

FI5310 – Banking and Finance

MODULE TYPE/SEMESTER: Core (20 credits), Semester 1

MODULE CO-ORDINATOR: Dr Linh Nguyen

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AIM:

This module provides an in-depth understanding of the role of commercial banks and financial intermediaries in the economy. It covers the functions, operations, and regulations of banks, and the impact of banking activities on the economy. Students will explore the crucial role of banks as liquidity providers, the significance of deposit insurance, and evaluate the various risks associated with banking and financial intermediation.

LEARNING OUTCOMES:

By the end of the course, participants should have a strong understanding of the following concepts and subject matters:

- The concepts and microeconomics of commercial banks
- The role of banks in the economy as delegated monitors and liquidity providers
- The significance of deposit insurance
- The major types of risks faced by banks and bank risk management
- The rationale for banking regulation

TEACHING FORMAT:

One two-hour lecture followed by one-hour seminar per week.

TOPIC OUTLINE (Indicative):

- Week 1. Banks and Financial Intermediation
- Week 2. Delegated Monitoring
- Week 3. Measuring Bank Performance
- Week 4. Deposit Contract and Insurance
- Week 5. Lending and Loan Sales
- Week 6. Independent Learning Week (self-study)
- Week 7. Securitization and Shadow Banking
- Week 8. Bank Risk & Management 1
- Week 9. Bank Risk & Management 2

- Week 10. Banking Regulation
- Week 11. Central Banking

ASSESSMENT:

- Group coursework: 20%
- Class test: 30%
- Final exam in the form of an essay: 50%

CORE TEXTBOOK:

- Berger, A., Molyneux, P. and Wilson, J.O.S. *Oxford Handbook of Banking Series*. Oxford University Press.
- Cecchetti, S.G. and Schoenholtz, K.L., 2024. *Money, banking, and financial markets*. McGraw-Hill.
- Saunders, A., Cornett, M.M. and Erhemjamts, O., 2024. *Financial institutions management: A risk management approach*. McGraw-Hill.

SUPPLEMENTARY TEXTBOOK:

- Greenbaum, S.I., Thakor, A.V. and Boot, A.W., 2019. *Contemporary financial intermediation*. Academic Press.

Additional reading materials will be provided in the lectures.

Organisation of courses may be subject to change without notice.