

Faculty of Administrative & Management Sciences
Khwaja Fareed UEIT, Rahim Yar Khan

Course Outline Spring-2020

Course Information			
Course Title	Financial Institutions and Markets	Course Code	
Credit Hours	3	Course Level	BBA

Course Details

1: Course Description

The course is designed to equip students with knowledge of a financial system, its regulatory framework and environments in Pakistan, and as it exists in other economies. There has been a newfound interest in study of Financial System, after the recent subprime crises, which almost led to a near collapse of the market oriented Capitalistic System. The very viability of the system was put in a serious doubt. Financial markets saw an unprecedented turmoil. The efficient market hypothesis is almost rejected. All the recent developments have made the understanding of the nuts and bolts of the financial system, all the more imperative. The students are required to develop a critical thinking about the working of the financial markets and, institutions. Students will examine some of the instruments, which have lead to the current problem.

2: Course Objectives

1. To understand the main goal and functions of financial institutions & Regulatory authorities
2. To equip the students with latest functional & professional knowledge to cope with the practical demand of the employer.
3. To develop the understanding of the students about the different functions of regulatory authorities.

3: Course Learning Outcomes

After the completion of this course the students will:

1. Identify distinguishing nature of financing and investing decisions made by different financial institutions.
2. Learn the skills of analyzing different aspects of a financial institution including liquidity, leverage, profitability and efficiency aspects.
3. Know procedure to Manage interest rate risk and various techniques of structuring the balance sheet for the purpose of managing the interest rate risk.

4: Recommended Textbooks and Journals

1. Financial Markets and Institutions (11th Edition), Jeff Madura
2. Financial Markets and Institutions (6th Edition), Anthony Saunders & Marcia Millon Cornett
3. Financial Markets and Institutions (7th Edition), Frederic S. Mishkin & Stanley G. Eakins

5: Course Readings:

Thygersen, J. Kenneth. *Financial Markets and Institutions* (Latest Ed.),

6: Course Evaluation Criteria

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Assessment:	25%
Mid-Term Exam.	25%
Final Exam.	50%

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Week	Course Contents/Activities	Teaching Method
1	Part 1: Overview of Financial Environment Chapter 1: Role of Financial Markets and Institutions. 1. Role of Financial Markets. 2. Securities Traded in Financial Markets. 3. Financial Market Regulations. 4. Role of Financial Institutions in Financial Markets.	Lecture
2	Part 2: Debt Markets Chapter 6: Money Markets A) Money Market Securities and Structure B) Comparative analysis of Pakistan and US Money Markets C) Money Market Instruments: 1. Treasury Bills (TBills) 2. Commercial Paper 3. Negotiable certificates of deposits (NCD) 4. Repurchase Agreements (Repo and Reverse Repo) 5. Federal Funds 6. Banker's Acceptances	Lecture
3	Chapter 7: Bond Markets 1. Background on Bonds 2. Institutional Participation in Bond Markets 3. Bond yields 4. Treasury and Federal Agency Bonds 5. Municipal Bonds 6. Corporate Bonds	Lecture
4	Chapter 8: Bond Valuation and Risk 1. Bond Valuation Process 2. Explaining Bond Price Movements 3. Bond Investment Strategies 4. Valuation and Risk of International Bonds	Lecture, Numerical
5 & 6	Part 3: Equity Markets Chapter 10: Stock Offerings and Investor Monitoring 1. Private Equity 2. Public Equity 3. Secondary Stock Offerings and Repurchases 4. Stock Exchanges	Lecture

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	5. Monitoring Publicly Traded Companies 6. Market for corporate Control 7. Globalization of Stock Markets	
7 & 8	Chapter 11: Stock Valuation and Risk 1. Stock Valuation Methods 2. Required Rate of Return on Stocks 3. Factors that affect stock prices 4. Stock Risk 5. Risk-adjusted stock performance 6. Stock Market Efficiency 7. Foreign Stock Valuation and Performance Numerical of Chapter 11	Lecture, Numerical
9	Mid Term Examination	
10	Chapter 13: Financial Future Markets 1. Background of Financial Futures 2. Interest Rate Futures Contracts 3. Stock Index Futures Contracts 4. Single Stock Futures Contracts 5. Risk of Trading Futures Contracts	Lecture
11	Part 4: Regulatory Institutions Functions of State Bank of Pakistan (SBP) 1. Overview of SBP 2. Functions of SBP 3. Governance Structure of SBP 4. Departments of SBP	Lecture
12	Part 5: Financial Institutions Chapter 17: Commercial Bank Operations 1. Background on Commercial Banks 2. Banking System of Pakistan 3. Bank Sources of Funds 4. Distribution of Bank Sources of Funds 5. Off-Balance Sheet Activities 6. International Banking	Lecture
13	Chapter 23: Mutual Fund Operations 1. Background on Mutual Funds 2. Mutual Fund Industry of Pakistan 3. Money Market Funds 4. Closed-end Funds 5. Exchange Traded Funds 6. Venture Capital Funds 7. Private Equity Funds 8. Hedge Funds	Lecture
14	Chapter 24: Securities Operations 1. Functions of Securities Firms	Lecture

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	2. Regulation of Securities Firms 3. Valuation of a Securities Firm 4. Exposure of Securities Firm Risk 5. Impact of the Credit Crisis on Securities Firms	
15	Chapter 25: Insurance and Pension Fund Operations 1. Background on Insurance 2. Life Insurance Operations and its Types 3. General Insurance Operations and its Types 4. Exposure of Insurance Companies to Risk 5. Valuation of a Insurance Company	Lecture
16	Chapter 26: Insurance and Pension Fund Operations 1. Background on Pension Funds 2. Pension Fund Management 3. Performance of Pension Fund 4. Evaluation of a Pension Fund	Lecture
17	Final Term Examination	