteristics.

- Fundamental analysis for the valuation of shares: stock market multiples.

- Derivative financial tools: definition, aims, classifications.

- The technical characteristics of futures.

- Option pay-offs.

***READING LIST***

Compulsory reading:

A. Banfi-M. Biasin-M. Oriani-G.M. Raggetti, *Economia degli intermediari finanziari*, Isedi, 2022.

***TEACHING METHOD***

The course consists of active teaching based on frontal lectures and guided exercises aimed at a more appropriate and in-depth learning of course topics.

***ASSESSMENT METHOD AND CRITERIA***

The examination is a written test consisting of open-ended questions with varying marks based on the complexity of students’ knowledge/skills.

Students will be assessed on the clarity and effectiveness of their presentation, adherence to the content of the questions, the use of correct technical terminology, the completeness of the arguments put forward. Students must obtain a mark of at least 18/30 in order to pass.

***NOTES AND PREREQUISITES***

The course does not require any specific prerequisites; however, knowledge of the rules of creating a company balance sheet, corporate finance and organisational models adopted by companies is useful.

During the course, the lecturer will indicate which parts of the reading list students should focus on in prepaparation for the examination.

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