

**Instructor:** Hyoseok(David) Hwang  
**Office Hours:** TH 5:00 pm – 6:00 pm or by appointment  
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### **COURSE OBJECTIVES**

This course is designed to analyze the infrastructure of financial system and instruments used in financial markets based on two perspectives. The institutional perspective covers the structure of financial intermediaries, regulatory issues, and the changes of financial institutions/markets due to dramatic financial innovations and technological advancements. The functional perspective discusses the characteristics of vehicles used in the financial markets to facilitate the flow of funds and the information production process through securities trading and financial intermediation.

After completing this course, students should be able to:

- Understand the role of financial markets and financial intermediaries
- Identify factors influence interest rates and how interest rate movements affect the value of securities
- Know the structure of Federal Reserve System (the Fed) and how the Fed affects economic conditions
- Comprehend different types of securities markets and financial intermediaries

### **PREREQUISITE**

All students should have completed prerequisites to take this course, including Principles of Finance (52:390:301). Students are expected to have a *proficiency* in (i) time value of money concepts and calculations, (ii) accounting principles, and (iii) basic math and statistics.

### **COURSE MATERIALS**

*Essential:*

Jeff Madura (2014), *Financial Markets and Institutions*, 11<sup>th</sup> ed., South-Western College Pub, ISBN-10: 1133947875

Calculator – Any type or brand of financial calculators would be fine. It is your responsibility to learn how to use it.

*Supplementary:*

Mishkin, Frederic S., and Stanley G. Eakins (2014), *Financial Markets and Institutions*, 8<sup>th</sup> ed., Prentice Hall, ISBN-10: 013342362X

## HOW TO SUCCEED IN THIS COURSE

The material presented in class provides the essential backbone of the course. You are expected to:

- Read all text material assigned for each class
- Use PowerPoints as a guide for key concepts
- Follow instructions in all assignments
- Start assignments early and get feedback from the instructor
- Consult/meet with the professor immediately when you need help.

## COMMUNICATION

### Sakai

Posted will be the syllabus, resources (articles and examples), Power point slides, announcements, guides, etc. To access this system, go to <http://sakai.Rutgers.edu>, log in, and click on the course tab on the top bar.

### Rutgers email

All communications to students will be done using the Rutgers email address provided to you. Please forward your Rutgers email to your personal email if necessary. **Not checking your Rutgers email is not an excuse for missing any communications.**

## ACADEMIC INTEGRITY

Policy found at <http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers>.

*Students are responsible for understanding the principles of academic integrity and abiding by them in all aspects of their work at the University.* Students are also encouraged to help educate fellow students about academic integrity and to bring all alleged violations of academic integrity they encounter to the attention of the appropriate authorities.

Academic Integrity means that you (the student) must:

- Properly acknowledge and cite all use of the ideas, results, or words of others,
- Properly acknowledge all contributors to a given piece of work,
- Make sure that all work submitted as your own in a course activity is your own and not from someone else
- Obtain all data or results by ethical means and report them accurately
- Treat all other students fairly with no encouragement of academic dishonesty

Adherence to these principles is necessary in order to ensure that:

- Everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments
- All student work is fairly evaluated and no student has an inappropriate advantage over others
- The academic and ethical development of all students is fostered
- The reputation of the University for integrity is maintained and enhanced.

Failure to uphold these principles of academic integrity threatens both the reputation of the University and the value of the degrees awarded to its students. Every member of the University community therefore bears a responsibility for ensuring that the highest standards of academic integrity are upheld. Violations are taken seriously and will be handled according to University policy.

**If there are questions on how to comply, please contact Mary Flaherty in the Rutgers-Camden Dean of Students office: [marykreb@camden.rutgers.edu](mailto:marykreb@camden.rutgers.edu) or contact the appropriate Associate Dean or Area Head at the School of Business.**

## **STUDENT CODE OF CONDUCT**

Violations of the Student Code of Conduct are considered serious infractions of student behavior and students who violate the code are subject to penalties relative to the level of the matter. In general, students may not disturb normal classroom procedures by distracting or disruptive behavior. Examples of disruptive behavior include, but are not limited to, the following:

- Repeatedly leaving and entering the classroom without authorization
- Answering cellular phone or allowing pager to beep
- Making loud or distracting noises
- Repeatedly speaking without being recognized, interrupting the instructor or other students, or otherwise acting in disregard of the instructor's requests
- Threats or violence

Violations of the code should be reported to the Dean of Students office [deanofstudents@camden.rutgers.edu](mailto:deanofstudents@camden.rutgers.edu) or 856-225-6050.

If the violation is immediate and a potential threat is a concern, call the Rutgers-Camden police at 856-225-6111

## **DISABILITY SERVICES**

Rutgers University welcomes students with disabilities into all of the University's educational programs. In order to receive consideration for reasonable accommodations, a student with a disability must contact the appropriate disability services office at the campus where you are officially enrolled, participate in an intake interview, and provide documentation:

<https://ods.rutgers.edu/students/documentation-guidelines>.

If the documentation supports your request for reasonable accommodations, your campus's disability services office will provide you with a Letter of Accommodations. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. To begin this process, please complete the Registration form on the Office of Disability Services web site at:

<https://ods.rutgers.edu/students/registration-form>.

Ajeenah Nuriddin-Little

(856) 225-2722

Rutgers-Camden Disability Services:

Rutgers-Camden Learning Center

Armitage Hall, Room 240

311 North Fifth Street, Camden, NJ 08102-1405

Web page: <https://learn.camden.rutgers.edu/disability-services>

E-mail: [Ajeenah.nuriddin-little@camden.rutgers.edu](mailto:Ajeenah.nuriddin-little@camden.rutgers.edu)

## GRADING

Your final grade will be based on your performance on the exams, quizzes, projects, class participation, and homework assignments.

Grade breakdown:	Exams (3)	300 pts. (60%)
	Homework Assignments	50 pts. (10%)
	Projects (2)	100 pts. (20%)
	Quizzes	25 pts. (5%)
	<u>Participation</u>	<u>25 pts. (5%)</u>
	Total	500 pts.

## GRADING SCHEME

A		$\geq 90\%$ of total pts.
B+	$<90\%$	$\geq 85\%$ of total pts.
B	$<85\%$	$\geq 80\%$ of total pts.
C+	$<80\%$	$\geq 75\%$ of total pts.
C	$<75\%$	$\geq 70\%$ of total pts.
D	$<70\%$	$\geq 60\%$ of total pts.
F	$<60\%$	of total pts.

All grading is done on a percentage basis. If your grade falls below the cutoff, you will get the next grade - no exceptions.

## EXAMS

The exams will cover required readings, lecture materials, and in-class discussions. There will be three non-cumulative in-class exams. Any missed exam will receive a grade of zero. **There will be no make-up exams given for any reason.** If you have a legitimate excuse for missing an exam, contact me **before** the exam to be excused. Your weights on the exam will be considered to shift **only if you get prior approval from me.** **Absence in any exam without prior approval will result in zero.**

### TENTATIVE EXAM SCHEDULE:

**EXAM 1: THURSDAY, OCTOBER 5**  
**EXAM 2: THURSDAY, NOVEMBER 9**  
**FINAL EXAM: THURSDAY, DECEMBER 21**

## HOMEWORK

The homework assignments will cover several selected questions from discussed materials. The assignments are designed to enhance students' understanding and comprehension about the issues discussed in class. There will be five homework assignments but the highest four will be counted towards the final grade. ***Any missed homework assignment will receive a grade of zero and there will be no make-up assignments.*** The homework assignments and due dates will be announced during the semester and students will turn in a hard copy or an electronic version of the homework to the instructor.

## **QUIZ**

The quizzes will cover all the materials discussed in class. During the lecture, the questions on each quiz will be emphasized. The highest five quizzes will be counted. *Any missed quiz will receive a grade of zero and there will be no make-up quiz.*

## **PROJECT**

### **1. REPORT & BRIEF LECTURE**

Each student will be assigned a specific financial event or issue and write a report (2-3 pages) with respect to the assigned topic. Students will give a brief lecture (< 5 min.) on his/her topic when the class covers relevant topics.

### **2. TEAM REPORT & PRESENTATION**

Each team of randomly selected 2-5 students will be assigned a financial institution. Students are expected to investigate the financial institution's operational structure and risk management practices with a greater emphasis on credit, liquidity, and market risks. While the relevant information can be fully found in the institution's most recent annual report, students are encouraged to explore other information sources. By the third week of November, the students will turn in a hard-copy of the team report, and each group will have a presentation to the class about their study on the following week. The report should be less than 10 pages and double-spaced (not including supporting graphs and tables). The presentation will take 7-8 minutes and be followed by 5 minutes of a Q&A session. More details will be given in class. All students in the same team will receive the same grade based on the quality of report and presentation.

## **EXTRA CREDITS (20 POINTS)**

### **BLOOMBERG MARKET CONCEPTS**

Rutgers school of business – Camden supports a proactive educational environment where students learn above and beyond what is required by their classes. To that end, this course encourages students to become Bloomberg certified through Bloomberg University. Bloomberg Market Concepts (BMC) is an 8-hour self-paced e-learning course that provides a visual introduction to the financial markets. BMC consists of 4 modules – Economics, Currencies, Fixed Income and Equities – woven together from Bloomberg data, news, analytics and television. The course is available on the Bloomberg Terminal at BMC.

## **SUGGESTIONS AND COMPLAINS**

Please feel free to see me for any special problems or complaints that may be impeding your progress in the course. Your feedback is always appreciated and will be considered to improve the learning environment in this and subsequent semesters.

**COURSE OUTLINE (subject to change)**

Week	Date	Topics	Chapters
1	9/7/2017	Role of Financial markets and Institutions	1
		Determination of Interest Rates	2
2	9/14/2017	Determination of Interest Rates	2
		Structure of Interest Rates	3
3	9/21/2017	Structure of Interest Rates	3
		Functions of the Fed	4
4	9/28/2017	Functions of the Fed	4
		Monetary Policy	5
5	10/5/2017	Monetary Policy	5
		Exam 1	
6	10/12/2017	Debt Security Markets	6
		Debt Security Markets	7, 8
7	10/19/2017	Debt Security Markets	9
		Equity Markets	10
8	10/26/2017	Equity Markets	11
		Equity Markets	12
9	11/2/2017	Derivative Security Markets	13
		Derivative Security Markets	14
10	11/9/2017	Alternative Assets	
		Exam 2	
11	11/16/2017	Commercial Banking	17
		Commercial Banking	18, 19
12	11/21/2017	Commercial Banking	20
		Nonbank Operations	21, 22
13	11/30/2017	Presentation	
		Nonbank Operations	22
14	12/7/2017	Presentation	
		Nonbank Operations	23, 24
15	12/14/2017	Reading Day	
16	12/21/2017	Final Exam	