



Universidad  
de Alcalá

# TEACHING GUIDE

## INSTITUTIONS AND FINANCIAL MARKETS

3rd Year of Bachelor Degree in  
Economics and International  
Business

University of Alcalá

Academic Year 2020/2021

First semester

## TEACHING GUIDE

Title:	Institutions and Financial Markets
Code:	361007
Degree:	Bachelor Degree in Economics and International Business
Department and Discipline:	Economics and Business Administration. Financial Economics and Accounting
Type:	Obligatory
ECTS Credits:	6
Course and Semester:	Third year, First Semester
Teacher:	José Luis Crespo Espert (teacher in charge) Beatriz Balbás Aparicio
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Language:	English

### 1.b. INTRODUCTION

The general structure of the teaching for the degree Economics and International Business (*Economía y Negocios Internacionales*) is made up of different courses on companies, the public sector and the financial world within the international economy.

This course is aimed at students in their third year of an undergraduate degree. It is a compulsory course which covers the components of the Spanish financial system, particularly concerning the financial markets and institutions of which it is composed, within the context of the European Union and the European Monetary Union. These concepts are necessary for individual financial decision-making, saving and investing in financial assets (securities and financial instruments), and for businesses for their corporate financing and financial investments. Therefore, the course is an introduction to the world of finance which can be supplemented later on with optional courses. This course is closely linked in content and skills to the Spanish Financial System course offered in the second year of the Bachelor Degree in Accounting and Finance at the University of Alcalá.

The University of Alcalá guarantees that, if due to health requirements, the public authorities prevent teaching activity from taking place on the University's premises, the teaching plans' objectives will be met through an online teaching and evaluation methodology. The UAH commits to return to face-to-face teaching as soon as said impediments cease.

### 2. SKILLS

**General Skills:**

The general skills demonstrate that the graduate has reached a proven ability to use their knowledge, skills and personal, social and methodological abilities responsibly and independently in work or study situations and in professional and personal development.

#### Skills

<b>Skill number 1:</b>	Ability to develop critical thinking in the selection of knowledge and information
<b>Skill number 2:</b>	Ability to analyse and synthesize
<b>Skill number 3:</b>	Ability to organize and plan
<b>Skill number 4:</b>	Ability to analyse and search for information using different sources
<b>Skill number 5:</b>	Ability to work in a team and present the work carried out

#### Specific skills:

<b>Skill number 1:</b>	To understand from a technical perspective the working of the financial and banking markets and their products by acquiring the required skills.
<b>Skill number 2:</b>	To improve their understanding of how the financial system works in the financing of economies, companies, freelancers, entrepreneurs and homes.
<b>Skill number 3:</b>	To understand and apply basic management techniques and the valuation of fixed and variable rent assets and derived financial instruments as well as financial banking operations and financial and real investment.
<b>Skill number 4:</b>	To familiarise themselves with the use of the web pages of bodies that produce or publish information relevant to the content of the course: the Spanish Statistical Office, the Spanish Ministry of Economy and Tax, the European Central Bank, Eurostat, the CNMV, assets stock markets, General Management of Savings etc.
<b>Skill number 5:</b>	To search for and select relevant information for monitoring the financial economy.
<b>Skill number 6:</b>	To interpret data on the development of economic and financial indicators observed in real life and to relate them to their acquired knowledge and, in this way, reach a high level of skill in the management of economic and financial concepts and indicators.
<b>Skill number 7:</b>	To process the data and information compiled using new information technology to carry out quantitative and qualitative analysis.

## 3. CONTENT

### PART I

**Topic 1.- Financial system and economy.** Concept and function of a financial system. Elements that make up the system: assets, markets and financial institutions. Real economy and financial economy. Financing of companies and financing of support for SMEs and entrepreneurs. Reciprocal Guarantee Societies and Crowdfunding. Fundamentals of financial valuation. Theory of financial markets and financial innovation. Recent development of the Spanish Financial System in the international and European context.

**Topic 2.- Monetary policy.** The ECB, the European central banking system and Eurosystem, strategy, monetary policy instrumentation and procedures, guarantee assets and the inter-banking market. Structure of types of interest.

## PART II

**Topic 3.- Fixed-income market.** The Spanish fixed-income, public state debt and non-state debt. The primary market and secondary market of state debt assets. The Spanish private fixed-income market: main types of instruments issued, their primary and secondary markets. Spanish market of public autonomous and local debt. Valuation, analysis, management of fixed income activities and operations.

**Topic 4.- Variable-income markets.** Assets that are negotiated and more representative stock market indexes. Market infrastructures: systems of contracting and post-contracting. Stock market information. Primary market as a source of company financing, market segments and alternative markets. Secondary market: liquidity and formation of prices. Valuation and management of variable income assets. Analysis of value investing.

**Topic 5.- Derivative Markets.** Types of derivatives and their characteristics. Market structures and OTC derivatives. Structural and hybrid products. Valuation and management of derivatives.

## PART III

**Topic 6.- Credit institutions and banking system.** Typology and functions of the credit institutions. Prudential regulations and solution framework. Banking sector and restructuring. Banking union: Single Supervisory Mechanism (SSM) and Single Resolution Mechanism (SRM). Recent development of the Spanish banking system, its analysis and internationalisation. Analysis of the main banking products and operations. Credit institutions: challenges and transformation.

**Topic 7.- Collective investment and capital risk.** Collective investment institutions. Investment funds. The SICAV. Alternative management. ETFs. Real Estate investment funds. Concept and operation of Capital Risk and the process of investment selection.

**Topic 8.- Insurance, plans and pension funds.** Insurance concept and contract: risk and personal, material and formal elements. Insurance branches. Types of insurance companies. Institutional and operational framework of the plans and pension funds, the development of their market and their relation to the public pension system. Regulation and supervision of insurance and pension funds.

Content (Topics can be specified if necessary)	Total classes (hours)
Theory Classes	<ul style="list-style-type: none"> <li>• Topic 1: 3 hours</li> <li>• Topic 2: 2 hours</li> <li>• Topic 3: 3 hours</li> <li>• Topic 4: 3 hours</li> <li>• Topic 5: 3 hours</li> <li>• Topic 6: 2 hours</li> <li>• Topic 7: 2 hours</li> <li>• Topic 8: 2 hours</li> </ul>
Practical Classes	<ul style="list-style-type: none"> <li>• Topic 1: 3 hours</li> <li>• Topic 2: 2 hours</li> <li>• Topic 3: 3 hours</li> <li>• Topic 4: 3 hours</li> <li>• Topic 5: 3 hours</li> <li>• Topic 6: 2 hours</li> <li>• Topic 7: 2 hours</li> <li>• Topic 8: 2 hours</li> </ul>
Tests/Exams	<ul style="list-style-type: none"> <li>• 5</li> </ul>

#### 4. TEACHING METHODOLOGY - LEARNING.- TRAINING ACTIVITIES

##### 4.1. Credit Distribution (specify in hours)

**Total number of hours: 150**

<b>Number of contact hours: 48</b>	<ul style="list-style-type: none"> <li>• Theory classes, practical classes (presentations, discussion of texts, cases or problems), mid-term exams and final exam.</li> </ul>
<b>Number of hours of student's independent work: 102</b>	<ul style="list-style-type: none"> <li>• Number of hours of independent study: 80</li> <li>• Number of hours of preparation of work and solving practical cases: 19</li> <li>• ECTS tutorials: 3</li> </ul>

##### 4.2. Methodology, teaching materials and resources

<b>Seminars</b>	<ul style="list-style-type: none"> <li>• Theory classes in large groups or smaller groups.</li> <li>• Oral presentations</li> <li>• Analysis and debate of texts or cases.</li> <li>• Group tutorials.</li> </ul>
<b>Individual tutorials</b>	<ul style="list-style-type: none"> <li>• Individual meetings held with the student to monitor their progress.</li> </ul>
<b>Exams</b>	<ul style="list-style-type: none"> <li>• Mid-term exams</li> <li>• Final exam</li> </ul>

The theory classes will be carried out in line with the recommended reading list, supplemented with documents that analyse the markets, the financial institutions and the economy. Due to the changing nature of the financial sector, and of the legislation that regulates it, the reading list has to be constantly updated with the help of the recommended web pages, academic and professional articles and news from the press or other media specialising in what the student is studying throughout the course. The basic course textbook is “The Economics of Money, Banking and Financial Markets”. Frederic S. Mishkin, The Pearson Series in Economics, 11th Edition. And also “*Analistas Financieros Internacionales (2015): Guía del Sistema Financiero Español*”, Ediciones Empresa Global. 7<sup>th</sup> Edition (or later).

The teaching methodology to follow will be lectures, problem solving and presentations from students carrying out innovative methodology such as Flipped Learning in which collaborative learning between students is encouraged and the design of projects investigating the contents of the course to develop written work, as well as optional case solving and text analysis or comments presented in the form of an essay. Creativity, innovation and the use of technological resources is valued when carrying out all work. A large part of the information that the student must manage to carry out their work, and mainly what they use on the internet, will be in English. The students will be able to choose to do written work, presentations and optional work in English or in Spanish.

We will collaborate with the professionals of the CRAI-Library so that students can develop information competencies, properly using and managing information.

## 5. ASSESSMENT: Procedures, assessment and marking criteria

### General considerations

#### Standard Assessment

The methodology of the subject is conceived for learning that is active, participatory, continuous, educational and follows a process (significant, constructed and relevant). Hence, continuous assessment will be the general norm of the course, in line with the “Proceso de Bolonia” philosophy.

However, to pass the course each student who proves that they are unable to use the continuous assessment system should request the right to a final assessment. To take the final assessment, the student must request it in writing to the ‘decano’ (the University dean), within the period stipulated in the regulations, explaining the reasons that prevent them from following the continuous assessment system. The *decano* must assess the circumstances alleged by the student and make an informed decision. If 15 working days have passed without the student having received an express written response to their request, they can assume that it has been considered. The former must be

made within the first two weeks of teaching counting from the effective start date of classes. Those students who for honest reasons have not yet officially registered by the start date of the course or the teaching period of the course, the period will be counted from the point of their incorporation in the degree.

### **Continuous assessment.**

In the student's continuous assessment, the following marking system will be borne in mind: Presentation of the different topics of the programme and written work carried out on them (30%); two theoretical and/or practical tests (40%, 20% each) and; final assessment within the continuous assessment process, consisting of a practical theoretical exam that will be made up of essay questions and practical exercises (30% of the mark). Clarity in writing, ability to synthesise, analytical and critical reasoning and above all, knowledge of the content of the course will be assessed in the mid-term and final exams. The teacher can set optional activities on recommended readings in which mainly the quality of analysis developed by the student by means of an essay will be assessed as well as the originality and creativity in their presentation (these optional activities can mean that the students complete up to 10% of their overall mark which will reduce in equal percentage the weighting of the mid-term tests.) In the case of students who have passed the presentation of topics of the programme and both mid-term tests, they will not have to do the theoretical-practical final exam. The weighting in this case of the mid-term theoretical and/or practical tests will be 70%.

In the assessment of presentations, written work, mid-term tests and optional work, self-assessment and peer assessment techniques will be used, that will be considered by the teacher according to several skills, for grading.

### **Marking criteria**

#### Skills Assessment

The student must demonstrate throughout the course:

- That they understand the key concepts and ideas of each of the sections and they know how to present them.
- That they know how to integrate and apply the course content to the reality of the economic and financial environment of the Spanish economy and its financial system.
- That they produce coherent ideas.
- That they are able to solve problems comprehensively.
- That they have the ability to synthesise.
- That they are careful in their presentation and rigorous in their planning.

Regardless of the fact that in each task the grading criteria is made adequately explicit, in an exercise, commentary or any other type of written work, all or some of the following items, among other things, will be analysed (by means of example):

	100	75	50	25	0	
Well-structured exercise						Poorly structured or incomplete exercise
Well-founded and clear objectives.						Objectives are not specified
Well-presented methodology.						Bad or not explained
The essential reading list is used						No indication that it has been used
Adequate use of spelling and grammatical terminology and correction						Inadequate use, spelling mistakes and grammatical errors
Correct analysis						Incorrect analysis
Good answer in the interpretation						Deficient or inexistant interpretation

Clear and correct conclusion						Confusing or there is no conclusion
Accurate presentation						Text not very accurate
Adequate format of text, tables and figures						Inadequate
Original work						Copied or plagiarised work
Well-presented work (quality)						Poorly presented work (lack of quality)
Creative and innovative presentation						Work not very innovative or creative

For the activities that involve a presentation in class – a question, topic, exercise or practical case, the marking criteria will be, by way of example, the following:

On the content of the presentation:

Prior preparation (Presentation well prepared --- Clear evidence of lack of preparation)

Mastery of the topic of presentation (High, low or null)

Organization (Structured, not very structured, unstructured)

Relevance (fits the task, doesn't fit the task)

Academic accuracy (high, low or null)

On the performance of the presentation:

Adequate time-keeping (controlled, uncontrolled)

Adequate speed (too slow or too fast)

Sound (clear or confusing)

Attention generated (maintains attention, doesn't maintain it)

Entertainment (entertaining or not entertaining)

### **Final Assessment (for students who have requested and been granted it)**

The final assessment will consist of a theoretical-practical exam with essay questions and practical exercises in which the student will have to demonstrate that they have acquired the general and specific skills of the course and knowledge of the content.

### **Extra examination session.**

Assessment carried out by means of an extra examination session will consist of a theoretical-practical exam with essay questions, short answer questions and practical exercises as well as the submission of coursework or written exercises issued by the teacher in the first week of class. The student will have to demonstrate that they have acquired the general and specific skills of the course and knowledge of the content. If the student does not pass the course in the ordinary exam session, the mark from the continuous assessment activities will not count.

## **6. Reading list**

### **Essential reading**

- The Economics of Money, Banking and Financial Markets. Mishkin Frederic. The Pearson Series in Economics, 11th Edition.
- Banking. Financial Times Guides. Pearson Education Limited (2014).



- Financial Markets and Institutions. Mishkin Frederic, Eakins Stanley. Pearson Series in Finance (2015).
- Financial Theory and Corporate Policy. Thomas E. Copeland and J. Fred Weston Kuldeep Shastri. Pearson New International Edition, 4th Edition.
- Analistas Financieros Internacionales (2015): Guía del Sistema Financiero Español, Ediciones Empresa Global. 7<sup>th</sup> Edition (or later).

### Supplementary Reading

- International Finance. Theory into Practice. Piet Sercu. Princeton University Press (2009).
  - International Monetary and Financial Economics. Joseph P. Daniels and David D. Van Hoose. Pearson Education (2014).
  - Manual de Sistema Financiero Español. Ariel Economía. 25<sup>th</sup> Edition (or later). Cuervo, A., Rodríguez, L., Calvo, A. y Parejo, J.A.
  - José Luis Sánchez Fernández de Valderrama (Dir.) Curso de Bolsa y Mercados Financieros, Ariel Economía. 4<sup>th</sup> Edition (or later)
  - FUNCAS: Papeles de Economía Española nº 122, 2009 (about the financial crisis)
  - CRESPO ESPERT, José Luis; MIR FERNÁNDEZ, Carlos; PRIETO PÉREZ, Francisco. "Dos décadas de innovación financiera en España, 1988-2008". Proceso de innovación financiera en la economía global (ISBN: 978-607-95296) First edition. México, DF(México): Banco de México y UNAM. 2009, p. 49-76.
  - CRESPO ESPERT, José Luis; ABELLÁN MADRID, María Jesús; GARCÍA TABUENCA, Luis Antonio. "Crisis, restricción crediticia y PYME" (ISSN:0210-9107). Papeles de Economía Española. 2011, núm 130, p. 258-273
  - CRESPO ESPERT, José Luis; CRECENTE ROMERO, Fernando Javier. "Patrones financieros para Pymes en expansión". Desapalancamiento y crecimiento en España (ISBN: 978-84-616-2437-9) Madrid: Fundación de Estudios Financieros. 2013, p. 99-108.
  - CRESPO ESPERT, José Luis. "Gobierno corporativo de las sociedades no cotizadas desde la perspectiva de la economía financiera.". Gobierno corporativo en sociedades no cotizadas. (ISBN: 9788415948827) First edition. Madrid: Marcial Pons Ediciones Jurídicas y Económicas. 2014, p. 247-323.
- FUNCAS: Papeles de Economía Española nº 122, 2009 (about the financial crisis)
  - Publications by the Bank of Spain.
  - Class notes, presentations made by the teacher and students and diagrams handed out.
  - Publications by the European Central Bank: [www.bde.es](http://www.bde.es)
  - BOLSA magazine and other BOLSA and *Mercados Españoles* publications: [www.bolsasymercados.es](http://www.bolsasymercados.es)
  - FUNCAS: Perspectivas del Sistema Financiero Español (magazine)
  - The teacher can recommend some readings on useful current affairs to supplement certain topics, be it legislation or other handbooks, books or academic or professional magazine articles.
  - It is recommended to visit the following web pages, among others which will be indicated:
  - [www.ibex35.com](http://www.ibex35.com) - [www.aiaf.es](http://www.aiaf.es) - [www.meff.es](http://www.meff.es) - [www.iberclear.es](http://www.iberclear.es) - [www.senaf.net](http://www.senaf.net)
  - [www.cnmv.es](http://www.cnmv.es) - [www.dgsfp.meh.es](http://www.dgsfp.meh.es) , [www.bolsasymercados.es](http://www.bolsasymercados.es) and others which will be recommended.