FIN 626 – Financial Markets and Institutions

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Office Hours: Every Wednesday, 4:30-5:30, via Zoom

Course Description

This fully on-line, asynchronous course covers financial markets, the institutions in which they participate, and the instruments that are created and traded by these institutions. Topics covered include the following: 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, 9th edition, 2019, ISBN 9781264206964.

- **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.

Course Structure

Module Number	Week of	Module Content	Corresponding Text Chapters
introduction	01/21 - 01/26	Introductions, Syllabus Review	-
1	01/27 - 02/02	Introduction to Financial Markets and Institutions	1
2	02/03 - 02/09	Interest Rates, Their Determinants, and Their Use in Security Valuation	2,3
3	02/10 - 02/16	Government and Financial Markets	4,13
4	02/17 - 02/23	Debt Markets	5,6
5	02/24 - 03/02	Mortgage Markets, Mortgage-Backed Securities, and Loan Sales	7,25
6	03/03 - 03/09	Stock and Derivatives Markets	8,10
7	03/10 - 03/16	Midterm	
		Spring Break -- no classes	
8	03/24 - 03/30	Commercial Banks and Other Lending Institutions	11,12,14
9	03/31 - 04/06	Insurance Companies and Investment Banks	15,16
10	04/07 - 04/13	Mutual Funds, Hedge Funds, and Pension Funds	17,18
11	04/14 - 04/20	Risk in Financial Institutions and Credit Risk Management	19,20
12	04/21 - 04/27	Managing Liquidity, Interest Rate, and Insolvency Risk	21,22
13	04/28 - 05/04	Risk Management with Derivatives and Foreign Exchange Markets	23,9
14	05/05 - 05/11	Projects/Presentations	
15	05/12 - 05/18	Final Exam	

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.

Assessment Categories

Categories	Percentage
Weekly discussions	20
Quizzes	10
Project	30
Midterm Exam	20
Final Exam	20

Weekly discussion (20% of your course grade)
- I will post discussion topics (note – possibly more than one!) for each module. The topics might be a general discussion topic, a mathematical problem to solve, or a recent news article. Each post will relate directly to that module's subject matter.
- In each discussion post, you will have a minimum of 2 entries:
  - You will directly address the question I pose
  - AND you will respond to at least one of your classmates' posts.

Quizzes (10% of your course grade)
There will be weekly online quizzes for each module, due on each Sunday of that module. Please note there will be no make-up quizzes, and there are no exceptions to this rule. Please check the due dates and make sure you do NOT miss any quizzes.

Project (30% of your course grade):
There is one broad project that will be due later in the semester (TBD). This will be a broad in the sense it will not be related to any one module and will require you to synthesize some of the learnings gained during the course into a demonstration of understanding of how the financial system is not a static entity but, rather, a dynamic, complex, evolving ecosystem with multiple interconnected actors, constantly shifting incentive structures, ongoing technological transformation, and regulatory feedback loops.

Midterm and Final Exams (40% of your grade)
There will be two exams, each of which is worth 25% of your grade. The Midterm Exam covers Modules 1 – 6. The Final Exam covers the remaining modules. Please note there will be no make-up exams, and there are no exceptions to this rule. 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 following are allowed:

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

The following are 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

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%

Late Work and Make-Up Exams

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

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