

(ECON-560) Financial Institutions and Markets

Course Description

Theory of the Role and Functioning of Financial System, Information asymmetric and the need for the role of financial sector. Some Basic concepts like adverse selection, moral hazard, free rider and principal-agent problems in financial sector to understand puzzles of financial markets. Financial system and its relationship with the rest of the economy. Functions of financial sector: mobilization and allocation of resources; pooling, diversification and trading of risk; advisory role; financing technological innovation and development. Financial Repression vs Financial Liberalization. Role of different financial institutions and the methods of how to evaluate their performance.

Recommended Books

Fabozzi, F. and Modigliani, F. *Capital Markets*. 2nd edition. Prentice- Hall London (1996).

Mishkin (2003), *The Economics of Money, Banking, and Financial Markets*. 7th edition.

Saunders, A. and Cornett, M.M. (2006), *Financial Institutions Management*, 6th Edition, McGraw Hill, Irwin

Chew, Donald H., Editor. *The New Corporate Finance*, McGraw-Hill, Inc., 1993.
Post, Alexandra. *Anatomy of a Merger*, Prentice-Hall, 1994.