

Syllabus

FIN703: Financial Intermediation Spring, 2026

January 12, 2026

Course:	FIN703.
Lecture Time and Location:	Wednesday 3:00-5:45pm at BusAd D203.
Instructor:	Prof. Jiakai Chen.
Phone:	(808) 956-7610
E-mail:	jiakai@hawaii.edu. ¹
Office Hours and Location:	By appointment.

1 Objective and Description

The objective of FIN703 Module 2 is to expose Ph.D. students to research in banking, and more broadly, financial intermediation. The course will begin by covering fundamental theoretical and empirical issues, followed by an examination of modern financial intermediation research on selected topics. In addition to the papers assigned for presentation and detailed discussion in class, an extensive reading list of related papers and surveys for each topic will also be provided.

2 Prerequisites

Students are expected to have a working knowledge of:

- Ph.D.-level microeconomic theory, especially information economics (e.g., information asymmetry, adverse selection, moral hazard, screening, costly state verification);
- Microeconometrics (Recommended background reading: Angrist and Pischke (2009), *Mostly Harmless Econometrics: An Empiricist's Companion*, Princeton University Press;
- Proficiency in at least one statistical package, such as Stata, R, or SAS, to independently handle data preparation and cleaning, generate summary statistics, run advanced regression analyses, and present results in publication-quality tables and figures;

¹E-mail is the preferred communication method. Please begin the subject line with [FIN703] so that it will not be intercepted by my spam filter.

- Senior undergraduate or master’s-level knowledge of financial markets and institutions (Recommended background reading: Mishkin and Eakins (2012), *Financial Markets and Institutions*, 7th edition, Pearson, or more recent editions).

3 Materials

Required textbook:

- Freixas and Rochet (1997), *The Microeconomics of Banking*, Cambridge and MIT Press.

Freixas and Rochet (1997) is a highly regarded textbook among researchers of financial intermediation. Although it is a theory-oriented textbook, it provides a good foundation for the body of knowledge in the literature. Therefore, even though a significant focus of the course is on empirical studies, and we will spend a significant amount of the lecture time on the research frontier of the field, we will still refer to Freixas and Rochet (1997) frequently in the course. Weekly required reading papers will be posted on Laulima.

4 Requirements

Lecture Participation: Students are expected to attend class in-person and arrive on time. If you need to miss a class, please notify me via email in advance.

Readings: Weekly papers will be provided based on the discussion topics. These readings must be completed before class to facilitate meaningful discussion during the lecture.

Weekly Assignments:

1. **Summary:** consist of a one-page summary of assigned papers and/or data replications. These should be submitted before the start of the following week’s class.
2. **Presentations:** Each week, two students will be assigned to give a 15-minute in-class presentation on the assigned papers.

Project: Students will submit a one-page research proposal on a financial intermediation topic by May 15, 2026. The proposal should consist of three parts:

1. An overview of the research question at a conceptual level.
2. A summary of the empirical design, data sources, and strategies to address potential endogeneity issues, if any.
3. A description of the potential contribution of the paper to the relevant literature.

5 Schedule

The schedule is subject to change as the semester progresses.

WEDNESDAY	
Mar 11th	1
Organizational meeting; Introduction. <i>Datasets: Bank call reports.</i>	
18th	
Spring Break	
25th	2
The Role of Financial Intermediation.	
Apr 1st	3
Interactions between banks and borrowers: Information asymmetry/production, relationship lending, and credit risk. <i>Datasets: Dealscan & linking tables.</i>	
8th	4
Bank competition and specialization. <i>Datasets: SOD.</i>	
15th	5
Securitization and shadow banking: Screening, risk transfer, and the origination & trading of MBS/ABS. <i>Datasets: Asset-backed commercial paper; Fannie & Freddie mortgage performance</i>	
22nd	6
Interactions between banks and households: mortgage and non-mortgage lending. <i>Datasets: HMDA & linking tables.</i>	
29th	7
Non-bank financial institutions.	
May 6th	8
Fintech and blockchain lending. <i>Datasets: Lending club</i>	

6 Administration

Students with Disabilities: Students with disabilities are encouraged to contact me and the KOKUA Program for accommodations. For more information about the KOKUA Program, visit <http://www.hawaii.edu/kokua/>. Any student with special needs should bring this to the attention of the instructor as soon as possible, but not later than the second week of class.

Academic Honesty: Students are expected to be responsible in relations with other members of the UH Manoa community, respect the interests of the institution, and follow the Student Code of Conduct, which is available at: http://www.studentaffairs.manoa.hawaii.edu/policies/conduct_code/. Violations of this code include matters of alleged academic dishonesty, such as cheating and plagiarism. According to the Code of Conduct:

The term "cheating" includes, but is not limited to: (1) use of any unauthorized assistance in taking quizzes, tests, or examinations; (2) use of sources beyond those authorized by the instructor in writing papers, preparing reports, solving problems,

or carrying out other assignments; (3) the acquisition, without permission, of tests or other academic material belonging to a member of the UH faculty, staff or student (4) engaging in any behavior specifically prohibited by a faculty member in the course syllabus or class discussion.

The term "plagiarism" includes, but is not limited to, the use, by paraphrase or direct quotation, of the published or unpublished work of another person without full and clear acknowledgement. It also includes the unacknowledged use of materials prepared by another person or agency engaged in the selling of term papers or other academic materials.

All incidents will be handled in accordance with the UH Student Code of Conduct.