



Reading list 2009–10

24 Principles of banking and finance

The current edition of the subject guide is the 2008 edition. This reading list was last updated in May 2009. Any queries about this reading list should be directed to externalstudy@lse.ac.uk.

Essential reading

The subject guide must be used in conjunction with these **three** essential textbooks.

The following text has been chosen as the core text for this subject guide due to its extensive treatment of many (but not all) of the issues covered in the subject guide and up-to-date discussion:

Mishkin, F. and S. Eakins *Financial Markets and Institutions*. (Boston, London: Addison Wesley, 2009) sixth edition [ISBN 9780321552112].

To analyse comparative financial systems the essential reading is:

Allen, F. and D. Gale *Comparing Financial Systems*. (Cambridge, Mass.: MIT Press, 2001) [ISBN 9780262511254].

To investigate issues of principles of finance (capital budgeting and valuation of financial assets, risk and return of financial assets and portfolios) the essential reading is:

Brealey, R.A, S.C. Myers and F. Allen *Principles of Corporate Finance*. (Boston, London: McGraw-Hill/Irwin, 2008) ninth edition [ISBN 9780073368696] Chapters 2, 3, 6, 8, 9 and 11.

For some of the activities in the guide, you need to download and read journal articles which are available in the Online Library.

Dow, S., 'Why the banking system should be regulated', *Economic Journal* 106 (436) 1996, pp. 698–707.

Dowd, K., 'The Case for Financial Laissez-Faire', *Economic Journal* 106 (436) 1996, pp. 679–87.

Gordy, M.B. 'A comparative anatomy of credit risk models', *Journal of Banking and Finance* 24 (1-2) 2000, pp. 119–49.

Further reading

As alternatives, you may wish to look at the following texts that are standard for many undergraduate banking and finance courses.

Bain, A.D. *The Economics of the Financial Systems*. (Oxford: Blackwell Publishers Ltd, 1992) [ISBN 9780631181972] Chapter 4.

Brealey, R.A. S.C. Myers and F. Allen *Principles of Corporate Finance*. (Boston, London: McGraw-Hill/Irwin, 2008) ninth edition [ISBN 9780073368696] Chapter 8.

Buckle, M. and J. Thompson *The UK Financial System*. (Manchester: Manchester University Press, 2004) fourth edition [ISBN 9780719067723] Chapters 1, 2 and 17.

Copeland, T.E., J.F. Weston and K. Shastri *Financial Theory and Corporate Policy*. (Boston, London: Pearson Addison Wesley, 2005) [ISBN 9780321223531] Chapters 2, 4, 5, 6 and 10.

Elton, E.J., M.J., Gruber, S.J. Brown, and W.N. Goetzmann *Modern Portfolio Theory and Investment Analysis*. (New York: John Wiley & Sons, 2007) seventh edition [ISBN 9780470050828] Chapter 17, pp.59 and 61.

- Freixas, X. and J.C. Rochet *Microeconomics of Banking*. (Boston, Mass.: The MIT Press, 2008) [ISBN 9780262061933] Chapters 2, 8 and 9.
- Grinblatt, M. and S. Titman *Financial Markets and Corporate Strategy* (Boston, London: The McGraw-Hill/Irwin, 2002) second edition [ISBN 9780072294330] Chapters 4, 5, 6, 9 and 10.
- Heffernan, S. *Modern Banking in Theory and Practice*. (Chichester: John Wiley and Sons, 2005) [ISBN 9780471962090] Chapters 2, 3, 4 and 5.
- Luenberger, D.G. *Investment Science*. (New York: Oxford University Press, 1998) [ISBN 9780195108095] Chapters 6 and 7.
- Saunders, A. and M.M. Cornett *Financial Institutions Management: a Risk Management Approach*. (New York, McGraw-Hill/Irwin, 2007) sixth edition [ISBN 9780077211332] Chapters 2–6 and 8–12.
- Sinkey, J.F. *Commercial Bank Financial Management in the Financial-Services Industry*. (Upper Saddle River, NJ: Pearson Education Inc., 2002) [ISBN 9780130984241] Chapter 16.
- Smart, S.B., W.L. Megginson and L.J. Gitman *Corporate Finance*. (Mason, Ohio: South-Western/Thomson Learning, 2004) [ISBN 9780324269604] Chapters 4, 7 and 10.

Making use of the Online library

- To help you read extensively, all External students have free access to the University of London Online library where you will find the full text or an abstract for many of the journal articles listed for this unit.
- The Online library is accessed via the Student Portal at <http://my.londonexternal.ac.uk/>
- For most journals, the username and password you need is the same as the one which you have been sent to use for logging in to the Student Portal.