



Master in Monetary and Financial Economics

Banking and Insurance

Exam – 8 January 2019

1. Please comment the following sentence, assessing also the contribution of the size of financial systems to economic growth in the last decade: (3/20)

“Economists disagree sharply about the role of the financial sector in economic growth”

In Levine, Ross (2005), “Finance and Growth: Theory and Evidence”

2. How can the increasing size of a bank’s balance sheet, due to the growth of its loan portfolio, contribute to improve its profitability? Please explain by using profitability indicators. (2,5/20)
3. Please describe the relevance of estimates for the probability of default of debtors in banks procedures. (2,5/20)
4. In which extent can the subprime crisis (aka global financial crisis) be distinguished from previous financial crisis? (3,0)
5. Please describe what were the main factors behind the subprime crisis and the main transmission mechanisms that amplified its effects worldwide. (3,0)
6. Please describe the main impacts of the global financial crisis on the Portuguese Financial System. (3,0)
7. Please comment on the relevance of liquidity risk for banking management and the main instruments used to measure it. (3,0)