



COURSE UNIT (MODULE) DESCRIPTION

| Course unit (module) title | Code |
|----------------------------|------|
| Finance II | |

| Academic staff | Core academic unit(s) |
|--|--|
| Coordinating: Dr. Junghum Park Other: | Faculty of Economics and Business Administration |

| Study cycle | Type of the course unit |
|--------------------|-------------------------|
| First (Bachelor's) | Compulsory |

| Mode of delivery | Semester or period when it is delivered | Language of instruction |
|---|---|-------------------------|
| Face-to-face (lectures, classroom tutorials) and self-study | Semester 4 | English |

| Requisites | |
|--|--|
| Prerequisites: Mathematical Methods and Statistical Theory, Finance I | Co-requisites (if relevant): none |

| Number of ECTS credits allocated | Student's workload (total) | Contact hours | Individual work |
|----------------------------------|----------------------------|---------------|-----------------|
| 5 | 130 | 36 | 94 |

Purpose of the course unit

This course aims to introduce students to the theory and practice of banking and monetary economics. Students will be introduced to key financial and monetary concepts, the balance sheets of commercial banks and central banks and the financial structure of modern economies, namely the three largest countries in the Eurozone, the UK and the US. Students will learn about financial crises, why they occurred and why they had such devastating consequences on the economy. In particular, students will get deeper understanding of the global financial crisis of 2007-2008. At the end of the course students will be able to discuss the economics of banking, referring to the structure of balance sheets of commercial banks and central banks and relevant problems of information asymmetry. Students will be able to analyze the motives for financial regulation and its effects and the purpose/advantages of conventional and unconventional monetary policies.

| Learning outcomes of the course unit | Teaching and learning methods | Assessment methods |
|---|---|--|
| 1. Have acquired knowledge in classical and modern theories of finance and is able to apply them when analyzing finance problems. | Lectures and lecture notes, tutorials. | Written midterm exam (10%) Homeworks (30%) Written final exam (60%) Optional referee report (10%) |
| 2. Appreciate the possibilities and the limits of scientific research methods when solving economic problems. | Reading academic literature, class presentations and tutorials. | |
| 3. Construct complex arguments and communicate them in a clear manner through written, graphical, and oral forms. | Writing an essay, presentations in tutorials. | |

| Content | Contact hours | | | | | | | Individual work: time and assignments | |
|--|---------------|-----------|----------|-----------|-----------------|------------|----------------------|---------------------------------------|---------------------------|
| | Lectures | Tutorials | Seminars | Workshops | Laboratory work | Internship | Contact hours, total | Individual work | Tasks for individual work |
| 1. Risk and Term Structure of Interest Rates; Stock Market | 4 | 2 | | | | | 6 | 18 | |
| 2. Economics of Financial Structure | 4 | 2 | | | | | 6 | 12 | |
| 3. Banking and the Management of Financial Institutions | 2 | 2 | | | | | 4 | 10 | |
| 4. Financial Crises and the Subprime Meltdown | 4 | 2 | | | | | 6 | 22 | |
| 5. Economics of Financial Regulation | 2 | | | | | | 2 | 8 | |
| 6. Goals and Structure of Central Banks and the Money Supply Process | 4 | 2 | | | | | 6 | 12 | |
| 7. Tools, Strategies and Tactics of Monetary Policy | 4 | 2 | | | | | 6 | 12 | |
| Total | 24 | 12 | | | | | 36 | 94 | |

| Assessment strategy | Weight % | Deadline | Assessment criteria |
|-------------------------|----------|--------------------------------------|--|
| Midterm Exam | 10% | After roughly one half of the course | Written exam held before a lecture or tutorial. Potentially, a mixture of multiple choice questions and open questions that require calculations or concise answers. |
| Homework | 30% | In Feb, April, and May | Identical to exams |
| Final Exam | 60% | In May | Written exam held in May. A collection of exercises that require calculations or concise answers to open questions and multiple choice questions. Midterm, homeworks and final exams shall be assessed in the following way: - over 95%, or excellent: 10; - over 85%, or very good: 9; - over 75%, or good: 8; - over 65%, or fair: 7; - over 55%, or satisfactory: 6; - over 49%, or poor: 5. Under 49%, or unsatisfactory: 4, 3, 2, 1 |
| Optional Referee Report | 10% | In May | |

| Author (-s) | Publishing year | Title | Issue of a periodical or volume of a publication | Publishing house or web link |
|---|-----------------|--|--|------------------------------|
| Required reading | | | | |
| Mishkin, Frederic, S., Kent Matthews and Massimo Giuliodori (MMG) | 2013 | The Economics of Money, Banking, and Financial Markets | European Edition (First Edition) | Pearson |
| Greenbaum, S.I., A.V. Thakor, and A.W.A. Boot | 2019 | Contemporary Financial Intermediation | Fourth Edition | Elsevier |
| Recommended reading | | | | |

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|--------------|------|----------------------------|-------------|-----------|
| Walsh, C. E. | 2003 | Monetary theory and policy | 2nd edition | MIT Press |
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