

## Economics of Banking (F000681)

Course size (nominal values; actual values may depend on programme)

Credits 6.0 Study time 180 h Contact hrs 45.0 h

Course offerings and teaching methods in academic year 2018-2019

A (semester 1)	English	lecture	30.0 h
		group work	15.0 h
B (semester 1)	Dutch, English	group work	15.0 h
		lecture	30.0 h

Lecturers in academic year 2018-2019

Vander Venet, Rudi EB21 lecturer-in-charge

Offered in the following programmes in 2018-2019

	crdts	offering
<a href="#">Master of Science in Business Engineering (main subject Data Analytics)</a>	6	A
<a href="#">Master of Science in Business Engineering (main subject Finance)</a>	6	A
<a href="#">Master of Science in Business Engineering (main subject Operations Management)</a>	6	A
<a href="#">Master of Science in Complementary Studies in Economics</a>	6	B
<a href="#">Master of Science in Economics</a>	6	A
<a href="#">Master of Science in Economics</a>	6	A
<a href="#">Exchange programme in Economics and Business Administration</a>	6	A

Teaching languages

Dutch, English

Keywords

Financial institutions, bank risks, assets-liabilities management, bank competition, bank mergers, capital adequacy regulation

Position of the course

The students should acquire a thorough understanding of the main issues and the complex interactions in the management of banks. By the end of the course the students should have the ability to (1) identify important trends within the changing regulatory environment of banks, (2) articulate and understand strategic issues in financial intermediation, (3) master up-to-date analytical and quantitative tools to tackle the key decisions in banks, (4) analyze banking issues in the current macroeconomic environment, (5) confront evidence obtained in cases with the acquired body of theoretical and empirical knowledge in the field, and (6) critically assess competing paradigms of bank analysis.

Contents

- 1 The changing nature of financial intermediation
  - Financial crisis and regulatory responses
  - Trends in European and world banking
  - Bank market structure.
- 2 Performance analysis
  - Bank statement analysis
  - Return/risk profiles in banking
  - Accounting-based and market-based risk analysis
- 3 Assets-liabilities management (ALM)
  - Sources and cost of funding
  - Duration analysis, Value at risk models

- 4 Managing the loan portfolio
  - Credit risk and loan pricing
- 5 Post-crisis regulation of banks
- 6 Capital adequacy + liquidity rules (LCR, NFSR) (Basel III) + impact analysis

#### Initial competences

Final objectives of financial economics courses (financial institutions, monetary economics).

#### Final competences

- 1 Be able to identify important trends in banking,
- 2 Be able to analyze the return/risk trade offs in financial institutions,
- 3 Be able to actively use modern quantitative and analytical methods for bank management,
- 4 Be able to confront results of own empirical work with theory and existing empirical findings,
- 5 Develop a critical attitude towards the various paradigms in bank research.
- 6 Analyse bank performance and present the results
- 7 Critically assess the economic and societal role of financial intermediaries
- 8 Perform a performance analysis of banks, independently and in team

#### Conditions for credit contract

Access to this course unit via a credit contract is determined after successful competences assessment

#### Conditions for exam contract

This course unit cannot be taken via an exam contract

#### Teaching methods

Group work, lecture

#### Extra information on the teaching methods

Ex cathedra and presentations of papers prepared in small groups.

#### Learning materials and price

- Selected chapters from graduate handbooks.
- Reading list of articles taken from scientific and professional journals.
- Cost : 15 euro.

#### References

See website.

#### Course content-related study coaching

By the professor.

#### Evaluation methods

end-of-term evaluation and continuous assessment

#### Examination methods in case of periodic evaluation during the first examination period

Written examination, oral examination

#### Examination methods in case of periodic evaluation during the second examination period

Written examination, oral examination

#### Examination methods in case of permanent evaluation

Oral examination, assignment

#### Possibilities of retake in case of permanent evaluation

examination during the second examination period is possible

#### Extra information on the examination methods

Oral and written exam. The written exam is a test of knowledge and insight. The oral exam is intended to develop arguments and critically assess theories and empirical evidence.

#### Calculation of the examination mark

Permanent (50%) and end-of-term evaluation (50%) , based on cases and papers.  
End-of-term is written and oral exam (weights 60/40).

#### Facilities for Working Students

To be determined