# . - Financial Intermediaries and Financial Markets

## Prof. Simone Rossi – Prof. Andrea Lippi

**Module I – Principles of economics of financial intermediaries**

Prof. Simone Rossi

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

The course aims to help students acquire theoretical and applied tools in order to understand the functions of the financial system, as well as the role of the different financial intermediaries. There is a special focus on the topic of banking regulation and on organisational and strategic innovations that are reshaping the financial sector.

At the end of the course, students will have acquired:

* an awareness of the main actors in the financial system;
* understanding of the financial system’s role within the economic system;
* understanding of the determining factors of the continuous evolution of financial systems, of their components and of the single intermediaries operating inside them;
* understanding of the development paths of bank regulation and its impact on strategic choices of financial intermediaries;
* the ability to evaluate and measure a bank’s profitability, efficiency and financial soundness indicators.

***COURSE CONTENT***

The course covers the following topics:

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

- Theoretical outline of financial intermediation: the types of financial intermediaries and banks’ specific role.

- The functions of banks: providers of financial services, monetary functions and instruments for the transmission of monetary policy stimulus.

- The regulation of the financial system, the control instruments and the role of Supervisory Authorities.

- The. organisational models that can be adopted by financial intermediaries.

 ***READING LIST***

Compulsory text:

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

Text recommeded for further in-depth study on the subject of banking transactions:

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

***TEACHING METHOD***

In the course active teaching methods are used based on frontal lectures in the classroom and on guided exercises aimed at the analysis of financial intermediaries’ financial statements, on seminars and corporate presentations.

***ASSESSMENT METHOD AND CRITERIA***

The exam consists in a written test, normally including:

* 4 open questions (each with a maximum mark ranging from 5 to 8 points, depending on the complexity of the assessed knowledge/skills)
* 5 multiple choice questions and/or true/false (each marked one if correct and zero if skipped or wrong).

The assessment criteria for the open questions will include presentation clarity and efficacy; pertinent answers, proficiency in the use of the technical lexicon, comprehensive arguments.

The pass mark is 18/30.

For further information, students should refer to what is written on the Blackboard in the relevant “Exam Guide” available in the “Materials” section, on the page dedicated to the course.

***NOTES AND PREREQUISITES***

During lessons the lecturer will point out the parts of the reading list that students must study in order to prepare for the exam. Support material and updates will be available on Blackboard.

Students are strongly advised to attend, even though it is not compulsory.

There are no specific prerequisites in order for students to attend the course; nevertheless, it will be useful for students to have prior knowledge of rules for drawing up a balance sheet, of corporate finance and of the organisational models which companies may choose to adopt. Students are expected to have an interest in and intellectual curiosity for course topics.

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

**Module II – Principles of economics of financial markets**

Prof. Andrea Lippi

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

 The course intends to offer students a vast knowledge of financial markets and instruments. With reference to markets, an overview is provided of their organisational models and of their functioning, paying attention to competition from other trading venues. Regarding financial instruments, their main economic and technical characteristics are analysed and the main valuation methods are presented.

 At the end of the course, students will have acquired:

* knowledge of financial markets, their organisation, functioning and composition;
* knowledgeable of the types of bonds present on the market and their economic and technical characteristics;
* knowledge of the types of shares present on the market and their economic and technical characteristics ;
* knowledge and understanding of the valuation techniques for the main financial instruments;
* knowledge and understanding of the functioning of financial derivatives;
* the ability to express an opinion, in a consulting capacity, on investments in financial instruments by retail clients.

***COURSE CONTENT***

The course programme covers the following topics:

- Financial markets: classification, functioning modes and composition.

- Multilateral Trading Facilities and Systematic Internalisers.

- The main indices of Borsa Italia SpA.

- The different types of bonds: technical characteristics.

- Bond valuation criteria.

- Types of shares and their main characteristics.

- Crucial analysis for share valuation: equity multiples

- Financial derivatives: definition, purpose, classifications.

- The technical characteristics of futures.

- Options payoff.

 ***READING LIST***

Compulasory texts:

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

***TEACHING METHOD***

In the course active teaching methods are used based on frontal lectures in the classroom and on guided exercises aimd at more appropriate and in-depth learning of covered topics.

***ASSESSMENT METHOD AND CRITERIA***

The exam consists in a written test, divided in open questions which are marked differently, depending on the complexity of the assessed knowledge/skills.

The assessment criteria for the open questions will include presentation clarity and efficacy; pertinent answers, proficiency in the use of the technical lexicon, comprehensive arguments. The pass mark is 18/30.

***NOTES AND PREREQUISITES***

There are no specific prerequisites in order for students to attend the course; nevertheless, it will be useful for students to have prior knowledge of rules for drawing up a balance sheet, of corporate finance and of the organisational models which companies may choose to adopt.

During lessons the lecturer will point out the parts of the reading list that students must study in order to prepare for the exam.

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