

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



COURSE OUTLINE

FSMA 325 - FINANCIAL COMPLIANCE AND REGULATION

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SCHOOL OF BUSINESS AND LIBERAL ARTS
BUSINESS DEPARTMENT

April 2015

A. **TITLE:** Financial Compliance and Regulation

B. **COURSE NUMBER:** FSMA 325

C. **CREDIT HOURS:** (3)

D. **WRITING INTENSIVE COURSE:** No

E. **COURSE LENGTH:** (15 weeks)

F. **SEMESTER(S) OFFERED:** Both

G. **HOURS OF LECTURE, LABORATORY, RECITATION, TUTORIAL, AND ACTIVITY:** 3 lecture hours per week

H. **CATALOGUE DESCRIPTION:** The role of regulatory and compliance professionals in the financial service industry is currently undergoing enormous change and development. This course takes an interdisciplinary approach incorporating economics, ethics, finance, law and public policy in surveying the specific goals and objectives of the financial regulatory and compliance function. The course is designed with the practitioner in mind with an emphasis on the anticipation and prevention of regulatory and compliance problems before they occur.

I. **PRE-REQUISITES/CO-COURSES:** Introduction to Finance (FSMA 210), Business Law I (BSAD 201), Principles of Macroeconomics (ECON101) and Principles of Banking (BSAD 120), or permission of the instructor.

J. **STUDENT LEARNING OUTCOMES:** By the end of this course, students are able to:

<i>Course Objective</i>	<i>Institutional SLO</i>
a. Access various types of risk assumed by financial institutions.	2. Crit. Thinking
b. Detect the various types of criminal activities which may take place within or be committed against a financial institution.	2. Crit. Thinking 3. Prof. Competence
c. Integrate the overall structure of the financial service industry into the appropriate requisite regulatory system.	2. Crit. Thinking
d. Analyze and apply the major United States legislative acts as they pertain specifically to financial service industry regulation and compliance.	2. Crit. Thinking
e. Implement recent regulatory compliance requirements in the management of financial institutions.	3. Prof. Competence

K. **TEXTS:**

Rose, Peter, Hudgins, Sylvia (2012) *Bank Management & Financial Services*, 9th Edition by, McGraw

L. **REFERENCES:**

Callioni, P. (2008). *Compliance and Regulation in the International Financial Services Industry*, Global Professional Publishing

The Law Revision Counsel. (2000). United States Code: Title 12, 2000 Edition, U.S. House of Representatives: the Law Revision Counsel

New York State Legislature. (2008). Laws of New York: Business Corporation, New York State Assembly

Generally Accepted Accounting Principles (GAAP), the Financial Accounting Standards Board (FASB)

International Financial Reporting Standards (IFRS). (2001). The board of the International Accounting Standards Committee (IASC).

M. EQUIPMENT: Technology enhanced classroom, access to company financial statements, yahoo finance, and computer internet access.

N. GRADING METHOD: A-F

O. MEASUREMENT CRITERIA:

- Exams
- Quizzes
- Homework
- Participation

P. DETAILED OUTLINE:

I. THE ENVIRONMENT OF FINANCIAL INSTITUTIONS

- A. What do financial institutions do?
- B. Changing times for financial institutions
- C. Financial versus real assets and financial versus nonfinancial firms
- D. Financial Institutions: what are they?
- E. Why intermediaries?
- F. The changing role of financial institutions in the technological age
- G. Financial Institution Management: who sets objectives?

II. FINANCIAL INSTITUTIONS AS RISK-TAKERS—STRATEGIC CONSIDERATIONS

- A. Defining risk
- B. The risk/return positioning of banks and other financial institutions
- C. Credit risk
- D. Interest rate and market risk
- E. Liquidity and operational risk
- F. Foreign exchange and other international risk
- G. Moving toward comprehensive risk management

III. REGULATION, TECHNOLOGY, AND FINANCIAL INNOVATION

- A. Why regulate?
- B. Regulation of depository institutions, finance companies, insurance companies, pension funds, investment companies and mutual funds, securities firms

- C. The regulatory dialectic: a conceptual framework for regulation, innovation, and reform
- D. The regulatory dialectic and major regulation changes from 1980 to 2000
- E. The regulatory dialectic and the evolution of financial holding companies
- F. More complex organizational forms: holding companies
- G. The regulatory dialectic and concerns continue
- H. What is the Fed?
- I. What is monetary policy?

IV. Overview of Performance and Analysis of Depository Institutions

- A. Why is financial analysis for financial services so important?
- B. Overview of commercial bank financial statements
- C. Credit unions and savings institutions: a brief history and recent regulatory changes
- D. Comparison of assets and liabilities: banks, thrifts, credit unions
- E. Performance of depositories: a comparison
- F. Are the failures contagious?
- G. Capital regulations and management
- H. Changes in the nature of banking
- I. Regulatory definitions of capital
- J. Changes with technology: securitization, structured financing, internet banking, the role of financial institutions in e-commerce

V. ASSET AND LIABILITY MANAGEMENT PROBLEMS FOR DEPOSITORY INSTITUTIONS

- A. Lending trends, policies, and management. Types of loans, recent trends, functions of the credit process; compliance policies

VI. Management Issues and Performance Analysis of Non-depository Institutions

- A. Overview of insurance operations; regulatory monitoring for solvency
- B. Investment banks, securities firms, and venture capitalists a. Ethical considerations and SEC Proposed Code of Ethics in 2004
- C. Mutual fund and pension fund management, types of funds, regulations
 - a. Pension plan underfunding and the Pension Funding Equity Act of 2004
 - b. Pension fund crisis 2004
- D. Corporate governance; finance company regulations; reasons for the development of financial conglomerates, trends

Q. LABORATORY OUTLINE: None