



Format revised 2025
Syllabus revised 2025

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DEPARTMENT OF ACCOUNTING AND FINANCE

COURSE TITLE: INTRODUCTION TO BANKING

COURSE CODE: BUAFBA260

3 Semester Credits

1. DESCRIPTION

This course provides an introduction to the main principles of banking activities as well as fundamentals of financial institutions. Students will gain an understanding of the structure of the banking industry. Theoretical issues related to the modern banking business will be analyzed together with management of liquidity and capital. Other topics include the understanding of the bank balance sheet and the role of the central bank; the structure of the banking systems in different countries and the corporate governance and organizational arrangements in banking. The course will also give space to the importance of ethics among the sector together with the importance of a professional and effective management. While giving emphasis to differences in managing and structuring bank activities around the world, particular attention will be given to the EU banking system and organization.

2. OBJECTIVES

Upon successful completion of this course students will:

- Learn about banking main activities including fundamentals of financial institutions.
- Gain knowledge on how the banking industry is structured
- Understand issues and opportunities of modern banking business
- Appreciate correct management of liquidity, capital and balance sheet
- Explain the importance of ethics within the sector
- Compare different bank activities around the world with special emphasis on EU banking system

3. REQUIREMENTS

There are no prerequisites for this course.

4. METHOD

This course consists of lectures, class discussions, and projects. Mediums for instruction used will include, but are not limited to, interactive and hands-on activities which challenge thought processes, academic texts and studies, videos, slides, guided problem solving, and experiential and/or field learning activities where applicable.

5. TEXTBOOK – FURTHER READINGS – RESOURCES

TEXTBOOK (Copy available at the university library):

- Casu, B., Girardone, C. & Molyneux, P. 2021. *Introduction to Banking*, 3rd edition, Pearson.

The textbook is mandatory for course participation and completion. Where applicable additional materials may be provided by the instructor.

FURTHER READINGS AND RESOURCES

- Websites of central banks (FED, ECB, etc.)
- International Monetary Fund (IMF) publications: <https://www.imf.org/en/Home>
- World Bank reports on financial sector development: <https://www.worldbank.org/en/topic/financialstability>
- Financial Times, The Economist, Wall Street Journal (business news publications): Consider online subscriptions or library access for in-depth articles

LIBRARIES IN FLORENCE

Course participants may access the campus library. Please consult the posted schedules for official opening times. Texts may be consulted on-site, and scanning/internet services available.

6. COURSE MATERIALS

No additional course materials are necessary.

7. COURSE FEES

Course fees cover course-related field learning activities, visits, and support the instructor's teaching methodologies. Book costs are not included in the course fee. If this course requires a fee, the exact amount is communicated prior to enrollment.

8. GRADING AND EVALUATION & ATTENDANCE

10% Attendance
10% Participation
20% Assignments
20% Midterm Assessment
20% Final Project
20% Final Exam

The above grade breakdown percentages reflect the grading scale standards in the "Grading and Evaluation System" section of the catalog.

Attendance

Class participation is mandatory. Based on the hours defined in the Academic Catalog's attendance policy, students may miss up to 2 class encounters delivered as lecture hours. A third absence constitutes a course failure.

Please note that absence hours may vary according to the learning methodology, as per the academic catalog policy on credit hours:

https://catalog.fua.it/standard_regulation

9. EXAMS / PROJECTS / ASSIGNMENTS

The **Midterm assessment** accounts for 20% of the final course grade and must be submitted through the course portal by the deadline indicated in the syllabus. It consists of a written assignment based on the topics covered in the first half of the course. Details and guidelines will be shared during class and posted on the portal.

The **Final Exam** accounts for the 20% of the final course grade and is divided in three sections:

- Part I: 10 short-answer questions.
- Part II: 3 essay questions.

The **Final Project** is worth 20% of the final grade. Students elaborate a 1000-words paper and a presentation concerning one of the following options:

Option 1: Bank Analysis Paper

- Choose a specific bank (domestic or international) and analyze its financial performance, risk management practices, and contribution to the local/global economy.
- Discuss the bank's response to recent regulatory changes and emerging trends in the financial sector.
- Offer your own insights and recommendations for the bank's future strategies.

Option 2: Case Study on a Banking Crisis

- Select a historical or recent banking crisis (e.g., Asian financial crisis, 2008 financial crisis) and analyze its causes, consequences, and policy responses.
- Discuss the role of different stakeholders (banks, regulators, governments) in the crisis.
- Evaluate the effectiveness of implemented solutions and propose strategies for preventing future crises.

Option 3: Design a New Banking Product or Service

- Identify a gap in the current banking market and propose a new product or service to address it.
- Explain the target market, benefits, pricing strategy, and operational aspects of your proposal.
- Discuss the regulatory considerations and potential challenges of implementing your idea.

Assignments: This course requires at least 3 assignments as per the course outline below.

12. LESSONS

Lesson 1	
Meet	In class
Lecture	The Significance of Banks.
Objectives	Gain knowledge about the role of banks, financial markets and intermediation: their structure and influence on banking and the economy. Identify different types of financial intermediaries
Readings/ Assignments	Read: Textbook, Chapter 1. Assignment #1 assigned, due by next class meet: The instructor will provide students with a task based on topics and reading materials of the lesson.

Lesson 2	
Meet	In class
Lecture	Main Activities and Services of Financial Institutions.
Objectives	Gain knowledge about what a deposit entail. Identify the definition of a payment system. Identify the characteristics of different types of plastic cards. Become familiar with the procedures of e-banking. Identify the main forces that generate trends in the banking sector. Differentiate between deregulation and re-regulation of the banking sector. Identify the meaning of disintermediation process.
Readings/ Assignments	Read: Textbook, Chapter 2.

Lesson 3	
Meet	In class
Lecture	Typologies of Banking.
Objectives	Identify in what ways traditional banking differs from modern banking. Identify the definition of bancassurance. Explain the main characteristics of different types of banks that offer personal retail banking services. Identify the main features of private and corporate banking. Identify the benefits of universal banking compared to specialist banking.
Readings/	Read: Textbook, Chapter 3.

Assignments	Assignment #2 assigned, due by next class meet: The instructor will provide students with a task based on topics and reading materials of the lesson.
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Lesson 4	
Meet	In class
Lecture	International Banking.
Objectives	<p>Identify the ways traditional foreign banking differ from Eurocurrency banking.</p> <p>Understand the reasons why banking moves overseas.</p> <p>Explain why banks engage in syndicated loans.</p> <p>Identify the main type of bonds that an international banking institution can issue.</p> <p>Gain knowledge about the Euro equity issue.</p>
Readings/ Assignments	<p>Read: Textbook, Chapter 4.</p> <p>FINAL PROJECT OVERVIEW.</p>

Lesson 5	
Meet	In class
Lecture	Central Banking.
Objectives	<p>Identify the major forms of economic policy.</p> <p>Understand the meaning of monetary aggregates, and the differences between monetary policy tools, instruments, and goals.</p> <p>Identify why the OMOs are the most popular monetary policy tools.</p> <p>Explain the meaning and limitations of the “instruments of portfolio constraints.”</p> <p>Identify the main arguments put forward by the free-banking theorists.</p> <p>Gain knowledge about the arguments for and against an independent central bank.</p> <p>Identify core functions of the European Central Bank and the Federal Reserve Bank.</p>
Readings/ Assignments	<p>Read: Textbook, Chapter 5.</p> <p>MIDTERM ASSESSMENT ASSIGNED, due prior to next class meet.</p>

Lesson 6	
Meet	In class
Lecture	Bank Regulation and Bank Supervision.
Objectives	<p>Gain knowledge about bank runs.</p> <p>Identify the main types, characteristics, and limitations of financial regulation.</p> <p>Gain knowledge about regulatory forbearance and describe the main costs and benefits of engaging in forbearance.</p> <p>Recognize the main drivers of regulatory reforms.</p> <p>Describe the main EU regulation impacting on the banking and financial sector.</p>
Readings/ Assignments	Read: Textbook, Chapter 6.

Lesson 7	
Meet	In class
Lecture	Balance Sheets in Banking.
Objectives	<p>Identify the main items in a commercial bank balance sheet.</p> <p>Understand the meaning of equity capital, and the functions of capital.</p> <p>Gain knowledge about bank income statements.</p> <p>Identify the main differences between a bank balance sheet and an income statement, and between commercial and investment banks' financial statements.</p> <p>Learn how to calculate the cost of equity capital for a bank.</p> <p>Be able to explain the trade-off between solvency and profitability.</p>
Readings/ Assignments	<p>Read: Textbook, Chapter 9.</p> <p>Assignment #3 assigned, due by next lesson: The instructor will provide students</p>

	with a task based on topics and reading materials of the lesson.
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Lesson 8	
Meet	In class
Lecture	Bank Financial Management.
Objectives	<p>Identify the meaning of asset-liability management</p> <p>Gain knowledge about a trade-off between liquidity and solvency.</p> <p>Recognize main concerns in capital management.</p> <p>Define OBS activities and explain the different implications of trading in organized exchange versus OTC.</p> <p>Identify how banks can use futures and forwards for hedging an interest rate exposure.</p> <p>Identify the main differences between interest rate and currency swaps.</p>
Readings/ Assignments	Read: Textbook, Chapter 10.

Lesson 9	
Meet	In class
Lecture	Banking Risks and Risk Management.
Objectives	<p>Identify the meaning of credit risk and credit culture.</p> <p>Gain knowledge about sound practice in the management of credit risk.</p> <p>Define interest rate risk and distinguish between reinvestment and refinancing risk.</p> <p>Explain the process of credit scoring and describe its main applications.</p> <p>Understand why liquidity risk is one of the most important concerns for bank management.</p> <p>Recognize the main techniques used to manage a bank's liquidity exposure.</p> <p>Identify the main limitations of the GAP approach.</p> <p>Gain knowledge about Value at Risk (VaR).</p> <p>Identify the differences between country and sovereign risks, and the main factors affecting country risk.</p> <p>Recognize what distinguishes operational risk from technology risk.</p> <p>Recognize the difficulties inherent in the measurement and management of operational risk.</p>
Readings/ Assignments	Read: Textbook, Chapter 11 and 12. FINAL PROJECT DUE

Lesson 10	
Meet	In class
Lecture	Banking in the EU and the Future of Banking in Emerging Markets.
Objectives	<p>Identify the main trends that have influenced the structure of the European banking markets over the last ten years.</p> <p>Gain knowledge about the 1977 First Banking Co-ordination Directive, describing the other important regulatory measures affecting the EU banking and financial sectors.</p> <p>Describe the main features of the ERM II and the implications of being the new EU Member States.</p> <p>Identify the distinguishing features of the NIM-8 banking sectors compared with those of the remaining new Member States.</p> <p>Gain knowledge about the “acquis communautaire” and how it helped shape the regulatory framework in NMSs?</p> <p>Identify the potential of new technologies to transform banking in emerging markets.</p> <p>Understand the role of banks in promoting financial inclusion in emerging</p>

	markets, together with the potential challenges. Be able to carefully present a complex banking topic to peers.
Readings/ Assignments	Read: Textbook, Chapter 14 and 17. FINAL PROJECT PRESENTATION

Lesson 11	
Meet	In class
Lecture	FINAL EXAM