Textbook


1- General Introduction and Empirical Findings

References:


2. Why Do Financial Intermediaries Exist?
   - Economies of scale and economies of scope
   - Assets transformation
   - Liquidity
   - Default risk
   - Maturity
   - Indivisibilities

   Information and monitoring

   The equilibrium level of financial intermediation
   Competition in the deposit and loans markets

References:

3. The Industrial Organization Approach

The Monti-Klein model
Generalisation

References:


4. The Borrower-Lender Contract in Asymmetric Information

References:

- James C., "When do Banks Take Equity in Debt Restructurings?", Review of Financial Studies, 1995; vol. 8; 4: 1209-34.
5. Equilibrium and Rationning in the Credit Market

Equilibrium in the credit market
Definition and previous explanations of credit rationning
- Modigliani-Jaffee
- Keeton
Adverse selection
- Stiglitz-Weiss
Moral hazard
- The static approach
- The dynamic approach

References:

6. Macroeconomic Consequences of the Financial Intermediation

References:
7. Individual Bank Runs and Systematic Risk

Bank runs

The role of the central bank

References:


8. Managing Risk in the Banking Firm

Default risk
- Institutional context
- Evaluating the cost of default risk
- Empirical evidence (credit scoring)
- Extensions

Portfolio risk
- Modern portfolio theory
- Application to the banking firm
- The impact of capital requirements

Transformation risk
- An elementary approach: the gap method
- The modern approach: the duration method

Liquidity risk
- Reserves management
- Introducing liquidity risk in the Klein-Monti model
- Banks as market makers
- Extensions

Conclusion

References:


9. The Regulation of Banks

References:


-Rochet, J.C., and J. Tirole, "Interbank Lending and Systemic Risk", Journal of Money, Credit and Banking, 1996; vol. 28;4: 733-62.