# Financial Intermediation

## Prof. Elena Beccalli - Prof. Francesca Pampurini

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

This course is designed to provide the student with an overall view of the institutional and organisational frameworks of the main financial systems main types of financial instruments that are available for issuers and investors. The course covers: (i) in module 1: the functions of financial systems, the types of financial intermediaries, and the different operating models adopted by banks; (ii) in module 2: the types of financial instruments, the structural and operational characteristics of financial markets, and the main approaches to negotiations.

Instructional objectives of the course

1. *Financial systems*

After having completed the study of the material, the student is expected to be capable of:

– understanding the main functions of financial systems;

– analysing from a comparative standpoint the nuances of market-based financial systems and bank-based;

1. *Financial intermediaries*

After having completed the study of the material, the student is expected to be capable of:

– understanding the types of intermediaries, as well as their importance in relation to the different systems;

– understanding the distinctive aspects of bank management and bank business models (originate-to-distribute and originate-to-hold);

1. *Financial instruments*

After having completed the study of the material, the student is expected to be capable of:

– recognise and understand the differences between different types of financial instruments;

– evaluate the performance of different types of financial instruments;

– choose the most appropriate financial instrument with respect to the need of an issuer or an investor.

1. *Financial markets*

After having completed the study of the material, the student is expected to be capable of:

– recognise and understand the differences between primary markets and secondary markets

– understand the distinctive aspects of quote driven and order driven markets

– understand the mechanism of continuous trading

– recognize the differences between regulated markets and other trading venues.

***COURSE CONTENTS***

*Module 1*

1. *Financial systems*

* role and functions of financial systems;
* characteristics of financial systems that are mainly market-based and systems mainly oriented to intermediaries (bank-based) in terms of financing methods for companies, composition of financial portfolios of families, forms of financing for businesses and families.

2*. Financial intermediaries*

* types of intermediaries operating in financial systems and their relative importance in the various systems;
* financial intermediation theories;
* distinctive features of bank business models;
* international merger and acquisition processes in the banking sector.

*Module 2*

1. *Financial instruments*

– Money market instruments;

– Government Bonds and Corporate Bonds;

– Stocks;

– OICR, mutual funds and pension funds;

– Derivatives (basic elements).

1. *Financial markets*

– Primary and secondary markets;

– Quote driven, order driven and other types of markets;

– Call auctions and continuous trading;

– MTF and different trading venues.

***READING LIST***

E. Beccalli: 2022, *Principles of banking and finance*, Vita e Pensiero.

***TEACHING METHOD***

The course is divided into two modules (Module 1 professor Elena Beccalli; module 2 professor Francesca Pampurini) of lectures carried out with the aid of slides and other support material. The course includes frontal lectures by the lecturer (95% of the course) and the participation of field experts in co-presence with the lecturer (5%).

***ASSESSMENT METHOD AND CRITERIA***

The examination consists of a written test with four questions; the test will run for 60 minutes. The questions are open-ended questions relating to points 1, 2, 3 and 4 of the course content.

The final mark, on a 30-point scale, will be based on the:

1. students’ knowledge and understanding of the topics assessed through open-ended questions aimed at exhaustively covering the topics of the course in order to verify the student's ability to formulate correct and thorough answers (50%) and appropriately use the specific terminology (10%);
2. ability to apply the knowledge assessed through open-ended questions, also based on the analysis of tables and graphs referred to real data (mainly in relation to point 1 of the course content), aimed at verifying the student's ability to interpret complex phenomena through trend data ( 30%);
3. critical analysis skills assessed through sub-points of open-ended questions (mainly in relation to point 4 of the course content), aimed at verifying the student's ability to critically analyse some complex phenomena (10%).

The course also includes the possibility to take an early exam, specifically structured to favour students who have regularly attended lectures. The date of this exam is agreed with the students according to the School's academic calendar.

If exceptionally students require to take an oral exam, it is a second optional test, but it is not integrative (i.e. the mark of the oral exam is averaged with the mark of the written test).

***NOTES AND PREREQUISITES***

*Possible remote teaching*

In the event that the health situation related to the Covid-19 pandemic will impose restrictions on face-to-face teaching, remote teaching will be guaranteed in ways that will be communicated in due time to the students.

*Office hours*

For Professor Elena Beccalli, office hours take place on Wednesdays from 16.00 at the Dean’s Office of the School of Banking, Financial and Insurance Sciences (Largo Gemelli 1).

For Professor Francesca Pampurini, office hours take place on Wednesday from 11.30 in room C17 (Via Necchi 5).