****

**King Saud University**

**College of Business Administration**

**Finance Department**

**Course Syllabus**

FIN511 Financial Markets and Institutions

Second Semester, 2014-2015

Credit: 3

Faculty: Dr. Lakshmi Kalyanaraman

Office: Room 20, Second Floor, Building 3

Email: lkalyanaraman@ksu.edu.sa

***Course Schedule***

|  |  |  |  |
| --- | --- | --- | --- |
| Section | Day | Time | Class Room |
| 42609 | 3 | 08:00 AM - 10:50 AM | 1101 03 1 A 027 |

***Office Hours***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sunday | Monday | Tuesday | Wednesday | Thursday |
| 10:00 AM –11.00 AM | 11:00 AM –12.00 Noon | 10:00 AM –11.00 AM | 11:00 AM –01.00 PM | 10:00 AM –11.00 AM |

***Course Description***

This course gives an overview of financial markets and institutions. It provides students with knowledge about the reasons for markets existence, their importance, and the roles they play in the financial environment. Other topics included in this course are: supply and demand for loans and securities, financial instruments, financial authorities and institutions, markets transactions, and laws and regulations that govern financial markets and institutions.

***Course Objectives***

As finance managers and individual investors, you will have to understand how funds flow from suppliers to borrowers in an economy. An understanding of the financial system is a pre-requisite for the investment and financing decisions. This course provides an overview of the financial markets and institutions that facilitate funds flow.

***Course Effectiveness Matrix***

|  |  |  |  |
| --- | --- | --- | --- |
| **Course Learning Outcomes (CLO)** | **Linked to Program Learning Outcomes (PLO)** | **Teaching Strategies** | **Assessment** |
| Define the role played by financial markets and financial institutions in facilitating the flow of funds from lenders to borrowers. | LG 9: OB 9.1 | * Lecture
* Illustrations from industry
* Project and presentation
 | * Quiz 1
* Midterm examination
* Final examination
 |
| Explain the way money market, bond market, stock market, foreign exchange market and mortgage market operate. | LG 9: OB 9.1 | * Lecture
* Illustrations from industry
* Case discussions
* Project and presentation
 | * Quiz 2
* Quiz 3
* Quiz 4
* Project
* Project presentation
* Midterm examination
* Term end examination
 |
| Analyse the risk-return characteristics of securities traded in money market, bond market, bond market, stock market, foreign exchange market and mortgage market. | LG 9: OB 9.1 | * Lecture
* Exercises in class
* Take home assignments
 | * Quiz 2
* Quiz 3
* Quiz 4
* Midterm examination
* Term end examination
 |
| Explain the risk management in financial institutions | LG 9: OB 9.1 | * Lecture
* Illustrations from industry
* Exercises
* Take home assignments
 | * Quiz 4
* Term end examination
 |

***Evaluation***

* Quizzes (2 × 5) 10%
* Pop-up questions and assignments 10%
* Project 10%
* Midterm examination 25%
* Project Presentation and peer review 5%
* Term end examination 40%

**Required Text:**

Mishkin, F.S. and S.G. Eakins, 2012, Financial markets and institutions, seventh edition, Prentice Hall.

**Reference Text:**

Saunders, A, M.M. Cornett, 2009, Financial markets and institutions, fourth edition, McGraw Hill.

**Suggested Materials:**

Financial journals, magazines and financial pages of newspapers

**Web Resources:**

www.tadawul.com.sa

www.gulfbase.com

topics.bloomberg.com/saudi-arabia/

http://www.sama.gov.sa/sites/SAMAEN/Pages/Home.aspx

http://www.cma.org.sa/En/Pages/home.aspx

***Course Coverage***

Chapters indicated in the parenthesis indicate chapter numbers from the required text, Mishkin & Eakins.

***Week 1 & 2: January 29, 2015 and February 4, 2015***

Why study financial markets and institutions? (Chapter 1)

***Week 3: February 11, 2015***

Overview of the financial system (Chapter 2)

***Week 4: February 18, 2015***

Overview of the financial system (Chapter 2) – continued

***Week 5: February 25, 2015***

Quiz 1 on Chapter 1 and Chapter 2

Money market (Chapter 11)

***Week 6: March 4, 2015***

Money market (Chapter 11) – continued

***Week 7: March 11, 2015***

Stock market (Chapter 12)

***Week 8 March 18, 2015***

Midterm examination on chapters 1, 2, 11 and 12.

**Semester Break**

***Week 9 & Week 10: April 1, 2015 and April 8, 2015***

Mortgage market (Chapter 14)

***Week 11: April 15, 2015***

Why do financial institutions exist? (Chapter 7)

***Week 12 & 13: April 22, 2015 and April 29, 2015***

Quiz 2 on chapter 14

Risk management in financial institutions. (Chapter 23)

Foreign exchange market (Chapter 15)

***Week 14: May 6, 2015***

Project presentation and peer review

***Week 15: May 13, 2015***

Review

***Week 16: Date yet to be decided***

Final examination

***Calculators***

Financial calculators are allowed during lectures and exams. No devices with memory are allowed during examinations.

***Cell phones***

Cell phones are not allowed for calculation during the examinations and classes. During the class, your cell phones should be switched off or kept in silent mode. Cell phones should be kept inside your bag. Use of cell phones during the class for whatever reason is strictly prohibited.

***Textbook***

You will have to bring the textbook and financial calculators to the problem solving sessions compulsorily.

***Assessment Schedule***

Quiz 1: February 25, 2015

Midterm examination: March 18, 2015

Quiz 2: April 22, 2015

Project due date: April 29, 2015

Project presentation: May 6, 2015

Assignments: At the close of every topic assignments are announced. Submission has to be made in the following Wednesday.

Popup questions: Continuous assessment to be carried out at various points during the course.

***Exams***

You will have one mid-term examination and a final examination for this course. Midterm will be of two hour duration. The format of midterm examination will be made known to the class at least a week ahead of the examination. Final examination is cumulative and will be of three hour duration. Format of the final examination will be announced at least two weeks ahead of its schedule. For the problems section in all the examinations, marking scheme will have credit for each of the step towards final answer. Please show all your steps and calculations in the answer script to avail this credit.

***Project***

This has to be carried out individually. You should choose a topic related to this course, i.e. either on a market or the type of the financial institution covered in this course. The project should make a comparison with domestic market and a foreign market. The topic for the project has to be chosen on or before March 18, 2015 and frozen in consultation with me. This is to avoid more than one student working on the same topic. The format for the project should be discussed with each student individually so that the format is tailor-made to suit the project theme.

***Quizzes***

You will take two quizzes for 5 marks each. Quizzes will be for a short duration of 10 minutes. You will get multiple choice questions in the quizzes and you will have to choose the most appropriate answer for each of the question.

***Assignments***

This course has assignments to be submitted at the end of every topic. The assignments are to help you to relate the classroom learnings to the real world. The assignment will be given to you at the end of each topic. You will submit at the commencement of the class on the following Wednesday. Late submissions will not receive any grade. Cumulative maximum score for assignments and popup questions is subject to a ceiling of 10.

***Popup Questions***

Course will have lots of popup questions. These questions are decided on the basis of what is thrown up by the class discussions. Students who answer the questions in the class immediately will have 0.50 of 1 mark for every correct answer. Students who find out the answer and bring the answer to the following class will get 0.25 of 1 mark. Answers for the popup questions will have to be written on a piece of paper with your name, university id, course and section and handed over to me. Cumulative maximum score for assignments and popup questions is subject to a ceiling of 10.

***Extra credit***

Some of the assignments in this course carry an extra credit. But the extra credit is available only to the students who complete their regular credit. Extra credit is available only for the students who complete their regular credit. Extra credit is considered for students who finish the semester with a score close to a higher grade boundary.

***Class participation***

I intend employing class participation as a major pedagogy. I expect you to actively participate in the class discussion and contribute to the effectiveness of class learning. Let us make the class lively, vibrant and effective.

***Exam Policy/Requirements***

* During the exams talking, whispering, using cell phones for calculation, etc (your cell phones must be turned off and kept out of your reach!!!!) is not allowed and strictly forbidden.
* **Borrowing calculators during examinations is not allowed.** In addition to above rules you know the college general policies (bringing your ID, obeying the university rules etc.) about exams which also apply.
* During the examinations, you are responsible for bringing all your required materials (pen, pencil, calculators, student ID etc.) to the classroom.

***Attendance***

* Attendance will be marked in every class. Please take care to answer your attendance in the class.
* In case you would like to check out on your attendance, please do so during my office hours.
* 75% Attendance is compulsory.
* Any student lacking 75% attendance will not be allowed to sit for the Final examination.
* However, you will find the course relies on the learnings from the previous sessions heavily during most of the sessions. In your own interest you may prefer 100% attendance as it will help you perform better.
* I reserve the right not to accept the availability of a student who is late.

***Make-up Examination***

* If a student misses the midterm examinations, she will get a zero for the examination.
* However, if you have a valid reason for your absence, reasons that are allowed by the university, you can take a makeup examination after the close of class sessions but before the final examinations.
* There will be a single makeup examination for all the students.
* Format, date and time of the examination will be announced a week ahead of the schedule.
* Makeup examination will be cumulative and will include all the topics covered in the course.
* There will be no makeup quizzes.

***Classroom Requirements***

* You shall be present in the class on time. If the door of the classroom is closed, it means the lecture has started and please do not enter the classroom.
* If you have an excuse to be late, you will have to inform me in advance.
* You are not allowed to leave the class before the conclusion of the session, unless you are specifically permitted by me to do so.

***Office Hours***

Office hours are mentioned at the beginning of this document. Information on my class schedule and office hours is also posted on my office door. You do not need an appointment to meet me during my office hours. Please visit me during my office hours for any assistance related to the materials covered, discussions, problems solved in the class or any matter of relevance to this course or to finance in general. After each assessment I strongly recommend that you visit me to go over the quizzes, examinations or any other evaluations carried out. This could benefit you greatly performing better in the assessments to be carried out in the future. My experience shows that most of the students do not take advantage of the office hours to enhance their performance and learning. Please take advantage of my office hours regularly and do not wait until examination for seeking my assistance. In case you would like to meet me outside my office hours, please make an appointment with me in advance.

***Email***

I strongly recommend you meet me during office hours for any assistance relating to doubt clarifications as in person meeting will enable me to better understand your need. However, if you are just seeking some information you may contact me through email. Will sending me an email please clearly mention your full name as it is on the University enrolment, University ID number, course and section along with your query. Please allow me a day to reply.

***Expectation***

* You may have to spend at least 4 to 6 hours every week on the subject outside the class hours.

***Course Resources***

* I intend using my Blackboard area for posting course materials, discussions and assessment results. Please stay connected.

***Syllabus modification***

This syllabus is subject to change. I will make every effort to notify you in advance about any changes.

***I look forward to an exciting semester with you. Come; let us make learning fun, effective and useful.***