# King Saud UNIVERSITY

## College of Business Administration

**Semester II 2011/2012**

**Course Code : FIN 230 Credit Hours: 3**

**Course Title: Financial markets and Institutions**

**Pre-requisite : FIN 200 Instructor: Ms.Ghadah Alarifi**

**Office : B16 # 50 E-mail : [Ghalarifi@ksu.edu.sa](mailto:Ghalarifi@ksu.edu.sa)**

**Website : http://fac.ksu.edu.sa/ghalarifi/home**

**I. Course Description**

The study of financial markets and institutions is one of the most important areas for finance and business students. One can easily recognize the importance of the subject by reviewing the financial services in his daily life: checking accounts, credit cards, life, auto, home insurance policies, pension plans and shares in mutual funds. All these services are supplied and facilitated by a variety of financial institutions. The course has been designed to enable the students to understand the existing financial markets, instruments and institutions. In addition, it is also expected to expose them to the current developments taking place in financial markets.

**II. Course Objectives:** Having read this course, the students are expected to have a better understanding of financial markets (e.g., the New York Stock Exchange, Nasdaq, the treasury market, the foreign exchange market), financial instruments (e.g., stocks, bonds, options, futures, swaps) and financial institutions (e.g., commercial and investment banks, brokerage houses and mutual funds).

|  |
| --- |
| **Knowledge**  Explain theoretical background of various fundamentals of financial markets, institutions and the instruments that allow (and restrict) the shifting of cash flows, their timings and the risks involved therein. Also to learn about why and how financial markets, institutions and instruments are regulated. |
| Cognitive Skills: To enable the students to have an improved understanding of issues in financial markets and mechanics of financial institutions based on empirical evidence and application of theories to the real life issues. |
| Interpersonal Skills & Responsibility: Recognize the value judgment process and diversity of opinion regarding issues across individuals to develop and strengthen the mind-sets towards mutual understanding, tolerance and ideas sharing. Draw upon the resiliency of human approach and adopt a productive and supportive attitude in solution of problems in financial markets. **Numerical & Communication Skills:** Put forward individual opinions and observations about theoretical and contemporary issues in financial markets of the world. |

**Instructor Expectations**

* Late assignments are not accepted.
* No makeup Midterms or quizzes are allowed.
* Finance is a very difficult subject to learn, skipping class is not advised.
* During an exam or a quiz, any cheating student will receive a grade of zero.
* Cell phones must be turned off during class. No form of texting is allowed.
* Any talking or texting in class will lead to a pop quiz.

**Schedule :**

|  |  |  |
| --- | --- | --- |
| WEEK | TOPIC | CHAPTER(S) |
| **1** | Introduction & Overview | 1 |
| **2** | Money Markets | 5 |
| **3** | Money and Bond Markets | 5 &6 |
| **4** | Bond Markets | 6 |
| **5** | Mortgage Markets | 7 |
| **6** | Stock Markets | 8 |
| **7** | Stock + Foreign Exchange Markets | 8&9 |
| **8** | Foreign Exchange Markets | 9 |
| **9** | Commercial Banks Industry overview | 11 & 13 |
| **10** | Central Bank System in Saudi Arabia ( SAMA ) | External Material |
| **11** | Securities Firms and Investment Banks | 16 |
| **12** | Revision |  |
|  |  |  |
|  | **FINAL EXAM** |  |
|  |  |  |
|  |  |  |

**Evaluation**

Students will be evaluated based on the following components:

1.Attendance 5%

2. Quizzes 5%

3. Weekly Report ( 2) 7%

4. Group Presentation (5 to 6) 8%

5. Major exams 35%

6. Final exam 40%

**Main Reference:**

Saunders, A. and Cornett, M. M. (2007) *Financial Markets and Institutions: An Introduction to the Risk Management Approach*. 4rd Edition, McGraw-Hill.

**Weekly Report:**

* Write down the weekly values of:

**Commodities:** Oil and Gold.

**Currencies:** Euro, Pound Sterling and Japanese Yen against the Dollar.

**Indexes:** Tasi and Dow. ( information can be found: **http://finance.yahoo.com/** and [www.tadawul.com.sa](http://www.tadawul.com.sa) )

* Write down important news that affected commodities, currencies or Indexes.
* In week 11 you will hand in the report with a chart of the prices and an analysis.