

THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
BRYAN SCHOOL OF BUSINESS AND ECONOMICS
Financial Institutions and Markets
FIN 330-02
Fall 2020

Instructor: Dr. Robert Lamy
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Office Hours: 1:00 pm – 2:00 pm (virtual) on Monday and Wednesday
Email and appointment are viable options.

Prerequisite: 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, 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. understand the essentials of commercial bank financial statements
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).** Anthony Saunders and Marcia Cornett McGraw Hill: New York, NY, 7th edition, 2018. ISBN: 9781264068548
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. **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 <http://r.wsj.net/rHrjM>.

The syllabus, PowerPoint slides and course readings are posted on Canvas. Please check Canvas regularly for new announcements and postings.

Grading:

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

| | | |
|--------------------------------|--------------|------------|
| Quizzes | | 15% |
| Excel Assignments | | 15% |
| Exam 1 | September 23 | 20% |
| Exam 2 | October 26 | 20% |
| Comprehensive Final Exam | December 4 | 20% |
| Class Attendance/Participation | | <u>10%</u> |
| Total | | 100% |

- 1. Quizzes:** Quizzes will be given periodically during the semester. **All quizzes will be unannounced.** The focus will be primarily on the lecture material; however, I reserve the right to also include assigned, videos, readings, and textbook questions and problems. You will be permitted to use ***your*** written notes - not someone else's notes, the textbook, internet, etc. Because there may be unexpected exigencies (such as illness, an accident, etc.) two quiz grades will be dropped. **However, there are no make-up quizzes.**
- 2. Exams:** The exams will be based on homework questions, lectures, videos, readings, and the textbook. The coverage will include all lectures, videos, readings, questions, and problems up to the exam date.

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 approved, you will receive a grade of zero.** Students with more than two final examinations within 24 hours may apply to the University Registrar's Office, 180 Mossman Building, for permission to change their exam schedules. Requests must be filed by 5:00 P.M., November 24, 2020.
- 3. Attendance:** You are expected to attend and participate in class. I will be taking attendance at every class. **Please be sure to sign the attendance sheet at the beginning of class.** If you arrive late, the classroom door will be closed and the attendance sheet will be removed.
- 4. Excel Assignments:** Excel skills are critically important for finance majors. In order to sharpen your skills, you will be provided the opportunity to complete three (3) Excel-based assignments during the term. These Excel-based assignments are to be executed by each individual student. The sharing of Excel Spreadsheets is a violation of the Academic Integrity Policy. In addition, taking one of my spreadsheets and altering it to complete an assignment to turn in is also considered a violation of the Academic Integrity Policy.

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 |

Course Schedule

| DATE | TOPIC | ASSIGNMENT |
|---------------------|--|-------------------------|
| August 19 | Overview of Financial Markets | Chapter 1 |
| August 23 | Determinants of Interest Rates | Chapter 2 |
| August 26 | Determinants of Interest Rates | Chapter 2 |
| August 31 | Interest Rates and Security Valuation | Chapter 3 |
| September 2 | Interest Rates and Security Valuation | Chapter 3 |
| September 9 | The Federal Reserve and Monetary Policy | Chapter 4 |
| September 14 | The Federal Reserve and Monetary Policy | Chapter 4 |
| September 16 | The Federal Reserve and Monetary Policy | Chapter 4 |
| September 21 | Review Exam #1 | Excel Assignment #1 |
| September 23 | Exam #1 | |
| September 28 | Money & Bond Markets | Chapters 5 & 6 |
| September 30 | Mortgage Markets | Chapter 7 |
| October 5 | Mortgage Markets | Chapter 7 |
| October 7 | Commercial Banking Industry | Chapters 11 & 12 |
| October 12 | Regulation of Commercial Banks | Chapter 13 |
| October 14 | Insurance Companies | Chapter 15 |
| October 19 | Pension Funds | Chapter 18 |
| October 21 | Review for Exam #2 | Excel Assignment #2 |
| October 26 | Exam #2 | |
| October 28 | Managing Credit Risk | Chapters 19, 20, and 24 |
| November 2 | Managing Liquidity Risk | Chapter 21 |
| November 4 | Managing Liquidity Risk | Chapter 21 |
| November 9 | Managing Interest Rate Risk | Chapter 22 |
| November 11 | Managing Interest Rate Risk | Chapter 22 |
| November 16 | Managing Balance Sheet Risk with Derivatives | Chapter 10 |
| November 18 | Managing Balance Sheet Risk with Derivatives | Chapter 23 |
| November 23 | Managing Balance Sheet Risk with Derivatives | Chapter 23 |
| November 24 | Review for Final Exam | Excel Assignment #3 |

***** This is a tentative schedule of chapters on each exam and is subject to change based on the discussions in class. Please check Canvas for any changes.**

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. 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, un-authorized 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 arrive for class on time and remain in class for its duration. Disruptive behavior detracts from the learning experience of others. Disruptive behavior also includes texting, taking videos and photos, and talking on the phone in class. Also, please be aware that you are not permitted to audio or video in my classroom without my consent.

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.

COVID 19

As UNCG returns to face-to-face course offerings in fall 2020, the campus community must recognize and address concerns about physical and emotional safety. As such, all students, faculty, and staff are required to uphold UNCG's culture of care by actively engaging in behaviors that limit the spread of COVID-19. Such actions include, but are not limited to, the following:

- [Wearing a face covering that covers both nose and mouth](#)
- Observing [social distance](#) in the classroom
- Engaging in proper hand washing hygiene when possible
- [Self-monitoring for symptoms of COVID-19](#)
- Staying home if you are ill
- Complying with directions from health care providers or public health officials to quarantine or isolate if ill or exposed to someone who is ill.

Instructors will have seating charts for their classes. These are important for maintaining appropriate social distance during class and facilitating contact tracing should there be a confirmed case of COVID-19.

Students must sit in their assigned seat at every class meeting and must not move furniture. Students should not eat or drink during class time.

A limited number of disposable masks will be available in classrooms for students who have forgotten theirs. Face coverings will also be available for purchase in the UNCG Campus Bookstore. Students who do not follow masking and social distancing requirements will be asked to put on a face covering or leave the classroom to retrieve one and only return when they follow these basic requirements to uphold standards of safety and care for the UNCG community. Once students have a face covering, they are permitted to re-enter a class already in progress. Repeated issues may result in conduct action. The course policies regarding attendance and academics remain in effect for partial or full absence from class due to lack of adherence with face covering and social distancing requirements.

For instances where the Office of Accessibility Resources and Services (OARS) has granted accommodations regarding wearing face coverings, students should contact their instructors to develop appropriate alternatives to class participation and/or activities as needed. Instructors or the student may also contact [OARS](mailto:OARS@uncg.edu) (336.334.5440) who, in consultation with Student Health Services, will review requests for accommodations.

Health and well-being impact learning and academic success. Throughout your time in the university, you may experience a range of concerns that can cause barriers to your academic success. These might include illnesses, strained relationships, anxiety, high levels of stress, alcohol or drug problems, feeling down, or loss of motivation. Student Health Services and The Counseling Center can help with these or other issues you may experience. You can learn about the free, confidential mental health services available on campus by calling 336-334-5874, visiting the website at <https://shs.uncg.edu/> or visiting the Anna M. Gove Student Health Center at 107 Gray Drive. For undergraduate or graduate students in recovery from alcohol and other drug addiction, The Spartan Recovery Program (SRP) offers recovery support services. You can learn more about recovery and recovery support services by visiting <https://shs.uncg.edu/srp> or reaching out to recovery@uncg.edu COVID-19 Spartan Shield Video UNCG Chancellor Frank Gilliam has challenged us to create a Culture of Care at UNCG where we all wear face coverings and social distance, less to protect ourselves but rather more to protect everyone around us. It shows that you care about the well being of everyone around you. We have created this video featuring your student body presidents to better explain how and why this is so important. Please watch this video before the first day of classes. <https://youtu.be/Mb58551qxEk>.