

SUNY POLYTECHNIC INSTITUTE
COLLEGE OF BUSINESS
DEPARTMENT OF FINANCE AND ACCOUNTING

Financial Institutions and Markets
FIN 341
Spring 2024

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 Text¹: *Financial Markets and Institutions* by Jeff Madura, (I have the 9th edition).

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

Important Dates

Exam 1 Due: February 25th
Exam 2 Due: April 7th
Participation Posts Due: April 14th

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

¹though recommended

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.

PARTICIPATION

You must make four discussion board posts (out of the 6 topics below). Be sure to not repeat what others have written—you must add something new to the discussion in your post. In this sense, it is better to post early.

Use your discretion on how long your post should be. Think of it as sending an email to your boss who asked a particular question—it would be odd to ask how long your email should be. Moreover, someone can write a very impactful paragraph, and others may say nothing of note in 10 pages. Note, as a general rule you want the following ratio to be as high as possible:

$$\frac{\text{Information Conveyed}}{\text{Words Used}}$$

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 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. Goldman Sachs Synthetic CDO Case: State your opinion on whether Goldman did anything wrong (and if so what it was). What effect do you think the case had on the Synthetic CDO market.
 5. NYSE Case: State your opinion on whether the NYSE did anything wrong (and if so what it was). What effect do you think the case had on stock markets.
 6. What is your opinion of ‘Life After Debt’, and do you think the US will every face this question again?

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.

You can write the app in either Python or R. These are both available in the Donovan 1157 computer lab.

- 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 Brightspace or emailed to each student's SUNY Poly email account.

All communication of a non-personal nature should be through the Brightspace D2L discussion boards. This way, other students can get the benefit of the question and answer. It also saves me from answering the same question many times via email, and frees me up to answer more questions and generally provide more effective instruction for you. Only use e-mail for personal matters.

GRADING:

Exam 1	.....	25
Exam 2	.....	25
Final Exam	.....	25
Participation	.....	25
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.