



Universidad
de Alcalá

TEACHING GUIDE

INSTITUTIONS AND FINANCIAL MARKETS

**Bachelor Degree in Economics and
International Business**

University of Alcalá

Academic year 2023/2024
3rd Year – 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

1a. 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 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.

2. COMPETENCIAS

Basic and general skills:

CB1 Students must demonstrate possession and understanding of knowledge in an area of study that starts from the base of general secondary education, and is usually found at a level that, although supported by advanced textbooks, also includes some aspects that imply knowledge from the forefront of your field of study.

CB2 Students must know how to apply their knowledge to their work or vocation in a professional way and must possess the skills that are usually demonstrated through the elaboration and defense of arguments and the resolution of problems within their area of study.

CB3 To have the ability to gather and interpret relevant data (normally within their area of study) to make judgments that include a reflection on relevant issues of a social, scientific or ethical nature.

CB4 To transmit information, ideas, problems, and solutions to both a specialized and non-specialized audience.

CB5 To develop those learning skills necessary to undertake further studies with a high degree of autonomy.

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CG1 To acquire capacity in the negotiation techniques used in international institutions and companies.

CG2 To have the ability to analyze data and reports coming specifically from international sources (companies, international institutions such as the IMF, the WTO, or the Bank for International Payments).

CG3 To have an interest in updating the permanent requirements of organization techniques and planning of international business and public activities.

CG4 To have the ability to assess the multiplicity of social, political, technical factors, etc. that converge in international business and institutional decisions.

CG5 To acquire current ethical criteria that can be permanently updated, expressed in the different countries through anti-corruption codes, international economic rights charters, etc.

CG6 To have the ability to integrate into interdisciplinary teams made up of people from very different countries and backgrounds.

CG7 To have scientific and professional curiosity for the permanent use of analytical and conceptual instruments typical of international economic relations.

CG8 To be motivated to search for quality in professional practice and in its development.

CG9 To have curiosity for learning the new techniques and instruments that are continually presented in the international world.

CG10 To develop written and oral expression skills that can be used in different environments.

CG11 To have the ability to use the English language to search for information and use resources in that language, and in the preparation and presentation of academic activities.

Transversal skills:

CT1 To acquire techniques and skills related to professional practice, including the application of applicable ethical regulations.

CT2 To know the resources available for access to information and use them effectively.

CT3 To acquire oral and written communication skills in modern languages, both in professional environments and in other types of contexts.

CT4 To understand the ideas and arguments that are expressed in a foreign language, in writing and orally, both in everyday situations and in professional and specialized contexts.

CT5 To manage in an advanced way the office automation tools most frequently used in a professional environment (Word processor, databases and spreadsheets) and advanced use of electronic communication programs, navigation and data search (email and Internet).

CT6 To design presentations using computer programs and to have the ability to structure information appropriately and transmit it clearly and effectively, with a basic understanding of the operation of data transmission networks.

CT7 To know the main techniques of management, conflict resolution, job selection and motivation of human teams in a work environment with the use of effective strategies in time management.

CT8 To plan and develop research in a specific field of study, in accordance with the academic and scientific requirements that are specific to it.

CT9 To know the history of the University of Alcalá, the functioning of European institutions and the historical, social, economic, and cultural reality of European and Latin American countries.

Specific skills:

CE9 To reinforce and/or acquire Mathematical Analysis skills for Economics.

CE18 To understand from a technical perspective the functioning of markets and financial products and to be able to apply the basic techniques of management and valuation of fixed and variable income assets and derivative financial instruments, as well as banking financial operations and financial and real investment.

Learning outcomes of the subject

In this subject, the components of the Spanish financial system are studied, with special reference to the set of financial institutions and markets that make it up within the context of the European Union and the European Monetary Union. These concepts are necessary for the decision making of individuals in terms of financing, savings and investment in financial assets (securities and financial instruments), and of business organizations, SMEs and the self-employed for their corporate financing

and investments. Therefore, it has an introductory character to the world of finance that can be completed later with optional subjects.

3. CONTENT

Content (Topics can be specified if necessary)	Total classes (hours)
<p>PART I</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • 9h
<p>PART II</p> <p>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.</p> <p>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.</p> <p>Topic 5.- Derivative Markets. Types of derivatives and their characteristics. Market structures and OTC derivatives. Structural and hybrid products. Valuation and management of derivatives.</p>	<ul style="list-style-type: none"> • 24h

<p>PART III</p> <p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • 9h
<p>Mid-term exams</p>	<ul style="list-style-type: none"> • 3h

4. TEACHING METHODOLOGY - LEARNING.- TRAINING ACTIVITIES

4.1. Credit Distribution (specify in hours)

<p>Number of contact hours:</p>	<p>In person theoretical/practical classes (presentations, discussion of texts, cases or problems), mid-term exams: 45 Tutorials: 3</p>
<p>Number of hours of student's independent work:</p>	<p>Number of hours of independent study: 80 Number of hours of preparation of work and solving practical cases: 22</p>
<p>Total of hours</p>	<p>150</p>

4.2. Methodology, teaching materials and resources

<p>Expository classes to present a topic, introduce students to a complex topic, draw conclusions.</p>	
<p>Practical classes for resolution of exercises and practical application of the theoretical contents.</p>	

Realization of works, exhibitions and exercises.	
Reading, analysis and interpretation of articles, books and different documents.	
Debates on a topic proposed by the teacher.	
Search for information and use of electronic resources (web pages, online dictionaries, etc.).	
Attention to students individually or collectively for the celebration of tutorials, in order to carry out an adequate follow-up of them.	

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 must 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. 7th 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 informational skills in the use and management of information” As agreed at the last Faculty Meeting on March 11, 2019, it is important that a university student possesses informational skills and competences, being appropriate that the training is imparted by the library.

5. ASSESSMENT: Procedures, assessment and marking criteria¹

¹ *Siguiendo la Normativa reguladora de los procesos de evaluación de los aprendizajes, aprobada en Consejo de Gobierno de 24 de Marzo de 2011, es importante señalar los procedimientos de evaluación: por ejemplo evaluación continua, final, autoevaluación, co-evaluación. Instrumentos y evidencias: trabajos, actividades. Criterios o indicadores que se van a valorar en*

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). In this final exam, a minimum grade of 4 points out of 10 must be obtained to obtain an average grade higher than 5 that allows the student to pass the subject. Clarity in writing, ability to synthesize, 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 program 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.

*relación a las competencias: dominio de conocimientos conceptuales, aplicación, transferencia conocimientos. Para el sistema de calificación hay que recordar la **Normativa del Consejo de Gobierno del 16 de Julio de 2009.***

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 synthesize.
- That they are careful in their presentation and rigorous in their planning.

Although 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 analyzed (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.

The guidelines established in the University (i.e., *Reglamento por el que se establecen las Normas de Convivencia de la Universidad de Alcalá*) will prevail throughout course examination. Implications and consequences of committing academic irregularities and/or dishonesty will be in accordance with the University regulation (i.e., *Reglamento de Régimen Disciplinario del Estudiantado de la Universidad de Alcalá*).

6. BIBLIOGRAPHY

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. 7th 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. 25th 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. 4th 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
- BOLSA magazine and other BOLSA and Mercados Españoles publications: 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 - www.aiaf.es - www.meff.es - www.iberclear.es - www.senaf.net
 - www.cnmv.es - www.dgsfp.meh.es , www.bolsasymercados.es and others which will be recommended.