

## Course Syllabus

University of Missouri–Kansas City  
Bloch School of Management  
Department of Finance  
FIN 340 – Global Financial Markets and Institutions  
Spring Term 2012  
TT 5:30-6:45 pm Bloch Room 8

Instructor: Dr. Stuart E. Weiner  
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Phone: 816.235.5155  
Office hours: TT 4:30-5:15 pm, or by appointment

### **Required Books:**

1. Anthony Saunders and Marcia Cornett, *Financial Institutions Management: A Risk Management Approach*, 7<sup>th</sup> edition, McGraw Hill. (Note: Either hardcopy or online version is acceptable.)
2. Andrew Ross Sorkin, *Too Big To Fail*, paperback edition, Penguin Books.

### **Recommended:**

A calculator.

### **Prerequisite:**

FIN 325.

### **Course Description:**

This course provides an examination of the composition and operation of U.S. and global financial markets and institutions. Topics include financial instruments, past and current global financial crises, financial restructuring and reforms, and the interrelationships between financial and real economies. The course is inherently applied in nature, and explores such current-event topics as the 2007-2009 financial market meltdown, the 2010 financial reform bill, the ongoing European economic crisis, mortgage-backed securities, credit default swaps, mutual funds, hedge funds, and Federal Reserve monetary and regulatory policy.

### **Course Format:**

The course will be taught as a combination of traditional lecture and class discussion formats. PowerPoint slides will frequently be used as a tool in lectures, sometimes drawing on text-based sources and sometimes drawing on instructor-generated sources. All PowerPoint presentations will be made available to students on Blackboard. All non-text readings also will be made available to students. In addition, the course will frequently draw on online videos from such sources as the Wall Street Journal and the New York Times.

The class discussion portion of the class will take two forms. Students routinely will be assigned topics to be discussed in the next class, based on current events, the text, or other readings. The course also will include three “debate” classes, in which students will be assigned one side or the other of a current policy topic and will be encouraged to make points during an informal in-class debate. Debate topics will center on the recent and ongoing financial crises in the U.S. and Europe.

No homework will be assigned.

### **Grading:**

Overview. Students’ final grades will be based on performance on three exams (two midterm exams and the final exam). The grade breakdown is as follows:

Midterm Exam 1:	1/3
Midterm Exam 2:	1/3
Final Exam:	1/3

The course will use the +/- grading system.

In addition, students who make exceptional contributions to class and debate discussions—as judged by the instructor—will have their final course grades adjusted upward by ½ a letter grade (e.g., from B- to B). The instructor will inform the recipients of this adjustment by email prior to the end of the course.

Exams. Exam formats will be a mixture of true/false, multiple choice, and essay questions. The final exam will not be comprehensive, but rather will cover the last third of the course only. Exams will be graded on a curve. Each of the exams will be assigned a letter grade that is then converted to its numerical equivalent. Possible exam grades will be A (4.0), A- (3.7), B+ (3.3), B (3.0), B- (2.7), C+ (2.3), C (2.0), C- (1.7), D+ (1.3), D (1.0), D- (0.7), F+ (0.3), and F (0.0).

Attendance. Attendance will not be taken, but consistent with the UMKC general attendance policy, students are expected to attend classes. Students should notify the instructor of excused absences in advance, where possible. Students who

anticipate missing an exam must inform the instructor in advance—alternative arrangements will be made on a case-by-case basis.

Computation of course grade. As noted above, each of the exams will be assigned a letter grade that is then converted to its numerical equivalent. The overall course grade will then be computed as the weighted-average numerical score converted back to the corresponding letter grade. The ranges for the overall weighted score are:

A	3.71 – 4.00
A-	3.31 – 3.70
B+	3.01 – 3.30
B	2.71 – 3.00
B-	2.31 – 2.70
C+	2.01 – 2.30
C	1.71 – 2.00
C-	1.31 – 1.70
D+	1.01 – 1.30
D	0.71 – 1.00
D-	0.31 – 0.70
F+	0.01 – 0.30
F	0.00

If, for example, someone earned an A on the first midterm, a B- on the second midterm, and a C on the final, the course grade would be:  $(1/3 \times 4.0) + (1/3 \times 2.7) + (1/3 \times 2.0) = 2.9 = B$ . If, in addition, that student was judged by the instructor to have made an exceptional contribution to class and debate discussions, his/her course grade would be raised to a B+.

### **Course Outline:**

Reading assignments and exam dates are attached.

### **University Policies:**

Academic Honesty. A student enrolling in any UMKC course is expected to exhibit high standards of academic honesty. In the case of academic misconduct, the instructor will assess the affected work and report the incident to Bloch School administration according to the guidelines printed in the University catalog. See student conduct policies at: <http://www.umkc.edu/umkc/catalog/html/append/policy/0020.html>.

Cheating and plagiarism will not be tolerated. All exams are closed book, closed note, and are to be taken without help or assistance from other students. Calculators can be used in exams. Persons observed cheating on exams will receive a grade of “F” for the exam.

Course Withdrawal. All course withdrawals must be completed through the Registration Center in the UMKC Administrative Center. Students intending to withdraw from the course after the eighth week of class are required to obtain the signature of both the instructor and an academic advisor before the course withdrawal is official. Telling the instructor that you intend to withdraw from the course or ceasing to attend class does not constitute an official withdrawal. The academic calendar in the class schedule/registration guide lists the official withdrawal dates.

Inclement Weather. Cancellation of classes because of inclement weather is determined by UMKC central administration. Students should consult the UMKC website for information when threatening weather exists.

Support Services. The University and the Bloch School offer several support services. These include:

- Bloch School Computer Lab. The Lab is available for student use. It is located in Bloch 110. The Lab's website is: <http://www.umkc.edu/is/oa/IS-Lab-Brochure.pdf>
  - Bloch School Communications Center. Students who desire assistance with professional writing and presentation skills may contact the Bloch Communications Center. Communication coaches are available for proofreading, editing, and brainstorming help. The Center is located in Bloch 201. Drop-in appointments are welcome.
  - Office of Disabled Student Services. Students who have any questions about a disability or desire accommodation under the Americans with Disability Act should contact the Office of Disabled Student Services at 816.235.5696. The Office's website is: <http://www.umkc.edu/disability/>
  - UMKC Faculty and Staff are committed to assisting you as you work to achieve academic success. We have "U First", an early alert program that allows your course instructor or other university staff to issue "early alerts" if they become concerned about your successful academic progress or if you express a concern to them regarding your ability to achieve success at UMKC. As a follow up to the "early alert" you may be contacted by an Academic Adviser or other university support staff to provide you information, resources, or referrals to help you address the concern and to provide you with additional support to assist you in achieving the highest possible level of academic success while working to complete your UMKC degree.
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**Course Outline\* – FIN 340**


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<u>Topic</u>	<u>Day</u>	<u>Date</u>	<u>Required Readings</u>
<i>Institutional Background</i>			
Course Overview—FIs and FMs in Crisis	T	1/10	---
Why Are Financial Institutions Special?	Th	1/12	Ch. 1
Risks of Financial Institutions	T	1/17	Ch. 7
Depository Institutions/Finance Companies	Th	1/19	Chs. 2,6
Insurance Companies	T	1/24	Ch. 3
Brokerage Firms/Investment Banks	Th	1/26	Ch. 4
Mutual Funds	T	1/31	Ch. 5(p**); TBA
Hedge Funds	Th	2/2	Ch. 5(p)
Product and Geographic Expansion	T	2/7	Ch. 21
<b>Midterm Exam 1</b>	<b>Th</b>	<b>2/9</b>	---
<i>Recent and Ongoing Turmoil in Financial Markets</i>			
The 2007-2009 Global Meltdown			
The Crisis	T	2/14	Apdx 1A, Sorkin
Securitization	Th	2/16	Ch. 26(p), TBA
Derivatives	T	2/21	Chs. 22(p),24(p); TBA
Credit Default Swaps/Short-Selling	Th	2/23	TBA
The Federal Reserve/Dodd-Frank Act	T	2/28	TBA
Debate I: Could the crisis have been better anticipated and better handled?	Th	3/1	---
Debate II: Are proposed reforms likely to be effective or are they misguided?	T	3/6	---
The Ongoing European Turmoil			
The Crisis	Th	3/8	TBA
Proposed Remedies	T	3/13	TBA
Debate III: Can/Should the Euro be Saved?	Th	3/15	---
<b>Midterm Exam 2</b>	<b>T</b>	<b>3/20</b>	---
<i>Risk in Financial Markets</i>			
Interest Rate Risk	Th	3/22	Ch. 8(p)
Market Risk	T	4/3	Ch. 10(p)
Credit Risk	Th	4/5	Chs. 11(p),12(p)
Off-Balance Sheet Risk	T	4/10	Ch. 13(p)
Foreign Exchange Risk	Th	4/12	Ch. 14(p)
Sovereign Risk	T	4/17	Ch. 15(p)
Operational Risk	Th	4/19	Ch. 16(p)
Liquidity Risk	T	4/24	Ch. 17(p)
Review	Th	4/26	---
<b>Final Exam</b>	<b>T</b>	<b>5/1</b>	<b>5:45-7:45 pm</b>

\* The instructor reserves the right to deviate from this outline. Time, schedule, and/or current-event considerations may prompt modifications (addition/deletion of assignments/topics, modification of midterm exam dates, etc.). The instructor will explain any changes; however, it is the student's responsibility to keep up with any modifications that are made throughout the semester. \*\*p = partial.