UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Economics of Financial Markets

2021-3-E4101B018

Learning objectives

The course aims to analyze the role of financial markets, and the institutions that work in these markets, banks and financial intermediaries. Theo curse provides the theoretical and analystical tools to anlyze and understand the problems, by developing the necessary mathematical and statistical models. The focus of the course is on the bankning system, the stock market, the bond market and the options markets.

Contents

Portfolio choice,diversification and CAPM

The role of credit and security markets

Market structure and regulation of the banking industry.

Detailed program

Hours Topic

3 Portfolio choice and uncertainty

3 The diversification of risk

3 The Capital Asset Pricing Model

3 Rational expectations and market efficiency

3 The term structure of interest rates

3 Asymmetric information: adverse selection

3 The debt contract

3 Delegated monitoring

3 Bank runs and financial instability

2 Option theory

2 Asset substitution and the role of demand deposits

3 Collateral guarantees and securitization

3 Payment services and financial intermediation

3 Information and the market structure of finanacial intermediaries

3 The role of equity capital and the prudential regualtion of banks

Prerequisites

Basic microeconomic theory, statistics and financial maths

Teaching methods

Projection of slides and blackboard examples.

During the Covid-19 emergency most classes will be held with registered video lessons.

Assessment methods

The skills and knowlede acquired by the strudents are evaluated by means of a written exam. In the exam students are required to use both the ordinary language and the formal languages to analyze the problems. Student who pass the written exam can undertake an oral exam if they want to try to improve their performance.

During the Covid-19 emergency all exams will be held with videoconferencing, by using the WebEx platform

Textbooks and Reading Materials

GIANLUCA CASSESE, Economia dei mercati finanziari, Carocci editore, 2017. Chapters 2.1-3-6-7-8-9-11-14.

F.S. MISHKIN- S.G. EAKINS-G. FORESTIERI, Istituzioni e Mercati Finanziari, Pearson Prentice Hall, 2012 (selected chapters).

Lecture notes available on line

Semester

First semester, second block

Teaching language

Italian