

EMPIRICAL BANKING

Prof Elena Beccalli

Outline

The module aims to provide an overview of relevant topics in empirical banking (i.e. financial stability and systemic risk; bank regulation, capital and liquidity; bank performance and business models).

Students will be introduced to the relevant literature and presented with empirical applications of relevant policy questions. The key objective is to read and understand academic papers in empirical banking. To achieve this objective, emphasis is placed on introducing research methodologies used in empirical banking and illustrating the application of these methodologies to selected topics.

Content

(Please note that the above is only an indicative outline. Given the turbulent times in banking and financial markets, the lecturer may deem appropriate to dedicate time to current issues).

Part I: Financial Stability and systemic risk

- Systemic risk in banking and leverage pro-cyclicality

Part II: Bank Regulation, capital and liquidity

- Bank regulation and supervision
- Bank capital and liquidity

Part III: Bank Performance and business models

- Bank efficiency and performance
- Economies of scale and economies of scope
- Bank M&As and performance
- Technology and bank performance

Evaluation

The grade will be based on:

1. Written exam (60%)
2. Paper presentation (40%)

Reading list (preliminary)

A complete reading list will be provided at the beginning of the co

Selected chapters from:

- Berger, A., Molyneux, P. and Wilson, J.O.S. (eds): 2015, *Oxford Handbook of Banking*. Oxford, Oxford University Press. 2nd edition.

For Part I:

- Adrian T., Shin H.S. (2010a), 'Liquidity and Leverage', *Journal of Financial Intermediation*, 19, 418-437.
- E. Beccalli, A. Boitani, S. Di Giuliantonio: 2015, 'Leverage pro-cyclicality and securitization in US banking', *Journal of financial intermediation*, 24 (2), 200-230.

Part II:

- Carletti E., Leonello, A: 2016 , 'Regulatory reforms in the European banking sector', in Beck T. and B. Casu (eds.), *The Palgrave Handbook of European Banking*, Palgrave McMillan Springer.

For part III:

- Berger AN, Mester LJ.: 1997, 'Inside the black box: what explains differences in the efficiency of financial institutions?', *Journal of Banking and Finance*, 21, 895–947.
- E. Beccalli, M. Anolli, G. Borello: 2015, 'Are European banks too big? Evidence on economies of scale', *Journal of Banking and Finance*, 58, 232-246.
- DeLong G, DeYoung R.: 2007, 'Learning by observing: information spillovers in the execution and valuation of commercial bank M&As'. *J Finance* 62, 181–216.