

Faculty of Economic, Social and Political Sciences



ECON2238 Financial economics

[30h] 4 credits

This course is taught in the 1st semester

Teacher(s): Pierre Giot
Language: French
Level: Second cycle

Aims

This course sets out to analyse the basic concepts of financial economics, and in this way provide a general introduction to the field of finance. There will be a particular focus on developing applications and uses in the framework of financial institutions with a view to providing the tools needed to understand the mechanisms of the banking sector.

Main themes

The course introduces methods of macro-economic analysis that are applied to banking obligations and instruments. Relevant themes in this context include:

- the theory of interest rates and an evaluation of fixed-income instruments;
- asset choice under uncertainty applied to stochastic choices;
- the economics of information.

The course also studies financial institutions in the global context of the economy by looking at the following issues:

- a description of the main characteristics of commercial banks and investment banks;
- the determination of real interest rates;
- an analysis of the management of a portfolio of fixed-income instruments;
- prudent regulation of the banking sector;
- the role of the finance sector in transmitting monetary policy.

Content and teaching methods

The main fields opened on the course are: an analysis of investment projects, the theory of interest rates, decisions taken in uncertainty, portfolio choices, ways of evaluating financial assets, and derived products (e.g. futures, swaps and options).

Three types of element are examined in each of these fields:

- the institutional framework: Which of the main economic actors are facing these problems? What are their objectives? What are the technological and regulatory constraints?
- theoretical bases: Characterisation of the solution of an agent. Balance established in the interaction between various actors. Optimality of the benefit obtained. The reasons justifying the intervention of a public authority in the sector.
- an empirical analysis: Which of the main empirical studies throw light on the issue? What are the outcomes? Case studies drawn from history and the present day.

Reading on the course is compulsory.

Other information (prerequisite, evaluation (assessment methods), course materials recommended readings, ...)

Two-year degree courses in Economic Sciences.

Written examination.

A M Santomero and D F Babbel (SB), 1997, 'Financial Markets, Instruments and Institutions', McGraw-Hill-Irwin.
 (Compulsory reading)

Other credits in programs

ECGE3DS/EF	Diplôme d'études spécialisées en économie et gestion (Master in business administration) (économie financière)	(5 credits)	Mandatory
INCH23	Troisième année du programme conduisant au grade d'ingénieur civil chimiste	(3 credits)	
MAP23	Troisième année du programme conduisant au grade d'ingénieur civil en mathématiques appliquées	(3 credits)	
MATH22/E	Deuxième licence en sciences mathématiques (Economie mathématique)	(4 credits)	Mandatory