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| Course title | Financial Markets | | | |
| Course code | FINA403 | | | |
| Course type | Theoretical, Compulsory Course | | | |
| Level | Undergraduate | | | |
| Year / Semester | Year 4 Semester 7 | | | |
| Teacher's name | Demetriou Demetris | | | |
| ECTS | 6 | Lectures / week | 3 | Laboratories / week |
| Course purpose and objectives | This course aims to provide an introduction to institutional features of financial systems and the key concepts on financial markets, its products, pricing, risks and the market participants. Furthermore it identifies key issues and problems arising in financial markets and introduces the key economic concepts required to analyse these key issues and problems of the financial markets | | | |
| Learning outcomes | <p>After the completion of the course students are expected to:</p> <ul style="list-style-type: none"> • Be able to discuss why financial systems exist, and how they are structured • Explain why the relative importance of financial intermediaries and financial markets is different around the world, and how bank-based systems differ from market-based systems • Understand why financial intermediaries exist • Be able to discuss the role of transaction costs and information asymmetry theories in providing an economic justification • Explain how to value real assets and financial assets, and use the key capital budgeting techniques (Net Present Value and Internal Rate of Return) • Explain how to value financial assets (bonds and stocks) • Be able to understand how risk affects the return of a risky asset, and hence how risk affects the value of the asset in equilibrium under the fundamental asset pricing paradigms (Capital Asset Pricing Model and Asset Pricing Theory) • Be able to discuss whether stock prices reflect all available information, and value the empirical evidence on informational efficiency in financial markets. | | | |
| Prerequisites | ECON102 Introduction to Economics FINA203 Principles of Corporate Finance | Required | None | |
| Course content | <ul style="list-style-type: none"> • Introduction to Financial Systems: Role of financial systems (role of households, government, and firms in terms of savings and investments), Financial intermediaries, securities and markets, Taxonomy of financial institutions, Nature of financial claims (debt | | | |

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| | <p>versus equity, bonds and notes, fixed and floating interest rates, common and preferred stocks), Structure of financial markets (direct and indirect finance, dealers and brokers, banks, mutual funds, pension funds, and insurance companies).</p> <ul style="list-style-type: none"> • Comparative Financial Systems: Bank-based systems against market-based systems, Legal aspects • Role of Financial Intermediation: Nature and process of financial intermediation. Theories of financial intermediation (transformation of assets, uncertainty, reduction in transaction costs, reduction of problems arising out of asymmetric information). Implications of financial intermediation (Hirshleifer model, effect on economic development) • Central Banking & Banks: Roles and Purposes of Central Banks, Regulation of banks (free banking, arguments for or against regulation, Risk Management in Banking, Market risks: Liquidity risk, interest rate risk, foreign exchange risk. Credit risk: Screening and monitoring, credit rationing, collateral • Financial Securities: Risk and Return, Portfolio analysis: mean-variance portfolio theory, The portfolio selection process: Correlation of securities returns (single-index model and multi-index models), Asset pricing models: capital asset pricing models (CAPM) and arbitrage pricing model (APT) • Capital Budgeting: Pricing of bonds and stocks, Net present value, Project appraisal. • Financial Markets: Transmission of information, Efficient markets, Theory and empirical evidence, Concepts of weak, semi-strong, and strong efficiency, Concepts of excess returns, Microstructure |
| <p>Teaching methodology</p> | <p>The course content will be taught using:</p> <ul style="list-style-type: none"> • Power Point presentations • Guided discussions with the active participation of students • Examples and case studies that relate to the content of the course • Question and answer section • Use of internet and related IT infrastructure • Use of video projector and whiteboard • Assignment |
| <p>Bibliography</p> | <p>Greek Bibliography</p> <ul style="list-style-type: none"> • Μαλινδρέτου, Βασιλική; Μαλινδρέτος, Παύλος(2000), Χρηματιστήριο. Παπαζήση, ISBN: 960-02-1400-X • Νούλας, Α. (2019). Χρήμα και τράπεζες. Αθήνα: Τζιόλα,. ISBN-13: 978-960-418-503-0. • Παπαδάμου, Σ., Συριόπουλος, Κ., 2015. Βασικές αρχές αξιολόγησης επενδύσεων: Χρηματοοικονομική και κοινωνικοοικονομική προσέγγιση. Αθήνα:Σύνδεσμος Ελληνικών Ακαδημαϊκών Βιβλιοθηκών. ISBN: 978-960-603-009-3 Διαθέσιμο στο: http://hdl.handle.net/11419/4365 |

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| | <p>English Bibliography</p> <ul style="list-style-type: none"> • Hung-Gay Fung Yiuman Tse (2013) International Financial Markets. Bingley, U.K.: Emerald Group Publishing Limited, ISBN 9781781903117. EBSCOhost • Avgouleas, Emiliios(2012), Governance of Global Financial Markets : The Law, the Economics, the Politics. International Corporate Law and Financial ambridge: Cambridge University Press EBSCOhost • Nikbakht, E., and Groppelli, A. A. (2018). Finance. 7th Edition. Barron's Educational Series, Inc. ISBN: 978-1-4380-1036-6. • Melicher, Ronald, Norton, Edgar(2008), Introduction to finance : Markets, investments and financial management. John Wiley & Sons, ISBN: 978-0-470-12892-3 |
| Assessment | <ul style="list-style-type: none"> • Attendance and Class Participation: 10% • Assignment: 20% • Intermediate Written Examination: 30% • Final Written Examination: 40% |
| Language | English or Greek |