Money and Banking B | ECU33022

Year	Junior Sophister
ECTS Credits	5
Contact Hours	22 hours of lectures and 5 hours of tutorials
Pre-Requisite	ECU22011 & ECU22012 Intermediate Economics and ECU22031 & ECU22032 Mathematical and Statistical Methods
Semester	2
Module Leader and Lecturer	Dr Maylis Avaro
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Module Outline:

The second half of this module is formed by three pillars. The first one will introduce the core principles of banking and present an overview of financial instruments, financial markets and financial institutions. The second pillar will study fundamental concepts such as value and present value, risk and term structure, bonds, interest rate determination, stock markets, market efficiency, derivatives and foreign exchange. We will study how market interest rates are determined. The third pillar will put the focus on the economic theory behind financial intermediaries. We will discuss how the financial system can mitigate problems related to asymmetric information. This part of the module will also cover bank risk management, bank runs and financial crises.

Module Learning Outcomes:

On successful completion of this module, you will be able to:

- Discuss the recent performance of financial markets and government intervention strategies in light of economic theory;

- Describe recent trends in the organization of the financial industry and recognize the main microeconomic theories of banking;
- Describe the main financial instruments and the way in which they help redistribute risk between economic agents.

Assessment:

- Coursework: 20%
- Assignment: 40%
- Examination: 40%

Recommended Reading List:

Primary Reading:

- Cecchetti, Stephen G. and Schoenholtz, Kermit L. *Money, Banking and Financial Markets* 6th ed. 2021

Additional Readings:

- Matthews, Kent and John Thompson. *The Economics of Banking,* 2nd ed. (Wiley, 2008)
- Mishkin, Matthews and Giuliodori. *The Economics of Money, Banking and Financial Markets*, European edition (Pearson, 2013)

NB: Additional readings will be suggested in lectures