MASTER SYLLABUS

ECON330/FSMA 330 – FINANCIAL MARKETS AND INSTITUTIONS

Prepared By: Dr. Chengru Hu

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:

<table>
<thead>
<tr>
<th>Course Student Learning Outcome [SLO]</th>
<th>PSLO</th>
<th>GER</th>
<th>ISLO</th>
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</thead>
<tbody>
<tr>
<td>Explain the historical evolution of financial markets and financial institutions</td>
<td>Demonstrate foundational knowledge in the core area of business</td>
<td>1- Comm Skills 5- Ind, Prof, Disc, Know Skills ISLO</td>
<td>W Subsets Subsets Subsets</td>
</tr>
<tr>
<td>Understand the general role of financial institutions in the financial market and in an economy</td>
<td>Demonstrate foundational knowledge in the core area of business</td>
<td>2-Crit Think ISLO ISLO</td>
<td>CA Subsets Subsets Subsets</td>
</tr>
<tr>
<td>Explain the similarities and differences among financial institutions, from commercial</td>
<td>Demonstrate foundational</td>
<td>1-Comm Skills 2-Crit Think ISLO</td>
<td>W CA</td>
</tr>
<tr>
<td>banks to diversified financial services firms in the sources and the uses of funds</td>
<td>knowledge in the core area of business</td>
<td>Subsets Subsets</td>
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<tr>
<td>Understand the legal-regulatory environment in which financial institutions operate</td>
<td>Apply advance financial theories / concepts to decision making</td>
<td>2-Crit Think 5-Ind, Prof, Disc, Know Skill ISLO CA Subsets Subsets Subsets</td>
<td></td>
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<tr>
<td>Analyze the financial statements of financial institutions and evaluate their asset, liability, and capital management</td>
<td>Apply advance financial theories / concepts to decision making</td>
<td>2-Crit Think ISLO ISLO PS Subsets Subsets Subsets</td>
<td></td>
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<tr>
<td>Identify the relevant factors that determine the interest rates in the financial markets</td>
<td>Analyze financial issues and decisions</td>
<td>2-Crit Think ISLO ISLO IA Subsets Subsets Subsets</td>
<td></td>
</tr>
<tr>
<td>Identify and evaluate the risks that financial institutions face, and how financial institutions go about managing those risks</td>
<td>Analyze financial issues and decisions</td>
<td>2-Crit Think ISLO ISLO IA PS Subsets Subsets Subsets</td>
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<tr>
<td>Demonstrate the role of technology computers and quantitative models in the decision processes of financial institutions.</td>
<td>Apply advance financial theories / concepts to decision making</td>
<td>5-Ind, Prof, Disc, Know Skills ISLO ISLO ISLO Subsets Subsets Subsets Subsets</td>
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</tr>
<tr>
<td>Analyze and interpret the strong trend toward consolidation, product and geographical expansion strategies of financial institutions in domestic and international markets</td>
<td>Analyze financial issues and decisions</td>
<td>2-Crit Think ISLO ISLO CA Subsets Subsets Subsets Subsets</td>
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<tr>
<td>Analyze and contrast the structure and operations of central banks with the FED</td>
<td>Apply advance financial theories / concepts to decision making</td>
<td>2-Crit Think 5-Ind, Prof, Disc, Know Skills ISLO ISLO ISLO Subsets Subsets Subsets Subsets</td>
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**KEY**

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<tr>
<th><strong>Institutional Student Learning Outcomes</strong></th>
<th><strong>ISLO 1 – 5</strong></th>
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**ISLO #**

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<tr>
<th>ISLO &amp; Subsets</th>
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1. **Communication Skills**
   Oral [O], Written [W]

2. **Critical Thinking**
   Critical Analysis [CA], Inquiry & Analysis [IA], Problem Solving [PS]

3. **Foundational Skills**
   Information Management [IM], Quantitative Lit./Reasoning [QTR]

4. **Social Responsibility**
   Ethical Reasoning [ER], Global Learning [GL], Intercultural Knowledge [IK], Teamwork [T]
Industry, Professional, Discipline Specific Knowledge and Skills

*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:

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