

<b>Course title</b>		Banking						<b>ECTS code</b>		14.3.EM.SL.1964													
								<b>ECTS credits</b>		2													
<b>Name of unit administrating study</b>		IHZ		<b>Field of study</b>		MSG**		<b>Field of specialisation</b>		IB;													
<b>Teaching staff</b>		Magdalena Markiewicz, Ph.D.																					
<b>Number of hours</b>																							
<b>Lectures</b>	0	<b>Classes</b>	0	<b>Tutorials</b>	30	<b>Laboratory</b>	0	<b>Seminars</b>	0	<b>Language classes</b>	0												
<b>Forma aktywności</b>							<b>Year&amp;Type of studies*</b>		2 SS1,														
<b>Hours with the participation of the academic teacher (including office hours, exams, others):</b>							<b>Semester:</b>		4,														
<b>Hours without the participation of the academic teacher (student's self-study, homeworks):</b>							<b>Type of course:</b>		obligatory														
<b>Total number of hours:</b>							0		<b>Language of instruction:</b>		English												
<b>Teaching form</b>		in-class learning																					
<b>Teaching methods</b>		Lectures including multimodal presentations, Collaborating, group activities, Case studies, The use of English-language sources and scientific literature (academic English)																					
<b>Prerequisites (required courses and introductory requirements)</b>																							
<b>Required courses</b>		Finance																					
<b>Introductory requirements</b>		General knowledge on finance, the skill of calculating																					
<b>Assessment method, forms and criteria</b>																							
<b>Assessment method</b>		Exam																					
<b>Assessment criteria</b>		<p>30% of a grade will come from a presentation prepared according to the preliminary conditions. The subject of the presentation is chosen from the list given by the teacher and referring to the course. The references will have to include academic research papers.</p> <p>70% of a grade comes from the written test that evaluates the knowledge from the lectures and a reading study.</p> <p>The overall grade is coming from the base: 51% grade 3; 61% grade 3+; 71% grade 4; 81% grade 4+; 91% grade 5.</p>																					
<b>Course objectives</b>																							
Students get the knowledge on bank products and services, their cost and benefits. They understand the problems connected with the banking effectiveness, liquidity, crises that are implicating the future changes in the shape of banking sectors. The aim of a course is also to achieve fluency in advanced vocabulary of finance and banking world.																							
<b>Learning outcomes</b>																							
<b>Knowledge</b>		MSG1_W02	They know the specific financial terminology concerning transfers and products (loans, credits, mortgage, deposits, investment products, bank insurance).																				
		MSG1_W03	They know the specific features of different types of banks and relations between financial institutions.																				
		MSG1_W04	They have knowledge about banking operations and procedures, their cost and banking reserves.																				
		MSG1_W05	They consider the risk connected with financial market products and with shadow banking system. Students know methods of credibility assessment.																				
		MSG1_W09	Students realize the importance of ethic rules and code of conduct at the banking market.																				
		MSG1_W15	Students have knowledge about functioning of the banking sectors in the domestic and international context.																				
<b>Verification of learning outcomes - Knowledge</b>																							
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Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG1_W02	X						X				
MSG1_W03	X						X				
MSG1_W04	X										
MSG1_W05	X										
MSG1_W09	X						X				
MSG1_W15	X						X				

Skills		
MSG1_U03	Students identify the problems of functioning the banking sector from the point of view of institutions and consumers.	
MSG1_U07	A student identifies the relations between the institutions within the banking sector.	
MSG1_U09	A student uses properly terms and definitions concerning the subject.	
MSG1_U11	Students are aware of the risk of banking products and services.	
MSG1_U12	Students know they know how to choose the most attractive and beneficial products, how to read the financial agreements and how to build their credibility.	
MSG1_U15	Students will prepare practical presentations concerning practical issues and market examples.	

**Verification of learning outcomes - Skills**

Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG1_U03	X						X				
MSG1_U07	X										
MSG1_U09	X						X				
MSG1_U11	X										
MSG1_U12	X						X				
MSG1_U15							X				

Attitudes		
MSG1_K01	Students know the limitations of own knowledge and skills and the need of long-life ammendments of it.	
MSG1_K02	Students are able to cooperate in a group and take part in the projects aiming for a specific result.	
MSG1_K04	Students identify the dilemmas and aspects of their future job. Students train social skills, like precising their financial needs to the bank advisors.	
MSG1_K06	Students will gain the skills of critical analysis and comparison of data, agreements, notifications and other information in the financial operations concerning banking products. They are able to choose the product or service which is best fitted to their needs, knowing how to use them, and they consider the benefits and risks of them.	
MSG1_K07	They are aware of stability and guarantees in the banking sector and the role of a client and a banker.	

**Verification of learning outcomes - Attitudes**

Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
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MSG1_K01									X		
MSG1_K02							X				
MSG1_K04	X								X		
MSG1_K06							X		X		
MSG1_K07	X						X				

**Course contents**

Introduction to a subject. Assessment rules and learning outcomes of a course. Banking environment and trends.

Mobile banking and innovations in banking services. Electronic money and cryptocurrencies.

Bank business models. Types of banks: universal and specialized banks, modern banks operations. Differences between retail, corporate and investment banks.

Example: Banking sector and banking mystery in Switzerland.

Commercial banking. Commercial bank operations, services and products: deposits, personal accounts, business accounts, credit and loans. Sources of bank funds. Bank loans. Types of business and consumer loans. Credibility assessment. Credit scoring. The assessment of an individual clients, corporate and small enterprise.

Interest rates and provisions. Cross-selling. Off-balance operations. Banking cards, terms of payments. How to choose a good offer in a bank. The determinants and opportunities in specific situations. Benefits and risk for banking clients.

The bank balance sheet. Assets and liabilities. Bank goals, strategy and governance.

Liquidity management, asset management, liability management, capital adequacy management. Market risk management. Managing credit risk and interest rate risk. Duration gap. Methods used to reduce interest rate risk in banks.

The impact of the crisis for the changes in the banking sector. The financial crisis in the USA. Banking systemic crises, NPL level and SIV. Assessment of risk management.

Example: The banking crisis in Iceland.

Example: The perspectives of a banking crisis in Italy.

Banking sector structure and competition. Banking systems in the world: the example of the different countries. Financial innovation and growth of shadow banking system.

Example: Shadow banking system in USA/China/Europe.

Changes in demand and supply conditions (adjustable rate, derivatives, electronic banking, commercial papers, securitization). Bricks or clicks. Disintermediation in the financial sector.

Example: The structure of the banking system in China.

Consolidation in the banking sectors. Economies of scope. Riegle-Neal Act, Glass-Steagall Act, Gramm - Leach-Bliley Act. The competitiveness and concentration of the banking sectors. Banks mergers - effects for the sector, the customers and the employees. Trends in mergers and acquisitions.

Example: The merger of ICBC and Standard Bank.

Internationalization of banks and a banking sector. Offshore banking.

Example: The expansion of ICBC in the world.

Regulation of banks. Regulation of bank ownership, deposits and bank loans. Basle standards and the problems of risk and liquidity. Basle I, Basle II, Basle III framework. Capital requirements for banks. VaR, CAMEL ratings, stress tests, capital adequacy and asset quality. Problems of financial and prudential supervision.

Example: Banking supervisory in USA (FED, FDIC, SEC).

Example: Banking supervisory system in China.

Banking analysis and performance: liquidity and profitability. Banking financial statements and indicators. Net income margin and non-interest income and expenses. Provisional and non-provisional profits. Evaluation of bank performance. ROA and ROE in banks.

Asymmetry of information and financial regulation. Moral hazard and adverse selection. Too big to fail rule. Safety net in the banking system.

Government rescue and orderly liquidation. Major financial legislation. Consumer protection.

Example: The case of Deutsche Bank.

Example: The case of Scandinavian countries, the crisis in Iceland.

#### Recommended reading lists

J. Madura, *Financial Institutions and Markets*, South Western, Cengage Learning, 9th Edition, part 6, chapters 17,18,19 and 20.

F. C. Mishkin, *The Economics of Money, Banking and Financial Markets*, Pearson, 2010 and later, chapters 11,12 and 13.

Further studies:

A. Carstens, *Money in the digital age*, Bank for International Settlements, February 2018.

O. G. Halldorsson and G. Zoega, *Iceland's Financial Crisis in an International Perspective*, University of Iceland, Institute of Economic Studies, Working Paper Series, August 2010.

R. J. Herring, *BCCI & Barings: Bank Resolutions Complicated by Fraud and Global Corporate Structure*, Working Paper Series, University of Pennsylvania, 2005.

*Risk Taking, Liquidity, and Shadow Banking*, IMF, October 2014, chapter 2.

R. Roengpitya, N. Tarashev, K. Tsatsaronis and A. Villegas, *Bank business models*, Bank business models: popularity and performance, BIS Working Papers no. 682.

P. Sieczka, D. Sornette, J. A. Holyst, *The Lehman Brothers Effect and Bankruptcy Cascades*, Swiss Finance Institute, Research Paper Series N°10 - 06, February 2010.

P. Collinson, *The Big Short: is the next financial crisis on its way?*, The Guardian 2016, 19 November.

Additional articles recommended by a teacher.

#### Contact

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\* SS1- undergraduate studies \* SS2 - graduate studies \* SDang - doctoral studies

\*\* MSG - International Economic Relations