Development & Finance

Module Code: ECO00010M    Credits: 10    Term: 2

Contact Hours: 14 one-hour lectures, 2 practicals, 4 one-hour seminars (20 contact hours)

Module Organiser: Professor P. Simmons

Overview:

The module begins with a brief review of the financial system and the economic and financial structure of emerging economies. The lectures are mainly concerned with formal and informal finance in emerging markets, both theoretical and empirical. There are both macro and micro finance issues which are special to emerging economies. Both are addressed, the macro issues in an international context and the micro issues mainly in an informal finance setting. While formal financial service is easily accessed in developed countries, it is not in developing countries, especially for poor or low-income people, including consumers, small and medium enterprises (SMEs), women and the self-employed. Informal finance or rural finance encompasses the range of financial services offered and used by people of all income levels who are not traditionally served by formal financial service providers. There are some special financial instruments. It includes microfinance, rural finance and agricultural finance. There are also trade finance issues.

Aims:

• to present a brief overview of the subject of modern finance.
• to give students an understanding of asset pricing and market efficiency in emerging markets.
• to introduce students to informal finance and its significance in economic development.
• to provide an opportunity for students to study, discuss and evaluate some current research dimensions of finance so that students can apply the methods taught in the module to solve specific problems in finance.
• to consider specific issues and events like sovereign wealth funds or the global financial crisis of 2008 in the context of emerging economies.

Objectives:

On completing the module a student will have:
• an overview of the financial service industry in developed and developing countries.
• an understanding of the assumptions and analysis of conventional asset pricing theory, and its applications to investment in emerging financial markets.
• an understanding of what microfinance, rural finance and agricultural finance are and how they are important to economic development.
• an overview of investment and development funds.
**Assessment:**

There will be a two-hour unseen examination scheduled in the **Summer Term**.

**Pre-requisites:**

None.

**Main References:**

The reading will consist mainly of lecture notes and a number of articles which will also be recommended in the lectures. Useful texts as preliminary background reading are:
