Syllabus

Course Description

Course Title	Financial Markets and Institutions for EPE
Course Code	27222
Course Title Additional	
Scientific-Disciplinary Sector	ECON-09/B
Language	German
Degree Course	Bachelor in Economics, Politics and Ethics
Other Degree Courses (Loaned)	
Lecturers	Prof. Dr. Florian Kiesel, Florian.Kiesel@unibz.it https://www.unibz.it/en/faculties/economics-management/academic-staff/person/46474
Teaching Assistant	
Semester	First semester
Course Year/s	3
CP	7
Teaching Hours	42
Lab Hours	-
Individual Study Hours	-
Planned Office Hours	21
Contents Summary	The Financial Markets & Institutions course for ÖPE provides a basic understanding of how financial markets work and their significance for the real economy. Key market segments such as the bond and stock markets, the role of banks and central banks and fundamental concepts such as risk, return and information asymmetries are covered. The aim of the course is to make economic relationships in the financial system understandable and to analyse their institutional framework conditions.
Course Topics	Why do banks exist at all? What power does a central bank have over the economy? Why do investor sentiments turn within

	minutes when interest rates rise? And why do companies or investors use complex instruments such as options and swaps to manage risks? With questions like these, students enter the subject and develop a systematic understanding of the financial markets step by step. The first part deals with the basics of financial intermediation, risk allocation and information asymmetries. Students learn why banks and central banks are needed and how credit contracts, screening and monitoring enable economic activity. The course addresses bank-based and market-based financial systems, credit rationing and the monetary policy instruments of central banks. Building on this, the course deals with the functioning and valuation of centralised markets. In the area of bonds, the interest rate structure, government and corporate bonds, valuation methods, default risks and the role of rating agencies are discussed. In the area of stock markets, the focus is on stock exchange organisation, trading mechanisms, liquidity, pricing processes, market efficiency, IPOs and short selling. The course also deals with the markets for derivatives such as forwards, futures, options and swaps, explains how they work and how they can be used in hedging, and at the same time shows their importance for stability and instability in the financial system. Another focus is on modern portfolio theory, diversification, risk-return considerations, empirical observations on return distributions and volatility. Current developments such as robo-advisors are also covered in order to make the digitalisation of portfolio management visible. Finally, the course looks at alternative forms of financing such as crowdfunding and cryptocurrencies. Particular attention is paid to initial coin offerings (ICOs) as an innovative but risky financing channel and to the increasing regulation of financial markets. Theory, current case studies and economic policy debates are consistently linked so that students understand financial markets not just as an abstract model, but as dynamic system that shapes the economy and society.
Keywords	Financial markets, banks, central banks, bond markets, equity markets, derivatives, portfolio theory, information asymmetries, crowdfunding, cryptocurrencies, derivatives, forwards, futures, options, swaps, hedging

Recommended Prerequisites	Students should have attended the courses of the first year of study in order to have a basic understanding of economics.
Propaedeutic Courses	
Teaching Format	The course is mainly conducted in the form of front-of-class teaching. In addition, discussions and current economic developments are included in order to link theoretical concepts with reality.
Mandatory Attendance	Participation is recommended but not compulsory
Specific Educational Objectives and Learning Outcomes	ILO (Intended Learning Outcomes) ILO 1 Knowledge and understanding ILO 1.1 the ability to understand the price mechanism in market economies; ILO 1.2 the ability to understand complex texts in the field of economics in the three languages of instruction; ILO 1.3 Estimation and interpretation of econometric models for the empirical analysis of the above problems. ILO 2 Ability to apply knowledge and understanding ILO 2.1 the ability to communicate fluently and spontaneously with native speakers on economic topics; ILO 2.2 the ability to evaluate financial institutions on the basis of financial analyses; ILO 2.3 the ability to analyse investment decisions of financial institutions; ILO 3 Making judgements ILO 3.1 Acquire the necessary judgement and methodological tools to critically analyse data, sources, assumptions and implications of scientific practice and the political, ethical and legal contexts in which economic phenomena are situated and with which they interact. ILO 4 Communication skills ILO 4.1 Proficiency in written and spoken Italian, German and English, including the translation of these languages. Intercultural

	competence. Conceptual conciseness, ability to capture facts in writing, especially for scientific and science-based texts ILO 5 Learning skills ILO 5.1 Fostering critical thinking and analytical skills to recognise complex problems in their long-term dynamics and in the diversity of their - also ethical - implications
Specific Educational Objectives and Learning Outcomes (additional info.)	The course strengthens students' ability to critically analyse current developments on the financial markets and to evaluate them on a sound theoretical basis.
Assessment	Performance is assessed by means of a written examination. The written exam includes theoretical questions as well as calculation and application tasks on the topics covered in the course. The requirements apply equally to attending and non-attending students. This exam modality assesses all ILOs (1-5).
Evaluation Criteria	The assessment is based on technical accuracy, clarity of argumentation and the ability to apply theoretical concepts to practical issues. A minimum grade of 18 out of 30 points is required to pass.
Required Readings	The lecture is based on the script and the materials provided by the lecturer. There is no compulsory textbook.
Supplementary Readings	Important works are mentioned in the script and can be read if interested. However, this is not required. The following works can be consulted for general in-depth study: • Mishkin, F. S., & Eakins, S. G. (2021). *Financial Markets and Institutions* (10th edition). Pearson. • Saunders, A., & Cornett, M. M. (2019). *Financial Markets and Institutions* (7th edition). McGraw-Hill. • Berk, J., & DeMarzo, P. (2020). *Corporate Finance* (5th edition). Pearson.
Further Information	
Sustainable Development Goals (SDGs)	Decent work and economic growth, Peace, justice and strong institutions, Reduced inequalities, Industry, innovation and infrastructure