

WASHINGTON UNIVERSITY IN ST. LOUIS
L11-337 Section 1— Summer 2007
Financial Intermediaries in the Market Economy

Days, Time and Location: MTWRF 1:00 p.m. –2:45 p.m. in Eads 116

Instructor: Aleks Yankelevich

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Office Hours: TBD

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Required Text: Mishkin, Frederic S., and Stanley G. Eakins, *Financial Markets and Institutions*, 5th edition.

Course Content:

During the course of their lifetimes, many individuals face shortages and surpluses of funds. People who face shortages find that they have a productive use for additional resources, perhaps to go to college, to pay for their new house, or to invest in a new business. Such individuals are borrowers of funds. Those persons who have surpluses of funds do so because they have more resources than they could use and become savers. Financial intermediaries channel funds from those who wish to save to those who need to borrow. Examples include commercial banks, savings and loans, mutual funds, and pension funds.

This course analyzes in detail the opportunities and risks presented by financial intermediaries, the larger economic benefits of having both direct and indirect methods of lending, and the need for regulation. We also consider the implications for these institutions of changes in communications technology and the growth and globalization of capital markets. Reading assignments from the *Financial Markets and Institutions* text provide the background for topics to be covered in class. Corresponding homework assignments and quizzes give you practice using the concepts developed in the text and in class. Problem sets will be assigned during the semester. Course examinations will consist of problems similar to the homework assignments and quizzes.

Grading:

The grading will be based on two in class examinations, quizzes and class participation.

First Exam	35%
Second Exam	45%
Quizzes and Participation	20%

Make-up exams are approved **ONLY** for the following conditions:

- **DOCUMENTED** personal illness or emergency.
- Conflicts with religious obligations.

Reading List:

Readings marked with an asterisk (*) will be covered if time permits.

- I. Introduction
Mishkin and Eakins, chaps. 1, 2

- II. Interest Rates
Mishkin and Eakins, chaps. 3, 4, 5

- III. Market Efficiency
Mishkin and Eakins, chap. 6

- IV. Financial Instruments
Mishkin and Eakins, chaps. 9, 10, 11, 12

- V. International Finance
Mishkin and Eakins, chaps. 13, 14

- VI. Financial Institutions
Mishkin and Eakins, chaps. 17, 18, 20, 21, 22(*), 23(*)

- VII. Risk Management
Mishkin and Eakins, chaps. 24, 25