

Management of Financial Institutions (F000722)

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

Credits 6.0 Study time 180 h Contact hrs 60.0 h

Course offerings and teaching methods in academic year 2018-2019

A (semester 1)	English	lecture	25.0 h
		self-reliant study activities	5.0 h
		research project	10.0 h
		group work	15.0 h
		guided self-study	5.0 h

Lecturers in academic year 2018-2019

Vander Venet, Rudi EB21 lecturer-in-charge

Offered in the following programmes in 2018-2019

	crdts	offering
Master of Science in Business Engineering (main subject Finance)	6	A
Master of Science in Banking and Finance	6	A

Teaching languages

English

Keywords

Financial institutions: theory and trends, bank performance and risk: measurement and analysis, quantitative risk management, techniques for assets-liabilities management, Basel III

Position of the course

The students should acquire a thorough understanding of the main issues and the complex interactions in the management of modern financial institutions (FI). By the end of the course the students should have the ability to (1) identify and analyze important trends within the changing competitive environment of FI, (2) articulate and understand strategic issues in financial intermediation, (3) master up-to-date analytical and quantitative tools to tackle the key decisions in FI and to analyze the risks in FI, (4) propose and justify scientifically accurate and workable solutions for real-world problems, (5) confront evidence obtained in cases or research with the acquired body of theoretical and empirical knowledge in the field, and (6) critically assess competing paradigms of FI analysis.

Contents

- 1 The changing operating environment of financial intermediation
 - Trends in European and world banking
 - Competitive issues (structure/conduct/performance, scale/scope, efficiency)
 - Financial crisis and regulatory responses (Basel III)
- 2 Performance analysis
 - Bank statement analysis
 - Analysis of return/risk profiles in banking using accounting and market data
 - Bank profitability and risk over the business cycle: empirical assessment
- 3 Regulation in banking
 - Basel III, TLAC, SREP, BRRD, stress tests
 - Quantitative impact analysis
- 4 Assets-liabilities management (ALM)
 - Sources and cost of funding
 - Quantitative methods for managing interest rate risk
 - Duration analysis, Value at risk models

- Impact of (unconventional) monetary policy on bank margins

5 Managing the loan portfolio

- Credit risk and loan pricing
- Portfolio theory and lending decisions

6 Bank business models

- Analysis of bank business models in transition
- Impact of Fintech developments

Students also have to prepare and defend casework made in teams of around 5 students. One group assignment focuses on the analysis of performance and risk in listed European banks, using accounting-based information as well as market data (stock market returns, bond returns and CDS spreads). The objective of the group work is to apply appropriate quantitative techniques to investigate the return/risk trade-offs in European banks characterized by different business models. The outcome of the analysis is presented and defended. Shorter and more focused assignments allow the students to apply quantitative techniques in e.g. interest rate risk management and capital adequacy analysis.

Initial competences

Final objectives of financial economics courses (especially banking and finance). Students should master concepts and theories of banking, financial markets, interest rates, central banks and monetary policy. Since the casework involves econometric estimations, prior knowledge of econometric techniques is also required.

Final competences

- 1 Identify and understand fundamental trends in financial institutions.
- 2 Analyze the return/risk trade-offs in financial institutions using appropriate quantitative techniques.
- 3 Understand and apply modern quantitative and analytical methods for bank risk management and asset-liabilities management.
- 4 Analyze financial problems autonomously by selecting an appropriate methodology and interpret the results of own empirical work.
- 5 Identify workable solutions for real-world problems in financial institutions.
- 6 Confront results of own empirical work with theory and existing empirical findings.
- 7 Develop a critical attitude towards the various paradigms in bank research.
- 8 Report and present own work both in written and orally.
- 9 Integrate ethical considerations in the implementation of solutions to complex financial problems.

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

Guided self-study, group work, lecture, self-reliant study activities, research project

Extra information on the teaching methods

Ex cathedra lectures, class discussions and presentation of papers prepared in groups.

Learning materials and price

Selected chapters from graduate handbooks.

Reading list of articles taken from scientific and professional journals. Cost: 15 EUR

References

Provided on the course website.

Course content-related study coaching

By the professor.

Evaluation methods

continuous assessment

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

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

Examination methods in case of permanent evaluation

Written examination, oral examination, assignment, peer assessment

Possibilities of retake in case of permanent evaluation

examination during the second examination period is possible in modified form

Extra information on the examination methods

Group assignment(s) (peer assessment is used) and paper presentation + written exam.

Examination during the second examination period is possible in the form of a research paper.

Calculation of the examination mark

Final score is a combination of the papers based on the assignments (8 out of 20 points), one paper presentation (2/20) and the exam (10/20)

Facilities for Working Students

to be determined