



## COURSE (MODULE) DESCRIPTION

Course title	Code
Finance II	

Staff	Department
<b>Coordinator:</b> Dr. Eglė Jakučionytė	Faculty of Economics and Business Administration
<b>Other(s):</b>	

Study cycle	Course type
First (Bachelor's)	Compulsory

Form of implementation	Period of implementation	Language of instruction
Face-to-face (lectures, classroom tutorials) and self-study	Spring semester	English

Requirements for student		
<b>Prerequisites:</b> Mathematical Methods and Statistical Theory, Finance I		<b>Additional requirements (if any):</b> none

Number of ECTS credits	Student's workload	Contact hours	Individual work
5	130	36	94

### Purpose of the course and competences developed

This course aims to introduce students to the theory and practice of banking and monetary economics.

Students will be introduced to key financial and monetary concepts, the balance sheets of commercial banks and central banks and the financial structure of modern economies, namely the three largest countries in the Eurozone, the UK and the US. Students will learn about financial crises, why they occurred and why they had such devastating consequences on the economy. In particular, students will get deeper understanding of the global financial crisis of 2007-2008 and will have to write a short essay on a chosen aspect of the crisis.

At the end of the course students will be able to discuss the economics of banking, referring to the structure of balance sheets of commercial banks and central banks and relevant problems of information asymmetry. Students will be able to analyze the motives for financial regulation and its effects and the purpose/advantages of conventional and unconventional monetary policies.

Learning outcomes	Teaching methods	Assessment methods
1.1 Have acquired knowledge in classical and modern theories of finance and is able to apply them when analyzing finance problems.	Lectures and lecture notes, tutorials.	Written midterm exam (20%) Short essay (20%) Written final exam (60%)
2.1 Appreciate the possibilities and the limits of scientific research methods when solving economic problems.	Reading academic literature, class presentations and tutorials.	
4.2 Construct complex arguments and communicate them in a clear manner through written, graphical, and oral forms.	Writing an essay, presentations in tutorials.	

Course themes	Contact / Individual work: time and assignments								Assignments due date
	Lectures	Tutorials	Seminars	Practical classes	Laboratory work	Practice	Contact hours	Individual work	
Risk and Term Structure of Interest Rates; Stock Market	4	2					6	18	
Economics of Financial Structure	4	2					6	12	
Banking and the Management of Financial Institutions	2	2					4	10	
Financial Crises and the Subprime Meltdown	4	2					6	22	
Economics of Financial Regulation	2						2	8	
Goals and Structure of Central Banks and the Money Supply Process	4	2					6	12	
Tools, Strategies and Tactics of Monetary Policy	4	2					6	12	Essay
<b>Total</b>	<b>24</b>	<b>12</b>					<b>36</b>	<b>94</b>	

Assessment strategy	Share in %	Time of assessment	Assessment criteria
Midterm Exam	20	After roughly one half of the course	Written exam held before a lecture or tutorial. Potentially, a mixture of multiple choice questions and open questions that require calculations or concise answers.
Short essay (max 2 pages long)	20	In May after the completion of the course	The essay will be evaluated based on the developed discussion on the chosen question, empirical motivation of the question or answers to it. Providing different perspectives (if there is any) and relevant data will be assessed. Writing will be evaluated based on coherence and conciseness.
Final Exam	60	In May after the completion of the course	Written exam held in May. A collection of exercises that require calculations or concise answers to open questions and multiple choice questions. Midterm, essay and final exams shall be assessed in the following way: - over 95%, or excellent: 10; - over 85%, or very good: 9; - over 75%, or good: 8; - over 65%, or fair: 7; - over 55%, or satisfactory: 6; - over 49%, or poor: 5. Under 49%, or unsatisfactory: 4, 3, 2, 1.

Author	Published in	Title	Issue No. or Volume	Publishing house or Internet site
<b>Required reading</b>				
Lecture notes and slides as well as online resources will be made available to all students.				
Mishkin, Frederic, S.,	2013	The Economics of Money,	European	Pearson

Kent Matthews and Massimo Giuliodori (MMG)		Banking, and Financial Markets	Edition (First Edition)	
<b>Supplementary reading (text books)</b>				
Bodie, Zvi, Alex Kane and Alan J. Marcus	2010	Investments	9th edition	McGraw-Hill
Walsh, C. E.	2003	Monetary theory and policy	2nd edition	MIT Press
<b>Articles</b>				
Brunnermeier, Markus	2009	Deciphering the Liquidity and Credit Crunch 2007–2008	<i>The Journal of Economic Perspectives</i>	
Mishkin, Frederic. S.	2011	Over the Cliff: From the Subprime to the Global Financial Crisis	<i>The Journal of Economic Perspectives</i>	