

STATE UNIVERSITY OF NEW YORK
COLLEGE OF TECHNOLOGY
CANTON, NEW YORK



COURSE OUTLINE

ECON330/FSMA 330 – FINANCIAL MARKETS AND INSTITUTIONS

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SCHOOL OF BUSINESS AND LIBERAL ARTS
BUSINESS DEPARTMENT

April 2015

- A. TITLE: Financial Markets and Institutions
- B. COURSE NUMBER: ECON 330/FSMA 330
- C. CREDIT HOURS: 3
- D. WRITING INTENSIVE COURSE: No
- E. COURSE LENGTH: 15 weeks
- F. SEMESTER(S) OFFERED: Fall and Spring
- G. HOURS OF LECTURE, LABORATORY, RECITATION, TUTORIAL, ACTIVITY:
3 lecture hours per week

H. CATALOG DESCRIPTION:

This course provides an understanding of financial markets and financial institutions that operate within the financial markets. It introduces the financial markets where flow of funds occur through financial markets instruments, such as bonds, money markets, mortgage markets, foreign exchanges, stocks and derivatives (futures, forward, options, and swaps). It focuses on financial institutions, such as the Federal Reserve, commercial banks, thrifts, insurance companies, investment banks, finance companies, mutual funds, and pension funds. In addition, it provides a comprehensive introduction to risk management within the framework of financial services industry.

- I. PRE-REQUISITES COURSES: Principles of Macroeconomics (ECON 101) or Principles of Microeconomics (ECON 103) and a minimum 45 credit hours, or permission of instructor.

J. STUDENT LEARNING OUTCOMES:

By the end of this course, the student will be able to:

Course Objective	Institutional SLO
a. Explain the similarities and differences among financial institutions, from commercial banks to diversified financial services firms in the sources and the uses of funds	2. Crit. Thinking 3. Prof. Competence
b. Analyze the financial statements of financial institutions and evaluate their asset, liability, and capital management	2. Crit. Thinking 3. Prof. Competence
c. Identify the relevant factors that determine the interest rates in the financial markets	2. Crit. Thinking 3. Prof. Competence
d. Identify and evaluate the risks that financial institutions face, and how financial institutions go about managing those risks	2. Crit. Thinking 3. Prof. Competence
e. Analyze and interpret the strong trend toward consolidation, product and geographical expansion strategies of financial institutions in domestic and	2. Crit. Thinking 3. Prof. Competence

international markets	
f. Analyze and contrast the structure and operations of central banks with the FED	2. Crit. Thinking 3. Prof. Competence
g. Compare the tools used by central banks and the FED to influence monetary policies	2. Crit. Thinking 3. Prof. Competence

K. TEXTS: As determined by instructor. Current possible texts include:

Fabozzi F.J., Modigliani, F. and Jones, F.J.. (2012). *Foundations of Financial Markets and Institutions*, Upper Saddle River, New Jersey, Prentice Hall.

Madura, J. (2012). *Financial Markets and Institutions*. Independence, Kentucky, Cengage Learning

Mishkin. F.S., and Eakins. S.G. (2014). *Financial Markets and Institutions*, Upper Saddle River, New Jersey, Prentice Hall.

L. REFERENCES:

1. Burton, M., R. Nesiba and R. Lombra (2003). *An Introduction to Financial Markets and Institutions*. Thomson-South Western.
2. Dietrich, J. K. (1996). *Financial Services and Financial Institutions*. Prentice Hall.
3. Gardner, M. J., D. L. Mills, and E. S. Cooperman. (2005). *Managing Financial Institutions*.
4. Hubbard, R. G. (2002) *Money, the Financial System, and the Economy*. Addison Wesley.
5. Hughes, J. E. and S. B. MacDonald (2002) *International Banking: Text and Cases*. Addison Wesley.
6. Lombra, B. (2006). *The Financial System and the Economy*. Thomson-South Western.
7. Melicher, R. W. and E. A. Norton. (2003) *Finance: Introduction to Institutions, Investments, and Management*. John Wiley & Sons, Inc.
8. Miller, R. L. and D. D. VanHoose (2004). *Money, Banking, and Financial Markets*. Thomson-South Western.
9. Mishkin, F. S. (2004). *The Economics of Money, Banking, and Financial Markets*. Addison Wesley.
10. Rose, P.S. and S. C. Hudgins. (2005). *Bank Management and Financial Services*. McGraw-Hill Irwin.
11. Saunders, A. (2006). *Financial Institutions Management*. McGraw-Hill Companies.

12. Saunders, A. and M. M. Cornett (2003). *Financial Institutions Management: A Risk Management Approach*, McGraw-Hill Companies.

13. Thomas, L. B. (2006). *Money, Banking, and Financial Markets*. Thomson-South Western. (ISBN: 0-324-15993-5).

M. EQUIPMENT: Computer classroom and Internet access.

N. GRADING METHOD: Standard A-F grading

O. MEASUREMENT CRITERIA: Case studies analysis, class participation and presentation, research paper, quizzes, tests, essays, and/or exams.

P. DETAILED OUTLINE: See attached sheet.

ECON330/FSMA 330 – FINANCIAL MARKETS AND INSTITUTIONS

I. Introduction to Financial Markets and Institutions

- A. Financial Markets, Instruments, and Market Makers
- B. Properties and Pricing Financial Assets
- C. Risk and Term Structure of Interest Rates
- D. Demand for and Supply of Currencies

II. Central Banking and the Federal Reserve System

- A. Structure and Functions of Central Banks and the FED
 - B. Financial Institutions and the Money Supply Process
 - C. Monetary Theory and Policy
 - D. Monetary Policy in an International Financial System
- III. Money Markets
- A. Demand for and Supply of Money
 - B. Money Market Characteristics, Participants, and Instruments
 - C. Valuations of Money Market Securities
 - D. International Money Markets
- IV. Bond Markets
- A. Demand for and Supply of Bonds
 - B. Bond Valuation Process
 - C. Bond Prices, Elasticity and Duration
 - D. International Bond Market
- V. Equity Markets
- A. Major Domestic Exchanges and Stock Market Indexes
 - B. Stock Valuation, Performance, and Efficiency
 - C. Capital Asset Pricing Model and Arbitrage Pricing Model
 - D. Choice between Stocks and Bonds
- VI. Mortgage Markets
- A. Mortgage Anatomy and Amortization
 - B. Fixed and Variable Interest Rate Mortgages
 - C. Securitization and Secondary Markets for Mortgages
 - D. Determination of Price of Mortgages in Secondary Markets
- VII. Derivative Security Markets
- A. Financial Futures Markets
 - B. Options Markets
 - C. Interest Rate Derivative Markets
 - D. Foreign Exchange Derivative Markets
- VIII. Depository Financial Institutions
- A. Depository Institutions Revenues, Costs, and Profits
 - B. Performance of Depository Institutions
 - C. Depository Institutions Market Structure
 - D. Multinational Banking
- IX. Insurance Companies
- A. Life Insurance Companies
 - B. Health Insurance Companies
 - C. Property and Casualty Companies
 - D. Multinational Insurance Companies
- X. Securities Markets Institutions
- A. Investment Banking Services
 - B. Securities Brokers and Dealers

- C. Venture Capital and Private Equity Firms
- D. Risk Management in Securities Firms

- XI. Mutual Funds and Pension Funds
 - A. Social Security and Saving for Retirement
 - B. Mutual Funds
 - C. Pension Funds
 - D. Economies of Scale and Consolidation

- XI. Finance Companies
 - A. Consumer Finance Companies
 - B. Business Finance Companies
 - C. Real Estate Finance Companies
 - D. Risk Management and Financial Modernization