Universidad de Navarra

Topics in Economics and Finance IV (MEF)

Guía docente 2026-27

INTRODUCTION

• **Academic Year:** 2026/2027

• **Course Description:** This course explores advanced topics in Banking, with an emphasis on the intersection between financial intermediation, accounting standards, and monetary policy. Students will engage with both theoretical frameworks and empirical research to develop a critical understanding of the mechanisms that shape modern banking systems.

Key areas of focus include Expected Credit Loss models under IFRS 9 and CECL, where students will learn to assess the implications of different accounting approaches for financial stability and bank performance. The course also examines the nature and measurement of bank risk, including credit, operating, liquidity, and systemic risk, and their role in regulatory frameworks and market discipline.

A central theme is the distinction between soft and hard information in lending, highlighting how relationship banking influence credit allocation and monitoring. Finally, the course investigates the transmission mechanisms of monetary policy, with special attention to the role of banks in channeling interest rate changes, quantitative easing, and unconventional policies to the real economy.

Students will strengthen their ability to:

• Apply advanced concepts of risk measurement and credit loss recognition.

• Critically analyze the role of information in banking and lending decisions.

• Evaluate the interaction between monetary policy and the banking sector.

• Develop independent research skills in the field of Banking and Financial Economics.

By the end of the course, students will be equipped with both the technical knowledge and methodological tools to contribute to academic and professional debates in Banking.

• **Type of Course:** Elective

• **ECTS:** 3

• **Course and Semester:** Master in Economics and Finance - January-February

• **Language:** English

• **Title:** Topics in Economics and Finance IV (MEF)

• **Professor:** Germán López Espinosa (Universidad de Navarra), Miguel García-Posada Gómez (Bank of Spain) and José María Serena Garralda (Bank of Spain)

LEARNING OUTCOMES (Competencies)

GENERAL COMPETENCIES

CG1) Train high-level specialists in both economic theory and finance.

CG2) Provide students with the appropriate and necessary mathematical and econometric techniques for both theoretical and empirical work in the fields of economic theory and finance.

CG3) Familiarize students with research fields and the most relevant literature in economic theory and finance.

CG4) Develop students' critical capacity towards economic or financial phenomena and enhance their communication skills.

CG5) Provide students with the basic theoretical foundations to start doctoral studies in economics or finance.

SPECIFIC COMPETENCIES

CE4) Handle the main statistical and econometric programs used in the areas of economics and finance.

CE7) Examine the concept of market risk using models for its assessment.

CE10) Prepare an original working paper on a subject related to one of the courses covered during the program.

PROGRAM

PART I

IFRS 9. Financial Instruments

Initial Measurement.

Subsequent Measurement.

Derecognition.

Impairment. Expected Credit Losses: 12-month ECL, Lifetime ECL, Disclosures, Impact on Regulatory Capital, SA vs IRB.

How to Analyze IFRS 9 Disclosures: Some examples.

Academic literature on provisions and expected credit loss models

PART II

Soft vs. Hard Information in Lending

• Hard Information

• Soft Information

• Information Asymmetry & Adverse Selection. Role of Collateral

• Relationship Lending

Monetary Policy Transmission Mechanisms

• Channels of Transmission

• Role of Bank Balance Sheets

Bank Risk – Management and Measurement

• Regulation, Supervisory Measures and Bank Lending

• Bank Crises Management Framework and Lending

• Bank Failure Propagation

• Banks and Non-Bank Lenders

• Banks and Private Equity Firms

• Banks and Leveraged Loans

EDUCATIONAL ACTIVITIES

The course is designed to combine theoretical knowledge with research-oriented practice. The following activities will support student learning:

Lectures and Theoretical Sessions

• Introduction to key concepts in banking, including risk measurement, expected credit loss models, soft vs. hard information in lending, and monetary policy transmission.

• Critical discussion of recent academic articles and policy papers.

Independent Study and Reading

• Guided reading of academic literature and policy reports.

• Preparation for class discussions and presentations.

Student Presentations

• Students will prepare and deliver presentations on selected research papers.

• Peer feedback will be encouraged to foster critical thinking and improve academic communication skills.

GRADING SYSTEM

The final grade for the course will be based on continuous assessment, with equal weight assigned to two main components. Students will be evaluated as follows:

1. Bank Provisions Analysis (33%)

• Each student will select a bank and prepare a written assignment analyzing all aspects related to its loan loss provisions and expected credit loss models.

• The analysis should combine both accounting and banking perspectives, highlighting regulatory implications and research insights.

2. Research Idea Development (67%)

• Students will propose and develop a research idea connected to one of the following topics:

- Bank Risk

- Relationship Lending
- Monetary Policy Transmission Mechanisms

• The proposal should clearly articulate the research question, its relevance and a potential methodological approach.

• Emphasis will be placed on clarity, depth of analysis, and originality of the critical perspective.

Important: To pass the course, students must obtain a minimum grade of 3.5/10 in each of the two components.

OFFICE HOURS

• Germán López Espinosa (glespinosa@unav.es)

Office: 2200 (Amigos Building)

Office hours: Tuesday 11:00 - 14:00

• Miguel García-Posada Gómez (miguel.garcia-posada@bde.es) and José María Serena Garralda (josemaria.serena@bde.es). Contact by e-mail and appointment.

BIBLIOGRAPHY

PART I

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Li, Xiao, J. Ng, and W. Saffar. “Accounting-Driven Bank Monitoring and Firms’ Debt Structure: Evidence from IFRS 9 Adoption.” Management Science 70 (2024): 54-77. Find it online.

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Lu, Y., and V. V. Nikolaev. “Expected Loan Loss Provisioning: An Empirical Model.” The Accounting Review 97 (2022): 319–346. Find it on line.

Mahieux, L., H. Sapra, and G. Zhang "CECL: Timely Loan Loss Provisioning and Bank Regulation" Journal of Accounting Research 61 (2023): 3-46. Find it online.

PART II

Agarwal, S., Mayordomo, S., Rodriguez-Moreno, M., and E. Tarantino (2025). “Mortgage Liquidity Shocks and Corporate Lending: Evidence from Household-Initiated Bank Balance Sheet”. Working Paper. Available online.

Andrade, P., Cahn, C., Fraisse, H., and J.-S. Mésonnier (2019). “Can the provision of long-term liquidity help to avoid a credit crunch? Evidence from the Eurosystem’s LTRO”. Journal of the European Economic Association, 17 (4), pp. 1070–1106. Available online.

Andreeva, D. C., and M. García-Posada (2020). “The impact of the ECB's Targeted Long-Term Refinancing Operations on banks' lending policies: the role of competition.” Journal of Banking & Finance, Volume 122, January.

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Avalos, F., B. Hofmann and J.M. Serena (2026): “Monetary policy and private equity acquisitions: tracing the links”, BIS Working Paper No 1326.

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Blanco, R., García-Posada, M., Mayordomo, S., and M. Rodríguez-Moreno (2024). “Access to credit and firm survival during a crisis: The case of zero-bank-debt firms”, Journal of Financial Intermediation, 59, 101102.

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