

IB9JM-20 Financial Regulation and Supervision

26/27

Department

Warwick Business School

Level

Taught Postgraduate Level

Module leader

David Skeie

Credit value

20

Module duration

10 weeks

Assessment

100% coursework

Study location

Distance or Online Delivery

Description

Introductory description

This module is designed to explore the rationale behind financial regulation and supervision.

Module aims

The aims of this module are:

to explore the rationale behind financial regulation and supervision: what are the market failures regulators are addressing, and what are the tools which are used

to explore critical, policy relevant, questions in financial regulation which have seen scholarly study: the benefits of narrow banking; the threat of competition to financial stability; managing the tension between deposit insurance and moral hazard; too-big-to-fail; remuneration and incentives; and resolution challenges.

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

Universal Banking versus Narrow Banking

- History to Glass Steagal Act
- Theoretical weaknesses of universal banking and of narrow banking
- Empirical evidence on the problems with Universal banking
- Ring Fencing and ease of resolution

Competition and Financial Stability

- Competition damages Financial stability – Keeley, Allen and Gale
- Competition safeguards financial stability (Boyd and De Nicolo)
- Evidence, including from credit rating agencies

Distortions from Regulation

- Deposit guarantees and bank moral hazard
- Insurer moral hazard arising from insurer payout guarantees and third party cover
- Optimal Deposit Insurance. IADI principles
- Risk weights – optimal level and distortive outcomes

Too Big To Fail

- Evidence that TBTF exists
- Implications for bank behaviour – clustering in asset selection. Fahri and Tirole
- Stress Testing and optimal disclosure

Basel III and Solvency II

- Introduction to VaR

Remuneration

- Regulatory principles
- Bonus cap distortions
- Clawback and Malus

Learning outcomes

By the end of the module, students should be able to:

- Demonstrate an in depth understanding of financial regulation and supervision covering both banking and insurance
- Demonstrate a full understanding of the critical issues concerning the intellectual justification for financial regulation and overt monitoring
- Demonstrate a comprehensive understanding of critical, policy relevant, questions in financial regulation which have seen scholarly study
- Demonstrate an understanding of legal and economic discussions relating to the rationale for financial regulation of banks and insurance companies
- Demonstrate a critical awareness of current issues, research and advanced scholarship in regulation and monitoring and the arguments used to justify their intrusiveness and use

- Make sound judgements whilst understanding the limitations on judgements made in the absence of complete data
- Integrate theory and practice relevant to a wide range of central banking and financial regulation practices and relevant functions in different contexts

Indicative reading list

[Reading lists can be found in Talis](#)

Research element

Interrogate and assess detailed investigation and research into relevant central banking and financial regulation issues

International

This course looks at global banking regulation from around the world

Subject specific skills

Critique controversial features of regulation and laws

Interrogate and assess detailed investigation and research into relevant central banking and financial regulation issues

Transferable skills

-Written communication

-Independent learning

Study

Study time

Type	Required
Online learning (scheduled sessions)	4 sessions of 1 hour (2%)
Online learning (independent)	56 sessions of 1 hour (28%)
Private study	56 hours (28%)
Assessment	84 hours (42%)
Total	200 hours

Private study description

Private study to include preparation for lectures/ seminars/ workshops [delete as applicable] and own reading

Costs

No further costs have been identified for this module.

Assessment

You must pass all assessment components to pass the module.

Assessment group A2

	Weighting	Study time	Eligible for self-certification
Assessment component			
Timed Individual Assignment 2,000 words- 48 hour timed assessment	100%	84 hours	Yes (extension)

Reassessment component is the same

Feedback on assessment

via my.wbs

Availability

Courses

This module is Core for:

- Year 1 of TIBS-N1CF Postgraduate Taught Financial Regulation and Supervision (GCB&FR)

This module is Optional for:

- TIBS-N1CA Postgraduate Taught Global Central Banking & Financial Regulation
 - Year 1 of N1CH Comparative Central Banking : Global Central Banking & Financial Regulation (PGA)
 - Year 1 of N1CJ Financial Markets and Financial Risk Management: Global Central Banking & Financial Regulation (PGA)

- Year 1 of N1CA Global Central Banking & Financial Regulation
- Year 1 of N1CC Global Central Banking & Financial Regulation (PGCert)
- Year 1 of N1CB Global Central Banking & Financial Regulation (PGDip)
- Year 1 of N1CE Money, Banks and Macroeconomics: Global Central Banking & Financial Regulation (PGA)
- Year 2 of N1CH Comparative Central Banking : Global Central Banking & Financial Regulation (PGA)
- Year 2 of N1CJ Financial Markets and Financial Risk Management: Global Central Banking & Financial Regulation (PGA)
- Year 2 of N1CA Global Central Banking & Financial Regulation
- Year 2 of N1CC Global Central Banking & Financial Regulation (PGCert)
- Year 2 of N1CB Global Central Banking & Financial Regulation (PGDip)
- Year 2 of N1CE Money, Banks and Macroeconomics: Global Central Banking & Financial Regulation (PGA)
- Year 3 of N1CH Comparative Central Banking : Global Central Banking & Financial Regulation (PGA)
- Year 3 of N1CJ Financial Markets and Financial Risk Management: Global Central Banking & Financial Regulation (PGA)
- Year 3 of N1CA Global Central Banking & Financial Regulation
- Year 3 of N1CC Global Central Banking & Financial Regulation (PGCert)
- Year 3 of N1CB Global Central Banking & Financial Regulation (PGDip)
- Year 3 of N1CE Money, Banks and Macroeconomics: Global Central Banking & Financial Regulation (PGA)
- Year 4 of N1CH Comparative Central Banking : Global Central Banking & Financial Regulation (PGA)
- Year 4 of N1CJ Financial Markets and Financial Risk Management: Global Central Banking & Financial Regulation (PGA)
- Year 4 of N1CA Global Central Banking & Financial Regulation
- Year 4 of N1CC Global Central Banking & Financial Regulation (PGCert)
- Year 4 of N1CB Global Central Banking & Financial Regulation (PGDip)
- Year 4 of N1CE Money, Banks and Macroeconomics: Global Central Banking & Financial Regulation (PGA)
- Year 5 of N1CH Comparative Central Banking : Global Central Banking & Financial Regulation (PGA)
- Year 5 of N1CJ Financial Markets and Financial Risk Management: Global Central Banking & Financial Regulation (PGA)
- Year 5 of N1CA Global Central Banking & Financial Regulation
- Year 5 of N1CC Global Central Banking & Financial Regulation (PGCert)
- Year 5 of N1CB Global Central Banking & Financial Regulation (PGDip)
- Year 5 of N1CE Money, Banks and Macroeconomics: Global Central Banking & Financial Regulation (PGA)
- TIBS-N1CB Postgraduate Taught Global Central Banking & Financial Regulation (PG Diploma)
 - Year 1 of N1CC Global Central Banking & Financial Regulation (PGCert)
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