

FIN-420

**Financial intermediation**

Fuster Andreas

Cursus	Sem.	Type
Financial engineering minor	E	Opt.
Financial engineering	MA2, MA4	Opt.

Contact language	English
Credits	4
Session	Summer
Semester	Spring
Exam	During the semester
Workload	120h
Weeks	14
<b>Hours</b>	<b>3 weekly</b>
Lecture	3 weekly
<b>Number of positions</b>	

**Summary**

This course provides a theoretical and practical overview of what financial institutions do, how they manage their risks, and how they are regulated. The course also discusses the causes and effects of financial crises, and how financial intermediation is affected by technological innovation.

**Content**

1. Introduction to financial intermediation
2. Understanding and managing bank risks
3. On- and off-balance-sheet activities
4. Bank capital and other funding
5. Bank regulation
6. Financial crises
7. Central banking
8. Fintech and other recent developments

**Keywords**

Banking, Risk Management, Regulation, Fintech

**Learning Prerequisites****Required courses**

Introduction to finance

**Recommended courses**

Macrofinance, Econometrics

**Learning Outcomes**

By the end of the course, the student must be able to:

- Describe the different types of institutions active in financial intermediation.
- Recall the main types of risks banks face.
- Synthesize ways in which bank risks can be managed.
- Characterize different types of regulatory interventions and their justifications.
- Contextualise the main challenges to banks' business model due to the macro environment and financial innovation.
- Interpret market-based indicators to assess the outlook for bank profitability and risks.

- Differentiate drivers of financial crises and their effects
- Assess / Evaluate different tools used by central banks to affect market interest rates

### Transversal skills

- Use a work methodology appropriate to the task.
- Demonstrate the capacity for critical thinking
- Access and evaluate appropriate sources of information.
- Summarize an article or a technical report.

### Teaching methods

Lectures, homework, case studies, expert talks

### Assessment methods

30% Projects/case studies  
70% Final exam

### Supervision

Office hours	No
Assistants	Yes
Forum	Yes

### Resources

#### Virtual desktop infrastructure (VDI)

No

#### Bibliography

Greenbaum, S., Thakor, A. and Boot, A. (2019), "Contemporary Financial Intermediation", 4th edition, Academic Press  
Mishkin, F. (2021), "The Economics of Money, Banking, and Financial Markets", 13th edition (Global Edition), Pearson

Saunders, A., Cornett, M. and Erhemjants, O. (2020), "Financial Institutions Management: A Risk Management Approach", 10th Edition (International Student Edition), McGraw-Hill Education

#### Ressources en bibliothèque

- [Financial Institutions Management / Saunders](#)
- [The Economics of Money, Banking, and Financial Markets / Mishkin](#)
- [Contemporary Financial Intermediation / Greenbaum](#)

#### Moodle Link

- <https://go.epfl.ch/FIN-420>