

Course Unit Title:	BANKING AND SHIPPING FINANCE
Type of course unit:	ITSM513
Type of course unit:	Elective
Level of course unit:	Masters_MSc International Trade and Shipping Management Masters_MA/LLM Maritime Law and Shipping Business
Number of ECTS credits allocated:	6
Name of Lecturer(s):	Dr Michalis Makrominas, Dr Demos Petropoulos
Learning Outcomes of the course unit:	<p>By the end of the course, the students should be able to:</p> <ul style="list-style-type: none"> • Understand the essential elements of money and the economic system of financial intermediation. • Present an overview of the institutional characteristics of the banking system and appreciate the need of financial intermediation in the shipping markets. • Distinguish the structure of Financial Markets including Debt and Equity Markets, Primary and Secondary Markets, Exchanges and Over-the Counter Markets and Money and Capital Markets. • Discuss the current status of the ship finance market with reference to the historic evolution of the market for the last 50 years. • Understand the objectives of lenders and borrowers in the shipping industry in the wider area of financial intermediation as well as within the specific characteristics of the shipping sector. • Evaluate alternative means of shipping finance including debt provisions, syndicated loans, private equity, bridge financing etc. • Analyse the usefulness and caveats of equity financing in shipping. Explain how freight rate volatility, the corporate structure (i.e. one-ship company) and other reasons affect equity financing. • Understand why debt financing remains the principle source of shipping financing. Discuss the characteristics of debt financing in relation to equity financing. Identify different types of loans used in shipping finance. • Develop working knowledge of capital budgeting/project appraisal techniques applied to shipping finance scenarios with reference to the capital structure of the company. • Describe alternative means of shipping finance, in particular KS and KG financing and Islamic finance. Understand the basics of securitisation. • Identify shipping finance risks including interest rate risk, foreign currency risk and freight rate risk and the financial instruments used to counter these risks. Discuss standard credit risk analysis used in shipping (i.e. 6 C's). • Understand basic legal concepts regarding jurisdiction and arbitration.

Mode of Delivery:	Face-to-face		
Prerequisites:	NONE	Co-requisites	NONE
Recommended optional program components:	NONE		
Course Contents:	<ul style="list-style-type: none"> • Introduction to capital markets and the economic system of financial intermediation. • The current status of the ship finance market and its historic evolvement. • An overview of alternative means of shipping finance and their characteristics. • Equity financing in shipping: usefulness and caveats, special characteristics, volatility and the “shipping return paradox”. Primary (IPO) and secondary markets. • Debt financing in shipping: alternative types of loans, bond issuances, incentives of lenders and borrowers, mortgaging and collateralization and credit analysis. • Capital budgeting/project appraisal techniques in shipping finance with capital structure. • Beyond traditional sources of equity and debt: KS and KG financing and Islamic finance. • Legal aspects: Ship registry, jurisdiction and arbitration. 		
Recommended and/or required reading:			
Textbooks:	<ul style="list-style-type: none"> • Shipping Finance, 2015, Institute of Chartered Shipbrokers • Maritime Economics, 3rd Edition, Martin Stopford • Frederic S. Mishkin, The Economics of Money, Banking and Financial Markets, 2009 • Saunders, A. Financial Institutions Management: A modern perspective, 3rd edition, 2000 		
References:	<ul style="list-style-type: none"> • Journal of Banking and Finance, • Journal of Money, Credit and Banking • Maritime Policy and Management 		
Planned learning activities and teaching methods:	The course will be delivered through lectures, discussions, and presentations. During the lectures students are encouraged to participate in discussions and through solving exercises and mini case studies. The teaching methodology is augmented with consultations during office hours, home study and preparation for the exam.		
Assessment methods and criteria:	Written Assignment 40% Final Exam 60%		
Language of instruction:	English		

Work placement(s):

Not applicable