




4.00 credits

30.0 h + 15.0 h

Q2

|                             |  |
|-----------------------------|--|
| Teacher(s)                  | Praet Alain ;  |
| Language :                  | Dutch  |
| Place of the course         | Bruxelles Saint-Louis  |
| Learning outcomes           | <p><b>At the end of this learning unit, the student is able to :</b></p> <p>This course provides a concise overview of the role and the institutional structure of the financial markets and institutions. Students learn the basic terminology of the financial world so they can easily understand financial economic reports. In order to encourage students to follow the financial press, they will be asked to link newspaper articles to various parts of the course. The main objective of the course is to enable students to understand and use introductory concepts such as the time value of money, the term structure of interest rates, pricing of financial instruments and the risk-return trade off.</p>   |
| Evaluation methods          | <p>During a two-hour written exam the knowledge of the theoretical concepts - presented during the lectures - as well as the ability of the student to solve problems related to those covered during the exercise sessions will be evaluated. It should be noted that for this course students are expected to follow the financial news. All documents (newspaper articles e.g.) that are mentioned in class will also be part of the exam material.</p>   |
| Teaching methods            | <p>The lecture</p> <p>During the lectures the theoretical concepts will be explained. Students will be encouraged to participate to class, answering to questions that will be raised.</p> <p>TA sessions</p> <p>Students will have the opportunity to solve problems under the guidance of an assistant. Students are encouraged to review the lecture before attending exercise classes.</p>   |
| Content                     | <p>In a first part, money and the financial system will be introduced. In order to enable the pricing of financial instruments, the time value of money will be addressed. Present and future value calculations of a single cash flow, of cash flow streams, annuities and perpetuities will be taught.</p> <p>Both money market (treasury bills, commercial paper, repo) and capital market products (bonds, stocks) will be discussed. We will go into the pricing and the risk of bonds and stocks.</p> <p>Finally the importance of financial intermediaries is addressed, focussing on the structure of the financial industry, the depository institutions and the regulator.</p> <p>Contents in detail:</p> <p>Part 1: Introduction:</p> <p>Why study money, banking and financial markets?</p> <p>An overview of the financial system with a focus on the European and Belgian Markets</p> <p>What is money?</p> <p>Part 2: Financial Markets</p> <p>The meaning of interest rates, annuities, perpetuities and loan tables</p> <p>The behavior of interest rates</p> <p>Risk structure of interest rates</p> <p>Stock markets and the efficient market hypothesis</p> <p>Part 3: Financial Institutions</p> <p>An economic analysis of financial structure</p> <p>An introduction to banking and general principles of bank management</p> <p>Financial crises in advanced economies</p> |
| Bibliography                | <p>Reference work : The Economics of Money, Banking and Financial Markets (11th Edition) (The Pearson Series in Economics) – Frederic S. Mishkin</p>   |
| Other infos                 | <p>On the university's electronic platform the following additional information will be offered:</p> <ul style="list-style-type: none"> <li>- a copy of the slides used in class</li> <li>- the exercises that will be solved during the exercise classes. Additional exercises will be added (partially with solutions).</li> </ul>   |
| Faculty or entity in charge | ESPB   |

| <b>Programmes containing this learning unit (UE)</b>  |         |         |              |   |
|---|---------|---------|--------------|---|
| Program title   | Acronym | Credits | Prerequisite | Learning outcomes   |
| Bachelor in Economics and Management (French-Dutch-English)                                       | ECTB1BA | 4       |              |  |
| Bachelor : Business Engineering (French-Dutch-English)  | INTB1BA | 4       |              |  |
| Bachelor in Economics and Management [Dual Bachelor's degree for the holder of a Bachelor in Law] | ECGB1BA | 4       |              |  |