



COURSE SYLLABUS DRAFT

MANAGEMENT OF BANKING AND FINANCIAL INSTITUTIONS

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June 5 - June 16
(6:00 pm - 9:00 pm)
Saturdays June 9, June 16
(9:00 am - 12:00 m)

NEOMA
BUSINESS SCHOOL

DESCRIPTION

This course aims at providing an understanding of the recent banking crises as of the consequences on the new banking regulation and supervision environment. This is a very complex topic since banking and financial system greatly influences the state of the economy – as the slow economic recovery of the major industrial countries proves - and companies' financing strategy. Financial intermediation underwent through major changes over the past 30 years because of financial deregulation and globalization. Financial intermediaries were nationally-based and heavily protected by their government indirectly (anglo-saxon style) or directly (many Europeans banks were still state-owned until recently). Despite deregulation and disintermediation financial institutions still represent a fair share of the economic activity, their traditional business having shifted over the years from loans provider to financial services providers that might have been at the root of the current crisis.



OBJECTIVES

The course will first focus on the US banking and financial system since the “subprimes” crisis started there with the disruption of the subprime market. It will explain the basics of banking management and the major characteristics of the US banking system specific to the US and shared by the European banking systems. Then it will detail the mechanisms underlying the growth of the subprime market, in particular the role played by the securitization process. Then the course will focus on the banking regulation and supervision, in particular the capital regulation. A special attention will be dedicated to the Basel Accord. Basel III is almost fully implemented at the European level and we will discuss the merits of the changes introduced in the light of the crisis. We will also discuss the merits of the government and monetary authorities’ intervention and its potential negative consequences in particular the different European rescue plan to “save” the Euro area and the European banks and to what extent the European Banking Union will overcome them.

METHODOLOGY

Students are expected to read before class the indicated chapters from the textbooks: Mishkin F. S (M), *The Economics of Money, Banking and Financial Markets*, (9th edition, Pearson Addison Wesley, 2009) and Greenbaum & Thakor (GT), *Contemporary Financial Intermediation* (2nd edition, Elsevier, 2007) and from additional readings. Consequently class is an opportunity for illustrating and discussing further the concepts presented in the readings and it is therefore interactive. Students will work in team (ideally 3 students) on both assignments and oral presentations. Assignments will be exercises focused on banking management issues and presentations will mainly focus on discussing the issues related to the ongoing banking and financial issues

EVALUATION

1. Final Exam (Comprehensive) 2-hour: 40%
2. Team presentation 20 minutes: 30%
3. Team work (assignments): 30%

PRE-REQUISITES

Economics, Macro preferably.