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Level: M 1, L 3

Lesson 03: The definition of econometrics, finance and banks.

I Econometrics:

Econometrics is the quantitative application of statistical and mathematical models using data to develop theories or test existing hypotheses in economics and to forecast future trends from historical data. It subjects real-world data to statistical trials and then compares and contrasts the results against the theory or theories being tested.

II Finance:

Finance is the study of money and how it is used. Specifically, it deals with the questions of how an individual, company or government acquires the money needed - called capital in the company context - and how they then spend or invest that money

III Banks:

An establishment authorized by a government to accept deposits, pay interest, clear checks, make loans, act as an intermediary in financial transactions, and provide other financial services to its customers.