

BANKING AND FINANCIAL INTERMEDIATION (24 Hours)

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DEPARTMENT: Finance, HEC

SYNOPSIS

This course is an introduction to the theory and the empirics of banking, financial intermediation and financial crises. The goal is to establish close mappings between theories of banking and empirical tests. After introducing classical models, attention is paid to recent topics (e.g. financial crises, securitization, Monetary policy, regulation).

COURSE OVERVIEW

The goal of the course is to provide a solid understanding of the role of banks and other intermediaries in the economy. A particular attention is also paid to financial crises. At the end of the course, students should be familiar both with major theories as well as with important stylized facts. Standard identification issues in banking, and how to address them, should also be known.

KEY TOPICS AND LEARNING OUTCOMES

Session 0. Introduction

Session 1. Banks as delegated monitors

Session 2. Liquidity creation, bank runs and deposit insurance

Session 3. Information-insensitive debt and funding dry-ups

Session 4. Adverse selection and information frictions

Session 5. Industrial organization of banking

Session 6. Central banks and monetary policy transmission

Session 7. Bank regulation

Session 8. Banks versus markets

There are no required readings. Readings will be provided in class.

ASSESSMENT

Evaluation is based on 1) one home assignment and 2) one final exam.

AUDITING

Not accepted

Accepted

Attendance is mandatory.