

FINS3630

BANKING FINANCIAL MANAGEMENT

Course Outline

Semester 2, 2017

The Business School expects that you are familiar with the contents of this course outline. You must also be familiar with the School's Course Outlines Policies webpage which contains key information on:

- Program Learning Goals and Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Student Support and Resources

This webpage can be found on the Business School website:

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

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COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS

Lecturer-in-charge: Dr. Yixuan Rui (week 5-12)
West Wing 345L, UNSW Business School
Email: y.rui@unsw.edu.au
Consultation Times – Friday 3-4 pm

Lecturer: Dr. Lixiong Guo (week 1-4)
Room: Business School Building 317
Phone No: 9385 5773
Email: lixiong.guo@unsw.edu.au
Consultation Times – By appointment

A full list of tutors will be posted on Course Website.

2 COURSE DETAILS

2.1 Teaching Times and Locations

Lectures start in Week 1(to Week 12): The Time and Location are:

Section A: Fri 12:00 - 14:00 Ritchie Theatre (K-G19-LG02)
Section B: Wed 18:00 - 20:00 Physics Theatre (K-K14-19)

Tutorials start in Week 2 (to Week 13). A full list of tutorials, times and tutors will be on the Course Website.

2.2 Units of Credit

The course is worth 6 units of credit.

2.3 Summary of Course

The unifying theme in this course is the application of modern finance theory to the financial decision making and management of banks and non-bank financial institutions. The subject of bank and financial institution decision-making is approached from a risk perspective. The course covers the major decision areas for financial institutional management within the framework of a regulatory and "corporate responsible" environment. The main topics covered are bank risk and its management including interest rate risk, off-balance-sheet risk, credit risk, liquidity risk, foreign exchange risk and operational risk within an Australian and international context.

2.4 Course Aims and Relationship to Other Courses

The unifying theme in this course is the application of modern finance theory to the financial decision making and management of financial institutions, especially commercial banks. The subject of decision-making in financial institutions is approached from a risk perspective. The course covers the major decision areas for financial institution management within the framework of a regulatory and "corporate responsible" environment. The main topics covered are various financial risks and their management including interest rate risk, credit risk, liquidity risk, foreign exchange risk and market risk within an international context.

The course provides a cornerstone to many of the other courses offered in the School of Banking and Finance.

2.5 Student Learning Outcomes

The Business School Program Learning Goals reflect what we want all students to BE or HAVE by the time they successfully complete their degree, regardless of their individual majors or specialisations. For example, we want all our graduates to HAVE a high level of business knowledge, and a sound awareness of ethical, social, cultural and environmental implications of business. As well, we want all our graduates to BE effective problem-solvers, communicators and team participants. These are our overall learning goals for you and are sought by employers.

You can demonstrate your achievement of these goals by the specific outcomes you achieve by the end of your degree (e.g. be able to analyse and research business problems and propose well-justified solutions). Each course contributes to your development of two or more program learning goals/outcomes by providing opportunities for you to practise these skills and to be assessed and receive feedback.

Program Learning Goals for undergraduate and postgraduate students cover the same key areas (application of business knowledge, critical thinking, communication and teamwork, ethical, social and environmental responsibility), which are key goals for all Business students and essential for success in a globalised world. However, the specific outcomes reflect different expectations for these levels of study.

We strongly advise you to choose a range of courses which assist your development of these skills, e.g., courses assessing written and oral communication skills, and to keep a record of your achievements against the Program Learning Goals as part of your portfolio.

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals for all Business undergraduate students:</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	You should be able to select and apply disciplinary knowledge to a financial institution in Australia.	<ul style="list-style-type: none"> • Tutorial Problems • Exam
2	Critical thinking and problem solving	You should be able to identify and research issues in FIs, analyse the issues, and propose appropriate and well-justified solutions	<ul style="list-style-type: none"> • Tutorial Problems • Exam
3a	Written communication		Not assessed
3b	Oral communication	Communicate ideas in a succinct and clear manner.	Group presentation
4	Teamwork	Work collaboratively to complete a task.	<ul style="list-style-type: none"> • Teamwork reflection

5a.	Ethical, social and environmental responsibility		<ul style="list-style-type: none"> Exam
5b.	Social and cultural awareness		<ul style="list-style-type: none"> Not assessed

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

Lecture notes, tutorial questions and solutions and textbook could be important source to learn this course.

3.2 Learning Activities and Teaching Strategies

Lecturers will introduce different risk topics of financial institutions management and students are strongly recommended to attend. After each week's lecture, there will be a problem set uploaded on Moodle and students should attempt the tutorial questions in the problem set. Your tutors will explain how to solve the tutorial questions each week and students are encouraged to participate in the tutorial.

4 ASSESSMENT

4.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).

4.2 Assessment Details

Assessment Task	Weighting	Length	Due Date
Tutorial Participation	10%		ongoing
Group Presentation	10%	12 minutes per group	Tutorials in Week 12 / 13
Mid-term Exam	35%	2-hour	University exam date
Final Exam	45%	2-hour	University exam date

Details of each assessment task:

Tutorial participation (10%)

There are twelve tutorial weeks in this semester. Please stick to your tutorial session once you've made the decision of your best time slot.

There will be one problem set assigned for each tutorial class except for the one in lecture week 7 (i.e., the week before the mid-session exam) when the tutor will review bulk of materials for the mid-session exam. So there will be 11 problem sets assigned throughout the semester.

Your participation mark will be graded by tutors based on your **CONSTRUCTIVE** contribution to the discussion during the tutorials, basically, by answering tutor's questions or ask meaningful questions in your tutorial. Please note that tutors have the full discretion on this assessment item, and the marks given by tutors will be final (i.e., as the lecturer-in-charge, I won't change this mark unless there is solid evidence of bias or error in tutors' grading).

Students are free to decide the extent of participation (out of 12 weeks). Tutors will keep record of the participation mark you have earned every week. At the end of the semester students get an overall raw mark.

The 10% participation mark will be assigned to each student primarily based on your rank of the overall raw mark among the peer classmate.

Group presentation (10%)

Please see the material "Case assignment and presentation".

Mid-session exam (35%): Closed-book exam.

Coverage: Topics covered in the lectures from week 1 to week 6.

Format: Multiple choice questions (35%)

A specific announcement about mid-term exam will be posted on the course website.

Final exam (45%): Closed-book exam.

Coverage: topics covered in the lectures from week 1 to week 12, but mainly second half of the semester.

Format: Multiple choice questions and open questions.

A specific announcement about final exam will be posted on the course website. Please check your Moodle or myUNSW for the centralized announcement about the time and venue toward the end of teaching period.

4.3 Assessment Format

See section 4.2 above.

4.4 Assignment Submission Procedure

See section 4.2 above. Students are required to submit their presentation slides via Moodle by the end of week 13.

4.5 Late Submission and Penalties

The School of Banking and Finance requires students to submit their work at the designated time in order to maintain a fair and equitable system. Failure to submit assessment on time, where approval of an extension has not been granted, and where grounds for an extension do not exist, will result in a daily penalty of 5% of the total marks of the assessment item being applied.

Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

5 COURSE RESOURCES

The prescribed textbook is Anthony Saunders and Marcia Millon Cornett, "Financial Institutions Management: A Risk Management Approach", 8th Edition, McGraw-Hill, 2014. It is available at the University Bookshop.

Resources available on course website (access through Moodle, <https://moodle.telt.unsw.edu.au>) may include:

- Lecture notes and additional reference articles
- Important notices, via message board and other forms of communication
- Exam results

6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's myExperience survey is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through the end of semester myExperience responses, or provide your feedback after each lecture/tutorial.

Feedback from previous students indicated the teaching quality. It is important for lecturers and tutors to improve the teaching skills. All forms of feedback related to this course are welcomed.

7 COURSE SCHEDULE

COURSE SCHEDULE			
Week	Lecture Topic	Reference	Tutorial Topic
Week 1 24 July	Financial Service Industry & Specialness of FIs	Chapter 1	<i>NO TUTORIALS</i>
Week 2 31 July	Interest Rate Risk I	Chapter 8 & 9	Problem set 1 on Lecture week 1
Week 3 7 Aug	Interest Rate Risk II	Chapter 8 & 9	Problem set 2 on Lecture week 2
Week 4 14 Aug	Capital Adequacy	Chapter 20	Problem set 3 on Lecture week 3
Week 5 21 Aug	Liquidity Risk	Chapter 12 & 18	Problem set 4 on Lecture week 4
Week 6 28 Aug	Foreign Exchange Risk	Chapter 13	Problem set 5 on Lecture week 5

Week 7 4 Sep	No lecture: Mid-term exam week		Revision session
Week 8 11 Sep	Credit Risk I	Chapter 10	Problem set 6 on Lecture week 6
Week 9 18 Sep	Credit Risk II	Chapter 11	Problem set 7 on Lecture week 8
Mid-term break 23 September – 2 October inclusive (2 Oct = Labour Day Public Holiday)			
Week 10 3 Oct	Market Risk	Chapter 15 (Chapter 10 for 7 th edition)	Problem set 8 on Lecture week 9
Week 11 9 Oct	Sovereign Risk	Chapter 14	Problem set 9 on Lecture week 10
Week 12 16 Oct	Securitisation Review for final exam	Chapter 26	Problem set 10 on Lecture week 11 / presentation
Week 13 23 Oct	<i>NO LECTURES</i>		Problem set 11 on Lecture week 12 / presentation