



APPLIES TO ACADEMIC YEAR 2010/2011

## DRE 4013 Banking

### Programme

### Responsible for the course

### Department

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

English

### Introduction

This is a one-week intensive Ph.D. course on the role of banks in the economy. The course will offer both a theoretical and empirical perspective on the financial intermediation role performed by banks and will comprise both lectures and student presentation of scientific papers on banking.

The course is offered jointly by BI and NHH in the week of June 6-10, 2011 (DRE4013 is identical to course ECS535NFB at NHH). The venue of the course will be in Bergen and the course will be taught by Charlotte Ostergaard, BI, and Lucy White, Harvard Business School.

### Learning outcome

1. To understand how asymmetric information in credit markets are an important reason why financial institutions such as banks exist
2. To identify the economic functions performed by banks
3. To understand the regulation of banks and the moral hazard problems associated with that regulation
4. To understand the links between the banking sector and the real economy
5. To relate theory and empirical tests
6. To develop an understanding of applied cross-sectional and panel data methods used in research on banking

### Prerequisites

Admission to a PhD Programme is a general requirement for participation in PhD courses at BI Norwegian School of Management.

External candidates are kindly asked to attach confirmation of admission to a PhD programme when signing up for a course with the doctoral administration. Candidates can be allowed to sit in on courses by approval of the courseleader. Sitting in on courses does not permit registration for courses, handing in exams or gaining credits for the course. Course certificates or conformation letters will not be issued for sitting in on courses

### Compulsory reading

#### Books:

Freixas, X. and J.-C. Rochet. 2008. Microeconomics of Banking. 2. ed.. The MIT Press.

### Recommended reading

### Course outline

The course will cover the topics below (if time permits). A complete syllabus will be published in March/April and participants will be provided with a list of readings to be prepared prior to the start of the

course.

1. Theories of financial intermediation
2. Bank runs, government intervention, and bank regulation
3. Coordination of international regulation
4. Relationship banking
5. The real effects of bank failures and crises
6. The real effects of financial deregulation and integration of banking markets
7. Interbank markets and the liquidity provision of banks.

### **Computer-based tools**

### **Learning process and workload**

#### **Workload (6 ECTS)**

Lectures 30 hours

Specified learning activities (including reading) 75 hours

Autonomous student learning (including exam preparation) 75 hours

Total 180 hours.

### **Examination**

Class participation counts 40% of the grade.

The final written 144-hour-homeexam/assignment counts 60% of the grade.

The course will be graded on a scale of A to F.

### **Examination code(s)**

DRE 40131 accounts for 100% of the grade.

### **Examination support materials**

Not applicable

### **Re-sit examination**

Re-takes are only possible at the next time a course will be held. When the course evaluation has a separate exam code for each part of the evaluation it is possible to retake parts of the evaluation. Otherwise, the whole course must be re-evaluated when a student wants to retake an exam

### **Additional information**

#### **Honour Code**

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honour code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honour code system, to which the faculty are also deeply committed.

Any violation of the honour code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honour code, please ask.