

RUTGERS UNIVERSITY  
School of Business - Camden

**FINANCIAL MARKETS AND INSTITUTIONS – Fall 2022**

52:390:325:01:04718

Tu. & Th. 9:35 A.M. - 10:55 A.M.

Location: BSB 106

Professor: Mr. Ralph Giraud, M.S.  
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Office Hours: by appointment via scheduling through EMAIL

**COURSE DESCRIPTION:**

Roles of financial markets and institutions; Determination and structure of interest rates; Functions of the Federal Reserve System, its monetary policy and implications; Debt and equity securities markets; Commercial bank operations and bank regulation; Nonbank operations.

Prerequisite: 52:390:301.

**COURSE OBJECTIVES:**

Lectures will provide an introduction to the structure and function of financial markets and financial intermediaries, and students will learn about the importance of interest rates to individuals and institutions. Analyzing the flow of funds within our financial system will be viewed from the standpoint of different constituencies, especially a country's Central Bank (related to monetary policy). Regulatory issues and financial instruments will also be addressed.

**STUDENT LEARNING OBJECTIVES:**

An overriding focus of our course will be on the subjects of risk and return, as well as the sources of risk and return present within various financial markets and institutions. We will examine the viewpoints of financial managers, savers, and investors in terms of how they can increase return related to risk in order to achieve the most favorable return–risk combinations.

This course will cover five important areas concerning financial markets and financial institutions. Listed below are basic learning objectives for each area:

**1. Introduction and Overview of Financial Markets:** We will identify and define various domestic and foreign financial markets, outline the functions of financial institutions, and analyze how financial markets and institutions interact with the broader domestic and “world” economy. Interest rates (which essentially deal with “the price of money”) will be examined in terms of how they are determined, in addition to looking at past, present, and expected future movements of interest rate levels. The “time value of money” concept will be reviewed, as well as security valuation. The role of how the Federal Reserve System affects interest rates and the economy through the implementation of monetary policy will receive appropriate emphasis.

**2. Securities Markets:** The course will provide a look into some of the major investment asset markets. The workings of the money markets (Chapter 5), bond markets (Chapter 6), stock markets (Chapter 8) and foreign exchange markets will be addressed, plus a reference as to how investment assets in each of these markets are traded. A special focus will be placed on which types of individuals and institutions participate in these different investment asset markets, and how interest rates, economic indicators such as inflation, and foreign exchange levels affect the “risk - return tradeoff.”

**3. Commercial Banks:** Our course will take a “broad view” of the operations of commercial banks. We will identify the special characteristics of the commercial banking, and look at relevant trends in this sector. Important components of the financial statements of a “generic” commercial bank, as well as key financial ratios used in analyzing a bank’s performance through these statements, will receive special attention. The regulations under which these financial institutions do business, plus the past, current, and future regulatory environment will be discussed.

**4. Other Financial Institutions:** This part of the course will provide a view into the characteristics and regulatory landscape of some of the other major sectors of the U.S. financial services industry, looking at securities firms and investment banks in Chapter 16, plus investment companies in Chapter 17. After covering these two chapters, you should be able to contrast the roles of these types of financial intermediaries versus the role played by commercial banks in the prior section of our course.

**5. Types of Risks Incurred by Financial Institutions:** We will conduct a brief examination of different types of risks faced by some financial institutions, and a few strategic options available for dealing with these risks. Risk measurement and management both “on the balance sheet” and “off the balance sheet” will be topics of discussion.

## **REQUIRED TEXTS:**

**Textbook (required):** Anthony Saunders and Marcia Millon Cornett, **Financial Markets and Institutions, 8th Edition**, 2022, McGraw-Hill, Loose Leaf with Connect Access Card ISBN 13: 9781265050375.

**Connect:** McGraw-Hill’s **Connect** is a web-based assignment and assessment solution **required** for this course.

<http://video.mhhe.com/watch/4q72PpEpzkXAd3hW4o52c8?>

<https://connect.mheducation.com/class/r-giraud-tues-and-thurs-935-am---1055-am>

If you have any issues while registering or using Connect, please contact McGraw-Hill’s Customer Experience team through <http://www.mhhe.com/support> or at 800-331-5094. To avoid problems related to unexpected technical issues, you are advised not to wait until the last moment to complete assignments. Please review your “Connect Student Quick Tips” document for further support.

**Calculators and laptops:** A financial calculator is a great tool that will facilitate your computations, which is relatively inexpensive compared to the cost of a laptop. However, **use of a laptop is strongly recommended**. If you choose to use a financial calculator, suggestions may include the Hewlett Packard HP 10BII or Texas Instruments BAII Plus. I will not bear any responsibility of teaching you how to use it.

## **TEACHING METHODS:**

Lectures, discussions, and exams/assigned work will be based mainly on material from course textbooks, sup-

plemented by use of appropriate websites and other resources. It is your responsibility as a student to fulfill all course requirements through thorough preparation in order to achieve student learning objectives. This responsibility includes reviewing topics IN ADVANCE of scheduled classwork. Additional responsibilities include perfect, timely attendance (in accordance with university policies), active participation, and completion and timely submission of assignments. Ask the professor for help immediately when necessary.

## **SYLLABUS UPDATES AND OTHER COURSE COMMUNICATION:**

### **Canvas**

Our course syllabus, some Word documents, Excel files, Power Point slides, website links, details about Finance and Economics events, and other course information will all be posted through the Canvas LMS (Learning Management System). To access this system, go to <http://canvas.Rutgers.edu>, log in, click on the course tab, then click on the website link “2022FA – FINAN MARKETS & INST 52:390:325:01.”

### **Rutgers email - USE YOUR RUTGERS EMAIL ADDRESS**

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.**

All changes and announcements will be made in class at least once, and/or through the Canvas site for this course. If you anticipate being absent from class, find a classmate who can pick up handouts, etc. for you, as you are responsible for keeping up with this course. Handouts will be brought to class only once and may not be available in hard copy thereafter. I reserve the right as the Course Instructor to make changes to stated syllabus information at any time. If you do not use your **rutgers.edu** email domain for your primary email address, please insure that you forward messages to whatever email address you use. It is YOUR responsibility to “remain current” with course developments. Please check the Canvas course website on a daily basis.

## **ACADEMIC INTEGRITY**

The Academic Integrity policy can be found at <http://studentconduct.rutgers.edu/student-conduct-processes/academic-integrity/>.

*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.

## **Student Code of Conduct**

Rutgers University-Camden seeks a community that is free from violence, threats, and intimidation; is respectful of the rights, opportunities, and welfare of students, faculty, staff, and guests of the University; and does not threaten the physical or mental health or safety of members of the University community, including in classroom space.

As a student at the University you are expected adhere to the Code of Student Conduct. To review the code, go to: <https://deanofstudents.camden.rutgers.edu/student-conduct>

Note that the conduct code specifically addresses disruptive classroom conduct, which means "engaging in behavior that substantially or repeatedly interrupts either the instructor's ability to teach or student learning. The classroom extends to any setting where a student is engaged in work toward academic credit or satisfaction of program-based requirements or related activities."

## **Disability Services/Accommodations**

The University is committed to supporting the learning of all students and faculty will provide accommodations as indicated in a Letter of Accommodation issued by the Office of Disability Services (ODS). If you have already registered with ODS and have your letter of accommodations, please share this with me early in the course. If you have or think you have a disability (learning, sensory, physical, chronic health, mental health or attentional), please contact <https://success.camden.rutgers.edu/disability-services>.

Accommodations will be provided only for students with a letter of accommodation from ODS. Their services are free and confidential. Letters only provide information about the accommodation, not about the disability or diagnosis.

## **COURSE REQUIREMENTS (Grade Weight):**

- 1. EXAMS:** There will be four Exams:
  - Exam #1 covering Chapters 1 – 3 (15%),
  - Exam #2 covering Chapters 4 – 6, 8 (20%),
  - Exam #3 covering Chapters 9, 11 – 13 (20%), and
  - Exam #4 covering Chapters 16, 17, 20 (25%).

Material for exams are based on financial applications/processes reviewed and employed during online lectures and homework assignments.

### **Exam Make-up Policy/Late Policy**

If, for a university approved reason, you cannot take an exam at the scheduled time you must give the professor written notice at least one week in advance so that other arrangements can be made. If the situation

does not allow for advance notification (for example, emergency hospitalization), contact the professor as soon as possible after a missed exam. Make-up exams for non-university approved reasons are not guaranteed. The professor reserves the right to request written documentation to support your absence (such as a doctor's note, an obituary, or military orders).

2. **“TAKE-HOME” ASSIGNMENTS (10%):** Online “take-home” assignments will be given over the course of the semester through McGraw-Hill Connect. Late submissions will not be accepted.
3. **CLASS PARTICIPATION (10%):** Attendance for complete, regularly scheduled classwork requirements is MANDATORY, in accordance with university policy (50%). True class participation involves focused, active “engagement” with course material, and contributing to class discussions (50%). Your questions and comments concerning course topics should be focused and relevant. Do not hesitate to ask any and all questions as may be necessary.
4. **OPTIONAL BONUS OPPORTUNITY (“Extra Credit,” worth 10%):** Those students who successfully pass (at 70%) all four Bloomberg Market Core Concepts Exams, emailing their Acknowledgement of Completion Certificate and exam grades to me at [ralph.giraud@rutgers.edu](mailto:ralph.giraud@rutgers.edu), and to [Bloomberg.Certificates@camden.rutgers.edu](mailto:Bloomberg.Certificates@camden.rutgers.edu), will be awarded ten (10) points (i.e.: 10%) which will be added to the calculation of their final grade.

#### **GRADING:**

For the assignment of final grades, the course requirements will be weighted approximately as follows:

Exam # 1	15%	
Exam # 2	20%	
Exam # 3	20%	
Exam # 4	25%	
Assignments	10%	
Class Participation	10%	
Optional Extra Credit (Bloomberg Market Concepts, “BMC”)		10%

90-100%...A  
85-89%...B+  
80-84%...B  
75-79%...C+  
70-74%...C  
60-69%...D  
Less than 60%...F

#### **Key Fall 2022 Dates**

Fall 2022 classes begin	<b>Tuesday, September 6</b>
Last Day to DROP a class(es) WITHOUT a W grade	<b>Thursday, September 15</b>
Last Day to Add classes	<b>Thursday, September 15</b>
Last day to withdraw from one or all classes with a “W”. Deadline 5:00 p.m.	<b>Monday, November 21</b>
Change in designation of day	<b>Tuesday, November 22nd (observe Thursday class schedule)</b>
Change in designation of day	<b>Wednesday, November 23rd (observe Friday class schedule)</b>
Thanksgiving break	<b>Thursday, November 24<sup>th</sup> - Sunday, November 27<sup>th</sup></b>

Regular classes end  
Reading day  
Final exam period

**Wednesday, December 14<sup>th</sup>**  
**Thursday, December 15**  
**Friday, December 16<sup>th</sup> – Thursday, December 22<sup>nd</sup>**

**COURSE OUTLINE: TOPICS / EXAMS (“target dates,” subject to change)**

Class 1: 09/06/2022  
Course Introduction

CHAPTER 1 - Introduction and Overview of Financial Markets

Class 2: 09/08/2022  
CHAPTER 1 - Introduction and Overview of Financial Markets

Class 3: 09/13/2022  
CHAPTER 2 - Determination of Interest Rates

Class 4: 09/15/2022  
CHAPTER 2 - Determination of Interest Rates

Class 5: 09/20/2022  
CHAPTER 3 - Interest Rates and Security Valuation

Class 6: 09/22/2022  
CHAPTER 3 - Interest Rates and Security Valuation

Class 7: 09/27/2022  
EXAM # 1 prep.: CHAPTERS 1 – 3

Class 8: 09/29/2022  
EXAM # 1: CHAPTERS 1 – 3

Class 9: 10/04/2022  
CHAPTER 4 - The Federal Reserve System, Monetary Policy, and Interest Rates

Class 10: 10/06/2022  
CHAPTER 4 - The Federal Reserve System, Monetary Policy, and Interest Rates

Class 11: 10/11/2022  
CHAPTER 5 - Money Markets

Class 12: 10/13/2022  
CHAPTER 5 - Money Markets

CHAPTER 6 - Bond Markets

Class 13: 10/18/2022  
CHAPTER 6 - Bond Markets

Class 14: 10/20/2022  
CHAPTER 6 - Bond Markets

CHAPTER 8 - Stock Markets

Class 15: 10/25/2022  
CHAPTER 8 - Stock Markets

Class 16: 10/27/2022  
EXAM # 2 prep.: CHAPTERS 4 – 6, 8

Class 17: 11/01/2022  
EXAM # 2: CHAPTERS 4 – 6, 8

Class 18: 11/03/2022  
Guest Speaker

Class 19: 11/08/2022  
CHAPTER 9 – Foreign Exchange Markets

Class 20: 11/10/2022  
CHAPTER 9 – Foreign Exchange Markets

CHAPTER 11 – Commercial Banks: Industry Overview

Class 21: 11/15/2022  
CHAPTER 11 – Commercial Banks: Industry Overview

CHAPTER 12 – Commercial Banks' Financial Statements and Analysis

Class 22: 11/17/2022  
CHAPTER 12 – Commercial Banks' Financial Statements and Analysis

CHAPTER 13 – Regulation of Commercial Banks

Class 23: 11/22/2022  
EXAM # 3 prep.: CHAPTERS 9, 11 – 13

Class 24: 11/24/2022  
No class – HAPPY THANKSGIVING!

Class 25: 11/29/2022  
EXAM # 3: CHAPTERS 9, 11 - 13

Class 26: 12/01/2022  
CHAPTER 16 – Securities Firms and Investment Banks

Class 27: 12/06/2022  
CHAPTER 17 – Investment Companies

Class 28: 12/08/2022

CHAPTER 17 – Investment Companies

CHAPTER 20 – Types of Risks Incurred by Financial Institutions

Class 29: 12/13/2022

EXAM # 4 prep.: CHAPTERS 16 – 17, 20

Class 30: 12/22/2022 (8:00 A.M. – 11:00 A.M.)

EXAM # 4: CHAPTERS 16 – 17, 20