

**Course ID Number: REC5655**

**Course Title: Japanese Banking and Financial Systems**

No. of Credits: 2

Graduate School of International Relations  
International University of Japan

Term: Spring 2010

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**Course Introduction**

The financial system, particularly its banking sector, has frequently been in the news over the years. The objective of this course is to understand various roles of banking and financial systems. In economics, a bank can be defined as an institution whose current operations consist of granting loans and receiving deposits from the public. The first part of this course reviews the most basic concepts of banking and provides a guide to various theoretical aspects of banking on the basis of microeconomic theory. Then, this course overviews financial systems in a globalized world, including Japan, and discusses some important implications of Japan's financial system, which has relevance beyond Japan itself, in the light of recent thinking about the relationship between banking, finance and the real economy.

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## **REC 5655**

### **Japanese Banking and Financial Systems**

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#### **Prerequisite**

Mathematics and Computing for Economics, Statistics, Basic Microeconomics, Microeconomics, and Applied Econometrics

#### **Course Outline** (Tentative)

1. Banking-related Theory
  - Introduction to Banking Theory
  - Some Economic Models of Financial Intermediaries
  - Industrial Organization Approach
  - Macroeconomics
2. Banking and Financial System in Japan after the 1990s
  - The Role of Monetary Policy
  - Liquidity Trap
  - Inflation Targeting and Discretionary Policy
  - The Role of Money Supply
  - Financial Crisis
  - Zombies
3. Financial Institutions, Regimes, and Crises in Globalized World

#### **Supplementary Textbooks**

This course has no required textbooks. Several reading materials will be provided in class. The followings are supplementary textbooks:

Freixas, Xavier, and Jean-Charles Rochet, 1997. *Microeconomics of Banking*, The MIT Press, Cambridge, MA.

Walsh, Carl E., 2003. *Monetary Theory and Policy*, The MIT Press, Cambridge, MA.

Allen, Franklin, and Douglas Gale, 2001. *Comparing Financial Systems*, The MIT Press, Cambridge, MA.

Stiglitz, Joseph E., and Bruce Greenwald, 2003. *Towards a New Paradigm in Monetary Economics*, Cambridge University Press, New York.

Bordo, Michael D., Alan M. Taylor, and Jeffrey G. Williamson, 2003. *Globalization in Historical Perspective*, The University of Chicago Press, Chicago.

Dewatripont, Mathias, and Jean Tirole, 1993. *The Prudential Regulation of Banks*, The MIT Press, Cambridge, MA.

### **Course Requirement**

Problem Sets (20%)

Midterm Exams (30%)

Presentation (20%)

Term Paper (30%)