

Financial Markets and Institutions Syllabus
Fin-3500 Syllabus
Online Course
Winter 2024
Dr. Snyder

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Required Text: Financial Markets and Institutions, Anthony Saunders and Marcia Millon Cornett, (Any Edition), McGraw Hill Education.

Course Description: This course is an introduction to the dynamic structure of the financial markets' environment in which financial institutions as well as other participants operate. The course explores the concepts and measurement of risk and return, explains how market interest rates are determined, analyzes the spread between various rates across major capital markets' participants, and analyzes strategies to manage and modify return and risk in an uncertain environment. The emphasis is on identifying the characteristics of participants that give rise to basic similarities and/or differences in their behavior, rather than on their detailed operating business activities.

Course Objectives for Financial Markets and Institutions:

1. Students will become familiar with the structure of financial markets, learn how to use these indicators to evaluate the risk and return of alternative financial assets and understand how financial markets function in a capitalistic society.
2. Students will learn what determines the value of interest rates, stocks, and bonds and how they impact the economy.
3. Students will learn the key approaches to monetary policy and how it impacts financial markets. They will develop skills to analyze impacts of policy actions and to evaluate the advantages and disadvantages of different policies.

Student Learning Outcomes:

Students will be able to:

1. Effectively express general financial concepts and the ability to think critically in written/oral form.
2. Locate and use information related to financial markets.
3. Demonstrate ability to integrate knowledge and ideas in a coherent and meaningful manner.

Topical Outline of the Course Content:

SUBJECT

Introduction

- Ch. 1: Introduction. Why Study Financial Markets and Institutions? Overview
- Ch. 2: Determinants of Interest Rates
- Ch. 3: Interest Rates and Security Valuations.
- Ch. 4: The Federal Reserve System, Monetary Policy and Interest Rates

Financial Markets

- Ch. 5: Money Markets
- Ch. 6: Bond Markets
- Ch. 7: Mortgage Markets
- Ch. 8: Stock Markets
- Ch. 9: Foreign Exchange Markets
- Ch. 10: Derivative Securities

Midterm Exam (35%)

Commercial Banks and Other Financial Institutions

- Ch. 11: Commercial Banks: Industry Overview
- Ch. 12: Commercial Banks' Financial Statements and Analysis
- Ch. 13: Regulation of Commercial Banks
- Ch. 14: Other Lending Institutions
- Ch. 15: Insurance Companies
- Ch. 16: Securities Firms
- Ch. 17: Investment Companies
- Ch. 18: Pension Funds

Risk Management in Financial Institutions

- Ch. 19: Types of Risk
- Ch. 20: Managing Credit Risk
- Ch. 21: Managing Liquidity Risk
- Ch. 22: Managing Interest Rate Risk
- Ch. 23 and 24: Managing Risk Off of the Balance Sheet

Final Exam (35%)

Grading Policy

Homework Assignments: General Homework Assignments will count for 16% of your final grade.

Covid Paper Assignment: Write a 3–5-page paper discussing how the Federal Reserve's increase in interest rates over the past two years has impacted the Financial Markets. Make sure to include 5 different market impacts (such as how it impacted the stock market, the bond market, the housing and mortgage market, exchange rates, etc.), present evidence/data for each, and discuss the overall impacts in each market. This assignment will count for 14% of your final grade. Make sure to include references.

Exams: 2 Exams will be given. Each exam is equally weighted and is worth 35% of your final grade.