Description

The content of this course focuses on the management and regulation of commercial banks and other depository institutions. Developing a risk approach, it insists on commercial banking strategies in their different risk dimensions. Particular emphasis will be given to banking regulation and supervision as well as credit risk and liquidity risk measurement and management. The institutional dimension will also be considered, as it is part of the banks’ environment. It will also be discussed how the banking crisis that started in 2007 has dramatically affected banks.

The course will be based on a series of lectures, which are mainly based on the below textbooks, and a summary and discussion of relevant empirical research papers, official banking publications, newspaper articles, and cases (mainly through student presentations as well as class discussion).

In the discussion of relevant research papers, students should summarize and critically discuss the papers: what is the question? Why is it relevant? What are the data used? What is the methodology and empirical strategy? What are the results and conclusions? What is the contribution of the paper, which part is new in the Literature? What are the shortcomings of the paper? How could you do it better? The papers will be either published in top Finance or Econ journals or recent working papers. We will also review official publications from the ECB, Federal Reserve, BIS, IMF, FDIC and EBA. The newspaper articles will be based mainly from the Financial Times, Wall Street Journal and The Economist.

Contents

Part 1. General Concepts
- Introduction to Financial Intermediaries and Banks (SC)
- Banks Assets, Liabilities and Financial Statements (SC)
- An Overview of Banks’ Risks (SC)
- The Role of Central Banks and Introduction to Prudential Regulation and Supervision
- The 2007-2012 Banking Crisis (Introduction)

Part 2. Bank Risks
- Off-Balance Sheet Operations and Risks (SC)
- Funding Strategy (SC, RS, GM, HS)
- Loans and Credit Risk, Securitization (SC, RS)
- Liquidity Risk and Liquidity Management (SC, RS)
- Market and Operational Risk (SC, RS, Jorion)
- Interest Rate Risk (SC, RS)

Part 3. Regulation and Supervision
- The Regulatory Framework, Banking Crises, and Micro- and Macro-Prudential Policy
Part 4. Credit Risk
   > Modelling Credit Risk and Credit Risk Derivatives (SC, RS, Jorion)

Part 5. Other Financial Intermediaries
   > Introduction to Hedge Funds, Mutual Funds, Private Equity Funds, Insurance Firms, Investment Banking, Shadow Banking, Finance Companies (SC) (if time allows).

Bio of the professor

She is Director of Corporate Banking at BBVA and associate professor of the Department of Economics and Business at Pompeu Fabra University. She holds an MSc in Economics from Pompeu Fabra University and an MSc in Private Banking and Asset Management from Institut Estudis Financers in Barcelona. She has worked as leader of the quarterly reports on macroeconomics in Catalonia and as Manager of the Small and Medium Companies division at BBVA. She has extensive experience in Investment Banking and financing transactions for large multinationals. Her areas of research are Financial Economics, Global Markets and Macroeconomics.