

Course Description

Banking and Banking Regulation

Department of Economics
Master of Science Program

Module number and title:

Form and usability of the module: Elective course for M.Sc. Economics program

Responsible teacher of the module: Prof. Ernst-Ludwig von Thadden

Cycle of offer: irregular, spring semester

ECTS credits: 5

Teaching method (hours per week): Lecture (2 SWS)

Workload: 140 hours, of which 21 in class and 119 independent study time.

Course language: English

Prerequisites: Core courses E600-603. Students without sufficient prior mathematical skills are expected to have attended the Math Prep Course.

Grading: The entire grade will be based on the final examination taking place in the exam period after the end of teaching. This will be a written, closed-book exam of 180 minutes.

Goals and contents of the module: The course covers the basic theory of banking and its regulation, with an emphasis on the systemic problems of financial stability. The course will first cover classic theories of banking based on screening, monitoring, risk-sharing, maturity transformation, and liquidity provision. It will then address problems of financial stability with respect to banking as well as to shadow banking and discuss regulation in the context of the current debate about macroprudential regulation and the Basel reform process.

Expected competences acquired after completion of the module: Upon successful completion of the course, students should understand the most important economic functions of banks and the associated potential of banking failures. They will acquire the necessary analytical tools to understand the current regulatory debate about banking reform and should be able to critically assess the merits of different reform proposals.

Further information: There is no textbook for this course, as some of the material is still fairly new and subject to ongoing research. The following book provides a broad overview over modern banking and financial markets and covers many topics of the course in quite accessible form.

Greenbaum, Stuart, Anjan Thakor, and Arnout Boot, *Contemporary Financial Intermediation*, Third Edition, Academic Press 2016.

This book is written for a less advanced audience than the Mannheim MSc and therefore does not cover some of its themes in the same depth as our course.

Another excellent and very accessible book on a central problem of banking is

Admati, Anat and Martin Hellwig, *The Bankers' New Clothes*, Princeton University Press 2013.

Expected number of students in class: 30

Contact Information:

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