



## FINANCIAL INTERMEDIATION

<b>Course code</b>	GRAE020
<b>Course title</b>	Financial Intermediation
<b>Type of course</b>	Compulsory
<b>Level of course</b>	Graduate
<b>Department in charge</b>	Graduate school
<b>Year of study</b>	2nd
<b>Semester</b>	3rd
<b>Number of credits</b>	6 ECTS; 36 hours of class work, 124 hours of self-study, 2 hours of consultations (distant or direct form)
<b>Course coordinator</b>	Dr. Ana Jolovic
<b>Contact information</b>	anajol@faculty.ism.lt
<b>Course prerequisites</b>	Fundamentals of Finance, Financial Economics.
<b>Form of studies</b>	Full-time
<b>Teaching language</b>	English

### Aim of the course:

This course is advanced course on Financial Intermediation institutions. The aim of this course is to develop understanding of the theories of financial intermediation and provide insights into the best practices of risk management processes and techniques used by banks and other financial intermediaries. Recent developments in regulatory framework and crisis prevention and management techniques will also be discussed.

### Learning outcomes:

Course learning outcomes (CLO)	Study methods	Assessment methods
CLO1. Demonstrate knowledge and understanding of contemporary financial intermediation theories and their application in the practical and research field of financial intermediation institutions	Lectures, individual study, self-study in groups, analysis of case studies.	Case study debriefing, midterm test, final exam
CLO2. Analyze and evaluate financial intermediation companies' activities and financial condition from financial statements and key performance indicators	Lectures, solving exercises, self-study, analysis of case studies	Midterm test, final exam
CLO3. Analyse and critically evaluate the causes and consequences of financial crisis, behaviour of national and international financial markets and institutions during financial crisis, and be familiar with contemporary crisis management techniques.	Lectures, solving exercises, self-study, analysis of case studies	Case study debriefing, midterm test, final exam
CLO4. To express independent opinion on the need of financial regulation and to formulate judgments and knowledge-based conclusions on the impact of recent regulatory framework changes to the strategic development of financial intermediation institutions,	Lectures, self-study, analysis of case studies	Case study debriefing, midterm test, final exam
CLO5. Evaluate, choose, and systemically apply advanced risk management techniques and models in solving complex risk management problems in financial intermediation institutions	Lectures, solving exercises, individual study, self-study in groups, analysis of case studies	Case study debriefing, midterm test, final exam
CLO6. Analyse and assess changes in both micro- and macroeconomic environment of financial intermediation institutions	Lectures, solving exercises, self-study, analysis of case studies	Case study debriefing, midterm test, final exam
CLO7. Develop a range of personal skills including argumentation, evaluation, problem identification and solving, interactive and group skills, self-appraisal, cross-cultural teamwork.	Lectures, self-study, team-work for solving case studies.	Case study debriefing, midterm test, final exam
CLO8. Have abilities to communicate in English the knowledge to specialist and non-specialist audiences clearly and unambiguously.	Lectures, class discussion, presentation of case studies findings	Case study debriefings



### Quality Assurance Measures

The lecturer will apply multiple teaching methods to keep the students engaged in the topic (case studies, presentations, readings). Continuous student feedback will be encouraged and accommodated to continuously improve class experience.

### Cheating Prevention

Course will apply zero tolerance policy towards plagiarism, following the rules of the University.

### Course content

	Topics	Class hours	Homework and Readings
1.	Introduction: overview of financial institutions <ul style="list-style-type: none"> <li>Economies of scale and scope, pooling and netting</li> <li>Information asymmetry: screening and monitoring</li> <li>Maturity, liquidity and risk transformation</li> <li>Functions performed by financial intermediaries</li> </ul>	4	<ul style="list-style-type: none"> <li>Course slides</li> <li>Textbook Ch. 1-3</li> </ul>
2.	<ul style="list-style-type: none"> <li>Overview of financial institutions risk management</li> <li>Class discussion on assigned readings</li> </ul>	4	<ul style="list-style-type: none"> <li>Course slides</li> <li>Textbook Ch. 4 and 13</li> <li>Assigned readings posted on e-learning</li> </ul>
3.	<ul style="list-style-type: none"> <li>Risk management in detail</li> <li>Case study for class discussion "Global Financial Crisis and Future of Securitisation"</li> </ul>	4	<ul style="list-style-type: none"> <li>Risk management report of a selected bank</li> <li>Case study: "Global Financial Crisis and Future of Securitisation"</li> </ul>
4.	<ul style="list-style-type: none"> <li>Case study for debriefing: "Basel III: an evaluation of new banking regulations"</li> <li>Challenges for Banking Regulation</li> </ul>	4	<ul style="list-style-type: none"> <li>Case study for debriefing: „Basel III: an evaluation of new banking regulations “.</li> <li>Textbook Ch. 15-16</li> <li>Assigned readings posted on e-learning</li> </ul>
5.	<ul style="list-style-type: none"> <li>Non-banking institutions</li> </ul>	4	<ul style="list-style-type: none"> <li>Students group presentations</li> </ul>
6.	<ul style="list-style-type: none"> <li><b>Mid-term exam</b></li> <li>Cooperative banks and credit unions</li> </ul>	4	<ul style="list-style-type: none"> <li>Course slides</li> <li>Assigned readings posted on e-learning</li> </ul>
7.	<ul style="list-style-type: none"> <li>Pension funds – past and future</li> </ul>	4	<ul style="list-style-type: none"> <li>Course slides</li> <li>Textbook Ch. 4-6</li> <li>Assigned readings posted on e-learning</li> </ul>
8.	<ul style="list-style-type: none"> <li>Asset Management</li> <li>Private Equity. Venture Capital</li> </ul>	4	<ul style="list-style-type: none"> <li>Course slides</li> <li>Assigned readings posted on e-learning</li> </ul>
9.	<ul style="list-style-type: none"> <li>Wealth management.</li> <li>Case study for debriefing „Nest Wealth Asset Management, Inc. “</li> </ul>	4	<ul style="list-style-type: none"> <li>Course slides</li> <li>Case study for debriefing „Nest Wealth Asset Management, Inc “.</li> </ul>
10.	<ul style="list-style-type: none"> <li>Final Exam</li> </ul>	4	

\* Course slide will follow selected topics and are obligatory as a part of course material. Course slides will be uploaded in the e-learning.



**Assessment methods:**

Students will be evaluated during the mid-term exam, case studies debriefings and final exam.

TASK TYPE	SELF-STUDY HOURS	FINAL GRADE, %
Mid-term exam	50	40 %
Debriefings of case studies	18	15 %
Group presentation	6	5%
Final exam	50	40 %
<b>Total</b>		<b>100%</b>

**Mid-term exam (40%)**

During the course there will be mid-term test from the course material. Mid-term test will be organized from the topics of the first four classes, including reading material, discussions material and case study analysis. Mid-term exam will consist of 20 closed-end questions and question related to the short case study (case being presented within the test). Mid-term exam makes 40% of the final grade.

**Debriefings of case studies (15%)**

Students will have two case studies for debriefing. Case studies debriefings will be made in groups up to 3 students. Students will receive a list of questions to answer. The assessment will be made considering the understanding of the problem and solutions measures, using integrated knowledge of the course material.

**Group presentation (5%)**

Students will have one group presentation. Groups should have up to 3 students. Students will receive a topic for their presentation during the first class. The assessment will be made in order to allow students to explore in more details assigned topic, use their knowledge and skills to prepare materials and presentations for the peers, and be able to fully understand pros and cons of financial intermediary institutions.

**Final exam (40%)**

The final exam is closed book and closed note. The exam will mainly cover materials and discussions from the second part of the course. It will contain 20 closed-end test and 5 open-ended questions. Students are allowed to bring calculators.

**Additional notes:**

1. A student must score on all the assigned tasks by the lecturers (see *Assessment Methods*). No postponement and/or retake of the assigned tasks shall be allowed.
2. After receiving a failing final cumulative grade, a student can make one attempt to retake an exam. A re-take exam shall consist of all course material and will equal **80% of the final cumulative grade**. Provided a retake exam is taken by a student, the acquired grade for the debriefing of case-study and group presentation **will be calculated and weighted into the final cumulative grade for the course**.

**Teaching methods**

Lectures and discussion sessions, case study analysis, and group assignments.

**Required textbook:**

**Greenbaum S. I., Thakor A. V.** Contemporary Financial Intermediation (3rd edition), Academic Press Advanced Finance. 2015.