

Module Code	LCMB7032
Title	Banking and Financial Economics
Date	13/02/2023
Level	7
Credits	20
Pre-Requisites	None

AIM(S)

- To promote a thorough understanding of the complex economic, banking and finance theories to predict the development of future banking and financial markets.

LEARNING OUTCOMES

Upon the successful completion of this module, the student should be able to demonstrate the ability to:

- analyse and evaluate the existing interrelation between real markets and financial markets, and their contribution to the economy of any country;
- analyse and evaluate the nature of the capital market (stock exchange and bonds markets), its functions, the different kinds of financial institutions that make up the capital market, and the assets traded among them;
- analyse and evaluate the nature of the derivatives market (options, futures, forwards, and swaps), its functions, and master the methods used to value the assets of the money market, capital market, derivatives market, and portfolios.

INDICATIVE CONTENT

- What is financial economics? The contrast between the real markets and the financial markets.
- The concept of risk in the financial markets.
- The money market, its institutions, its regulation, and its assets. Fixed income securities.
- What is monetary policy? the monetary aggregates supply, the central bank's function, the control of liquidity, open markets operations. What are the kinds of monetary policies? (Expansionary vs. restrictive monetary policy).
- The valuation and risk of bonds, treasury bills, certificates of deposit, commercial papers, repos, banker's acceptances, and other assets of the money market.
- The capital market, its function, its institutions, its regulation, and its assets. The variable income securities.
- The stock exchange, its indicator, the primary market, the secondary market. The corporate bonds market.
- The valuation and risk of shares, corporate bonds, and other securities of the capital market.
- The function of the derivatives market, its institutions, its regulation, and its assets.

- The valuation and risk of options, futures, forwards, swaps, and other securities of the derivatives market.

Study Time Allocation

The study time for the module is divided as follows:

Activity type	Hours	Percentage
Scheduled learning	40	20%
Independent learning	160	80%
Placement learning	0	0%
TOTAL	200	100%

ASSESSMENT

Assessment Component 1

(Tick one)

☐ Written exam ☒ Coursework ☐ Practical

Mode of assessment	Volume	Weighting
Report	5000 words	100%

Assessment Summary

Activity	Percentage
Written exam	0%
Coursework	100%
Practical	0%
TOTAL	100%

INDICATIVE READING LIST

Module Code	LCMB7032	
Module Title	Banking and Financial Economics	
Classification	Reading list entry	Electronic*
Essential	Mishkin, F. (2022) <i>The Economics of Money, Banking, and Financial Markets</i> . Harlow: Pearson Education Limited.	☒
Essential	Levinson, M. (2018) <i>Guide to Financial Markets</i> . London: Economist Books.	☒
Further	Howells, P. Baine, K. (2007) <i>Financial Markets and Institutions</i> . London: Harlow: Pearson Education Limited.	☒
Further	Brealey R., et al. (2020) <i>Principles of Corporate Finance</i> . New York: McGraw Hill.	☒