

THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
BRYAN SCHOOL OF BUSINESS AND ECONOMICS
FIN 330.02: Financial Institutions and Markets
Fall 2017

Instructor: Daniel T. Winkler
Classroom: 222 SOEB (9:30 am - 10:45 am)
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Office Hours: Tuesday and Thursday: 8:45 am – 9:15 am; 12:30 pm – 1:00 pm, and
by appointment

Prerequisite: A grade of C or better in FIN 315

Course Description:

Principal institutions and markets comprising the financial system; their roles in short-term, long-term and equity financing, interest rate determination and capital formation. Interrelationships between domestic and international and financial markets. Government policy objectives and regulations as influences on the financial system.

Learning Outcomes:

After successfully completing this course the student should be able to:

1. understand the determinants of interest rates, why they change, and the risk and term structure
2. understand the essential elements of the Federal Reserve System and how monetary policy is conducted
3. understand the essential elements of financial markets including the money markets, bond markets, mortgage markets and stock markets, and the instruments traded in these markets
4. apply the principles of security valuation and to find the price and yields of financial market instruments
5. understand why financial markets are efficient.
6. evaluate financial statements of commercial banks
7. know the important banking and market regulations
8. understand why financial crises occur and why they are so damaging to the economy.

Course Materials:

1. **Financial Markets and Institutions (required).** Frederic S. Mishkin and Stanley G. Eakins, Pearson: New York, NY, 9th edition, 2018.
2. **Microsoft Excel (required).** Some calculations in this course will be taught using Excel. Please bring your laptop or notebook computer with you to every class.
3. **HP 10BII.** Some calculations are done more quickly with a financial calculator. If you have another financial calculator other than the HP10B II, you may use it instead.
3. **Wall Street Journal (highly recommended).** We will discuss financial news events in the classroom. Students can receive substantially discounted rates for WSJ subscriptions. Please visit www.wsj.com/studentoffer. Under School information the WSJ uses the following:
 1. Zip code for school (use first 3) – 274
 2. School Name – click on UNC GREENSBORO
 3. Referring Professor – Daniel Winkler

In addition, the syllabus, lecture PowerPoint slides, and other materials are posted on Canvas. Please check Canvas regularly for new announcements and postings.

Grading:

- 1. Quizzes:** Quizzes will be given in each class. These will focus primarily on the lecture material and verify attendance; however, the instructor reserves the right to also include assigned textbook, questions, and problems. Because there may be unexpected exigencies (such as illness, an accident, etc.) at least two quiz grades will be dropped. **However, there are no make-ups for missed quizzes.**
- 2. Exams:** The exams will be based on homework questions, lectures, and the textbook. The coverage will include all lectures, readings, questions, and problems up to the exam date. Details will be provided as the exam date approaches. Exams will be given in class but online in Canvas so be sure to bring your laptop computer to class.

Exam 1: Thursday, September 21, 2017

Exam 2: Thursday, October 26, 2017

Final Exam: Thursday, December 7, 2017, 8:00 a.m – 11:00 a.m.

There are no make-up exams. If you miss an exam due to medical reasons or another exigency, you must notify me prior the scheduled exam (if possible) and provide me with a note from a physician. I will determine whether the circumstance should be considered excused or unexcused and follow University policy. If approved, the weight attributable to a missed exam will be allocated to the comprehensive final exam. If not, you will receive a grade of zero.

- 3. Term Paper:** You are assigned a term paper. The subject of the term paper will involve an of an interview with an official of a depository institution (bank, mutual savings bank, savings and loan, credit union) and other background research (heretofore, all of these will be called “banks”). No other type of financial institution should be chosen besides a depository institution. The paper must be no longer than five pages inclusive of everything. It should be 11 point font, single spaced with at least 1” margins on all sides. The sections of the paper are as follows: (A) Contact Information (scan the bank official’s business card and embed it in this section of the paper), (B) Background of the Bank Official, (C) Brief Overview of the Bank (history and services in your own words, not plagiarized), (D) Competitive Advantage of the Bank, (F) Competitive Disadvantage and Challenges Facing the Bank. The official you interview must be at the loan officer level or higher. If you already work for a bank, please choose another bank for this project. Each section should be about ¾ of a page so the paper is balanced. **DO NOT** provide a cover page. Instead, write your name at the top of the page and the name of the bank. Please upload the paper to Canvas in MS Word file format (.doc, .docx). Your grade will be based on the content as well as its presentation (grammar, spelling, punctuation, sentence structure, etc.). **The paper is due at the beginning of class on Tuesday, November 21, 2017.**

Your grade in this class will be based on the following requirements and weights:

Quizzes (average)	20%
Exam1	20%
Exam 2	25%
Final Exam	25%
Term Paper	<u>10%</u>
Total	100%

The grading scale is as follows:

<u>Letter Grade</u>	<u>Numerical Score</u>	<u>Letter Grade</u>	<u>Numerical Score</u>
A	92-100	C	72-77.9
A-	90-91.9	C-	70-71.9
B+	88-89.9	D+	68-69.9
B	82-87.9	D	62-67.9
B-	80-81.9	D-	60-61.9
C+	78-79.9	F	0-59.9

Also, an A+ grade can be attained by (a) attaining an A grade on all exams, (b) attaining an A grade average based on all the quizzes, (c) attaining a 98 average or higher in the course.

Administrative Matters:

Academic Integrity: Students are required to sign the Academic Integrity Policy on all major work submitted for the course. Adherence to the Academic Integrity Policy (<http://sa.uncg.edu/handbook/academic-integrity-policy/>) is required of you on all quizzes, exams and other assignments. Also, when signing on to Canvas to take a quiz or exam, you are thereby signing that he or she is abiding by the UNCG Academic Integrity Policy. In addition, when taking exams or quizzes, you may not receive any help from others (inside or outside of the class), and cannot use any materials not pre-authorized by the instructor. The use of written notes, electronic notes, unauthorized software or mechanical or electronic devices is strictly forbidden and subject to disciplinary action. Therefore, failure to abide by this policy will result in disciplinary action, and the severity of the disciplinary action is at the discretion of the instructor. Generally, the disciplinary action ranges from a zero on the quiz, exam or assignment to an F grade in the class. **All academic infractions will be reported to the Dean of Students.**

Student Conduct: You are expected to arriving for class on time and remain in class for its duration. Disruptive behavior detracts from the learning experience of others. Further, a student may be ejected from the classroom because of disruptive behavior. If a student is notified by me more than once because of disruptive behavior, **I reserve the right to lower overall course grade of the disruptive student by at least one letter grade.** Further, a student disrupting the class may be administratively dropped from the class at my discretion.

Student Disabilities: All students with a disability requesting special services must go through the Office of Disabilities Services. If a student is requesting special accommodations the student must bring paper work from Disability Services directly to me the first week of class. Please see <https://ods.uncg.edu/student-services/>.

Student Learning Goals – Finance Program:

Each program within the Bryan school has separate learning goals as listed with the degree program. The Finance program has the following learning goals:

1. Finance students will be able to create forward-looking financial statements
2. Finance students will be able to demonstrate the ability to utilize various financial measures to analyze the overall financial health and operating efficiency of the firm.
3. Finance students will be able to thoroughly understand the mathematic process and application of capital budgeting
4. Finance students will thoroughly understand the concepts of the time value of money (TVM), the characteristics of traditional financial securities, and the valuation of these securities.

FIN 330 emphasizes Student Learning Goal #4 through extensive coverage (qualitative and quantitative) of interest rates, duration, and various bond and money market instruments.

Topical Outline*

Ch. Title

1. Why Study Financial Markets and Institutions?
2. Overview of the Financial System
3. What Do Interest Rates Mean and What Is Their Role in Valuation?
4. Why Do Interest Rates Change?
5. How Do Risk and Term Structure Affect Interest Rates?
6. Are Financial Markets Efficient?
7. Why Do Financial Institutions Exist?
8. Why Do Financial Crises Occur and Why Are They So Damaging to the Economy?
9. Central Banks and the Federal Reserve System
10. Conduct of Monetary Policy
11. The Money Markets
12. The Bond Market
13. The Stock Market
14. The Mortgage Markets
17. Banking and the Management of Financial Institutions
18. Financial Regulation
19. Banking Industry: Structure and Competition

* Topics covered in the class subject to time availability.