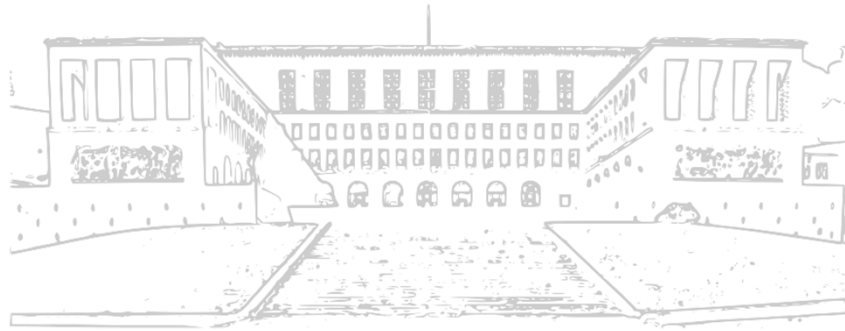


# FINANCIAL MARKETS AND INSTITUTIONS

## SYLLABUS AND COURSE INTRODUCTION

A.Y. 2017/2018

Prof. Alberto Dreassi – [adreassi@units.it](mailto:adreassi@units.it)



### OVERVIEW

- Second semester, 45 hours, 6 CFU
- Tue 10-12 (Room 3), Thu 9-12 (Room 5)
- Syllabus, calendar and presentations on Moodle
- Accounting is **required**
- Macroeconomics and Financial mathematics are suggested
- Students' meetings:
  - Email: preferable for request of additional short explanations
  - At the end of each lecture: preferable for that day's topics
  - Office hours (but contact by email first!): Mon 10-12

## MAIN ILOS

- **Why are financial markets so important?**
  - *How do they function?*
    - What do they do?
- **Why are financial institutions shaped that particular way?**
  - *How do they function?*
    - What do they do?
- **Why are there financial crisis?**
  - *Howe can we avoid them?*
    - What happens during a recession?
- **Why are financial products and services shaped that particular way?**
  - *How do they function?*
    - What do they provide?
- **Why can “finance” cause economic trouble?**
  - *How can we solve this issue?*
    - What was done and what remains to be done?

WHY -> HOW -> WHAT

3

## MAIN TOPICS

- **Part 1: Financial Markets**
  - Overview of financial markets
  - Interest rates: role, KPIs and the yield structure
  - Efficiency of financial markets
  - Money markets
  - Bond markets
  - Stock markets
  - Foreign exchange markets
- **Part 2: Financial Institutions**
  - The role of financial institutions
  - Financial crisis
  - Central banks and monetary policy
  - Banks
  - Mutual funds
  - Insurance companies and pension funds
  - The securities industry
  - Risk management and derivatives

4

## AGENDA

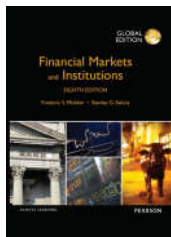
As of today (check for updates on Moodle!)

DAY	TIME	TOPIC
20/02/2018	10-12	Course presentation. Overview on financial markets
22/02/2018	9-12	Overview on financial markets. Simulation: adverse selection
27/02/2018	10-12	Interest rates
01/03/2018	9-12	Interest rates
06/03/2018	10-12	Efficiency of financial markets
08/03/2018	9-12	Money markets
13/03/2018	10-12	Bond markets
15/03/2018	9-12	Bond markets
20/03/2018	10-12	Stock markets
22/03/2018	9-12	<i>Visiting professor Joseph French</i> : Mortgage markets
27/03/2018	10-12	<i>Visiting professor Joseph French</i> : Foreign exchange markets
29/03/2018	9-12	Financial crisis
03/04/2018	10-12	NO LECTURE!
05/04/2018	9-12	Central banks and monetary policy
10/04/2018	10-12	Banks
12/04/2018	9-12	Banks. Simulation: Being Warren Buffet
17/04/2018	10-12	Mutual funds
19/04/2018	9-12	Insurance companies and pension funds.
24/04/2018	10-12	The securities' industry
26/04/2018	9-12	Risk management and derivatives
01/05/2018	10-12	NO LECTURE!
03/05/2018	9-12	<i>Seminar (Aldo Salcioli)</i> : Lloyds
08/05/2018	10-12	<i>Seminar (Aldo Salcioli)</i> : Lloyds

5

## TEACHING MATERIALS

### Textbook



- *Mishkin F.S., Eakins S.G. (2016)*  
"Financial Markets and Institutions"  
Pearson, Global Edition 8/E

... but check the Internet for additional chapters, appendixes, exercises, data, examples, ...

### Other material

- Presentations – available on Moodle
- Class experiments/games
- Additional readings on students' demand
- ... start ASAP to read financial news from good sources, such as FT, Economist, ...

6

## EXAM

### Written + oral exam on the same day

- Written part:
  - Short (30'), 20 multiple choice questions with 3 alternatives and only 1 correct answer
  - +1 for correct answers, 0 for blank answers, -1 every 2 mistakes
  - Passed with a score of 10 or more
- Oral part (immediately after the test)
  - 2/3 questions, 5'-25' minutes, grades depend only on this part
  - One topic is chosen by the student (but he/she'll get specific questions on it)
  - One question will encompass financial news, whether you read it or not

7

## SUGGESTIONS

- If you can, **attend all classes**: guided learning is an advantage
- Be **curious**: don't simply upload concepts in your head, find out the *why* of things, so you can transform knowledge into skills
- Be **incisive**: don't take everything you hear for granted, but analyse it rationally if it does not convince you, go deep, challenge your understanding
- Be **proactive**: don't wait too much before preparing, but try do to that in advance of lectures, and if you are in doubt simply ask as soon as possible
- Be **updated**: learn more by applying our concepts to financial news, starting from the examples in your textbook and then on your own
- Be **organised**: save part of each day/week to review lectures accordingly to your learning method (read notes, read textbook, read news, exercise, ...)
- Be **consistent**: slides are very schematic, so they are useful only when your preparation is solid, make the best use of each chapter's summary

8