FIN5556 Management of Financial Intermediaries T 7:00-9:45

Room: Bloch 12 Spring 2012 Lecturer: Forest Myers, Ph.D. E-mail: myersf@umkc.edu (816)-516-7321 (Cell)

Description

In this class, you will learn basic matters pertaining primarily to bank management. Broad topics covered during the semester include bank financial analysis, corporate governance, and risk (credit, liquidity, market, and operational risks) management. Prerequisites include a commitment to: attend class lectures, read assigned texts, participate in class discussions, complete homework assignments, study diligently, and, most importantly, learn.

Texts

- Rose, Peter S. and Hudgins, Sylvia C., *Bank Management and Financial Services* (McGraw-Hill, 8th ed. 2008) [required]
- ProBanker's Player's Manual. This is available on-line at www.probanker.com.
 The cost is \$25 per student for participation in the simulation. This includes the
 ability to download and print the manual. If a student drops the course, a refund
 may be obtained from the simulation developer, Prof. Mark Flannery at the
 University of Florida.
- Instructor provided articles and other materials that may be assigned.

Assistance

I am a part-time instructor and am not usually on campus except on those days that I have class presentations. If you need to meet, I will generally be available for an on-campus meeting the hour before our normally scheduled class time on Tuesday.. I share an office (Room 403) in the Bloch Building and you're welcome to drop by to discuss class matters. In cases where this will not work for you, e-mail me to arrange a mutually convenient time and on-campus place to meet.

Grading

During the semester there will be learning exercises, pop quizzes, individual and team projects, and examinations. There will be several exercises. They are intended to reinforce important ideas and concepts covered during class discussion. They do not carry a point value, but will be of great value to you in doing well on the examinations.

There will be pop quizzes given randomly at the end of a number of classes. Each will count one point. These are extra credit points, meaning they add to your total points earned but not to the 170 total points possible in the course. They are due by the end of class and must be turned in at that time. There is no makeup for these tests.

There will be two projects. The first project is a financial analysis of a failed bank, determining the nature and causes of its failure. An analysis will be completed by each class member. This project counts 10 points.

The second is a team project involving the management of a bank. As a team member, you will manage a simulated bank and report to the bank's shareholders (your fellow classmates) on its operating performance and condition. Your team will assess the condition of its bank, develop a business plan, and make business decisions for the team's bank. This simulation project will count up to 10 points. Extra credit points will be awarded as well. Note: Student cost for the simulation is \$25 and is due before the simulation begins.

The projects are intended to let you apply what you have learned in class (and others classes that that you've taken while at the University) and to refine your skills working as part of a team (the best performing teams understand organization, time management, share the workload, respect alternative views, and place group above individual goals). Team members that do not contribute to the team's success will not share in that success – they will not receive full point credit.

Finally, there will be three examinations. Each exam will include 50 questions; they may be a combination of fill-in-the blank, true-false, multiple choice, discussion, short answer and problems. If you find you can't take a scheduled test, you need to tell me one week in advance of the test or you run the risk of not being able to take a makeup test. Makeup tests will be given at my discretion and will be taken during regularly scheduled class time on a mutually agreed upon date.

The grading scale for the course is:

94-100	Α
90-93.99	A-
87-89.99	$\mathbf{B}+$
84-86.99	В
80-83.99	B-
77-79.99	C+
74-76.99	C
70-73.99	C-
67-69.99	D+
64-66.99	D
60-63.99	D-
below 60	F

Course Procedures

Class attendance is not mandatory. However, I believe class attendance – the lecturers, questions, answers, and discussions will help you learn the material and apply it. I will pass around a sign-in sheet and I will keep track of attendance. At the end of the semester, your attendance will be a factor in any consideration given to you in a borderline grade situation.

Because I believe that class time is an important learning opportunity for you, texting and using cell phones in class is prohibited. Cell phones are to be turned off and put away, out of sight. If you do not adhere to this rule, you will be asked to leave class that day. The same is true for lap tops unless you use them to take notes or view the Power Point slides.

I have developed Power Point presentations to guide our class discussions. These presentations and other classroom materials will generally be posted on Blackboard the weekend prior to week they are covered in class. Announcements regarding the class will also be through Blackboard.

There is one last but very important note. You are expected to adhere to the rules and regulations of the University of Missouri-Kansas City, the Graduate School and the Henry W. Bloch School of Management as contained in the UMKC General Catalog and other sources. These regulations cover such topics as academic dishonesty, course withdrawal, transfer credit, etc. Be particularly sensitive to the University's policy regarding academic dishonesty. Also, make sure you know the cutoff dates for course withdrawal.

Tentative Lecture Schedule

The lecture schedule below is tentative and subject to change at my discretion. In addition to the assigned chapters in the class text, there may be supplemental readings. Specific material covered for each of the exams will be announced in the class prior to each exam.

- Week 1: Introduction, Rose and Hudgins (hereafter referred to as RH) Chapters 1 & 3
- Week 2: RH Chapter 5 Financial Statements; Project#1 -- bank analysis banks assigned; financial report exercise
- Week 3: RH Chapter 6 Evaluating Bank Performance; bank analysis exercise
- Week 4: RH Chapter 2,15 Bank Supervision and Regulation. "Your Bank Has Failed" video. Bank capital.
- Week 5 **Test#1** Corporate Governance (Instructor Developed Power Point). Bank analysis due.
- Week 6: **Test#1 Summary.** Bank Simulation Team assignments, Pro-Banker Manual, Pro-Banker Decision Form, Pro-Banker Practice (Autobank Mode). Business plan development begins.
- Week 7: Operational Risk (Instructor Developed Power Point).

- Week 8: RH Chapters 16, 17, 18, and 9 Credit Risk. Pro-Banker Decision; Business plan due. Pro-Banker Trial Decision (Competitive mode) The game begins. *Pro-Banker Decision #1*
- Week 9: Test#2. Pro-banker Decisions#2 RH Chapters 10, 11, 12, &13 Liquidity Risk.
- Week 10: **Test#2 Summary.** RH Chapter 7 & Market Risk (Instructor developed Power Point) *Pro-Banker Decision#3*
- Week 11: RH Chapter 8 Market Risk Management Tools. *Pro-banker Decision#4*Market tools exercise
- Week 12: Spring Recess
- Week 13: RH Chapter 4 & 19 Bank Chartering and Acquisitions, *Pro-banker Decision#5*.
- Week 14: **Test#3.** *Pro-banker Decision#6*.
- Week 15: Shareholder Presentations (hard copy of all team presentations are due at the beginning beginning of class)
- Week 16: **Test#3 Summary**, Best Bank Award, Student awards

Spring Recess 3/26-3/31/2012

Finals week May 11, 2012 – 8:00-10:00 PM Bloch RM 12