

Bocconi

INTERNATIONAL ECONOMICS AND FINANCE

FINANCE MAJOR

B | Università
Bocconi
MILANO

Paolo Colla
Program Director

Study Plan (Year 2, Semester II)

Major in Economics

- Markets, organizations, and Incentives
- International economics
- Accounting and Financial Statement Analysis – Module 2
- Corporate finance
- Leadership and managerial skills seminars
- Second foreign language

Major in Finance

- Financial economics
- International and monetary economics
- Accounting and Financial Statement Analysis – Module 2
- Corporate Finance
- Leadership and Managerial Skills seminars
- Second foreign language

Study Plan (Year 3, Semester I)

Major in Economics

- Empirical methods for **economics** (Introduction to econometrics)
- CSR & Ethics in Business

4 major compulsories:

- The economics of imperfect labour markets
- Economics of institutions and culture
- Public finance
- European economic policy
- Development economics
- Monetary theory and policy

Major in Finance

- Empirical methods for **finance** (Introduction to econometrics for finance)
- CSR & Ethics in Business

4 major compulsories:

- Mgmt of financial institutions (I)
- Corporate valuation (I)
- Introduction to options and futures (I)
- Principles of international finance (II)
- International banking (I)

Study Plan (Year 3, Semester II)

Major in Economics

- **Macroeconomics & the World Economy**
- Globalization, Societies and Institutions
- Comparative Business and European Law
- Elective 1 or Internship
- Elective 2
- Final Paper

Major in Finance

- **Business Strategy**
- Globalization, Societies and Institutions
- Comparative Business and European Law
- Elective 1 or Internship
- Elective 2
- Final Paper

What's finance

Asset pricing

- How to determine stock *prices* (or returns)?
- What methods to combine assets into *portfolios*?
- How to evaluate (fund managers') *performance*?

Financial intermediation

- What *banks / financial intermediaries* do (or why are they *special*)?
- What are the *risks* involved and how to manage these (maturity mismatch, liquidity transformation, credit risk)?

Corporate finance

- How *firms* make financial policies and decisions (capital structure, M&A, IPOs, dividends, investment)?
- What firms can (or should) do to benefit their *shareholders* (ownership structure, conflicts of interest, corporate governance)?

...and next?

- Financial trader
- Asset manager
- Hedge fund manager
- Quant specialist / structured products

- Commercial banker
- Insurance officer

- Financial officer
- Investment banker

Why finance?

- The study of finance often feels a lot narrower than it really is. There is a lot of talk of *issuing bonds* or *pricing projects* which belies how relevant finance is to everyday life, regardless of whether or not you have any desire of working in finance.
- Finance plays an involved role in the *health of the overall economy*, which impacts everyone [...] Finance plays a role in many of the stories in the news every day, which means that those who understand finance have a better grasp on how the events of the world affect them.
- The field of *finance* explains why the 2008 recession occurred; it is the reason why people care about how the stock market is doing each day; and it articulates why businesses and governments make some of the decisions they do.

Source: Boundless. Boundless Finance, 21 Jul 2015.

<https://www.boundless.com/finance/textbooks/boundless-finance-textbook/>

Why finance?

- Finance, economics, and accounting *overlap* in a lot of areas. [...]
- An investor will use **accounting** to see whether a company has shown past financial success and to predict what the company will look like in the future.
- Part of that prediction incorporates **economics**: the investor wants to know what the overall economy will look like in the future and wants to know how the company will interact with its competitors.
- The investor [...] uses **finance** to figure out what his or her investment will be worth in the future.

Source: Boundless. Boundless Finance, 21 Jul 2015.
<https://www.boundless.com/finance/textbooks/boundless-finance-textbook/>

Finance major: Corporate Finance

- At the beginning of April, 2017 “Il Sole 24 Ore” announced it will raise additional equity capital. After the announcement, the stock price dipped by 10%.
- How do firms meet their funding needs?
- How do managers, controlling and minority shareholders, and other stakeholders interact within a firm?
- How do markets react to corporate financing decisions?



Finance major: Financial Intermediation

- At the beginning of 2016 the European Union introduced bank bail-ins, according to which creditors of insolvent banks take a hit before state aid.
- Do banks foster economic growth?
- What are the risks involved in financial intermediation and how do banks manage these risks?
- Is regulation and state intervention effective?



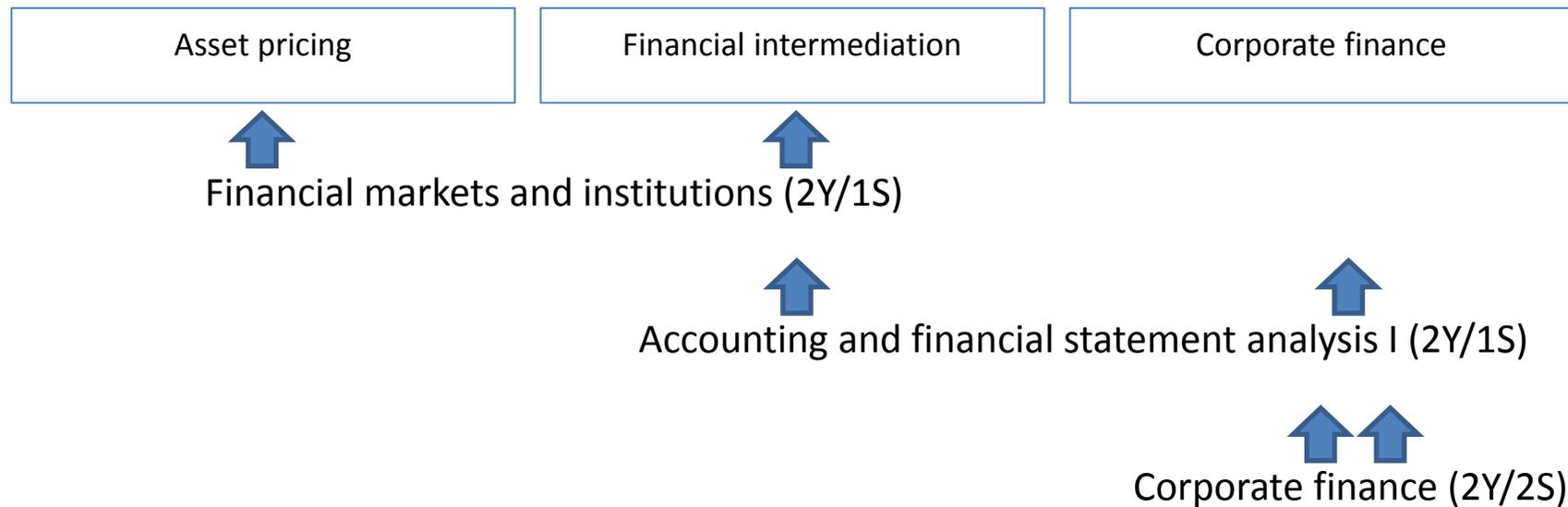
Finance major: Asset Pricing

- Venezuelan 15Y sovereign bonds offer a 12% return. This looks like a good investment...
- What makes sovereign debt sustainable?
- What are the consequences of a sovereign default on the Venezuelan economy?
- How can sovereign risk be managed in a portfolio?



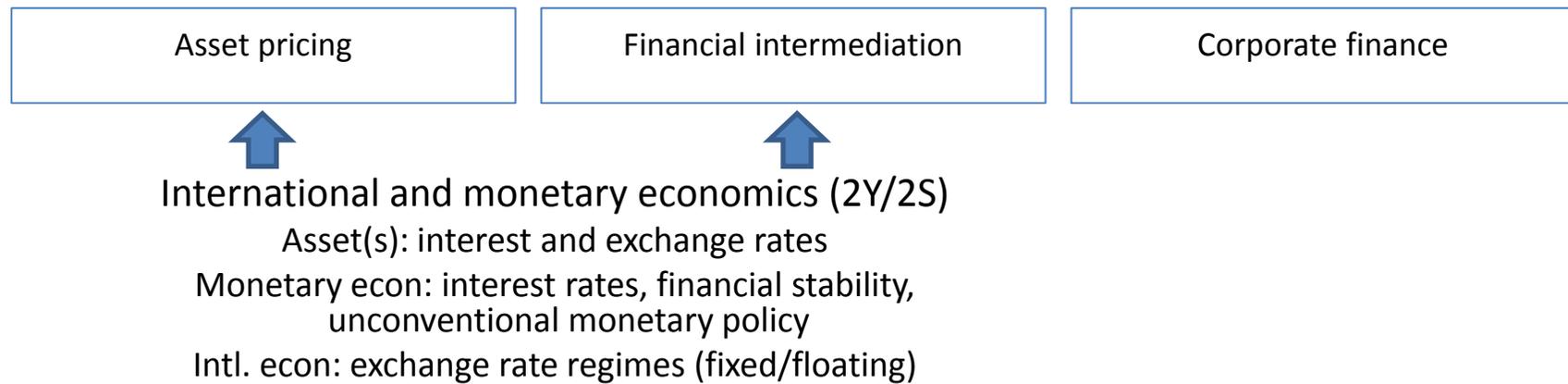
What's in your study plan?

Building blocks (**core**)



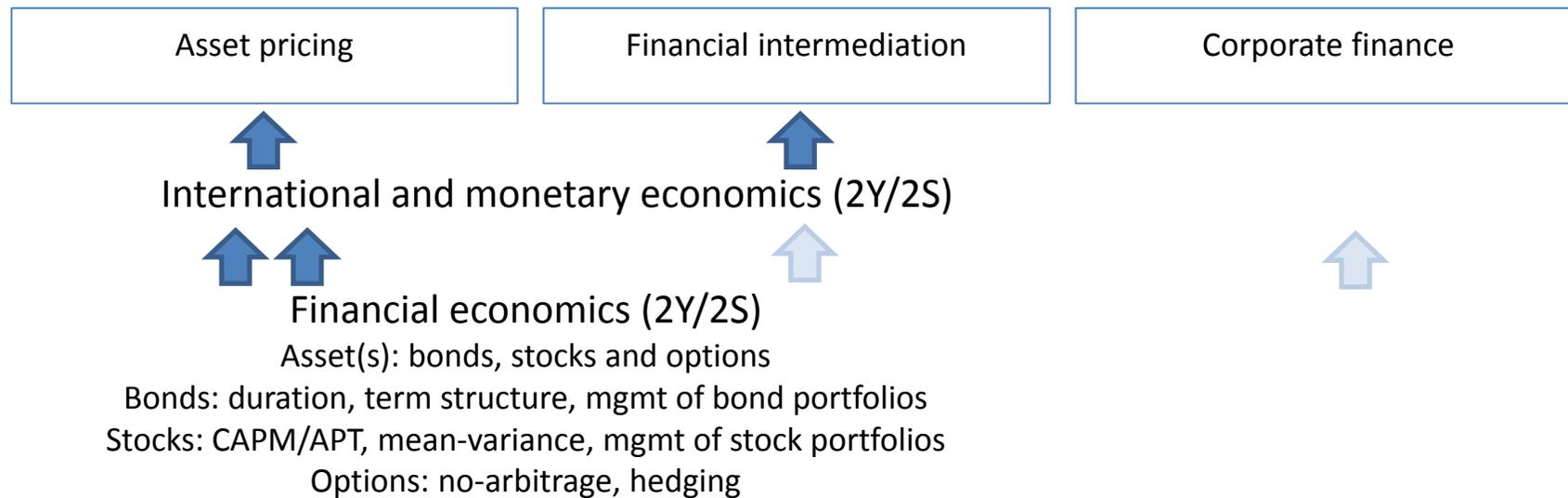
What's in your study plan?

Building blocks (finance major - 2 YR/2 Sem)



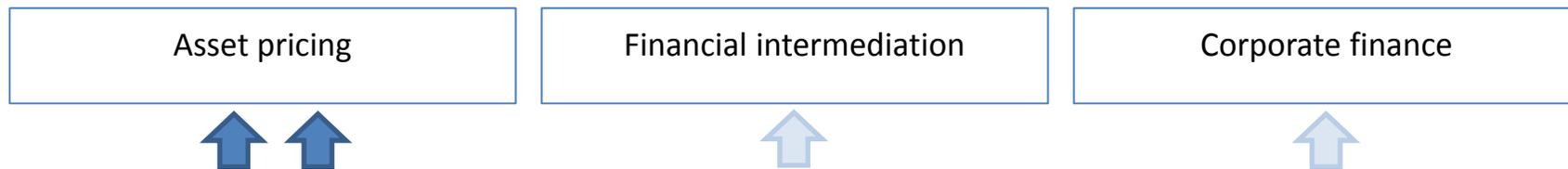
What's in your study plan?

Building blocks (finance major - 2 YR/2 Sem)



What's in your study plan?

Building blocks (finance major – 3Y)



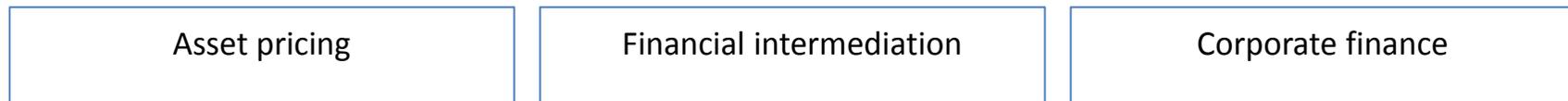
Introduction to options and futures

How are derivatives priced?

How do fund managers use derivatives to hedge their portfolios and/or to increase expected returns?

What's in your study plan?

Building blocks (finance major – 3Y)



Mgmt of financial institutions

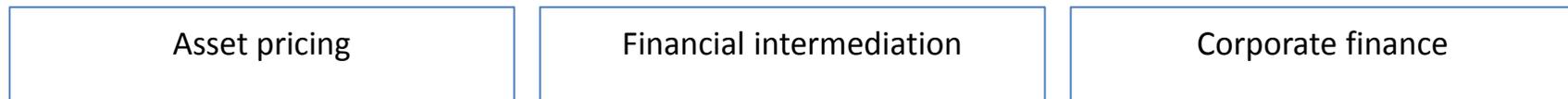
How to measure banks' risks (risk mgmt)?

How to manage banks' risks (funding strategies & credit policy)?

How do insurance companies work?

What's in your study plan?

Building blocks (**finance major – 3Y**)



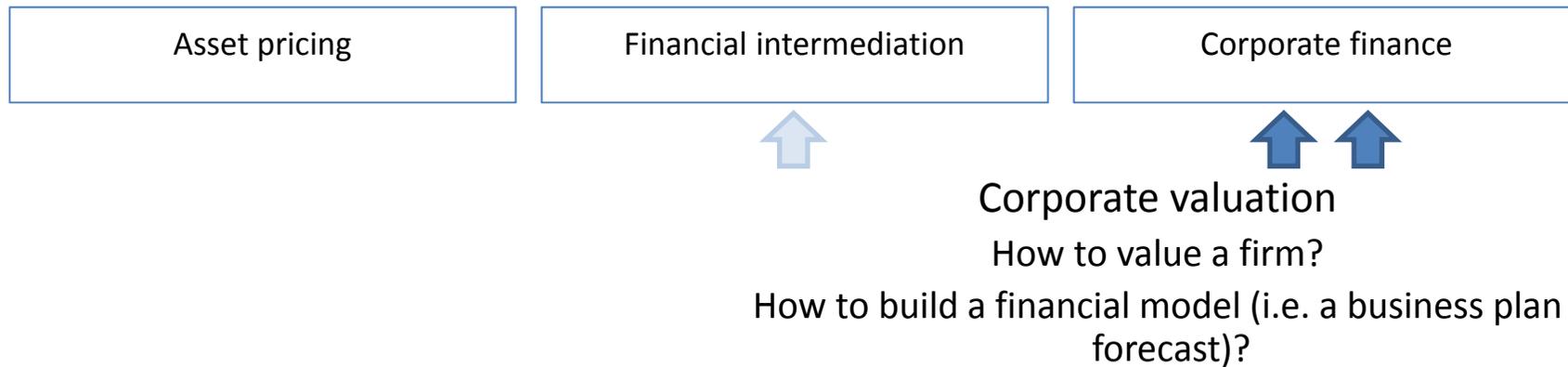
International banking

Why banks fail (liquidity and systemic risk)?

Why are banks regulated (and how)?

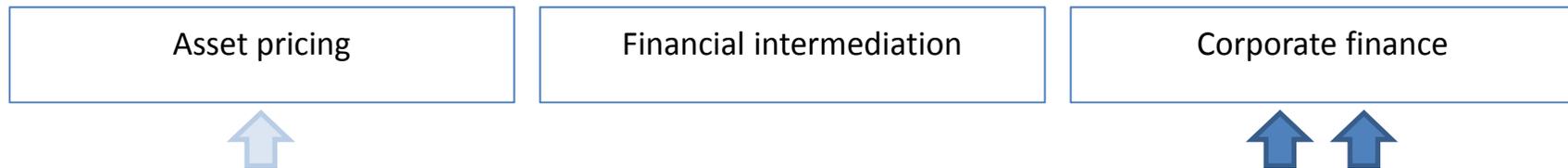
What's in your study plan?

Building blocks (finance major – 3Y)



What's in your study plan?

Building blocks (**finance major – 3Y**)



Principles of international finance

How to manage foreign currency risk (multinational firm)?

How institutions/markets create obstacles and opportunities?

Some examples (BIEF cohort 2016/17)

Ardian (France), Analyst

AXA Investment Managers (UK), Analyst (Real estate)

Goldman Sachs (Poland), Analyst (Corporate treasury)

UBS (UK), Analyst (Investment banking)

