



Financial Institutions and Markets (FIN-892)

Department of Finance & Investments

National University of Sciences & Technology (NUST)

Course Details

Course Title: Financial Institutions and Markets

Course Code: FIN-892

Credit Hours: 3

Prerequisite: Fundamentals of Financial Management

Program: EMBA-2K23

Course Description

This course examines the form and function of various financial markets and the manner in which financial institutions seek to use these markets to accomplish strategic corporate objectives. Our attention will focus on the behavior of major financial institutions, including commercial banks, and their role in the intermediation process as suppliers of funds to the money and capital markets. In addition, we will examine how financial institutions trade various financial claims within the capital market to tailor their risk-return profile in order to enhance franchise value. In this course, we learn how financial markets operate and consider the economic principles that underlie the operations of these markets. We examine why financial intermediaries are critical to the effective functioning of financial markets. The course will also relate theory with practice in Pakistan.

Course Learning Outcomes (CLO)

Upon successful completion of the course, students should be able to:

CLO 1. Summarize the role of financial institutions and capital markets to understand their importance in the financial system.

CLO2. Analyze characteristics of financial institutions and capital markets which helps individuals, companies, and government organizations to acquire capital.

CLO 3. Compare the operational efficiency of various financial institutions and markets to achieve economic growth.

CLO 4. Explain appropriate practices and approaches to conduct the monetary policy.

CLO 5. Evaluate important capital markets and their impact on economy.

Program Learning Goals and Objectives

Goals & learning objectives of the EMBA Program are:

Goal 1: Students will be capable of critical thinking

LO 1.1: Students will be able to solve problems with the application of business knowledge.

LO 1.2: Students will be able to evaluate competing decision criteria and alternatives.

Goal 2: Students will demonstrate leadership skills

LO 2.1: Students will be able to develop the ability to lead and manage in teams.

LO 2.2: Students will be able to make sound decisions.

Goal 3: Students will learn to communicate effectively

LO 3.1: Students will be able to communicate effectively in oral presentations.

LO 3.2: Student will be able to create professional reports.

Goal 4: Students will deal with the ethical dilemmas that arise in a business environment

LO 4.1: Students will be able to identify ethical concerns emanating from a business situation.

LO 4.2: Students will be able to apply ethical guidelines to address business problems by examining a set of alternatives.

Mapping - CLOs with LOs

Learning Objective	LO 1.1	LO 1.2	LO 2.1	LO 2.2	LO 3.1	LO 3.2	LO 4.1	LO 4.2	Not mapped	Evaluation Item
CLO 1									X	
CLO 2									X	
CLO 3									X	
CLO 4									X	
CLO 5									X	

Note: ✓ indicates mapped and assessed CLO, ● indicates mapped but not assessed CLO and X indicates unmapped

Course Evaluation (Grade Breakup)

Grading will be done as per NBS criteria. The breakup of the grade points is as follows:

Midterm Examination	10%
Final Examination	30%
Assignments/Project/Quizzes	30%
In-Class Experiential Activities:	30%

Required Course Material:

Textbook (s):

F.S. Mishkin and S.G. Eakins: Financial Markets and Institutions. Pearson, 8th Ed.

Reference Book (s):

- P. Howells and K. Bain: Financial Markets and Institutions. Pearson, 5th Ed.
- Frank J. Fabozzi, Franco P. Modigliani and Frank J. Jones (2010). Foundations of financial markets and institutions, 4th Ed.
- Jeff Madura: Financial Markets and Institutions, 11th Ed.

Other Material:

- Students are encouraged to read current Issues in the Financial Industry in Pakistan and worldwide.
- Read financial publications such as:
 - Wall Street Journal, Financial Times, Business Recorder
 - Dawn Business Section, Economic and Business Review
 - State Bank of Pakistan's Publications

Course Content (Weekly)

Weekly breakdown is given below.

Week	Lecture No. and Topic	Reading	Session Outcomes (Students should be able to...)
1	LECTURE 1: Overview of the Financial System	M&E Ch 1&2: Classifications of Financial Institutions and Markets. Transactions in Financial Markets	Understand the Function of Financial Markets and their classifications (CLO a)
2	LECTURE 2: Are Markets Efficient?	M&E Ch 6 Case: Asymmetric Information: Market failures, market distortions and market solutions	Understand hypothesis and theories relating to the financial Markets. Identify the types of market efficiency (CLO a)
3	LECTURE 3: Commercial Banking and Thrift Industry	M&E Ch 17: Banking and the Management of Financial Institutions	Identify risk of commercial banks and banking (CLO c)
4	LECTURE 4: Financial Institutions: Depository	M&E Ch 18 & 19: Banking and the Management of Financial Institutions	Regulations for commercial banks, Risk management and the capital adequacy requirements (CLO b)
5	LECTURE 5: Mutual Funds and insurance	M&E Ch 20: The Mutual Fund and insurance Industry	Understand Functioning of Mutual Funds and insurance companies (CLO c)
6	LECTURE 6: Pension and asset management companies	M&E Ch 21 Case: Asset allocation at the cook county pension fund	Understand the functioning of asset management companies and Pension Funds along with their asset allocation strategies (CLO c)
7	LECTURE 7: Financial Institutions: Non-Depository	M&E Ch 22	Examine the functioning of Investment Banks, Security Brokers and Dealers, and Venture Capital Firms (CLO c)
8	LECTURE 8: Regulatory Institutes: Central Banks and the Federal Reserve System	M&E Ch 9	Learn about the origin, roles and functioning of the central banks (CLO d)

9	<u>MID-TERM EXAM WEEK</u>		
10	LECTURE 9: Govt. Control and Regulations	M&E Ch 10 &11: Monetary policy statements	Examine the State bank of Pakistan Functions and tools to control and regulate the economy (CLO b)
11	LECTURE 10: Financial Crisis: Failure of Financial institutions and markets?	M&E Ch 8	Evaluate and predict the financial crisis and its consequences (CLO d)
12	LECTURE 11: Debt Markets and Valuation	M&E Ch 12: The Bond Market	Learn about the classifications in bond market and their characteristics (CLO a)
13	LECTURE 12: Equity Markets and Valuation	M&E Ch 13: The Stock Market	Distinguish between the different type of equity markets and international linkage (CLO e)
14	LECTURE 13: Forex Markets	M&E Ch 15: The Foreign Exchange Market	Equipped for the valuation and purchasing power parity in forex market (CLO b)
15	LECTURE 14: Interest rates, risk and term structure	M&E Ch 4 and 5	Examine the behavior of changes in interest rate and its consequences along with the term structure (CLO d)
16	LECTURE 15: Volatility and Liquidity Risks in Capital Markets	Case: Liquidity risk management of AIG and Lehman brothers	Understand different risks in the financial markets and their consequences (CLO e)
17		<u>BUFFER WEEK</u>	
18	<u>FINAL EXAM WEEK</u>		