Seminar Objective:

This seminar is designed to provide a critical overview of research in the area of financial institutions. Although the focus of the course will be on the *microeconometrics* of financial institutions research, both theoretical and empirical papers will be examined. We will discuss approximately 60 papers. Students must be prepared to discuss, in detail, these papers during class time.

Each week, the professor will assign four related papers. The articles will be formally presented in class (see below). Students are also required to provide weekly summarizations of the assigned papers (see below).

Presentations:

To develop students’ oral communication skills, each student is required to present ~10 papers in class throughout the semester. The presentations will summarize the paper and critique its main assumptions, conclusions, and methodological innovations, if any. You should comment extensively on the paper’s strengths, namely the magnitude of its contribution to the literature and its importance in the sub-field of financial intermediation to which it belongs. It is equally important to be critical and point out any flaws or shortcomings in the paper. Questions to ask are: i) did the paper fulfill its promises?; ii) are the assumptions realistic?; iii) are the analytics correct?; iv) are the results an immediate consequence of the assumptions or did we really learn something from the analysis that was not obvious at the outset?; and finally, but most importantly v) how does the paper advance our knowledge or understanding of a well-defined phenomenon or class of phenomena, or alternatively, does it provide us with a new normative framework to attack a new set of problems? Presenters must prepare a short summary (no longer than 1 page) of the presentation/paper for each classmate. [Note: screen shots of PowerPoint presentations are NOT acceptable.]

Write-ups:

To develop students’ written communication skills, each week students are required to synthesize the implications of the four related papers into one ‘literature review’ style summary. These summaries should i) begin with an introduction that identifies the common theme, ii) compare and contrast the data, methodologies, results, and conclusions of the five papers, iii) identify potential areas where the research strand might be extended, and iv) end with a conclusion that summarizes the implications of the body of research. The summaries should begin with a cover page and include between 5 and 10 pages of discussion (12 pt. font, double spaced, 1” margins). It is strongly advised that students take advantage of SIU’s writing center. (http://write.siu.edu/) The professor reserves the right to change this suggestion into a requirement.
Examinations:
The mid-term and the final exam will be ‘comprehensive’ type examinations.

Research Paper:
Students will conduct a literature review of a current topic centered on financial intermediation. The literature review will culminate in a research proposal. A properly prepared research paper will: i) identify a relevant research topic, ii) include an exhaustive review of literature relevant to the research topic, iii) outline basic research methodologies that will be used to empirically examine the research topic, and iv) include a data section that identifies sources of data required to perform the empirical tests. [Note: Although the proposed methodologies and data sections must be included, no data need be collected and no empirical tests are required.]

The paper should include the following sections:
   a. Abstract
      1. Introduction
      2. Literature review
      3. Research proposal (including basic proposed methods and data requirements)
   A. Bibliography

The literature review paper is expected to be independently done and is due on the last regularly scheduled class (December 2nd).

Grading:
Your course grade will be determined as follows:

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<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tr>
<td>Paper Presentations</td>
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<tr>
<td>Paper Summaries</td>
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<tr>
<td>Mid-term Exam</td>
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<tr>
<td>Final Exam</td>
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<tr>
<td>Research Paper</td>
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Emergency Procedures:
Southern Illinois University Carbondale is committed to providing a safe and healthy environment for study and work. Because some health and safety circumstances are beyond our control, we ask that you become familiar with the SIUC Emergency Response Plan and Building Emergency Response Team (BERT) program. Emergency response information is available on posters in buildings on campus, on the BERT's website at www.bert.siu.edu, the Department of Public Safety's website www.dps.siu.edu (disaster drop down) and in the Emergency Response Guidelines pamphlet. Know how to respond to each type of emergency.

Instructors will provide guidance and direction to students in the classroom in the event of an emergency affecting your location. **It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering emergency.** The Building Emergency Response Team will provide assistance to your instructor in evacuating the building or sheltering within the facility.

University policy suggests that I include a link to this “Syllabus Attachment”:
http://pvcaa.siu.edu/_common/documents/Syllabus_Attachment.pdf
I. Introduction

II. Deposits

III. Liquidity Creation


IV. Capital

V. Government Interventions during the Crisis

VI. Wholesale Funding
VII. Securitization and Loan Sales

VIII. Syndication, Relationships, and Loan Contract Terms

IX. Bank Branch Deregulation

X. Bank Activity Deregulation


XI. **Opaqueness and Financial Reporting**


XII. **Executive Compensation**


XIII. Governance

XIV. Small Business Lending

XV. Market Discipline