

Special Topics in Finance and Banking

M. Psillaki

Course Description

The course is divided into three parts.

The first part of the course will deal with issues on valuation. Emphasis will be placed on how to value real assets such as companies or real estate, and financial assets such as bonds and stocks. In addition, students will learn to use in practice key capital budgeting techniques. In all cases real world practical examples and case studies will be used.

The second part of the course will deal with modern banking issues with emphasis on risk measurement and management in commercial and investment banking. In this part we will discuss the main types of risks faced by banks and the use of main risk management techniques.

In the third part of the course students will be introduced to the various types of regulations in the credit and capital markets. The role of ECB, macroprudential regulation, Markets in Financial Instruments Directive (MifiD), market manipulation and money laundering will be discussed in detail.

Week 1 Time value of money

Future Value, Present Value, Annuities, Rates of Return, Amortization.

Week 2 Valuation of financial assets-Bonds

Coupon and Discount Bonds. Valuation of Bonds, Yield Curve.

Week 3 Valuation of financial assets –Stocks

Distinction between Common and Preferred Stocks. Valuation of stocks, DCF Models. Gordon Growth Model. Fundamental and Technical Analysis.

Week 4 Capital Budgeting and Valuation

Methods of project's valuation. Cash Flows. The concept of present value. Discount rate. NPV. IRR, MIRR and required rate of return. Payback period.

Week 5

Case study

Week 6 Measuring Bank Risk

Interest Rate Risk, Market Risk, Credit Risk

Week 7 Risk management and internal control in banking.

Liquidity Risk and Management, Asset liability management, Deposit Insurance, Diversification and Systemic Risk. Value at risk (VAR) analysis.

Week 8 Bank regulation

Banking supervision, Capital adequacy ratio. The Basel accords on risk based capital requirement (Basel II and Basel III). Liquidity ratios.

Week 9

Case study

Week 10 ECB

European Central bank, financial stability, macroprudential regulation

Week 11 Capital Markets Regulation

Markets in Financial Instruments Directive (Mifid), market manipulation, money laundering.

Week 12

Case study

Course Reading Material and References

1) Fundamentals of Financial Management (with Thomson ONE - Business School Edition), 13th Edition, Brigham & Houston , ISBN 978-0-538-48212-7, 2013.

2) Η διεθνής κρίση, η κρίση στην ευρωζώνη και το ελληνικό χρηματοπιστωτικό σύστημα, Ελληνική Ένωση Τραπεζών, 2011, ISBN 978-960-6867-13-2.

3) Επιστημονικά άρθρα