

**COURSE DATA****Data Subject**

Code	36157
Name	Banking and financial markets
Cycle	Grade
ECTS Credits	6.0
Academic year	2022 - 2023

Study (s)

Degree	Center	Acad. year	Period
1316 - Degree in Economics	Faculty of Economics	4	Second term

Subject-matter

Degree	Subject-matter	Character
1316 - Degree in Economics	21 - Pathway: industrial and business economics	Optional

Coordination

Name	Department
FORES CONCHELL, VICENTA DOLORES	113 - Financial and Actuarial Economics

SUMMARY

The Financial Markets and Banking course is an elective subject within Mention Industrial Economics and Business. It is taught in the second semester of the fourth year of the Bachelor in Economics and has a total of 6 credits.

The aim of this course is to provide students an overview of the main banking operations carried out in Spain, both from the perspective of the potential user of the same as from the credit institutions are carried out. This objective is addressed trying to group and complete a series of knowledge, partly acquired in other subjects, focusing on the analysis of the activity of credit institutions in our country.

The student is also provided a simple but rigorous and updated financial operations, markets fixed income and derivatives markets analysis.



PREVIOUS KNOWLEDGE

Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

Other requirements

To pass the subject, it is desirable that students have taken and passed the subject named Finance, belonging to the second year of the Economy degree.

OUTCOMES

1316 - Degree in Economics

- Show critical thinking skills.
- Be able to collect and analyse information.
- Have oral and written communication skills in the native language.
- Have decision-making skills and be able to apply knowledge to practice.
- Be able to learn autonomously.
- Be able to use ICTs.
- Know how to analyse and interpret the economic and financial information of companies.
- Know the basic concepts of financial analysis and the operation of financial markets.

LEARNING OUTCOMES

Knowing and applying valuation methods for fixed income assets

Knowing the different financial markets, including the derivatives one, so that the students should be able to understand all kinds of available operations in them by the end of the course.

To understand and analyze the risk and return of any financial asset.

Description and analysis of the main banking operations, encouraging the capacity to address the study of new operations that may arise in a market subject to continuous and important changes such as is the banking market.

Identify and measure the interest rate risk of fixed income assets.

DESCRIPTION OF CONTENTS



1. LOANS: ANALYSIS OF ACTIVE FINANCIAL TRANSACTIONS

This topic covers some of the main active financial transactions, as well as the commercial characteristics that affect customers, and the calculation of the effective rates of these transactions.

- 1.1. Additional term and conditions for active financial transactions. Calculation of effective rates.
- 1.2. Lending operations.
- 1.3. Bank discount.
- 1.4. Checking accounts.

2. LENDERS: FINANCIAL ANALYSIS OF PASSIVE OPERATIONS

This topic covers some of the main bank liabilities transactions, as well as the commercial characteristics that affect customers, and the calculation of the effective rates of these transactions.

- 2.1. Additional term and conditions for passive financial transactions. Calculation of effective rates.
- 2.2. Demand deposits.
- 2.3. Fixed-term deposits.
- 2.4. Bond issues
- 2.5. Repurchase agreements.

3. NEGOTIATION OF FINANCIAL TRANSACTIONS

In this lesson, the objective is first, to remind the student key concepts related to financial operations and the financial asset pricing already studied in other subjects and, secondly, to present the different ways of operating that exist in the Spanish market.

- 1. Financial transaction.
 - 1.1. Definition.
 - 1.2. Outstanding balance.
 - 1.3. Loans.
 - 1.4. Additional term and conditions. Effective rates.
- 2. Internal and external liquidity (marketability).
- 3. Market value of financial transactions.
- 4. Interest rate risk.
- 5. The modes of operation.
 - 5.1. Classification of the operation.
 - 5.2. Simple trading operations
 - 5.2.1. Cash.
 - 5.2.2. A term.
 - 5.3. Double sales operations.
 - 5.3.1. Repurchase operations.
 - 5.3.2. simultaneous operations.



4. SHORT-TERM DEBT

In this lesson, there is a detailed discussion of the concepts, characteristics and valuation of the most important short-term fixed-income financial assets, such as Treasury Bills and Corporate Bonds.

1. Introduction.
2. Treasury Bills.
 - 2.1. Characteristics
 - 2.2. Broadcast auction.
 - 2.3. Interest rates.
 - 2.4. Negotiation modalities.
 - 2.5. Effective rates.
3. Commercial paper.
 - 3.1. Characteristics
 - 3.2. Issuance and trading.
 - 3.3. Interest rates.
 - 3.4. Effective rates.
4. Promissory notes from the Generalitat Valenciana.

5. MEDIUM AND LONG TERM DEBT

This lesson addresses the study of the characteristics and valuation of public and private debt assets in the medium and long term. Special emphasis is placed on the issuance by auction of bonds and state obligations and their subsequent negotiation.

1. Bond issues:
 - 1.1. Definition and notation.
 - 1.2. Classification and modalities of issuance.
2. Treasury Bonds and notes.
 - 2.1. Characteristics
 - 2.2. Broadcast auction.
 - 2.3. Interest rates.
 - 2.4. Negotiation modalities.
 - 2.5. Effective rates.
 - 2.6. Separate Trading of Interest and Principal (STRIPs).

6. INTEREST RATE RISK

This lesson is intended for the analysis of interest risk. Bearing in mind that there is the possibility of unanticipated changes in interest rates, the objective is to analyse the consequences that this entails in the management of fixed-income portfolios.

1. The valuation of financial operations and interest rates
2. The price risk



- 2.1. Concept
- 2.2. Duration and convexity
- 3. The risk of reinvestment and financial immunisation
- 4. The temporary structure of interest rates
 - 4.1. Definition
 - 4.2. Cash and forward types of interest
 - 4.3. Applications and limitations

7. DERIVATIVES ON INTEREST RATES IN OTC MARKETS

This topic explains in detail the main characteristics, use and settlement of interest rate derivative contracts traded in the OTC markets.

- 1. Interest rate futures and forward rate agreements (FRA)
 - 1.1. Definition and characteristics.
 - 1.2. Settlement.
 - 1.3. Hedging and speculation.
 - 1.4. Arbitrage
 - 1.5. Valuation
- 2. SWAP contracts.
 - 2.1. Description and liquidation.
 - 2.2. Hedging and speculation.
 - 2.3. Valuation.
- 3. OTC options on interest rates.
 - 3.1. CAP options.
 - 3.2. FLOOR options.
 - 3.3. COLLAR options.

WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Study and independent work	40,00	0
Readings supplementary material	2,00	0
Preparation of evaluation activities	15,00	0
Preparing lectures	8,00	0
Preparation of practical classes and problem	15,00	0
Resolution of case studies	10,00	0
TOTAL	150,00	



TEACHING METHODOLOGY

The theoretical classes will go to the exhibition by the teacher (master class) of the different topics of the subject. student participation in terms of criticism and debate capacity will be highly valued. Classes to speed and facilitate students' attention, will be made available in the virtual classroom theory annotations topics of the subject.

The practical classes will be devoted to solving exercises and case studies by the teacher and / or student. The statements of problems and cases to solve in practical classes will be available to the student in the virtual classroom.

It is essential for proper monitoring of the subject that students attend class with teaching material (lecture notes, problem statements, press articles, etc.), which will be completed with class explanations and literature.

EVALUATION

The process of evaluation of the course will consist of:

A written exam at the end of the semester, which may comprise both theoretical questions and problems and / or actual cases. This test will involve 70% of the final grade. We will have to overcome a minimum rating of five out of ten in this written exam so that you can add the rest of qualifying.

2. Continuous assessment will be based on class attendance, solving exercises or case studies and participation and involvement in the teaching-learning process. attendance at various academic activities recommended by the teacher ill also be evaluated. Continuous assessment will involve 30% of the final grade for the course.

In any case, to pass the course must obtain a minimum score of 5 out of 10.

The continuous assessment activities of this subject can be recovered in the first and/or second sitting.

Only if the test synthesis is overcome, the final mark of the course will be the weighted sum of such evidence synthesis and continuous assessment and practical activities. If the test synthesis is not exceeded, the final grade can not be more than 4'5.

REFERENCES

Basic

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- Meneu, V.; M.P. Jordá y M.T. Barreira (1994): Operaciones Financieras en el mercado español, Editorial Ariel Economía, Barcelona.
- Meneu, V.; E. Navarro y M.T. Barreira (1992): Análisis y Gestión del riesgo de interés, Editorial Ariel Economía, Barcelona.
- Navarro, E. (2019): Matemáticas de las operaciones financieras. Pirámide.



- Navarro, E. y J. Nave (2001): Fundamentos de matemáticas financieras, Antoni Bosch.
- Palomo, R.J. y Mateu, J.L. (2004): Productos Financieros y Operaciones de Inversión. Instituto Superior de Técnicas y Prácticas Bancarias.
- Sebastián, A. y López-Pascual, J. (2014): Economía y gestión bancaria. Ediciones Pirámide..
- Vilariño, A.; J. Pérez y F. García (2008): Derivados. Valor Razonable, Riesgos y Contabilidad. Teoría y casos prácticos. Ed. Pearson Educación.

Additional

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- Analistas Financieros Internacionales AFI (2016). Guía del Sistema Financiero Español. 7ª Edición. Ediciones Empresa Global, Madrid.
- Campuzano, A.B., Conlledo, F. y Palomo, R. (2017). Los mercados financieros. 2ª Edición. Ediciones Tirant Lo Blanch, Valencia..
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- Knop, R. (2005): Manual de Instrumentos Derivados, Biblioteca de Economía y Finanzas, 13, Ediciones Empresa Global, Madrid.
- Losada, R. (2009), Agencias de rating: hacia una nueva regulación. Monografía de la CNMV.

BANCO CENTRAL EUROPEO (2004): La política monetaria única en la zona euro: Documentación general sobre los instrumentos y los procedimientos de la política monetaria del Eurosistema. Febrero. (<http://www.ecb.int/>)

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CIRCULAR DE BANCO DE ESPAÑA nº 8/1990, de 7 de septiembre sobre: Transparencia de las operaciones y protección de la clientela. (Texto actualizado)

DE LA FUENTE, D. (2008): Operaciones bancarias. Editorial Universitaria Ramón Areces.

KNOP, R.; DE CASTRO, M. Y FERNÁNDEZ, J.M. (2006): Manual de instrumentos de renta fija. Ariel Economía.