

# **Banking and Financial Markets**

**Second Semester 2024**

## **MODULE AIMS**

This module provides an introduction to financial markets and financial institutions. It covers the basic economic principles underlying the working of national and international financial institutions and markets. The role of financial markets is discussed by analysing the flow of funds in the economy. The module focuses first on understanding financial markets and introduces key financial instruments (bonds, stocks, and derivatives) and the markets in which they are traded. The module examines the main mechanisms by which financial markets operate, their structure and regulation and the operation of banking and non-banking financial institutions. The role and behaviour of interest rates. The module then focuses on the role of financial institutions in the economy.

## **MODULE LEARNING OUTCOMES**

On completion of this module, you will be able to demonstrate knowledge and understanding of the main financial instruments and the economic principles underlying their use; demonstrate knowledge and understanding of what a financial system is and what it does; apply concepts and principles to evaluate the role of financial institutions and financial instruments in the economy.

## **MODULE ORGANISATION**

Each week, there will be two two-hour lectures. Slides and other materials for each week's content will be available online.

## **MODULE ASSESSMENT**

Written final exam. More details about the final exam will be provided during the module.

## **OFFICE HOURS**

On Wednesdays and Fridays between 13:00 and 14:00 during the teaching term. Outside the teaching term by appointment, sending an email to: [paola.paiardini@uniroma1.it](mailto:paola.paiardini@uniroma1.it)

## **PROGRAM**

The main topics include:

- The financial system
- The function of financial markets and intermediaries
- Measuring interest rates
- The bond market
- The stock market
- Depository institutions
- Derivative markets

## **READING LIST**

Recommended book: Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets*, 12<sup>th</sup> (global) Edition, 2019, Person Ltd.