
Financial Markets and Institutions

Professor: Enrique Benito
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Objectives

This course is devoted to the study of the financial system, the collection of markets, institutions, regulations, and techniques aimed at reallocating funds across economic agents and through which securities (stocks, bonds, etc.) are traded, interest rates are determined, and financial services are delivered to meet investment and financing needs.

We will first provide an overview of financial markets and participating agents such as financial institutions, followed by a discussion of basic concepts such as the time value of money and interest rates. We will then look at factors that determine interest rate levels as well as their expected future movements, and analyse how monetary policy is implemented by Central Banks around the world.

Then we should study in detail the main markets and their corresponding securities from short term claims (traded in money markets) to longer dated claims such as stocks and bonds (traded in capital markets). We will also consider the more specialised loan markets, foreign exchange, derivative markets and more complex financial products such as securitisations and structured products.

Finally, the key operations of financial intermediaries are presented, considering depository institutions, commercial banks and investment banks, with special focus on their strategy and operations, financial analysis, risk management and regulation.

Description

There are 10 three-hour sessions distributed over ten weeks. Lectures are aimed at being interactive and participative and develop the concepts and methodologies that make up the different items of the course list.

The course sessions are based on the textbooks that support the course. However, other topics that are not covered in the essential references will also be discussed and whenever possible a reference to alternative material will be provided. We have also prepared a set of slides that set out the main material more specifically. The textbook, references and slides will be the fundamental support for personal preparation before and after the lectures.

Case studies will be discussed towards the end of each session and they will need to be prepared and completed in small teams, and handed in prior to the time when they will be discussed. Discussions relating to each case study will be introduced and led by a designated team. All the team members will receive the same score based on the case completion, the quality of their presentation and the discussion generated in the classroom.

Participation in the discussions and in the lectures more generally will be evaluated individually, and is essential to achieve the learning objectives of the course.

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8. Loan markets, structured products & securitisations
9. Financial Intermediaries
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Evaluation criteria

To pass, you should get at least 50 points out of 100, according to the following distribution:

- > Final exam: 50 points (must get at least 25 to pass the course).
- > Case studies completion and moderation: 25 points.
- > Attendance and active participation in the lectures and case study discussions: 25 points.

Bio of the professor

He is Advisor of financial institutions in the Banking & Capital Markets practice at a major advisory firm based in London. He holds an MPhil in Financial Economics from the Charles III University of Madrid and BA in Business Administration from the University of Valencia. He has led the foundation of the new Treasury at the GE Capital Bank. He was also responsible for the management and oversight of liquidity & funding of GE's Capital Bank €6bn Pan-European commercial lending business. He was member of the FSA and UK Representative for the international negotiations relating to Basel III and CRD IV standards.