

Microeconomics of Banking

Course Outline

Academic Semester: 2025/26

1. General

School	School of Finance and Statistics		
Academic Unit	Department of Banking and Financial Management		
Level of Studies	Undergraduate		
Course Code	XPTMI01		
Semester	5th or 7th		
Course Title	Microeconomics of Banking		
Independent Teaching Activities	Weekly Teaching Hours	Credits	
Lectures	4	7,5	
Course Type	Special Background		
Prerequisite Courses			
Language of Instruction and Examinations	Greek		
Is the course offered to Erasmus Students?			
Url (Eclass)	https://eclass.unipi.gr/courses/XTD151/		

2. Learning Outcomes

Learning Outcomes

This course introduces the microeconomic foundations of modern banking and financial intermediation. We emphasize the presentation of models under asymmetric information. In this context, we present models that contemplate the incentives in debt contracts, the decision-making of bank managers, and the role of regulatory authorities for financial stability.

With the successful completion of the course, students will be sufficiently capable to

- understand and apply the microeconomic analysis in the context of credit, and especially of banking markets
- assess the micro-foundations of banking markets in a strategic context
- understand the developments in the modern banking environment

General Competences

- Decision making,
- Working independently,
- Production of new research ideas
- Production of free, creative, and inductive thinking
- Production of critical thinking

3. Syllabus

- Overview of microeconomic theory
- Market structure of banking sector. The Klein-Monti model
- Credit rationing
- The bank as a liquidity provider. The Diamond-Dybvig model

- The transmission of financial crises
- Spatial models of banking
- Moral Hazard in debt contracts
- Adverse selection in debt contracts
- The OLG model

4. Teaching and Learning Methods - Evaluation

Delivery	Face-to-face										
Use of Information and Communications Technology	<ul style="list-style-type: none"> • Interaction in class with students. • Use of ICT in teaching. • Use of ICT in problem solving 										
	<table border="1"> <thead> <tr> <th>Activity</th> <th>Semester Workload</th> </tr> </thead> <tbody> <tr> <td>Lectures</td> <td>52</td> </tr> <tr> <td>Independent Study</td> <td>73,5</td> </tr> <tr> <td>Problems Sets</td> <td>62</td> </tr> <tr> <td>Course Total</td> <td>187,5</td> </tr> </tbody> </table>	Activity	Semester Workload	Lectures	52	Independent Study	73,5	Problems Sets	62	Course Total	187,5
Activity	Semester Workload										
Lectures	52										
Independent Study	73,5										
Problems Sets	62										
Course Total	187,5										
Teaching Methods											
Student Performance Evaluation	Final exam 100% Open book exam Language of evaluation: Greek										

5. Attached Bibliography

Suggested Bibliography

Dimitris Voliotis, Lecture Notes

Related Academic Journals