

King Saud University

College of Business Administration

Finance Department

Course Syllabus

FIN230 Financial Markets and Institutions

Second Semester: 2014-2015

Credit Hours: 3

Faculty: Dr. Lakshmi Kalyanaraman

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***Course Schedule***

|  |  |  |  |
| --- | --- | --- | --- |
| **Section** | **Days** | **Time** | **Class Room** |
| 40430 | 1 3 5 | 08:00 AM - 08:50 AM | 1101 03 G A 051 |
| 32688 | 1 3 5 | 09:00 AM - 09:50 AM | 1101 03 G A 022 |
| 30651 | 1 3 5 | 11:00 AM - 11:50 AM | 1101 03 1 A 003 |

***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 and Objectives***

Emphasis is placed on the nature of financial markets and institutions, their functions, dealings, structures, and their necessary characteristics to achieve maximum efficiency. Other topics covered in this course include financial systems, Saudi Monetary Agency, monetary policies, types and structures of financial markets and institutions.

***Learning Outcomes***

Upon finishing this course you will be able to

1. Define the role played by financial markets and institutions in the flow of funds from those with excess funds to those with shortage of funds. (LG 7: OB 1)
2. Describe the functions, dealings structures and characteristics of money market, bond market, mortgage market, stock market and foreign exchange market operate. (LG 2, OB 3)
3. Evaluate securities in each market. (LG 2: OB 3)
4. Describe the structure of commercial banking industry (LG 7: OB 1)
5. Define the purpose of regulations on the industry (LG 7: OB 1)
6. Define the basic functions of securities firms and investment banks (LG 7: OB 1)
7. Compare the domestic financial markets and institutions with that of some of the other countries. (LG 8: OB 1)

***Pedagogy***

This course uses lectures, discussions, problem-solving demonstrations, assignments, pop-up quizzes and presentations.

***Evaluation weightages***

Midterm examination 1: 20 marks

Midterm examination 2: 20 marks

Final examination: 40 marks

Quiz 1: 5 marks

Quiz 2: 5 marks

Assignments and Popup questions: 10 marks

***Required Text***

Saunders, A. & Cornett, M., 2012. Financial markets and institutions, Fifth edition, International edition, McGraw-Hill.

***Reference Text***

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

***Suggested Materials***

Financial 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***

|  |  |  |
| --- | --- | --- |
| Topics | Sessions | Reference  Chapters from Saunders & Cornett |
| **Introduction and overview of financial markets:** |  |  |
| Introduction | January 25  January 27  January 29  February 1  February 3  February 5 | Chapter 1 |
| **Securities markets:** |  |  |
| Money markets | February 8  February 10  February 12  February 15 | Chapter 5 |
| Bond markets | February 17  February 19  February 22  February 24 | Chapter 6 |
| Mortgage markets | February 26  March 1  March 3  March 5  March 8 | Chapter 7 |
| Stock markets | March 10  March 12  March 17  March 19 | Chapter 8 |
| Foreign exchange markets | March 29  March 31  April 2  April 5  April 7 | Chapter 9 |
| **Commercial banks:** |  |  |
| Commercial banks: industry overview | April 9  April 12  April 14  April 16 | Chapter 11 |
| Regulations of commercial banks | April 19  April 21  April 23  April 26 | Chapter 13 and Handouts |
| **Other financial institutions:** |  |  |
| Securities firms and investment banks | April 28  May 3  May 5 | Chapter 16 |
| Saudi Arabian Monetary Agency, Monetary Policy and Interest Rates | May 7  May 10 | Chapter 2 and Handouts |
| Review | May 12  May 14 | All topics discussed in the course |

***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 to the problem solving sessions compulsorily.

***Examination Schedule***

Quiz 1: February 19, 2015

Midterm 1: March 15, 2015

Quiz 2: April 14, 2015

Midterm 2: May 5, 2015

***Exams***

You will have two mid-term examinations and a final examination for this course. Midterms will be of one hour duration each. Midterms are not cumulative. Topics that will be included for each of the midterm examination will be announced at least one week ahead of the exam schedule. The format of each of midterm examination will also be made known to the class at least a week ahead of the examination. Final examination is cumulative and will be of two 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. All examinations will be unified for all the sections that I teach and hence will be outside the class schedule. All midterm examinations will be held between 1 pm to 2 pm. Venue for the examinations will be announced a week ahead of the schedule.

***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. Topics that will be included for the quizzes will be announced at least a week ahead of the schedule.

***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 Sunday. 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 irrespective of whether they missed the first or the second midterm examination.
* 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.***