



KELCE
COLLEGE OF BUSINESS
Pittsburg State University

Course Syllabus:
Financial Markets and Institutions
FIN 623-01 Fall 2022
KC 207
TuTh 1:00 – 2:15 a.m.

Instructor: Dr. Woodward
Office: Kelce Room 211f
Hours: Tu 9:00 – 10:45 a.m., 3:30 p.m.- 5:00
Friday 9:30 a.m. – 12 p.m. by phone or e-mail 417-437-3896
Th 9:00 – 10:45 a.m., 3:30 – 5:00
Phone: 620-235-4552 (Kelce 211 Faculty Suite Administrative Assistant – 620-235-4547)
E-mail: lrwoodward@pittstate.edu

Textbook

1. **Text: Financial Markets and Institutions by Madura 12th edition: Cengage Publishing** (required)
2. **Calculator:** Each student is required to have a financial calculator. The one that will be used in this class is Texas Instrument BAII Plus. You may use a different one if you already have one, but you will be responsible for knowing how to use your calculator. Bring your calculator to every class. You **MAY NOT** share calculators on quizzes or exams. You may not use the calculator function on other electronic devices.

Catalog Course Description

Provides an overview of the functions and operations of financial institutions and markets. Specific topics include but are not limited to: determinants of interest rates, Federal Reserve System, security valuation, and financial market operations.

Prerequisites

Prerequisite: FIN 326 Business Finance and 55 hours completed.

Course Objectives / Learning Outcomes

The objective of this course is to provide you with an overview of the role that Financial Markets and Institutions have in facilitating economic growth, savings, and investment for individuals, governments and corporations. At the end of this course, you should be able to:

1. Describe the types of financial markets that facilitate the flow of funds
2. Describe the general role of each financial institution in the financial market
3. Explain how interest rates are determined and the theories behind interest rate determination.
4. Describe the organizational structure of the Federal Reserve and its primary functions
5. Describe the mechanics of monetary policy, the trade-offs involved and how markets respond to changes in monetary policy.
6. Explain the types of mortgages that are used in financial markets and the risks involved in each. Describe how mortgages are backed by securities.
7. Explain the purpose of the financial futures markets and how they are used by market participants to manage risk and/or speculate in commodities, securities, currencies, etc.

8. Describe how options are priced and explain how they are used by market participants to hedge risk and speculate.
9. Explain how market participants use swap contracts to hedge risk.
10. Describe the foreign exchange market and how exchange rates are determined. Explain what factors affect exchange rates.
11. Describe how the banking system facilitates the flow of funds from borrowers to savers. Explain the typical sources and uses of funds for commercial banks.
12. Explain the role of Banks in the economy- the major crises incurred in the past, current and past regulatory structure.
13. Describe how banks manage credit risk, liquidity, interest rate risk, etc.
14. Explain how insurance companies help individuals, corporations, and governments manage risk. Discuss how insurance premiums are determined and the typical investments made by insurance companies.

Teaching Methods

traditional classroom lecture

CANVAS

Announcements, grades, syllabus, and handouts will be posted on CANVAS. Other information might also be disseminated through e-mail.

Attendance Policy

Class attendance is regarded as an obligation as well as a privilege, and students are expected to attend all classes punctually. Attendance will be taken at every class meeting. Excused absences are those that result from involvement with university business only. **All other absences are unexcused absences**, unless specifically excused by the instructor. A student should submit excuses for all absences **within 24 hours**. Each student is allowed two unexcused absences. Each additional unexcused absence will result in a deduction of 1% of the final grade, up to a maximum of 5%. Attending all classes is very essential to performing well in this class. You know when your classes meet. Do not schedule appointments at the time this class meets. These absences will not be excused. If absent, the student is responsible for the material covered in class. The professor will not privately go over materials covered in class.

Classroom Conduct

Professional behavior of all students is expected. This includes respecting other students as well as the teacher and any guest speakers who might visit this class. All cell phones and other electronic devices must be **turned OFF** during class unless permission to use them has been granted. Any **unauthorized** use of any electronic device (including your cell phone ringing or vibrating during class) is considered to be unprofessional behavior.

Academic Integrity

All Pitt State students are bound by the academic integrity policies of the university as described and outlined in the current Syllabus Supplement. Please familiarize yourself with these rules and guidelines. In addition, as a course offered through the Kelce College of Business, students in this class are obligated to adhere to the college's Student Code of Ethics as outlined below.

Students pledge to:

- Arrive on time, remain until dismissed at all class sessions, and notify instructors in advance of anticipated absences, late arrivals, or early departures whenever possible.

- Turn off cell phones or other electronic devices while in class, unless permission to use them has been granted.
- Refrain from class disturbances.
- Refrain from use of profane or vulgar language in a threatening or disruptive manner.
- Treat fellow students, staff, faculty, administrators, and property with respect.
- Refrain from giving or receiving inappropriate assistance.
- Prepare assignment and exams honestly, refraining from such unacceptable conduct as plagiarism or unacknowledged appropriation of another's work in any academic work.
- Obey the policies, regulations, and laws of the United States of America, the State of Kansas, The Kansas Board of Regents, Pittsburg State University, and the Gladys A. Kelce College of Business.
- If a student observes someone committing dishonesty in connection with academic work, the student is encouraged to report that dishonesty to the appropriate individual (ex, faculty member, or administrator).

Academic Misconduct Policy

Academic misconduct (cheating) by a student includes, but not limited to, plagiarism, giving or receiving any unauthorized aid on examinations/quizzes or in the preparation of any assignment; copying work from the internet; or knowingly misrepresenting the source of any academic work. Cheating on exams, quizzes or any other assignments is considered academic misconduct and is absolutely prohibited. No cheating of any kind will be tolerated. Anyone caught cheating will receive a grade of "F" for the **course**.

The full text of the Academic Misconduct Policy for the university can be found here:

<https://studentlife.pittstate.edu/code-of-student-rights-and-responsibilities.html>

E-mail Etiquette

Any e-mail sent to me should be treated as business letter. It should start with a formal greeting, such as "Dear Dr. ,Woodward" not "Hey," "Howdy," etc., or just no greeting of any kind. This is good practice for what is expected in the business world. Also, please include the class and section number you are in (e.g., FIN 306-01). The following is an example:

Dear Dr. Woodward:

I am in your FIN 306-01 class. Would you please let me know when Chapter 7 homework is due.

Thank you

Jane Doe

Students with Disabilities

Please inform the instructor if you have a learning or physical disability that interferes with course requirements. Assistance and/or appropriate accommodations may be available through the contacts listed on the current Syllabus Supplement.

Course Evaluation Methods

Exams: There will be three exams. Two midterm exams and a comprehensive final.. **Exams may not be made up.** Exception will be granted only if the absence on the day of the exam is an excused absence, and the student provides supporting document for the excuse. If you miss an exam, you will receive zero for that exam. All exams are properties of the instructor and, thus, will be retained by the instructor. However, you are welcome to look at your exams during office hours.

Proper behavior is expected at all times and especially during exams. Everything, including cell phones (turned off), electronic devices, sunglasses, and caps, should be placed in the front of the classroom before exams.

Quizzes: There will be several short quizzes. These quizzes may be unannounced in advance and given any time during class, or given online outside of class. They will be on topics that have been discussed in class. **No make-up quizzes will be given**, except for excused absences resulting from involvement with university business only.

Graded Homework Problems: Graded homework problems are posted on CANVAS. The solutions to the homework problems are available. Please get the necessary information from the professor to obtain a copy. You should use the solutions to check your answers and refer to them when you have difficulty solving the problems. Graded homework problems will be collected only if indicated in the course outline. However, completing all assignments even if they are not to be collected will be very essential to performing well on exams and quizzes. All assignments are due at the **beginning** of class on the due date. Any assignment turned in after that are late and will have a penalty of 10% of the point value for each day (24-hour period from beginning of class) that they are late. If you have an excused absence for the day an assignment is due and cannot submit your homework before it is collected at the beginning of class, you should e-mail the assignment to the professor before class on the day it is due. It will be counted as late after that.

Grades:	Exam 1	20%
	Exam 2	20%

Best two of the three count for final grade.

Final Exam	20%
Quizzes	10%
Graded Homework Problems, projects	20%
Attendance	<u>10%</u>
	100%

The grading scale is as follows:

90 - 100% = A

80 - 89% = B

70 - 79% = C

60 - 69% = D

59% and below = F

Other Policies

Inclement Weather: This class will meet as scheduled in case of inclement weather unless the University cancels classes.

Note: No electronic device (except proper calculator) is allowed during class. I may alter this policy to include laptops for in class exercises on the internet and excel.

The professor reserves the right to amend and to reorganize this syllabus at any time.

Graded Homework Problems are posted on CANVAS. Due dates are noted below. If there is no due date for the Graded Homework Problems for a certain chapter/topic, it will not need to be turned in. Note: All finance majors should take Investments course which covers bond valuation, bond markets, stock markets, etc. Therefore, I will not double cover these topics to allow time to cover material typically not covered in the Investments course- options, futures, options on futures, foreign currency risk, etc.

Specific due dates for homework assignments, discussion questions, problems, projects, etc. will given one week in advance.

<u>Date</u>	<u>Topic</u>	<u>Suggested End-of-Chapter Problems for Practice</u>
Aug. 23	Ch.1 The Role of Financial Markets and Institutions.	Make groups and assign “point-counter-point on page 23 for Thursday discussion.
25	Ch. 1 Questions to be prepared for discussion in class: 4,5,8,9,18,19,23,	interpreting financial news, managing in financial markets. Additional questions you should prepare answers for exam purposes: 1,2,3,10,11,12,13,14,20,,
30	Ch 2 Determination of Interest Rates	
Sept. 1	Ch. 2 Questions to be prepared for discussion class: 1,4,9,12,14,16,19,20,	Questions to study in addition for test: 2,6,8,22, Problems: 1,2 Each group write up a solution to the “managing in Financial Markets” question on page 45. I will ask one group to share their solution.
6	Ch. 3 Structure of Interest Rates	
8	Ch. 3 Structure of Interest Rates	
13	Ch. 4 Functions of the FED	
15	Ch 4	
20	Ch. 5 Monetary Policy	
22	Ch 5 Monetary Policy	
27	Exam 1 over chapters 1-5	
Oct. 4	Ch. 13 Financial Futures markets	
6	Ch 13	
11	Ch. 14 Option Markets	
18	Ch. 14	
20	Chapter 15 Swap markets	
25	Chapter 15	
27	Chapter 16 Foreign Exchange markets	
Nov. 1	Chapter 16	
3	Exam 2 over chapters 13-16	
8	Ch. 17 Commercial Bank Operations	1
10	Ch. 17-18 Bank Regulation	
15	Chapter 18	
17	Chapter 18-19 Bank Management Thanksgiving Break	
29	Ch. 22 Finance Company Operations	
Dec. 1	Ch. 23 Mutual Fund Operations	
6	Ch. 25 Insurance Operations	
8	makeup day	

12-16 Finals Week

13 Tuesday TBA **Comprehensive Final Exam, 60% from material since exam 2 and 40% from material covered by exams 1 and 2.**

NOTE: Final Exam has to be taken only when scheduled. No early Final Exam will be given.

There will be no extra credit. **Do not ask!** Attendance and assignments carry enough weight (15%) to help greatly improve your grade for the course and there is no reason why you do not get full credit.