# Financial markets, credit and banking

## Gr. A-K: Prof. Andrea Paltrinieri; Gr. L-Z: Prof. Domenicantonio De Giorgio, Prof. Massimo Giardina

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

The course is aimed to offer a detailed framework of the functions of financial markets and intermediaries with special regards to the banking sector. Special attention will be given to the functioning of securities markets and the activities carried out by financial intermediaries. The course provides fundamental understanding of the financial risks to which intermediaries are exposed and their management.

At the end of the course, students will have:

1) acquired knowledge and understanding of the role and functions of the financial markets and intermediaries with special regards to banking sector

2) developed useful skills to carry out independently the valuation of securities (with specific focus on stocks and bonds);

3) the ability to interpret financial systems’ developments also in relation to the real economy;

4) acquired a technical language that allows them to communicate the acquired knowledge clearly and effectively;

5) the possibility of facing more advanced study paths in the field of complex financial securities, pricing, risk management and monetary economics.

***COURSE CONTENT***

Part I: *Overview of Financial Systems*

* The Structure and Functions of Financial Systems;
* The Economics of Financial Regulation and Supervision;
* The Determinants of Interest Rates and the Term Structure of Interest Rates;
* Central Banking and Monetary Policy Transmission.

Part II: *Securities Markets*

* Money Markets;
* Bond Markets;
* Stock Markets;
* Derivatives Markets.

Part III: *Financial intermediaries*

* Overview of the Financial Industry;
* Commercial and Investment Banking;
* Mutual and Hedge Funds.

Part IV: *Risk Management in Financial Intermediaries*

* Managing Credit Risk;
* Managing Interest Rate Risk & Liquidity Risk.

***READING LIST***

The complete list of compulsory readings will be specified by the lecturers.

Compulsory readings:

A. Saunders-M. Millon Cornett, *Financial Markets and Institutions,* McGrawHill, 2018, 7th Edition.

J. de Haan-S. Oserloo-D. Schoenmaker, *Financial Markets and Institutions,* A European Perspective, Cambridge University Press, 2015, 3rd Edition.

Details on mandatory chapters will be given at the beginning of the course.

Further readings on specific topics will be made available on Blackboard during the course.

***TEACHING METOD***

Lectures and guided exercises in order to apply the theoretical issues. Meetings with experts on some specific topics wil be held.

In the event of National Health Emergency (Covid-19 pandemic), in-person teaching might be replaced by distance-learning. Details will be announced in due time to allow for adequate planning in such a circumstance.

***ASSESSMENT METHOD AND CRITERIA***

The assessment of the knowledge and skills acquired by the student will be tested through a multiple choice test at the end of the course. The test includes exercises and questions. The answers to questions related to problem solving skills account for 40% of the overall grade of the exam. The answers to the questions concerning theoretical knowledge account for 60% of the overall grade of the exam.

***NOTES AND PREREQUISITES***

The preliminary knowledge of principles of management and financial mathematics are essential for an adequate understanding of the lessons. We strongly recommend attending the course, through active participation in the lessons.

Further information can be found on the lecturers’ webpage at *http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.*

The lecturers will be available during office hours all year long. Please check the lecturers' personal page.