

BOĞAZIÇI UNIVERSITY - DEPARTMENT OF ECONOMICS
TOPICS IN BANKING AND FINANCE
SPRING 2018

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Description:

The course is designed for those who intend to pursue an academic or professional career related to finance. It is the continuation of EC344 (Money, Banking and Financial Institutions). The subject matter of this course is built upon *Microeconomic, Macroeconomic and Finance Theories*. It discusses some important theoretical and applied issues in Financial Intermediaries (e.g., banks, insurance firms, mutual funds, finance companies), and Central Banking and the Conduct of Monetary Policy.

Text:

F.S.Mishkin, "The Economics of Money, Banking and Financial Markets" Pearson, 10th ed, 2013-- [M]
 E. Brigham, "Fundamentals of Financial Management" Dryden Press, 7th ed, 1999 [B]
 Copeland, Weston, Shastri, "Financial Theory and Corporate Policy", Pearson, 4th ed, 2005 [C]
 CBRT, "Financial Stability Report", <http://www.tcmb.gov.tr/yeni/eng/>
 CBRT, "Inflation Report", <http://www.tcmb.gov.tr/yeni/eng/>

Grading & Policies:

Attendance is important. Those who do not attend to at least 75% of the lectures will not be able to take the final exam. Your attendance scores will also be included as bonus points in your exam grades. We will have one midterm (50%) and one final exam (50%). The final exam will be from the topics that will be covered after the midterm exam. Each exam will contain some questions (20 points out of 100) from the Financial Stability Report and the Inflation Report. I recommend you not to miss an exam, because makeup exams will cover all topics. Also, those who take makeup exams cannot have bonus points from attendance.

Tentative Outline:

Introduction	Financial Markets and Institutions	
Chapter 1	Financial Systems/Markets/Assets/Institutions, Roles of Intermediaries, Bank Management	[M] Chp 1-11
Part I	Financial Institutions (Intermediaries)	
Chapter 2	Bank Management, Liquidity/Asset/Liability/Capital Adequacy Management, Credit/Interest Rate/FX Rate Risks, Credit Default Swaps (CDS), Interest Rate Swaps, Cross Currency Swaps	[M] Chp 11
Chapter 3	Banking Industry, Competition, Financial Innovation, Decline of Traditional Banking, Consolidation, Large and Complex Banking Organizations, Systemically Important Financial Institutions, International Banking	[M] Chp 13
Chapter 4	Banking Regulation, Safety Net, Deposit Insurance, Lender of Last Resort, Microprudential Regulations, Basel Capital Accord (1,2,3), Non-Performing Loans, Loan Loss Provisions, Supervision, Recent Banking/Financial Crises: Causes and Remedies	[M] Chp 12
Part II	Central Banking and the Conduct of Monetary Policy	
Chapter 5	Structure of Central Banks, FED, ECB, Trend Toward Greater Independence	[M] Chp 14
Chapter 6	Central Bank Balance Sheet, Monetary Base, Open Market Operations, Sterilization, Discount Loans, Multiple Deposit Creation, Money Multiplier, Money Supply Process	[M] Chp 15
Chapter 7	Monetary Policy, Market for Reserves, Interbank Interest Rate, Monetary Policy Tools (OMOs, DLs, and Reserve Requirements), Channel/Corridor System	[M] Chp 16
Chapter 8	Goals and Targets of Monetary Policy, Inflation Targeting, Implicit Nominal Anchor, Macprudential Regulations, Reserve Option Mechanism (ROM), Taylor Rule, Philips Curve	[M] Chp 17