

FINANCIAL INSTITUTIONS AND MARKETS  
Fall 2020

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Office Hours: by email (fastest response) or Zoom meeting (schedule in advance)

**PREREQUISITES:**

Basic Finance and Math skills at the level of intermediate algebra.

**TEXTBOOK (OPTIONAL):**

*Financial Markets and Institutions*, 11th edition (ISBN-10: 1-133-94787-5 or ISBN-13: 978-1-133-94787-5) by Jeff Madura, Southwestern Publishing (2014).

**SUPPLEMENTARY MATERIALS:**

Daily reading of the Wall Street Journal, the Financial Times or The Economist is strongly recommended. Be prepared to undertake readings from some or all of these publications. Students are expected to be aware of current economic conditions. Lecture slides, homework problems and other class-related items will be available via the course site on Canvas.

**COURSE DESCRIPTION:**

This course examines the role of financial institutions in the financial system; the products and services they provide, the markets in which they operate and the manner in which they are regulated and managed. Critical thinking and problem solving with an awareness of the social justice issues inherent in financial decision-making will be emphasized.

**LEARNING OUTCOMES:**

On successful completion of this course, you will be able to:

Explain the role of financial intermediation.

Explain the products and services offered by financial intermediaries.

Explain the level and structure of interest rates.

Explain the role and function of the Federal Reserve System.

Measure sensitivity of bond prices to interest rates and the duration measure.

Value fixed income swaps for managing interest rate risk

Describe techniques for measuring and managing risk in financial markets.

Describe the changing nature of the financial system and consider future directions.

The above learning outcomes aim to contribute to the overall learning goals for finance undergraduate students. These learning goals can be found at:

<http://www.seattleu.edu/albers/finance/goals>

## **COURSE ETIQUETTE AND REQUIREMENTS:**

General: Students are responsible for all material and assignments presented in the weekly online modules and for keeping pace with the course.

### Weekly Quizzes:

Students are required to take weekly quizzes and turn in assignments at their scheduled time. I will drop your lowest quiz score. There will be no makeup quizzes, except in very rare circumstances (see Seattle University Handbook). In the event of illness or family emergency, official written documentation must be provided to the instructor within 2 days of the quiz.

### Discussion Board:

Though I will not be 'grading' your discussion board participation, I will monitor your responses to each weekly discussion question and comment as needed. Please keep these points in mind:

- Respond with the right information. Make sure you read the question carefully.
- Actively respond to your peers' ideas or questions.
- Acknowledge your peers when they post exceptional responses to your posts.
- Always maintain a respectful tone.

## **GRADE DETERMINATION:**

The total grade for the course is based on the following weights:

Weekly Quizzes	10 points each, for a total of 80 points (80%)
Course Project	20 points (20%)
Total	100 points (100%)

The course letter grade will be assigned according to the following schedule:

95 – 100	A	77 – 79.99	C+
90 – 94.99	A-	74 – 76.99	C
87 – 89.99	B+	67 – 73.99	C-
84 – 86.99	B	60 – 66.99	D
80 – 83.99	B-	below 59.99	F

### WEEKLY QUIZZES:

On Friday at noon PST of each week, a quiz will be available for you to take until Saturday at noon PST. *The time allotted for each quiz will be 25 minutes.* Quizzes will consist of multiple choice or short answer problems based on in class lectures, assigned homework and readings in each week module.

## **GROUP PROJECT:**

You will need to work in a group of your choosing (3 or 4 students total) to research and report on one of the following topics; 1.) Research the subprime difficulties that led to the credit crisis of 2008 and continue to impact the current economic situation. 2.) Research the areas of 'FinTech' you find most interesting / promising. *Using what you have learned in this course, please write a comprehensive report to submit by November 21<sup>st</sup>.* More details will be given in the online video lectures and posted in a separate folder on the Canvas website.

**SUGGESTED PRACTICE PROBLEMS:**

Suggested practice problems for each topic are listed at the end of each set of PowerPoint slides. I will not collect any of these problems. They are assigned for your practice. Solutions to all suggested problems are posted on the course Canvas site. *It is essential for your success in this course that you practice the material by solving all the suggested problems regularly during the quarter.*

**COURSE OUTLINE**

<b>Week</b>	<b>Dates</b>	<b>Topics</b>	<b>Materials Due</b>
1	Wed Sep 9 – Sat Sep 12	Introduction to the Course Introduction to Banking and Markets	Practice Quiz Discussion Board
2	Sun Sep 13 – Sat Sep 19	Determination and Structure of Interest Rates	Quiz 1 Discussion Board
3	Sun Sep 20 – Sat Sep 26	Federal Reserve and Monetary Policy Bank Regulation	Quiz 2 Discussion Board
4	Sun Sep 27 – Sat Oct 3	Money and Bond Markets Treasury Bonds	Quiz 3 Discussion Board
5	Sun Oct 4 – Sat Oct 10	Bond Valuation and Yields	Quiz 4 Discussion Board
6	Sun Oct 11 – Sat Oct 17	Mortgage Markets and MBS	Quiz 5 Discussion Board
7	Sun Oct 18 – Sat Oct 24	Collateralized Mortgage Obligations and Swaps	Quiz 6 Discussion Board
8	Sun Oct 25 – Sat Oct 31	Derivatives and Bank Risk Management	Quiz 7 Discussion Board
9	Sun Nov 1 – Sat Nov 7	Equity Options and Strategies	Quiz 8 Discussion Board
10	Sun Nov 8 – Sat Nov 14	Work on Course Project	Course Project
11	Sun Nov 15 – Sat Nov 21	Work on Course Project to submit by Nov 21	<b>Course Project Due</b>

## **Support for remote learning**

Remember to review the online tutorial that our Center for Digital Learning and Innovation has created to support your remote learning experience:

<https://seattleu.instructure.com/courses/1563070>

Students and faculty have reported a more engaging class experience when using video on Zoom. We know not everyone has the ability to have their camera on all the time, for a variety of reasons. If you aren't able to do so, be sure to stay connected in other ways (in chat or vocally).

## **Borrow a Chromebook or an internet hotspot from the Library**

If you are having difficulty with remote learning because your laptop is older or your internet access is patchy, the Library is currently loaning out Chromebooks and internet hotspots. You can submit a request at the following link: [https://seattleu.qualtrics.com/jfe/form/SV\\_9Bjo8RxYefZVeJv](https://seattleu.qualtrics.com/jfe/form/SV_9Bjo8RxYefZVeJv)

## **Library and Learning Commons**

<http://www.seattleu.edu/learningcommons/>

**Academic Policies on Registrar website** (<https://www.seattleu.edu/redhawk-axis/academic-policies/>)

Academic Integrity Policy

Academic Grading Grievance Policy

Professional Conduct Policy (only for those professional programs to which it applies)

## **Notice for students concerning Disabilities**

If you have, or think you may have, a disability (including an 'invisible disability' such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff located in Loyola 100, (206) 296-5740.

Disability-based adjustments to course expectations can be arranged only through this process.

## **Office of Institutional Equity**

Title IX of the Education Amendments of 1972 (Title IX) prohibits discrimination based on sex in educational programs or activities that receive Federal financial assistance. This prohibition includes sexual misconduct, which encompasses sexual harassment and sexual violence. Seattle U remains committed to providing a safe and equitable learning, living, and working environment. Seattle U offers emergency, medical, and other support resources, as well as assistance with safety and support measures, to community members who have experienced or been impacted by sexual misconduct. Seattle U requires all faculty and staff to notify the University's Title IX Coordinator if they become aware of any incident of sexual misconduct experienced by a student. For more information, please visit <https://www.seattleu.edu/equity/>. If you have any questions or concerns, you may also directly contact the Title IX Coordinator in the Office of Institutional Equity (email: [oiie@seattleu.edu](mailto:oiie@seattleu.edu); phone: 206.296.2824)