

**THE UNIVERSITY OF HONG KONG  
FACULTY OF BUSINESS AND ECONOMICS**

**FINA0102/FINA2330 - Financial Markets & Institutions**

<b>GENERAL INFORMATION</b>	
<p><u>Semester 1</u> FINA2330A &amp; B Instructor: Dr. Thomas Schmid Phone: 3917-7766 Email: schmid@hku.hk Office: KK827 Consultation times: TBA Tutor: TBA</p> <p><u>Semester 2</u> FINA2330C,D,E Instructor: Dr. Vinh Nguyen Phone: 3917-1007 Email: nguyenvq@hku.hk Office: KK833 Consultation times: By appointment Tutor: TBA</p> <p>Pre-requisites: ECON1210 Introductory microeconomics and FINA1310 Corporate finance Co-requisites: N.A. Mutually exclusive: N.A</p> <p>Course Website:</p>	
<b>COURSE DESCRIPTION</b>	
<p>This course is designed to introduce and analyze the structure, operations and functions of the financial system. The course starts with an introduction to financial markets' role in the economy, and the determination of interest rates and valuation of cash flows. The course then discusses various financial markets including money markets, bond markets, mortgage markets, stock markets and derivatives markets. Financial institutions will be discussed with an emphasis on their major functions and operations.</p>	
<b>COURSE OBJECTIVES</b>	
<ol style="list-style-type: none"> <li>1. To provide an overview of major financial markets and financial institutions.</li> <li>2. To develop an understanding of the basic concepts in banking and finance and their applications</li> <li>3. To increase the understanding of real-world challenges in financial markets</li> <li>4. To prepare for the next level of finance course</li> </ol>	
<b>FACULTY GOALS</b>	
<p>FLG1: Acquisition and internalization of knowledge of the programme discipline FLG2: Application and integration of knowledge FLG3: Inculcating professionalism FLG4: Developing global outlook FLG5: Mastering communication skills FLG6: Cultivating leadership</p>	
<b>COURSE LEARNING OUTCOMES</b>	
<b>Course Learning Outcomes</b>	<b>Aligned Faculty Goals</b>

CLO1. To understand the basic functions and structures of major financial markets and financial institutions	Goal#1, Goal#4
CLO2. To understand simple models to explain the determinants of interest rates, stock prices, and exchange rates	Goal#1, Goal#4
CLO3. To be able to explain why financial intermediaries and central banks exist and what is their role in modern economy	Goal#1, Goal#4
CLO4. To analyze and evaluate the current financial market news and issues and their implications	Goal#1, Goal#2, Goal#4
CLO5. To develop skills to conduct research and deliver presentations on topics related to financial markets and institutions	All Goals

#### COURSE TEACHING AND LEARNING ACTIVITIES

Course Teaching and Learning Activities	Expected contact hour	Study Load (% of study)
T&L1. Lectures	36	30%
T&L2. Tutorials	12	10%
T&L3. Self-Study	72	60%
Total	120	100%

Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
A1. Tutorial Performance		10%	CLO1-6
A2. Assignment(s)/Project(s)		30%	CLO1-6
A3. In-term Examination		60%	CLO1-6
	Total	100%	

#### STANDARDS FOR ASSESSMENT

##### Course Grade Descriptors

A+, A, A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis.
B+, B, B-	Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis.
C+, C, C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning; such as describe and apply, but not at high levels of learning such as evaluate and synthesis
D+, D	Evidence of basic familiarity with the subject.
F	Little evidence of basic familiarity with the subject.

##### Assessment Rubrics for Each Assessment (Same as Course Grade Descriptors)

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## COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

### Topics:

- Why study financial markets and institutions
- Overview on the financial system
- What do interest rates mean and what is their role in valuation
- Why do interest rates change
- How do risk and term structure affect interest rates
- Are financial markets efficient
- Why do financial institutions exist
- Central banks and the federal reserve system
- Conduct of monetary policy: Tools, Goals, Strategy, and Tactics
- The money markets
- The bond market
- The stock market
- The foreign exchange market
- The international financial system (
- Banking and management of financial institutions
- Financial regulation
- Hedging with financial derivatives

## REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)

### Required Textbook:

Financial Markets and Institutions, by Frederic S. Mishkin and Stanley G. Eakins (ME), 9th edition, Pearson Education

### Lecture Notes and Assigned Readings:

Before each class students can download the lecture notes from the course website. Supplementary required and optional readings and other materials may also be distributed during classes and tutorials.

## MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE

## COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)

### **Academic Honesty**

Plagiarism (<http://www.rss.hku.hk/plagiarism/> )

"A candidate shall not engage in plagiarism nor employ nor seek to employ any other unfair means at an examination or in any other form of work submitted for assessment as part of a University examination. Plagiarism is defined as the unacknowledged use, as one's own, of work of another person, whether or not such work has been published."

"In this University, plagiarism is a disciplinary offence. Any student who commits the offence is liable to disciplinary action."

You are strongly advised to read the booklet "What is Plagiarism" (<http://www.rss.hku.hk/plagiarism/> ) and to consult your teachers if you have any questions about how to avoid plagiarism.

### Cheating

Cheating is another very serious academic offence. Any student who commits cheating on homework assignments or final examination will receive a grade "F" for the whole course. In addition, the case will be reported to the relevant Board of Examiners and/or the Senate of the University for further actions.

### **Class Attendance**

To maximize learning experience, students are strongly recommended to attend all the lectures and tutorial classes, submit

the homework assignments on time and participate actively in the term project. Based on the records of the past semester, the correlation between course performance and attendance rate in lectures was very high. The work load of this course is quite heavy and students are expected to spend at least 130 contact hours as described above.

**Class Conduct**

The guiding principle governing class conduct is mutual respect. All mobile phones must be switched off or on silent mode. No eating or drinking is allowed. Students should not disturb others in class.

**ADDITIONAL COURSE INFORMATION** (e.g. e-learning platforms & materials, penalty for late assignments, etc.)

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