

EC5802 Commercial Banking	Candlemas Semester 2011
LECTURERS: Dr Geetha Selvaretnam (Principal Module Teacher) Dr Kannika Thampanishvong	CREDITS: 20
LECTURES: 8 x 2-hour lectures, starting in week 1.	TUTORIALS: 4 x 1-hour tutorials
EXAMINATION: One 2-hour paper Structure: Two sections with three questions each. Students should answer one question from each section.	CONTINUOUS ASSESSMENT: Essay 1 Essay 2
FINAL GRADE: Examination 50% weight; Essay 1 25% weight; Essay 2 25% weight	REQUIREMENTS: Participation in all tutorials.
PREREQUISITES: EC5801, EC5602 & EC5603.	SUPPLEMENTARY INFORMATION:

Introduction

This module provides a theoretical and practical grounding at the Masters level in commercial banking. It will include liquidity management vs. profit making, credit screening, securitisation, inter-bank linkages and causes of, and prevention of, banking crises. The module will also cover banking issues in a few selected countries.

Learning Outcomes

- Banks as a profit-driven commercial entity and banking competition
- Management of conflicting objectives of liquidity vs profitability
- The concepts of credit screening and agency models
- Management of different sources of financing, including securitisation
- Benefits and pitfalls of interbank linkages
- Understanding the causes, prevention and mitigation of banking crises
- Understanding and apply microfounded theory to issues on commercial banking

Detailed course outline will be provided at the beginning of the course.

Reading

Core reading: *Microeconomics of Banking*, by Xavier Freixas and Jean-Charles Rochet.
Supplement reading: *Introduction to Banking*, by Barbara Casu, Claudia Girardone and Philip Molyneux; *The Economics of Banking* by Kent Matthews and John Thompson.