

COURSE TECHNICAL DATA

Course Information	
ECTS Credits	3 ects. Mandatory. (T2).
Degree	Master in Finance / Master Universitario en Finanzas por la Universidad Pontificia de Comillas
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CONTENTS AND OBJECTIVES

OBJECTIVES
<p>General Competencies</p> <p>CG1 Project-based learning: Ability to develop and execute collective financial projects through their various phases, based on real-life situations, proposing real solutions, and optimizing all interactions with the team, clients, and any other participants.</p> <p>RA1: Ability to commit to the development of collective experimental projects based on real-world scenarios, managing and aligning client needs with available resources, optimally distributing the work, communicating and planning its different phases, proposing practical solutions, and making all interactions with the team, clients, and other stakeholders efficient.</p> <p>CG3 Teamwork: Apply techniques and methodologies that promote teamwork and mutual collaboration in talent management projects with companies and organizations.</p> <p>RA1: Commit and cooperate in defined roles to achieve the objectives related to tasks, activities, projects, and assigned responsibilities.</p> <p>CG10 Technical capabilities: ability to analyze, synthesize, and project, applied to situations, problems, and models in the financial field.</p> <p>RA1: Ability to conducting analytical studies of cases and scenarios, and synthesizing information and data.</p> <p>Specific Competencies</p> <p>CE08: In-depth understanding of the functioning of credit institutions within the current financial paradigm, as well as other sources of alternative financing, the various bank and non-bank credit products, and the solutions offered by financial markets for different funding projects.</p> <p>RA1: Understand how to negotiate and manage a company's credit and liquidity needs with a bank, having a clear grasp of the key internal mechanisms of the bank—treasury, risk management, and commercial operations—to succeed in the credit application process.</p> <p>RA3: Understanding the distinction between wholesale-focused products, retail-focused products, as well as those aimed at private banking and investment banking.</p>

CE11: In-depth understanding of the national and international economic and financial situation, derive scenarios, and project them, as well as establish dependencies with products and financial decisions.

RA2: Identify and establish the connection between macroeconomic and microeconomic indicators with interest rate operations, exchange rate operations, hedging products, structured products, and risk management, with the ability to develop models that analyze these relationships.

CONTENTS

1. Monetary policy II
 - 1.1. Theoretical framework.
 - 1.2. The strategy of different central banks: ECB, FED, etc.
 - 1.3. Monetary policy instruments.
 - 1.4. Non-conventional monetary policy measures.
 - 1.5. Impact of monetary policy decisions on financial markets and banks.
 - 1.6. Digital currencies: the Digital euro.
2. Principles of banking, finance and financial products
 - 2.1. Banking activities and products.
 - 2.2. Banks' financial statements.
 - 2.3. The risks of banking activities.
 - 2.4. Analysis of the financial situation of banks.
 - 2.5. Neobanks.
3. Banking Regulation
 - 3.1. Regulatory landscape.
 - 3.2. Own funds.
 - 3.3. Minimum capital requirements for Pillar 1 risks.
 - 3.4. Liquidity requirements.
4. The Banking Union
 - 4.1. Reasons for regulating banks.
 - 4.2. The Banking Union: principles and objectives.
 - 4.3. The Single Rule Book.
 - 4.4. The Single Supervisory and the Single Resolution Mechanisms.
 - 4.5. Ongoing EU regulatory reforms.

FORMATIVE ACTIVITIES

Formative activities	Workload (%)	Attendance (%)
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Teacher's Lecture	24	100
Student Presentations, Debates, and Group Dynamics	46	100
Exercises and Problem-Solving, Applied Work Preparation	250	25
Study and Documentation	96	0
Tutorial Sessions	20	50
Development of Real Projects for Organizations	14	50

TEACHING METHODOLOGY

General methodological aspects of the course

The course is designed specifically not only to introduce students with the principal theories, models and tools but also aims to help students to integrate and apply their prior learning to various strategic situations.

The main learning objective of the course is to capacitate the students with a general vision of the banking system and equip them with the necessary tools to analyze and understand banking business models, risk management, the implications of strategic decisions, etc.

At the completion of the course, the student will be capacitated to:

- Understand the monetary policy decisions taken by central banks in recent years and their impact on financial markets and banks.
- Comprehend and have a holistic view of the banks' products and business models.
- Understand what is special about banks (compared to other firms).
- Identify and evaluate the business model of banks, including its strengths and weaknesses, financial position, performance and formulate strategies.
- Identify and evaluate which risks bank are taking.
- Analyze and diagnose the market and regulatory environment in which banks operate.
- Understand recent trends in the banking sector and be able to execute a complete strategic analysis.

This course utilizes facilitative learning techniques driven by defined learning objectives, which are supported by curriculum, and major objectives. The course focuses on intuition and understanding and will convey technical material primarily using a combination of visual tools (e.g. slide decks with charts, diagrams and short numerical examples), case studies based on real-life situations, basic quantitative exercises, questionnaires based on relevant articles, etc. All this together will enable students to grasp the realities behind abstract concepts.

Student learning will be assessed by questionnaires and case studies; participation in class

discussion and a final examination. Students will be asked to prepare readings and other materials before each lesson. This preparatory work will be evaluated through a questionnaire to be discussed at the end of the lesson. During the lessons, the lecturer will focus on explaining the contents and competences of the course. Following the finalization of some lessons, students will be asked to solve a business case, which will be discussed at the beginning of the next session.

Questionnaires and case studies must be completed and handed on an individual basis.

The course assumes introductory-level familiarity with basic concepts of probability, statistics and financial statements analysis. Some materials will apply technical skills acquired in the courses "Quantitative Methods in Finance" and "Financial Statements Analysis and Corporate Finance".

EVALUATION AND GRADING CRITERIA

Evaluation Activities	(%)
Class participation	10%
Questionnaires and case studies	50%
Final exam	40%

Grading

Class Participation - 10% of final grade. Participation will be scored primarily on contribution to in-class discussion on the various case studies used throughout the course. Students are expected to contribute in an active and meaningful way to ongoing discussions: help in solving exercises and questions, respond thoughtfully to other students' comments, contribute to cooperative argument-building and suggest alternative ways of approaching the materials. Attendance will be taken at the start of each session; students who either miss a large number of classes or are habitually late to class will see a reduction in their participation scores.

Questionnaires and Case studies - 50% of final grade. During the course the students will review and discuss questionnaires and case studies (c.f. methodology) requested beforehand. Case studies are designed to ensure a fair balance between numerical and strategic aspects and have different levels of complexity.

Final Exam - 40% of final grade. The final examination will comprise both a multiple-choice test and a case study. The final examination specifically requires students to apply past learning in addressing both the case study and examination questions.

A minimum of a 5.0 in the final exam is required for all assessment criteria to be weighted. A weighted average of more than 5.0 is required to pass the course. In case a student does not obtain a grade of 5.0, the student may take an extraordinary exam. The grade for the course will then be the grade for this second exam.

Basic Bibliography

Books

- Anthology: Past. Present and Future Principles of Banking, Moorad Choudhry, 1th Edition, Wiley
- Risk Management and Financial Institutions. John Hull, 5th Edition, Wiley.

Legal texts

- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.
- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

Keynote lecture

- "Conventional and Unconventional Monetary Policy", Lorenzo Bini, Keynote Lecture at the International Center for Monetary and Banking Studies, Geneva, April 2009 ([link](#)).

Articles

- "The Fed's new strategy", Caixabank Research, Oct 2020 ([link](#))
- "How insurers differ from banks: a primer on systemic regulation", Christian Thimann, Systemic Risk Centre. LSE. July 2014 ([link](#))
- "Modelling credit risk", Somnath Chatterjee, Bank of England, 2015 ([link](#))
- "Macroprudential ring-fencing", Journal of Financial Regulation and Compliance, 2020 ([link](#))
- Why ALM matters: The Silicon Valley Bank Case" ([link](#))
- "Regulating fintech financing: digital banks and fintech platforms", Johannes Ehrentraud et al, FSI insights on policy implementation, Aug 2020 ([link](#)).

Speeches

- "How can we make the most of an incomplete Banking Union", Speech by Andre Enria, Chair of the Supervisory Board of the ECB, at the Eurofi Financial Forum, Ljubljana, 9 September 2021 ([link](#)).
- "A European solution to deal with failures of medium-sized banks in the Banking Union", Eurofi article by Elke König, April 2021 ([link](#)).
- "Banking Union: meaning and implications for the future of banking", Speech by Vítor Constâncio, Vice-President of the ECB, at Banking Union Conference organised by the Master in Banking and Financial Regulation, Navarra University, Madrid 24 April 2014 ([link](#)).

