



THE CYPRUS INTERNATIONAL INSTITUTE OF MANAGEMENT
COURSE UNIT DESCRIPTION

Course Unit Title	COMMERCIAL BANKING		
Course Unit Code	FB400		
Type of Unit	Elective		
Level of Course Unit	Second cycle		
Year of Study	First/second year		
Semester	On demand		
Number of ECTS Credits	6 ECTS		
Course Unit Objectives	<p>Course unit objectives</p> <p>This course covers a comprehensive study of commercial banks and their role in the economy. The course emphasizes the practical application of business and economic principles as they relate to bank management and regulatory policy in the western world in general and in the European Union in particular. Main topics taught include principles of good lending, consumer and commercial credit analysis, asset and liability management, risk management/mitigation of risks, banking regulation/capital adequacy, why banks fail and the effect/treatment of non-performing loans/restructuring of loans. Trends such as the recent consolidation/deleveraging of banking, on-line banking/effect of technology on retail banking, and methods of rescuing failing banks are also addressed.</p>		
Learning Outcomes	On completion of this course students are expected to be able to:		
	CILO 1	Explain what a commercial bank is and does. Services/products offered to individuals and businesses.	
	CILO 2	Principles of good lending to retail clients and businesses. Why repayment ability is the basic criterion of lending	
	CILO 3	Various types of risks faced by banks.	
	CILO 4	Discuss the various types of collaterals, tangible and non-tangible, for protecting banks from possible future customers' defaults.	
	CILO 5	All about non-performing loans/NPLs and provisions for bad debts	
	CILO 6	Explain the main recent provisions of Basle Accord on capital adequacy of banks. Bail-in VS Bail-out. The case study of Cyprus and lessons to be learned from the 2013 destruction of its banking system.	
	CILO 7	Understand the rationale of the recent implementation Banking Union in EU and what it means to the banking systems of member states	
Name of Lecturer(s)	Dr. George Theocharides; Mr. Antonis Hadjichristodoulou (guest speaker)		
Mode of delivery	Face to Face		
Prerequisites or corequisites	None		
Course Content	1. What is commercial banking? Bank products and services in retail, SME and corporate banking.	CILO 1.	
	2. Lending criteria. Need for avoidance of name lending and collateral lending. No lending in the absence of repayment ability.	CILO 2	
	3. Credit risk, market risk and operational/reputational risk. Which is the most threatening and why?	CILO 3	
	4. Types of tangible/non-tangible collateral held by banks. Which are preferable by banks and why?	CILOS 4.	
	5. Definition of Npls.Why they are harmful to banks and the economy in general. Tackling them through restructuring,bad bank, securitization ,otherwise.	CILO 5	
	6. Basel Accord/capital adequacy regulations. Bail-in VS bail -out	CILO 6	

	TBTF philosophy. Did EU use Cyprus as guinea pig for testing Bail-in? Analysis of the main reasons for the destruction of the Cypriot Banking system in 2013 and lessons to be learned.	
	7. Understand the rationale for the recent implementation of the Banking Union in EU and what this means to the banking systems of member States.	CILO 7
Recommended or required reading	<p><u>Textbooks:</u></p> <ol style="list-style-type: none"> 1. Peter S. Rose and Sylvia C. Hudgins, Bank Management and Financial Services, 7th edition (2007) 2. Benton E. Gup, James W. Kolari, Commercial Banking: The Management of Risk, 3rd edition 3. Peter S. Rose, Commercial Bank Management, Publisher: McGraw-Hill/Irwin; 5th edition <p><u>Must also read/know well the following for the written exams:</u></p> <ol style="list-style-type: none"> 1. Power point presentation of the instructor 2. Other reading material and relevant articles to be given by the instructor before and during the course electronically or in hard copies. 3. Main points from Lectures & group Case studies/ Practical Exercises/examples, for which detailed notes have to be taken by the students over and above 1 and 2 above <p><u>It is also advisable to search Google and read English papers for additional information/new developments on the subjects covered by the course.</u></p>	
Planned learning activities and teaching methods	Lectures & Case studies; Practical Exercises/examples; Multi-media presentations; In-class debates, discussion & Student presentations.	
Assessment methods and criteria	20% Participation (including group exercises) 80% Final exam	
Language of Instruction	English	
Work Placement(s)	Not applicable	