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| **Title** | **Financial Management for Banks** |
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| **Lecturer** | **Livia Pancotto** | Tutor | Livia Pancotto |
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|  | Code | AG922 | Semester | 2 | Weeks | 1 – 6 | Credits | 10 |  |
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|  | **Assessment** |  | Examination | 70% |  | Coursework | 30% |  | Test |  |  |
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|  | Finance | N/A |  | Int. Banking & Fin. | Compulsory |  | Investment & Fin. | N/A |  | Int. Accounting & Fin. | N/A |  |
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## CLASS AIMS

The aim of this class is to provide students with the knowledge and understanding required for managing the financial aspects of a bank’s business. By focusing on the management of a bank’s assets and liabilities, students will develop a strong understanding of the nature of the banking business. It will develop some of the key financial techniques introduced in the core finance classes to consider the decisions and policies of banks. It contributes to the course aims of using financial theory and analysis in understanding the operations of banks. The class provides students with an understanding and appreciation of the various financial management techniques used by banks.

## LEARNING OUTCOMES

The class provides opportunities for students to develop and demonstrate knowledge, understanding and skills in the following areas:

**i) Knowledge Based Outcomes:**

On completion of the class students should be able to:

* understand the role, objectives and functions of banks in modern economies;
* appreciate the rationale for bank regulation and its implications;
* appreciate the main content of banks’ financial statements;
* evaluate the risk and return elements involved in bank lending;
* evaluate the use of asset liability management (ALM).

**ii) Skills Outcomes:**

 On completion of this class students should be able to demonstrate that they can:

* understand the nature of a bank business and its modes of operation;
* understand the main managerial functions of bank financial management;
* identify the main opportunities and problems relevant for the financial management of banks;
* understand the main risks influencing the decisions undertaken by banks;
* understand the relevance of the environment in which banks operate;
* assess the implications for banks of regulatory requirements in developing effective financial management strategies;
* appreciate the developing nature of bank financial management approaches;
* research in depth on banking topics;
* read and appraise academic papers.

**TEACHING AND LEARNING**

There are 15 contact hours and the teaching will be organized on the basis of lectures and workshops. In order to achieve the learning outcomes, students will be engaged in formal class contact, directed and independent reading and the use of electronic resources. The formal class contact time will be used to introduce the main topics of bank financial management. The workshops will reinforce and extend the topics covered during the lectures, while providing an opportunity to explore some of the most recent developments in the international banking landscape.

**ASSESSMENT**

The assessment is based on an assignment and a final examination. The assignment will account for 30% of the overall assessment and the final examination will account for 70% of the overall assessment. The final examination will take place in the April/May diet of examinations and last two hours (practical details to follow). Any reassessment will be via a re-sit exam of the same format as the main exam. Assignment details will be communicated in the first weeks of the course.

**READINGS**

***Main text***:

Casu, B., Girardone, C. & Molyneux, P. 2015. Introduction to Banking, 2nd Edition, *Pearson*.

Saunders A. & Cornett, M. 2018. Financial Institutions Management: A Risk Management Approach, 9th Edition, *McGraw-Hill Education*.

***Support readings*:**

Choudhry, M. 2012. The Principles of Banking, 1st Edition, *Wiley Finance*.

Glen A. 2014. The Financial Times Guide to Banking. *Financial Times Guides*.

*Further readings and references will be suggested during the course.*

## LECTURE PROGRAMME

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| **Session** | **Lecture Title/Subject/Content** |
| **1** | Banks: Role, objectives and functions in modern economies |
| **2** | Banks’ financial statements and key financial ratios  |
| **3** | Bank regulation & Basel Agreements  |
| **4** | Asset management: Risk and return in bank lending  |
| **5** | Bank Asset and Liability Management (ALM)  |