

SUNY Polytechnic Institute
COLLEGE OF BUSINESS
DEPARTMENT OF FINANCE AND ACCOUNTING
Financial Institutions and Markets
FIN 341
Spring 2023

Instructor: Dr. Matthew Brigida
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Office Hours: Tuesday 4pm–6pm
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Class Location: Online D2L/Brightspace
Class Day & Time: Asynchronous

Optional Text: *Financial Markets and Institutions* by Jeff Madura, 10th Edition.

Lecture Notes: https://financial-education.github.io/fin_mkts.html

DESCRIPTION

An introductory survey of financial institutions and their respective roles. The learning outcomes for this course are summarized below:

1. Understanding the role of financial markets and institutions in promoting economic growth.
2. Introduce the Federal reserve and the U.S. monetary system as well as the reasoning, method, and effect of open market operations on money and capital markets.
3. Compare and contrast the roles of money, capital (debt and equity), and derivative markets.

ACADEMIC HONESTY POLICY

Academic dishonesty will not be tolerated in this class. Cheating on quizzes, examinations, and other forms of dishonesty (e.g., plagiarism, collusion, and falsification of data) will be dealt with in a serious and formal manner. The penalty for academic dishonesty in this class will be course failure. That is, any student who is found to be cheating or engaged in other academically dishonest behavior will be failed for this course for this semester. Course withdrawals to avoid such a failure will not be permitted. As a student, you have a responsibility to become familiar with the Academic Honesty Policy found in the *Student Handbook*.

EXAMS

There will be three exams (two during the semester and a final exam). No make-up exams will be given. Failure to take an exam will result in a grade of zero for the missed exam.

ASSIGNMENTS

There will be three assignments during the semester. The three assignments will be due the week before each exam. Each assignment will be worth 3 and 1/3 final grade points. Late homework will not be accepted.

PARTICIPATION

You must make three discussion board posts (on one each topic below).

1. Describe the most pressing challenge for financial institutions today. For example you could discuss:
 - The effect of Apple enabling saving deposits accounts from the iPhone.
 - Cryptocurrencies and related services.
 - An increasing interest rate environment—the causes of the 2023 regional banking crisis.
2. Summarize (in one paragraph) a recent *Wall Street Journal* article on banking. For example you could explain the arbitrage the Fed afforded banks with the ‘Bank Term Funding Program’. You can access the WSJ online for free through the library website.
3. Summarize a famous speculative bubble, and give your opinion whether there are repeating patterns across most bubbles. You may want to look at (all are freely available):
 - Manias, Panics, and Crashes by Kindleberger
 - Kindleberger Cycles: Method in the madness of crowds? https://www.nber.org/system/files/working_papers/w28411/w28411.pdf
 - Extraordinary Popular Delusions and the Madness of Crowds, by Mackay
 - The Minsky Moment concept: https://en.wikipedia.org/wiki/Minsky_moment
4. In about one page summarize what Goldman did wrong in the Synthetic CDO Case.
5. In about one page summarize what the NYSE did wrong.

6. In about one page summarize the concerns raised in ‘Life After Debt’.

PROJECT – Optional

Note: to do an optional assignment you must (1) have a B average so far in the course and (2) discuss your project with me before the midway point of the semester. You can’t wait until the course is nearly over, and then attempt to complete a project.

Students will either:

- Create a Shiny interactive web application. To do so you’ll first need to sign up for a free [shinyapps](#) account.

You are free to create the account under a pseudonym, so no one can publicly identify you as the owner of the account. However, the web application is a useful tool to show off your work, and is something that can go on your resume (with a link to the application). So you may prefer to use your real name. My user name is ‘mattbrigida’.

Your application should have something to do with currency markets, and should be at least somewhat original. See a gallery of applications here: [shiny.rstudio](#). Possible applications may be:

- Plot a time series of interest rates.
- Plot the relationship of mortgage to inflation or interest rates.
- A mortgage payment calculator.
- Duration calculator.
- Create a histogram or probability density plot for bond or stock returns.

To get started you will want to use the RStudio development environment for R. This is available in the Still hall computer lab, or you can install it for free on your own computer from here: [download](#). If you install it on your own computer you’ll need to install R first. You can get R here: [download](#)

- Write a paper summarizing a topic relevant to the course. A set of documents will be posted in which you may be able to find relevant topics. The paper should be long enough to cover the topic, but should not contain irrelevant filler.

COURSE COMMUNICATION

Course Communication: All important/official announcements will either be posted on Blackboard or emailed to each student’s SUNY Poly email account.

This is an in-class course, and so you should ask all course related and non-personal questions in class. If you email a question like “How do you calculate

duration?” or “When is the exam?”, my response will be to ask in class. You may also lose participation points.

GRADING:

Exam 1	.....	25
Exam 2	.....	25
Final Exam	.....	30
Homework	.....	10
Participation	.....	10
Total Points	.....	100

An Important Note on Grading

1. There is no special consideration if you need a certain grade in this course to graduate. **If you require a certain grade in this class to graduate it is your responsibility to earn that grade.** Specifically if you receive a ‘D’ in this course I will not allow you to do extra assignments after the course is complete in exchange for a higher grade.
2. Late work will not be accepted. If you do not submit an exam or other assignment by the due date/time you will receive a 0.

Adding and dropping this course

The instructor is not involved in any way with your adding and dropping the course. It is the student’s responsibility to abide by all proper procedures and dates.

TENTATIVE OUTLINE

- Week 1: Chapter 1
- Week 2: Chapter 2
- Week 3: Chapter 3
- Week 4: Chapter 4
- Week 5: Chapter 5
- Week 6: Chapter 6
- Week 7: Exam 1 (February 28)
- Week 8: Chapter 7
- Week 9: Chapter 8

- Week 10: Chapter 9
- Week 11: Chapter 10
- Week 12: Exam 2 (April 11)
- Week 13: Chapter 11
- Week 14: Exam Review