

FINANCIAL INSTITUTIONS AND MARKETS, (ECTS 4)

In this course, students will be introduced to different types of financial institutions, instruments, and markets and they will learn to understand the difference between the principle actors in these markets, as well as the specifics of the regulatory framework in which they function. This way, students are prepared for careers in financial institutions, as well as to maintain relationships with financial institutions and markets they will come into contact with as representatives of the corporate sector. Different financial instruments will be covered – from the most simple (stocks and bonds), to the more complex (derivatives). Financial institutions covered in this course include financial intermediaries in the banking and non-banking sectors, while financial markets covered include the money, foreign exchange, and capital markets.

COURSE OBJECTIVES

This course provides an insight into the functioning of modern financial markets through presentation of the important features such as: (a) the various participants and their roles in the markets, (b) ways in which to organize the market, (c) the main factors affecting the market efficiency (monitoring, technology, financial decisions of the government), (d) participants strategies to optimize returns and manage risk and (e) the relevant aspects of international financial markets. Furthermore, we will discuss issues related to creating and maintaining financial stability and the possibility of early warning in case of crisis. The course provides an overview of functioning of financial markets in EU, U.S.A. and in Croatia (monetary and financial policies, the impact of fiscal policy on monetary policy, the role of central banks, the harmonization of monetary and fiscal policies of EU member states and the adjustment of Croatian financial markets in the preparation of access European Union. Also, we will examine the role of financial intermediaries in resolving information asymmetry in credit markets and in promoting economic growth. Furthermore, we will cover issues where the asymmetric information can be of vital importance that results either in a market collapse, or financial innovation.