

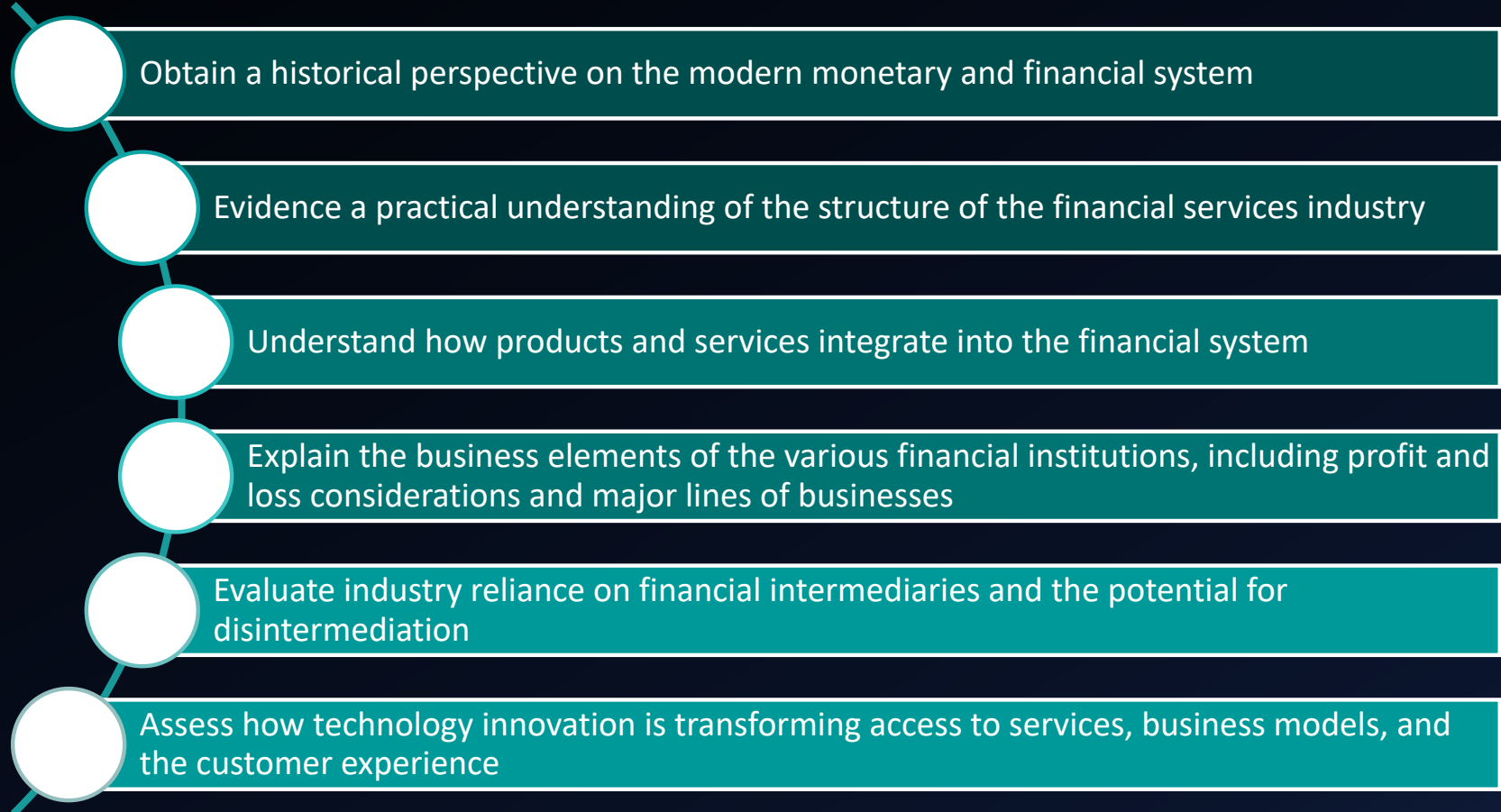
Week 1

The Monetary and Financial System

FINTECH 520

FINTECH 520 INTRODUCTION

LEARNING OBJECTIVES

- 
- Obtain a historical perspective on the modern monetary and financial system
 - Evidence a practical understanding of the structure of the financial services industry
 - Understand how products and services integrate into the financial system
 - Explain the business elements of the various financial institutions, including profit and loss considerations and major lines of businesses
 - Evaluate industry reliance on financial intermediaries and the potential for disintermediation
 - Assess how technology innovation is transforming access to services, business models, and the customer experience

CLASS MEETING TIMES AND FORMAT

- Classes will be in a lecture format, but I encourage students to ask questions and to challenge ideas and concepts that are introduced.
- I will hold weekly office hours and will also be available at other times by appointment. *wed 4-11*
- Repeated absence from class is likely to have a negative impact on your grade, *as I will count anything that I say in class to be fair game for questions on quizzes and exams.*

GRADING EVALUATION

Attendance
and Class
Participation

10%+



Assignments
30%



Exams
60%

GRADING EVALUATION

Attendance
and Class
Participation

10%+

"Showing up is 80% of Life"
- Woody Allen

- This component of your grade will be based on your on-time attendance and class participation
- While showing up isn't worth 80% of your grade, it is worth 10%
- In order to earn full credit, all you must do is attend class, and show up on time

GRADING EVALUATION

Attendance
and Class
Participation

10%+

Latecomer Policy

- You should expect that class will start and end on time
- It is my expectation that students arrive on time (100% attendance credit for that day)
- Your professor defines 'on time' as arriving with enough time to spare so that you are seated, with your laptops out, and ready when the lecture begins
- If you come in late, you will be marked as absent (0% credit). However, I am willing to change your status for that day to late (50% credit) if you speak with me after class. In addition, students who are late will potentially miss extra credit assignments.

GRADING EVALUATION

Attendance and Class Participation *Extra Credit*

Class Participation Extra Credit Policy

- We encourage you to interact, ask questions, develop and share opinions
- You can earn up to 5 extra credit points which will be applied to your final grade
- The extra credit is based on your in-class interactions with the professor
- The TA will record the number of participations for each student which will be applied to the following table:

Participation times	Extra Credit Points
3 – 5	1
6 – 8	2
9 – 11	3
12 – 14	4
>= 15	5

GRADING EVALUATION

Assignments
30%

- There will be 3 assignments during the semester, each worth 10% of your grade
- Assignments could be based on background reading and creating and/or critiquing a particular Financial Services or FinTech business scenario
- More detail will be provided when each assignment is posted to Sakai

GRADING EVALUATION

Exams
60%

- This component of the final grade is based on performance on 3 exams, each worth 20% of your final grade
- The exams will consist of a variety of question types, including any combination of multiple choice, True/False, and potentially short answer, and essays
- The exams will cover all course content, including lectures, readings, and class discussions
- Each exam will cover topics discussed either since the beginning of the semester or since the previous exam
- All exams will take place in class, are mandatory, and will be closed book

A-range	>97 A+	93 – 96 A	90 – 92 A-
B-range	87 – 89 B+	83 – 86 B	80 – 82 B-
C-range	77 – 79 C+	73 – 76 C	70 – 72 C-
F	<70 F		

CLASSROOM ETIQUETTE

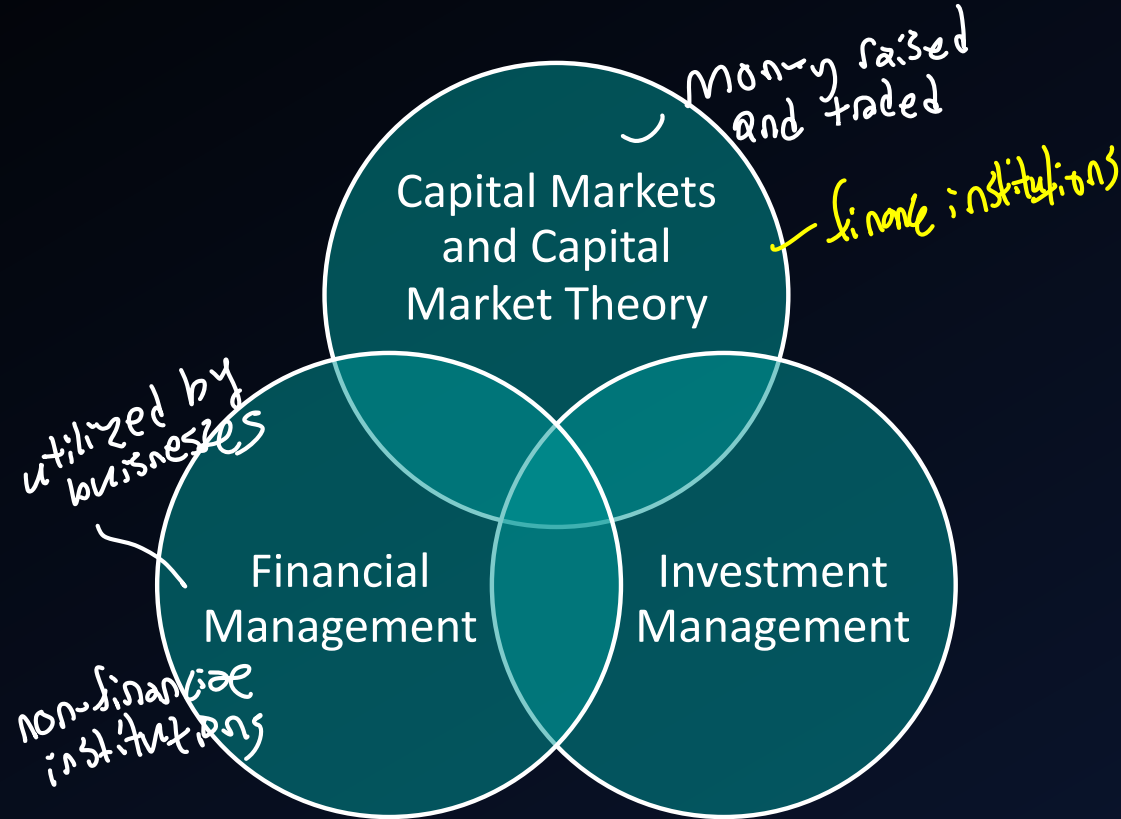
- Phone usage is not permitted in class
 - Every semester we receive complaints from students stemming from the distraction caused by their classmates' use of phones in class
 - Your professor also tends to be distracted by this behavior
- *Expect class to begin and end on time*
- *Students who are late will be expected to sit in the back of the class and not disturb the class when they enter*
- If attending class via Zoom, the expectation is that your video is turned on and I can see you

THE FINANCIAL SERVICES INDUSTRY

FINANCE IS ...

- Analytical, using statistics, probability, and math to solve problems
- Based on economic principals
- Uses accounting information as inputs to decision-making
- Global in perspective
- The study of how to raise money and invest it productively

THE THREE AREAS OF FINANCE



CAPITAL MARKETS

financial institution

- Focuses on the financial system, the structure of interest rates, and the pricing of risky assets
- The financial system of an economy consists of 3 components:
 1. Financial markets
 2. Financial intermediaries
 3. Financial regulators *to protect individuals and cut out illegal activities*
- For this reason, we often refer to this area as *Financial Markets and Institutions*

FINANCIAL MANAGEMENT

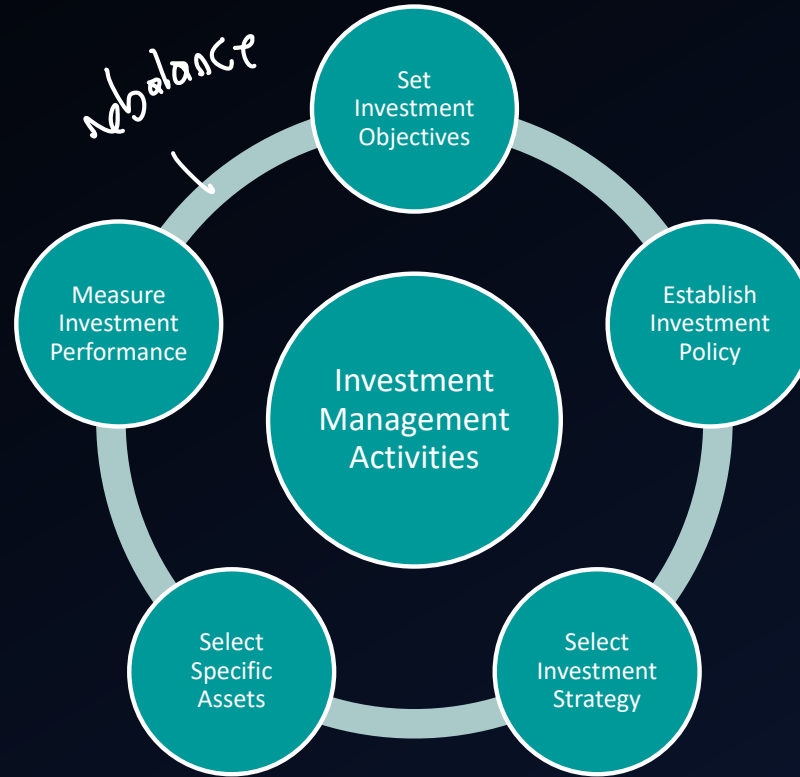
financial decisions w/ a business

- Financial management, sometimes called *business finance* or *corporate finance*, is the specialty area of finance concerned with financial decision-making within a business entity
- Financial managers are primarily concerned with investment decisions and financing decisions within any type of organization
- *Financing decisions* are concerned with the procuring of funds that can be used for long-term investing and financing day-to-day operations *treasurer*
- The *capital structure* of a company is the mixture of debt and equity that management elects to raise to finance the assets of the company *and cash*
- Another critical task in financial management of a company is *risk management*, involves determining which risks to accept, which to neutralize, and which to transfer

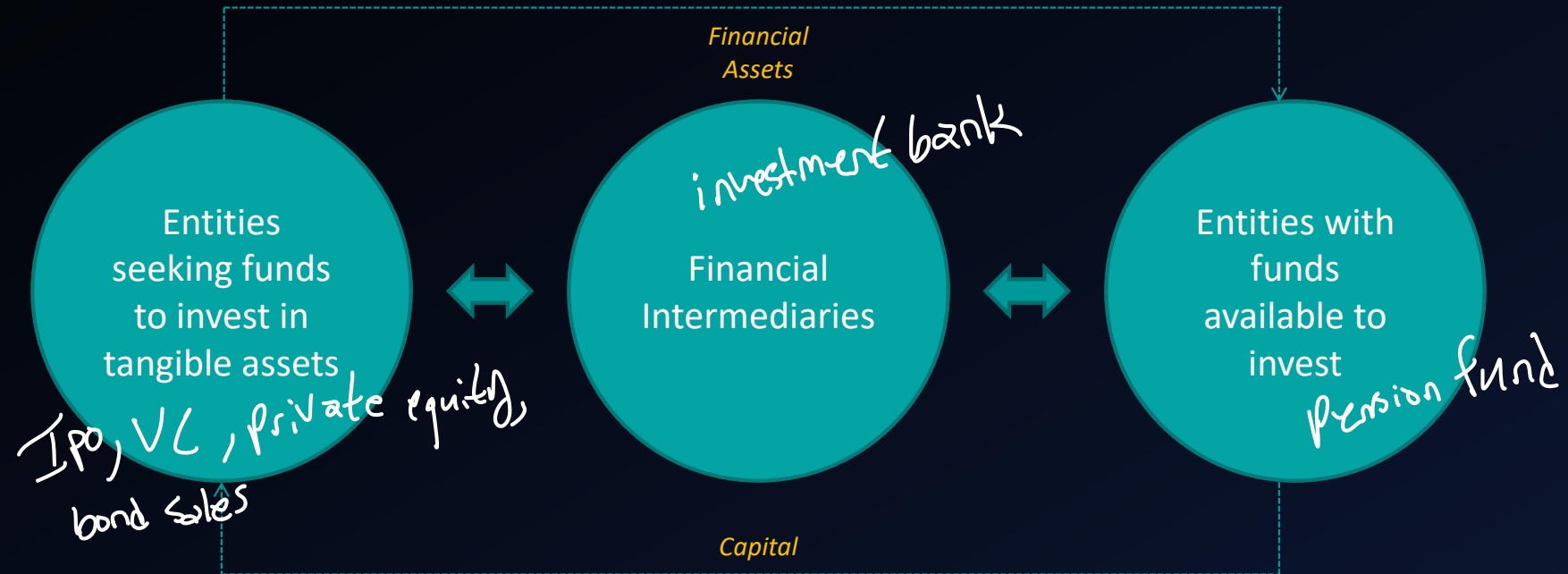
INVESTMENT MANAGEMENT

- *Investment management* is the specialty area within finance dealing with the management of individual or institutional funds
- Other terms commonly used to describe this area of finance are *asset management, portfolio management, money management, and wealth management*

INVESTMENT MANAGEMENT ACTIVITIES



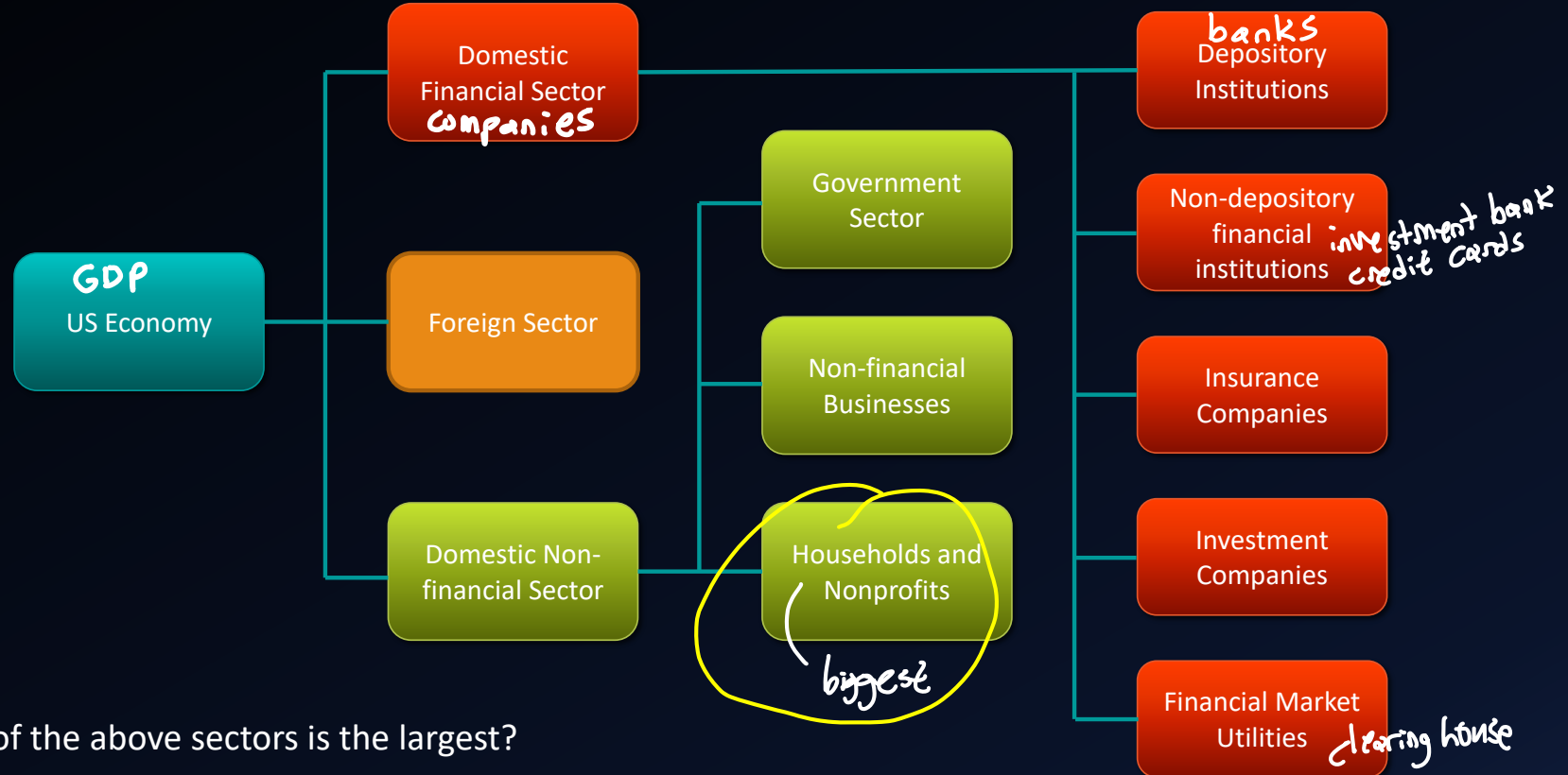
FINANCIAL INTERMEDIARIES



REGULATING FINANCIAL ACTIVITIES

- Most governments throughout the world regulate various aspects of financial activities because they recognize the vital role played by a country's financial system *SEI*
- Although the degree of regulation varies from country to country, regulation takes one of four forms:
 1. Disclosure regulation *document, sections, prospectus, risk disclosure, formatting, timing*
 2. Financial activity regulation *time, price, buy/sell, no crypto*
 3. Regulation of financial institutions *FINRA, fed reserve regulates banks*
 4. Regulation of foreign participants *OCC*

MAP OF THE US FINANCIAL SYSTEM



Which of the above sectors is the largest?