

CET Syllabus of Record



Program: CET Florence
Course Title: FL276
Course Code: The European Banking System
Total Hours: 45
Recommended Credits: 3
Suggested Cross Listings: Italian Studies, Economics
Language of Instruction: English
Prerequisites/Requirements: None

Description

The recent financial crisis has provided evidence that certain peculiarities of the banking system and financial institutions operating behind the real economy have created scope for artificial growth and high investment risks. The crisis has also provided an opportunity to reshuffle the structure of the banking system, review banking regulations and contemplate the possibility for a new supervisory policy, one that aims to contain risks and increase transparency and accountability.

This course begins by briefly surveying the European integration process. It then presents and describes progress on the establishment of a single banking market in the European Union, and seeks to delimit the role of European institutions with regard to the network of National Central Banks in the EU, as well as within the global banking system. Finally, the course explores the recent financial crisis and the way the European banking system has faced it. The course also looks at relationships between banking on the one hand, and the real economy and realpolitik on the other, as well as at the indirect impact of banking on social stability. The Italian banking system is considered as a case study. While some historical explanations are provided, the focus is on the very recent and current state of affairs.

The course takes a cross-disciplinary approach of the topic, shedding light on the connections between the banking system and economic policies, general political framework and historical and socio-cultural development.

Objectives

During this course, students:

- Achieve a general understanding of banking, through the more specific lens of the European system
- Understand banking as an organic part of an economic-political reality, and study the major factors at play within that reality
- Examine the impact banking has on social order and stability in the EU scene
- Analyze case studies about the European banking system, with particular attention paid to the Italian, German and British models
- Meet with specialists from European banking institutions, and researchers working on financial crises

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Course Requirements

Lectures represent the main didactic base for the course. Individual study of readings is required on a weekly basis. Students are expected to read assignments carefully before class and take detailed notes during lectures. Readings average approximately 30 pages per session. Classes also include interactive assignments and discussions in which students are expected to actively participate.

Students complete an oral presentation on a topic of their choice and confirmed by the instructor. Presentations should not exceed 45 minutes. Students may choose their preferred format, but multimedia presentations are most welcome. Upon completion, students transform the presentation into a paper of about 2,000 words. The paper should include clear references to at least two secondary academic sources. Criticism and personal opinions are particularly encouraged.

There is a midterm and final exam, each consisting of two parts, short answer questions and essays. The final exam covers the materials from the second half of the term only.

Finally, students are required to complete "quick writes" in class. These brief in-class writing assignments give students the opportunity to demonstrate their understanding of the assigned readings for that class, and to propose questions and hypotheses that may be discussed during the class session.

Methods of Evaluation

The final grade is determined as follows:

Class attendance and participation	10%
Quick writes	10%
Oral presentation	15%
Midterm exam	20%
Paper	15%
Final exam	30%

Primary Texts

Qualia, Lucia, *Central Banking Governance in the European Union. A Comparative Analysis*, Routledge Taylor and Francis Group, London and New York, 2008.

A course reader consisting of additional required readings is also available.

Supplementary Texts

Qualia, Lucia, *Central Banking Governance in the European Union. A Comparative Analysis*. Routledge Taylor and Francis Group, London and New York, 2008.

Dragomir, Larisa, *European Prudential Banking Regulation and Supervision*, European University Institute, Florence, 2006.

The Economist, no. of January 24th–30th, 2009, "Inside the Banks", pp. 11–12 and 3–24.

Hay, Colin & Menon, Anand (editors), *European Politics*, Oxford University Press, 2007.

Chap. 10: Dinan, Desmond, "The European Integration Process", pp. 151–167.

Chap. 11: Kassim, Hussein, "The Institutions of the European Union", pp. 167–199.

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- Chap. 16: Thompson, Grahame E., "Economic Management in the Eurozone", pp. 273–291.
The de Larosière Group's Report [the High Level Group on Financial Supervision in the EU, chaired by Jacques de Larosière].
- Parks, Tim, *Medici Money. Banking, Metaphysics, and Art in Fifteenth-Century Florence*, W.W. Norton and Company, New York, c2005.
Chap 1: "With *Usura...*", pp. 1–28.
Chap. 2: "The Art of Exchange", pp. 29–59.
- Pastré, Olivier, Jeffers, Esther, Blommestein, Hans, and Pontbriand, Gaël de, (eds.), *The New Banking Economics*, Cheltenham, UK ; Northampton, MA : Edward Elgar, 2007
Chap. 1: Jean-Baotiste Bellon and Olivier Pastré, "Thoughts on Banking Activities", pp. 3–9.
Chap. 2: Yves Ullmo, "Banks – to Do What?" pp. 10–18.
- The Turner Review, *A Regulatory Response to the Global Banking Crisis*, FSA [Financial Services Authority], 18 March, 2009.
- Boscia, Vittorio, Carretta, Alessandro, Schwizer, Paola (eds.), *Cooperative Banking in Europe: Case Studies*, Palgrave Macmillan, 2009.
- Busch, Andreas, *Banking Regulation and Globalization*, Oxford Univ. Press, 2009.
- Hartmann, Philipp, Straetmans, Stefan, and Vries, Casper de, *Banking System Stability: a Cross-Atlantic Perspective*, Frankfurt am Main, September 2005.
- Marsh, David, *The Euro. The Politics of the New Global Currency*, Yale University Press, New Haven and London, 2009.
- Overtveldt, Johan Van *Bernanke's Test. Ben Bernanke, Alan Greenspan, and the Drama of the Central Banker*, A B2 Book, Agate, Chicago, 2009.
Chap. 17: "Europe Collapsing", pp. 203–212.
- Trichet, Jean-Claude, President of the ECB, "The Financial Turbulence: Where Do We Stand?", Speech delivered at the Economic Club of New York, 14 October 2008.

Outline of Course Content

Note: Fall/Spring students cover approximately 1 topic per week. During the summer, when class periods are longer, students cover approximately 2 topics per week.

TOPIC 1: The European Project from 1951 to Present
The EU's Institutional System

TOPIC 2: The EMU/ Eurozone within the EU
The Monetary Policy of the Zone: challenges and problems

TOPIC 3: Central Banking Governance. Models of Central Banks within the EU (1): England

TOPIC 4: Central Banking Governance. Models of Central Banks within the EU (2): Germany

TOPIC 5: Central Banking Governance. Models of Central Banks within the EU (3): Italy

TOPIC 6: Banking: Past and Present
Italy and Europe

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How the EU banking has influenced the Italian case

TOPIC 7: Central Banking Governance: The ECB and its Role
The ECB and Global Banking.

TOPIC 8: Prudential Banking
The European Prudential Banking Regulation and Supervision. The Legal Dimension

TOPIC 9: New Banking Economics

TOPIC 10: Financial Crisis.
EU's Banking at Work. Is There a Banking Solution?

TOPIC 11: A Dialogue about the Last Financial Crisis--a Global Perspective

TOPIC 12: The Aftermath of the Crisis
Current trends. Open debates.