

DONGGUAN UNIVERSITY OF TECHNOLOGY

School of Economics and Management

Course Syllabus

Spring 2019

Course Information

Course Code	088559
Course Title	Financial Markets and Financial Institutions
Instructor	Chih-Yuan Hung
Class	2017 Economics and Finance (Financial Management Industry-University International Program)
Course Category	☒ Compulsory ☐ Elective
Credit(s)	3
Total Hours	54
Hours Per Week	2 hours for week 1-9; 4 hours for week 10-18
Practical Hours	0
Lab Practice Hours	18
Classroom	Tuesday: R6301, GuanCheng Campus; Friday: R6209, GuanCheng Campus
Time	Tuesday, 10:25-12:00; Friday, 10:25-12:00
Office Hour	Wednesday 10:00-12:00 at 3207 Guancheng Campus; by appointment
Required Textbook	Mishkin, Frederic S. and Stanley G. Eakins. (2014). <i>Financial Markets and Institutions</i> . 8th edition. Pearson. (Copy version, China Renmin University Press, 2017)
Supplementary Materials	1. Mishkin, Frederic S. (2018). <i>Economics of Money, Banking and Financial Markets</i>. 12th edition. Pearson. ISBN- 978-0134733821. 2. Malkiel, Burton G. (2019). <i>A Random Walk Down Wall Street: The Time-Tested Strategy for Successful Investing</i>. 12th edition, W. W. Norton & Company. ISBN-978-1324002185. (中文版:《漫步华尔街》) 3. Yahoo Finance. 4. Adler, Mortimer J. and Charles Van Doren. (1972). <i>How to Read a Book: The Classic Guide to Intelligent Reading</i>. Revised Edition. Touchstone. ISBN- 978-0671212094. (中文版:《如何阅读一本书》)

Prerequisites	Microeconomics, Macroeconomics, Advanced Mathematics
Course website	https://chihyuanhung.net/financial-markets-and-financial-institutions/

Assessment and Grading

Your grade is composed by four parts. They are attendance (10%), experimental report (20%), midterm exam (20%), and final exam (50%).

The date of exam is in the tentative schedule. All problems in exam will be multiple choice question, which means you should choose one from four or more candidates of answer. The detailed grading is as following:

	Standard	Notes
Attendance, 10%	If you are late or leave early, your grade will be taken one point each time. If you are absent for one class, the taken point will be 2 for each absentee. Give questions is a good way to get points in attendance.	If you are taken more than 10 points away, I will reserve your right to participate final exam.
Experimental Report 20%	The report of class experiments is a group work, which is composed by two parts: presentation (10%) and paper (10%). The presentation shows the data we collected from experiments. The paper should include the setup of the experiment, the process of the experiment, the theoretical and statistical analysis of the essential variables.	Paper should hand in before the final exam.
Midterm exam, 20%	Questions for 100 points on the test paper and will be weighted to be 20% in your grade.	Closed book exam.
Final exam, 50%	Questions for 100 points on the test paper and will be weighted to be 50% in your grade.	Closed book exam.

Course Description

This course introduces you the financial market and institutions in advanced countries. In the program of Financial Management International Program (FMI), knowledge of financial markets and institutions (Markets, thereafter) is one of the fundamental tools for understanding the world of finance. Comparing to economics, Markets deals with the activities of financial side in the economy, which means you will learn not only the aggregate behavior of financial market that we have discussed in Macro but also the industrial behavior and individual behavior of the participates in the financial markets. This requires the students to equip an integrated viewpoint of markets. Analysis of financial markets and institutions opens the fruitful tool box of financial economists for you and helps you to investigate the vivid financial issues by using these shaped tools. Have fun!

Course Objectives

Our goal is to complete the modules financial markets and financial institutions. After that you can

- Apply concepts relevant to financial markets and financial institutions, such as the flow of funds, levels of interest rates and interest rate differentials, to current events or topical issues.
- Determine and analyze the appropriate measures of risk and return for various financial instruments. Understand the mechanics and regulation of financial securities exchanges and determine how the value of stocks, bonds, and securities are calculated.
- Identify and evaluate the role symmetric versus asymmetric information plays in the structure and operation of the financial system information.
- Evaluate empirical evidence of market performance and contrast it with theories of market performance.
- Research and analyze specific problems or issues related to financial markets and institutions.
- Explore the international integration of international financial markets and analyze the implications for financial managers.

Course Expectations

1. Attendance - Class attendance is expected of all students. Especially for the experimental sessions, no miss of any experiment is the bottom line. For other cases,

please notify me or the class TA before the day of an anticipated absence. Failure to attend class regularly or frequent tardiness will mean automatic loss of your attendance mark.

2. English - You are highly encouraged to speak English in the class and actively exchange your ideas, opinions and critical thinking with others. Make sure to speak English even during small-group or paired activities.
3. Before/After Class - Students should expect to spend an adequate amount of time on reviewing the textbook, course handouts and finalizing the group homework before the due day. To keep up with the flow of the course, students are strongly recommended to complete the relevant reading materials and to have the coming individual/group presentations/activities conscientiously prepared before the class.
4. Class Participation - Class participation is an essential part of the learning process. Students will be evaluated on the quality your individual/group performance, your team spirit and your contributions to the class/group activities by your peers or the lecturer correspondingly.
5. Late assignments will be accepted without penalty only in cases of legitimate absences and only if the student has contacted the lecturer or the TA in advance regarding the reasons for the late assignment. If you miss a class, you must get previous class material from one of your student contacts.
6. Please be considerate of your fellow students during class presentations. Talking during the presentation will result in a 1% deduction from your final grade.

Course Schedule

Week/Date	Topic	Required Reading and Assignments
1/Feb. 26	Introduction: Why Study Financial Markets and Institutions?	Chapter 1
2/Mar. 5	Overview of Financial System	Chapter 2
3/Mar. 12	Why Do Financial Institutions Exist?	Chapter 7
4/Mar. 19	Why Do Financial Crises Occur and Why Are They So Damaging to the Economy	Chapter 8
5/Mar. 26	The Money Market	Chapter 11

6/Apr. 2	The Bond Market	Chapter 12
7/Apr. 9	The Stock Market	Chapter 13
8/Apr. 16	The Mortgage Markets	Chapter 14
9/Apr. 23	Midterm exam	Review Notes
10/Apr. 30	Banking and Management of Financial Institutions	Chapter 17
11/May 7	Financial Regulation	Chapter 18
12/May 14	Banking Industry: Structure and Competition	Chapter 19
13/May 21	The Mutual Fund Industry	Chapter 20
14/May 28	Insurance Companies and Pension Funds	Chapter 21
15/Jun. 4	Investment Banks, security Brokers and Dealers, and Venture Capital Firms	Chapter 22
16/Jun. 11	Review for analytic tools for report of experiment	Review Notes
17/Jun. 18	Risk Management in Financial Institutions	Chapter 23
18/Jun. 25	Review	Review for final exam
Total	36 hours	

Laboratorial Hours Schedule

Week/Date	Topic	Assignments
10/May 3	Introduction to behavior finance, laboratorial experiments, and R program	Installation of R on your own PC.
11/May 10	Review of linear regression models	LA1: linear model
12/May 17	Experiment I: Pit Market	Collation of Data
13/May 24	Experiment II: Lottery Choice	Collation of Data
14/May 31	Experiment III: Price/Quality Market	Collation of Data
15/Jun. 7	Dragon Boat Festival Online experiment IV: Limit Order Asset Market	Collation of Data
16/Jun. 14	Experiment V: Bayes' Rule	Collation of Data

		Preparation for presentation I
17/Jun. 21	Special models in experimental data; Presentation I	Preparation for presentation II
18/Jun. 28	Presentation II	Reports of experiments
Total	18 hours	
Date: 2019.3.12 Approved Reviewed by Bitao Shi Signature BITAO SHI Director of Department of International Business and Management		