

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



MASTER SYLLABUS

ECON330/FSMA 330 – FINANCIAL MARKETS AND INSTITUTIONS

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Updated by: Dr. Umesh Kumar on 12/13/2021

School of Business and Liberal Arts

Department: Business

Semester/Year: Fall/2021

A. **TITLE:** Financial Market and Institution

B. **COURSE NUMBER:** ECON 330/FSMA 330

C. **CREDIT HOURS (Hours of Lecture, Laboratory, Recitation, Tutorial, Activity):**

Credit Hours: 3

Lecture Hours 3 per Week

Lab Hours 0 Week

Other 0 per Week

Course Length (# of Weeks): 15

D. **WRITING INTENSIVE COURSE:** No

E. **GER CATEGORY:** No

Does course satisfy more than one GER category? If so, which one?

F. **SEMESTER(S) OFFERED:** (*Fall, Spring, or Fall and Spring*) Fall and Spring

G. **COURSE DESCRIPTION:**

This course is intended to help students understand the role of financial markets and financial institutions in the business environment. It will introduce the financial markets where flow of funds occurs through various financial markets instruments, such as bonds, stocks, foreign exchange instruments, and derivatives, etc. It will focus on financial institutions, such as the Federal Reserve systems, commercial banks, investment banks, insurance companies, mutual funds, and pension funds, etc. In addition, it will provide a comprehensive introduction to risk management within the framework of financial services industry.

H. **PRE-REQUISITES:** Yes

Principles of Macroeconomics (ECON 101), or Principles of Microeconomics (ECON 103), or Introduction to Finance (FSMA 210), or permission of instructor.

CO-REQUISITES: None

I. **STUDENT LEARNING OUTCOMES: (see key below)**

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

<u>Course Student Learning Outcome [SLO]</u>	<u>PSLO</u>	<u>GER</u>	<u>ISLO</u>	
Explain the historical evolution of financial markets and financial institutions	Demonstrate foundational knowledge in the core area of business		1- Comm Skills 5-Ind, Prof, Disc, Know Skills ISLO	W Subsets Subsets Subsets
Understand the general role of financial institutions in the financial market and in an economy	Demonstrate foundational knowledge in the core area of business		2-Crit Think ISLO ISLO	CA Subsets Subsets Subsets
Explain the similarities and differences among financial institutions, from commercial	Demonstrate foundational		1-Comm Skills 2-Crit Think ISLO	W CA

banks to diversified financial services firms in the sources and the uses of funds	knowledge in the core area of business			Subsets Subsets
Understand the legal-regulatory environment in which financial institutions operate	Apply advance financial theories / concepts to decision making		2-Crit Think 5-Ind, Prof, Disc, Know Skill ISLO	CA Subsets Subsets Subsets
Analyze the financial statements of financial institutions and evaluate their asset, liability, and capital management	Apply advance financial theories / concepts to decision making		2-Crit Think ISLO ISLO	PS Subsets Subsets Subsets
Identify the relevant factors that determine the interest rates in the financial markets	Analyze financial issues and decisions		2-Crit Think ISLO ISLO	IA Subsets Subsets Subsets
Identify and evaluate the risks that financial institutions face, and how financial institutions go about managing those risks	Analyze financial issues and decisions		2-Crit Think ISLO ISLO	IA PS Subsets Subsets
Demonstrate the role of technology computers and quantitative models in the decision processes of financial institutions.	Apply advance financial theories / concepts to decision making		5-Ind, Prof, Disc, Know Skills ISLO ISLO	Subsets Subsets Subsets Subsets
Analyze and interpret the strong trend toward consolidation, product and geographical expansion strategies of financial institutions in domestic and international markets	Analyze financial issues and decisions		2-Crit Think ISLO ISLO	CA Subsets Subsets Subsets
Analyze and contrast the structure and operations of central banks with the FED	Apply advance financial theories / concepts to decision making		2-Crit Think 5-Ind, Prof, Disc, Know Skills ISLO	CA Subsets Subsets Subsets

KEY	<u>Institutional Student Learning Outcomes</u> <u>[ISLO 1 – 5]</u>
ISLO #	ISLO & Subsets
1	Communication Skills Oral [O], Written [W]
2	Critical Thinking <i>Critical Analysis [CA] , Inquiry & Analysis [IA] , Problem Solving [PS]</i>
3	Foundational Skills <i>Information Management [IM], Quantitative Lit./Reasoning [QTR]</i>
4	Social Responsibility <i>Ethical Reasoning [ER], Global Learning [GL], Intercultural Knowledge [IK], Teamwork [T]</i>

*Include program objectives if applicable. Please consult with Program Coordinator

J. APPLIED LEARNING COMPONENT: Yes _____ No X _____

If Yes, select one or more of the following categories:

Classroom/Lab _____

Internship _____

Clinical Practicum _____

Practicum _____

Service Learning _____

Community Service _____

Civic Engagement _____

Creative Works/Senior Project _____

Research _____

Entrepreneurship _____

(program, class, project)

K. TEXTS:

Financial Markets and Institutions, 9e, by Frederic S. Mishkin and Stanley Eakins Mishkin,
Pearson Prentice Hall, ISBN-10: 9780134519265

L. REFERENCES:

None

M. EQUIPMENT: Not Needed

N. GRADING METHOD: Standard A-F grading

O. SUGGESTED MEASUREMENT CRITERIA/METHODS:

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

P. DETAILED COURSE OUTLINE:

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

XII. Finance Companies

- A. Consumer Finance Companies
- B. Business Finance Companies
- C. Real Estate Finance Companies

D. Risk Management and Financial Modernization

Q. **LABORATORY OUTLINE:** None