

## **SUMMARY OF THE FIRST 6 TOPICS**

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## **Topic 1: Introduction to IT and Computers**

- Information technology refers to the use of technological tools to process and analyze raw data into meaningful information.
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## **Roles of IT in Financial Engineering**

1. Running financial models
  2. Data analysis using tools such as Excel, Python, R, etc.
  3. Risk assessment and simulations
  4. Automating trading and investment decisions
  5. Storing and managing financial data
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## **Roles of IT in Society**

### **Positive Impacts**

- ★ IT improves sectors like healthcare, improving living standards.
- ★ Leads to economic growth; financial engineers design products that stabilize markets.
- ★ Enhances access to education through online platforms.
- ★ Enhances financial services, including mobile wallets.

## Negative Impacts

- ★ Cybersecurity risks, including fraud and hacking.
  - ★ The digital divide excludes people without access to IT.
  - ★ Job displacement due to automation and AI.
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## Basic Computer Terminologies

- **Computer:** A device that accepts raw data (input), processes and stores it, and outputs meaningful information.
  - **Hardware:** Physical components like keyboard, mouse, monitor, CPU, and hard drive.
  
  - **Software:** Programs and instructions that tell the computer what to do.
    - *System Software:* Controls hardware (e.g., OS).
    - *Application Software:* Used for tasks (e.g., browsers, calculators).
  - **Data:** Raw facts.
  - **Information:** Processed and meaningful data.
  - **Input Devices:** Keyboard, mouse, scanner, microphone.
  - **Output Devices:** Monitor, printer, speakers.
  - **Historic Devices:** Abacus, Napier's Bones.
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## Components of a Computer

- **CPU:** Executes instructions.
- **Memory (Primary):** RAM and ROM.

- **Mass Storage (Secondary)**: Hard disks, SSDs, flash drives.
  - **Input Devices**: Keyboard, mouse.
  - **Output Devices**: Monitor, printer.
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## Types of Computers

- Personal Computer (PC)
  - Workstation/Laptop
  - Minicomputer
  - Mainframe
  - Supercomputer
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## High Performance Computing (HPC)

Using powerful computers to solve complex calculations quickly.

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## Cloud Computing

Accessing storage, software, and computing power over the Internet.  
Examples: Google Drive, AWS.

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# Computing Applications in Financial Engineering

- Building and testing financial models
  - Analysing market data
  - Risk analysis
  - Pricing derivatives
  - Forecasting trends
  - Algorithmic trading
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## Topic 2: Fundamentals of Computer Operations

- A computer follows the **IPOS cycle**:

### **IPOS Cycle**

Input → Processing → Output → Storage

#### **1. Input**

- Entering data using input devices.

#### **2. Processing**

- Manipulating data using the CPU.  
• **ALU**: Performs calculations and logic.  
• **CU**: Controls operations.

#### **3. Output**

- Displaying results using devices like monitors and printers.

## **4. Storage**

- Saving information for future use.
- Primary: RAM, ROM
- Secondary: HDD, SSD

## **5. Control**

- The control unit directs all operations.

## **6. Communication**

- Sharing data via Wi-Fi, Bluetooth, Internet.
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# **Topic 3: Computer Hardware**

## **1. Input Devices**

- Keyboard, mouse, microphone, joystick, scanner.

## **2. Output Devices**

- Monitor, projector, speakers, printer.

## **3. Processing Unit**

- CPU
- CU
- ALU

## **4. Ports and Connectors**

- USB
- HDMI
- Ethernet

## **5. Storage Devices**

Primary: RAM, ROM;  
Secondary: Hard disk, SSD, flash drive

### **Internal Hardware**

- Motherboard, power supply, cooling system, and network card.
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## **Topic 4: Computer Software**

- Software refers to programs and operating systems.

### **Types of Software**

#### **1. System Software**

OS, drivers, utilities.

#### **2. Application Software**

Browsers, MS Office, media players.

#### **3. Programming Software**

Compilers, interpreters, and IDEs.

### **Best Practices**

- Update software
  - Ensure compatibility
  - Protect data
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## **Topic 5: Data and Data Files**

- **Data:** Raw facts.
- **Information:** Processed data.

## **Types of Data**

- Qualitative (nominal, ordinal)
- Quantitative (discrete, continuous)
- Primary
- Secondary
- Structured
- Unstructured

## **Data Files**

Examples: .docx, .xlsx, .csv, .jpg, .mp3

## **File Organization**

- Sequential
- Random/Direct Access

## **Data Processing**

- Sorting, filtering, aggregating.

## **Data Security**

- Encryption, backups, passwords.

## **Data Representation**

- Binary: bits, bytes, words.
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# **Topic 6: Disk Storage Fundamentals**

## **Types of Disk Storage**

- Magnetic (HDD)
- Solid State (SSD, flash)
- Optical (CD)

## **Components**

Platters, heads, actuators, controllers, cylinders, tracks, sectors, and spindles.

## **Capacity Units**

Bytes, KB, MB, GB, TB, PB.

## **Factors Affecting Capacity**

Storage density, number of platters, and track and sector density.

## **Clusters**

Groups of sectors are treated as one unit.

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