

The University of North Carolina at Greensboro

Joseph M. Bryan School of Business and Economics
Department of Accounting and Finance

FIN 330 Financial Institutions and Markets

Spring 2012

Tuesday and Thursday, 9:30 to 10:45, Bryan 132

I. Instructor: James A. Milanese
Bryan School Room 385
334-4864
E-mail: JAMILANE@UNCG.edu

Office Hours: Tuesday and Thursday 1:00 to 2:00 and By Appointment

II. Course Material:

Economics of Money, Banking, and Financial Markets, Business School Edition plus
MyEconLab Student Access Kit, 2/E. Frederic S. Mishkin, 2010

Additional Handouts As Needed

In addition to the textbook listed above, a financial calculator is required for this course. Any calculator that is capable of performing time value of money, amortization, net present value and internal rate of return calculations will be sufficient. The recommended calculator for this course is the HP 10B or HP 10B II.

III. Prerequisites:

Grade of C or better in FIN 315

IV. Overall Course Objectives:

This course is intended to help you understand the role of financial institutions and markets play in the business environment that you will face in the future. It also helps you to develop a series of applications of principles from finance and economics that explore the connection between financial markets, financial institutions and the economy. On the financial markets side, we will learn the term structure of interest rates, stocks, principals of derivatives, and currencies. On the institutions side, we will learn commercial banks, investment banks, insurance companies, mutual funds, the Federal Reserve Systems and their role of in the economy.

V. Specific Learning Objectives:

Upon Successful completion of this course, the student should understand:

1. The theories that determine the term structure of interest rates.
2. The efficient market hypothesis as it relates to stock pricing.
3. A bank's balance sheet and discuss how risks are managed in banks.
4. The relationship between the insurance business, mutual funds and investment banks.
5. The basic features of options and futures and understand how financial institutions use them for risk management.
6. The main functions of the Fed and tools they use to affect the economy.
7. How currency value is determined the short run and long run.
8. The exchange rate system history, and the central bank intervention in the currency market, both unsterilized and sterilized.

VI. Final Grade Determination:

Exam 1	February 2	20%
Exam 2	February 28	20%
Exam 3	March 29	20%
Wall Street Journal Quizzes	see below	20%
Cumulative Final Exam	May 1 (12:00 – 3:00)	20%

Note: **NO** make-up exams will be given. If you miss the mid-term exam, and can provide written documentation of a valid excuse, the weight of that exam will be added to the final exam. If documentation cannot be provided, or the reason the exam is missed is not valid, a grade of zero will be assigned. For the most part, a valid excuse will be defined as illness, a death in the family or legal obligation (such as jury duty).

Anyone arriving late for an exam will only be permitted to take the exam at the discretion of the instructor. A student arriving significantly late, without a valid excuse, will not be permitted to take the exam and will receive a zero.

Your final grade will be based on the following scale:

92 – 100	A
90 – 91.9	A-
88 – 89.9	B+
82 – 87.9	B
80 – 81.9	B-
78 – 79.9	C+
72 – 77.9	C
70 – 71.9	C-
68 – 69.9	D+
62 – 67.9	D
60 – 61.9	D-
Below 60	F

VII. The Wall Street Journal

Current events pertaining to the economy, specific companies and the overall political environment are critical to the financial decision-making process. Therefore, students in this class are expected to read the Wall Street Journal on a daily basis and be familiar with the major topics. Throughout the semester, five quizzes will be administered to test knowledge of these major topics. Each quiz will be worth 25 points and the lowest quiz grade will be dropped. The combined total of these quiz grades will constitute 20% of the student's final grade.

Important Point: If a quiz is missed, a grade of *zero* will be assigned, *regardless of reason*.

The material covered by the quizzes will be limited to the articles listed on page one in the section labeled *What's News*. The dates covered by each quiz are the previous week's (Monday through Friday) issues.

Quiz 1	February 7
Quiz 2	February 21
Quiz 3	March 20
Quiz 4	April 3
Quiz 5	April 17

VIII. Topics to be Covered

Chapter 1 Why Study Money, Banking and Financial Markets?
Chapter 2 An Overview of the Financial System
Chapter 3 What is Money?
Chapter 4 Understanding Interest Rates
Chapter 5 The Behavior of Interest Rates
Chapter 6 The Risk and Term Structure of Interest Rates
Chapter 7 The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis
Chapter 8 An Economic Analysis of Financial Structure
Chapter 9 Financial Crisis and Subprime Meltdown
Chapter 10 Banking and the Management of Financial Institutions
Chapter 11 Economic Analysis of Financial Regulation
Chapter 12 Banking Industry: Structure and Competition
Chapter 16 Central Banks and the Federal Reserve System
Chapter 17 The Money Supply Process
Chapter 18 The Tools of monetary Policy
Chapter 19 The Conduct of Monetary Policy: Strategy and Tactics
Chapter 20 The Foreign Exchange Market

Important: All material in the assigned chapters is “fair game” for test questions, even if not covered in class lectures. In addition, unless specifically told otherwise, students are responsible for all lecture material, even if not covered in the text readings.

IX. Guest Speakers

Guest speakers may be scheduled for regular class sessions. Attendance at these meetings is *mandatory* and roll will be taken. If you are not present, and you cannot provide written documentation of a valid excuse, your final grade in this class will be reduced by one full letter grade for each meeting missed.

The following excuses will be considered valid:

- Illness or other medical situation
- Death in the family
- Mandatory court appearance

X. Student Disabilities:

All students with a disability requesting special services must go through the Office of Disabilities Services. If you are requesting special accommodations, please bring your paper work from Disability Services directly to me the first week of class. All such information will be help in confidence. The web link to this office is <http://ods.dept.uncg.edu/services/>.

XI. Student Conduct

Students are expected to conduct themselves in a professional manner at all times. This means, but is not limited to:

- Arriving for class on time
- Doing absolutely nothing during class that is disruptive or detracts from the learning experience of others
- Remaining in class for its duration

Once class begins, the door will be closed. Do not try to enter the room once this has occurred. Any student disrupting this class will be asked to leave. If the conduct continues, the instructors reserve the right to drop the student from the class.

For an overview of specific University and Bryan School policies, please see the following links:

<http://studentconduct.uncg.edu/policy/code/>

www.uncg.edu/bae/faculty_student_guidelines.pdf

XII. Honor Policy

All graded material for this class is subject to the UNCG Academic Honor Policy. If you are not familiar with this policy, please use the following link:

<http://www.uncg.edu/reg/Policy/HonorPolicy.html>

Final Note: The last day to drop courses without academic penalty is March 2. The instructor will *not* support this course being dropped after this date unless the student provides written documentation of a valid medical condition that is requiring the withdrawal from *all* classes