Overview

The class meets once a week on Mondays from 2pm to 5pm in the Gruber Seminar Room. There are no classes on 2/18 and 3/18. The main assignments are the referee reports, which are due as listed in the reading list.

This is a seminar class where each week we will read and discuss papers in the area of financial intermediation. All students are required to read the papers designated as “R” before class. We encourage students to read the other papers on the syllabus as well but they are not required. One student will be assigned to present as the lead discussant for each required paper.

The central theme of the class will be liquidity creation in the financial system. We will explore its role in channeling savings to investment, its centrality to financial crises, its implications for regulation, and its effects on the transmission of monetary policy. We will cover both theory and empirics, classic and recent papers, but we will emphasize the most recent contributions to the literature as well as some of our own work. Above all, this is a very active area of research and we hope our discussions will stimulate the next wave of new ideas.

Grading

The grade will be based on participation in class (40%), referee reports (40%), and presentations (20%).

Outline

Below are the tentative course outline and reading list for each topic. We expect to update this list as we go along.

<table>
<thead>
<tr>
<th>Date</th>
<th>Class</th>
<th>Topic</th>
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<tbody>
<tr>
<td>2/4/2019</td>
<td>1</td>
<td>Liquidity Creation</td>
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<tr>
<td>2/11/2019</td>
<td>2</td>
<td>Financial Intermediation Theory</td>
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<tr>
<td>*2/18/2019</td>
<td>-</td>
<td>*No Class</td>
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<tr>
<td>2/25/2019</td>
<td>3</td>
<td>Bank Lending and Deposits Channel</td>
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</tbody>
</table>
1. **Liquidity Creation**


2. **Financial Intermediation Theory**

3. Bank Lending and Deposits Channel


4. Coexistence of Deposits and Lending


5. The Liquidity Premium

6. Monetary Policy and Risk Premia: Evidence


7. Monetary Policy and Risk Premia: Theory


8. The Run-up to the Financial Crisis


9. The Financial Crisis


10. The Zero Lower Bound and Quantitative Easing


11. Safe Assets


12. Intermediary Asset Pricing


13. Empirical Intermediary Asset Pricing

For further reference:

* **International Liquidity Spillovers**