



北京理工大学学术学分课程

BIT Academic Credit Courses Program

FIN330 - STUDIES IN CAPITAL MARKETS AND FINANCIAL INTERMEDIATION

Syllabus

Apr. 6 - Apr. 30, 2021

Term Duration: Apr. 6, 2021 – Apr. 30, 2021

Credit Points: 4

Level: Undergraduate

Home Institution: Beijing Institute of Technology

Lecture Hour: 12:30-15:30

(**Note:** Due to the epidemic situation, spring session courses will be conducted online and the course schedule is to be announced.)

Course Description

This course aims to provide insights into theories and practices relating to financial intermediation with a particular emphasis on banks. It introduces students to the risks that banks are facing in the increased competition and the appropriate regulation of banks and financial intermediaries. The course also examines the subtlety and plasticity of financial institutions and capital market practices. It brings together the upstream issues in risk measurement and the regulative environment surrounding banks through the analysis of financial intermediaries and market practices. Students will explore techniques and models for valuing fixed income securities and their derivatives in managing various risks.

Course Aims

Upon successful completion of this course, students should be able to:

1. discuss and evaluate key theories relating to the role of banks as financial intermediaries and the regulation of banks;
2. develop understanding of the theories of financial intermediation and techniques applied within major financial intermediaries;
3. discuss and evaluate the risks which banks face and explain how these risks are managed, with particular focus on techniques of asset and liability management, and credit risk measurement and management;
4. understand recent developments in financial risk management and regulation, including credit risk models, bank loan sales, securitisation, fixed-income instruments and capital adequacy;
5. develop the ability to analyse and evaluate the capital market and understand how it impacts the corporate management;
6. understand and explain the reoccurring global economic crisis;
7. develop the critical-thinking and problem-solving abilities in planning strategies for the risk management and work effectively in a team.

Required Textbook

Contemporary Financial Intermediation, 4th Edition

Author: Stuart Greenbaum, Anjan Thakor, Arnoud W. A. Boot

Publisher: Academic Press

ISBN: 9780124052086

Course Hours

This course requires 48 contact hours. Lectures are from Monday to Friday.

Prerequisite Course

Students are expected to have taken **Principles of Finance**, or have solid knowledge of all topics covered in the course mentioned above.

Course Schedule

Week	Day	Chapter	Topic	Assignment/ Notes
Week 1	Day 1	Basic Concepts	Risk Preferences; Diversification; Options; Market Efficiency;	
	Day 2	Basic Concepts	Asymmetric Information and Signaling; Time Consistency; Nash Equilibrium; Bayes Rule	Explain the Basic Concepts
	Day 3	Financial Intermediation	The Variety of Financial Intermediaries; The Role of the Government; Financial Intermediaries on the Periphery	
	Day 4	Financial Intermediation	A Model of Banks and Regulation; Efficient Governance Structure for Firms; The Borrower's Choice of Financial Source	What and Why of Financial Intermediation
Week 2	Day 5	Major Risks Faced by Banks	Credit, Interest Rate, and Liquidity Risks; The Term Structure of Interest Rates; Duration and Convexity	Quiz
	Day 6	Bank Loan Maturity and Priority	Loans Versus Securities; Loan Contracts and Loan Performance; Credit Analysis	
	Day 7	Further Issues in Bank Lending	Loan Pricing and Profit Margins; The Spot Lending Decisions; Loan Restructuring and Default	
	Day 8	Credit	Syndicated Loans; Loan Sales; Project Finance	Major Risks Faced by Banks
Week 3	Day 9	Off-balance Sheet Banking	Loan Commitments and Put Options; Loan Commitments and Monetary Policy	Quiz
	Day 10	Securitization	Economic Motivation for Securitization; Strategic Issues Involved in Securitization; Loan Sales and Loan Securitization	
	Day 11	Bank Regulation	Market Structure and Competition; The Basel Capital Accord; Bank Portfolio Restrictions	
	Day 12	Bank Regulation	Problems of Bank Regulation; Liquidity Constraints, Capital Requirements, and Monetary Policy	Bank Regulation and Issues
Week 4	Day 13	Corporate Control and Governance	Recent Trends; Mergers and Acquisitions; Investment Banking	
	Day 14	The Future	Future Opportunities; The Basel Initiative and Future Capital Accords	Crisis Management
	Day 15	Guided Revision		
	Day 16	Final Exam		

Grading Policy

Items	Percentage
Attendance	10%
Assignment	20%
Quiz	20%
Final Exam	50%
Total	100%

Academic Honesty

Academic honesty is not only a fundamental part of learning and teaching but also a core value that this course embraces. Behaviors of academic dishonesty, as outlined hereinafter, are unacceptable and will be penalized:

- a) Plagiarism where students present work for assessment, publication or otherwise that is not their own, without appropriate attribution or reference to the source. Plagiarism can include:
 - i) paraphrasing or copying published and unpublished work without a reference;
 - ii) adopting the ideas or concepts of others, including the structure of an existing analysis without due acknowledgement by way of reference to the original work or source.
- b) Collusion, where students present work as independent work when it has in fact been produced in whole or in part with others unless prior permission for joint or collaborative work has been given by the Course Coordinator. Collusion can include:
 - i) a student inappropriately assisting with or accepting assistance with the production of an assessment task;
 - ii) submitting work that is the same or substantially similar to another student's work for the same assessment task.
- c) Cheating, where a student acts in such a way as to seek to gain an unfair advantage or assist another student to do so. Cheating can include:
 - i) submitting falsified, copied or improperly obtained data relating to results of practicum, field trips or other work as if they were genuine; submitting an assessment task with the intention of deceiving or misleading the instructor about the student's contribution to the work;
 - ii) submitting an assessment task written or answered for the student by another person or which the student has copied from another person;
 - iii) submitting the same or a substantially similar piece of work for assessment in two different courses (except in accordance with approved study and assessment schemes);
 - iv) a student falsely indicating that they have been present at an activity where attendance is required;
 - v) completing an assessment task outside the conditions specified for that task.
- d) Cheating in Examinations means engaging in dishonest practice or breaching the rules regarding examinations, which can include:

- i) communicating in any way during an examination with any person who is not an examination supervisor inside or outside the examination venue;
- ii) giving or accepting assistance from any person who is not an examination supervisor whilst in the examination venue;
- iii) reading, copying from or otherwise using another student's work in an examination or knowingly allowing a student to do so;
- iv) possessing, referring to or having access to any material or device containing information directly or indirectly related to the subject matter under examination, other than that explicitly approved by the Course Coordinator;
- v) acquiring, or attempting to acquire, possess or distribute examination materials or information without approval;
- vi) permitting another person to attend an examination on a student's behalf or attending an examination on behalf of another student;
- e) Other dishonest acts including but not limited to:
 - i) altering or falsifying any document or record for the purposes of gaining academic advantage;
 - ii) offering or giving money or any item or service to a University staff member or any other person to gain an academic advantage for the student or another person;
 - iii) inventing references.