

FIN 626852 – Financial Markets and Institutions

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Course Description

This course covers financial markets, the institutions in which they participate, and the instruments that are created and traded by these institutions. Topics covered include: types of markets and financial institutions; determinants of interest rates; types of securities (stocks, bonds, derivatives); the role of central banks in the creation of money and in the conduct of monetary policy; government regulation of financial markets. Details are given in the class schedule.

Prerequisite: FIN 600.

Textbook and Materials

- **Required Textbook:**
Saunders, A. & Cornett, M. *Financial Markets and Institutions*, McGraw-Hill/Irwin, 7th edition, 2019, ISBN 9781259919718.
 - **Calculator:** This course will not include a lot of calculation, but you will find it useful to have a financial calculator or a scientific calculator with a financial mode. I recommend the Texas Instrument BAII Plus financial calculator. If you have another financial calculator that you are comfortable with, you may use it. TI - BA II Plus and HP 12C are the only two calculators permitted on the CFA Exams. *It is your own responsibility to learn how to use your calculator.*
 - **Excel:** You will need to download and review Microsoft Excel files in this course, so be sure to have up-to-date Excel software installed on your computer.
 - **Wall Street Journal**
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Course Outcomes

- I. **Analytical and Problem Solving Skills**
 - Describe and analyze the nature of markets for common securities and the institutions that trade them.
 - Apply knowledge of financial markets and institutions to solve business problems.

- Develop quantitative methodologies as tools to understand and solve the problems faced by financial institutions.

II. **Information Skills**

- Know important sources that can be used to obtain relevant data for analyzing financial institutions and how to collect data from them.

III. **Communication Skills**

- Formulate and write clear and concise reports and case summaries.
- Explain and communicate efficiently basic concepts of financial theory in writing.

IV. **Ethical Reasoning**

- Recognize ethical dilemmas that may occur in financial markets and institutions and determine the correct responses to these situations.

Grading Scale

Grade	Percentage
A	90-100%
B+	85-89.99%
B	80-84.99%
C+	75-79.99%
C	70-74.99%
F	<70%

Grading Categories

Categories	Percentage
Group Project	10
Weekly discussion	10
Quizzes	20
Midterm Exam	30
Final Exam	30

Group Project (10%):

- Everyone will be part of a group project measuring corporate performance
- Each group will submit a research report at the end of the semester

Weekly discussion (10%)

- I will post an article and discussion questions each week.
- You have to read the article, post at least one response to each question, AND respond to at least one of your classmates.

Quizzes (20%)

There will be weekly online quizzes for each module due on each Sunday. There will be no make-up quizzes, no exceptions. Please check the due dates and make sure you do NOT miss any quiz.

Exams (60%)

There will be two exams, 30% each. The Midterm Exam covers Module 1 – 6. The Final Exam covers the remaining modules. There will be no make-up exams, no exceptions. Please check the due dates and make sure you do NOT miss any exam. “Respondus Monitor and LockDown Browser” will be used to comply with NJIT policies. Please read detailed instructions on Canvas. During the exams, the followings are

Allowed:

- Scratch paper
- Financial calculator (Cell phone app of the financial calculator is not allowed)

NOT allowed

- formula sheet/cheat sheet
- Textbooks /Lecture notes
- Excel files can’t be opened due to the use of “Respondus Monitor and LockDown Browser”
- Cellphone and other electronic equipment

Course Structure

Module Number

1. Introduction to Financial Markets and Institutions
2. Interest Rates, Their Determinants, and Their Use in Security Valuation
3. Government and Financial Markets
4. Debt Markets
5. Mortgage Markets, Mortgage-Backed Securities, and Loan Sales
6. Stock and Derivatives Markets
7. Midterm
8. Commercial Banks and Other Lending Institutions
9. Insurance Companies and Investment Banks
10. Mutual Funds, Hedge Funds, and Pension Funds
11. Risk in Financial Institutions and Credit Risk Management
12. Managing Liquidity, Interest Rate, and Insolvency Risk
13. Risk Management with Derivatives and Foreign Exchange Markets
14. Group project
15. Final Exam

Late Work and Make-Up Exams

No late work will be accepted. No make-ups for midterm and final exams.

Group Project Instructions

Each group will write a report on a financial institution. You should select a large public company of one of the types we have discussed: insurance company, commercial bank, investment bank, investment company (mutual funds, pensions, etc.), or stock brokerage. The paper should be about 10-15 pages double spaced.

Here are some things you may want to include in your report:

- Type of company: lines of business and major products
- Company history, including significant mergers and acquisitions
- Business strategy
- Basic financial information: market capitalization, amount of debt, recent stock price
- performance, price/earnings ratio, return on equity, etc.
- Customers
- Competitors
- Recent events of interest

Sources of information:

- Company websites and annual reports
- SEC website
- finance.yahoo.com, bloomberg.com, and other financial websites for financial
- information
- Value Line reports
- Other financial news publications

Student Conduct

The NJIT University code on academic integrity will be followed in all courses. Please found it at <http://www5.njit.edu/policies/sites/policies/files/academic-integrity-code.pdf>

Student with Disabilities Codes

NJIT adheres to section 504 of the Rehabilitation Act (ADA) of 1990. Appropriate accommodations are provided at no cost to the student. If you have any questions or would

like additional information, please contact Dr. Phyllis Bolling, Center for Counseling and Psychological Services (C-CAPS), Campbell Hall, (entry level), room 205, (973) 596-3420. For further information, visit the [Student Disability Services](#) website.

Technical Support

For assistance with the following items, please contact NJIT IST Helpdesk at: **1-973-596-2900** or <http://ist.njit.edu/support/helpdesk.php>

- UCID
- Library database access
- Webmail by Google email system
- Sessions
- Password assistance*

For assistance with the following items, please contact Technical Support at: **1-888-789-0407** or <https://supportcenter.embanet.com/NJIT>

- Content within this course
- Assignments
- Discussion Forums
- Quizzes
- Exams
- All other items related to the running of this course

*NJIT passwords may be changed using the [Global Password Change mechanism](#). You will need to know your current UCID and UCID password. Questions can be referred to **973-596-2900**.

Periodic changing of passwords and strategies for managing them are best practice for anyone using a computer. All members of the university community are encouraged to review [tips for password management](#) and to change passwords regularly.

Software and Hardware Requirements

Sometimes, you will be required to use Word processing and presentation software, such as MS Word and PowerPoint found in Microsoft Office. You will also need to be comfortable with various aspects of using the Internet such as:

- Search engines
- Newsgroups
- E-mail
- Ability to download files

To view certain media elements in this course, you will need to have several browser plug-ins such as Shockwave, Flash, and Adobe Acrobat on your computer. Use the links in the course to download and install the appropriate software application.

Important: With regards to plug-ins, ensure you are using the most recent version of each plug-in you require. View the [hardware and software requirements](#) for this course.

Browser Check

To test your web browser for compatibility in the Moodle environment, go to the [Online Support Center](#) page and select the 'Check My Browser' link located on the right side.

Student Services and Support

Heather Minton

h.minton@onlineprograms.njit.edu

877-615-8696, press 2

Schedule a phone appointment with Heather: <https://www.vcita.com/v/hminton>

Contact the program coordinator for:

- Change of address, phone, or email
- If you have not received your course materials
- If you are having difficulty contacting a faculty member
- If you have difficulty completing your course work due to personal issues
- To drop/withdraw from a course
- General program information