

FINANCIAL INSTITUTIONS AND MARKETS (FINC 3430)  
Spring 2022

Dr. Dean Diavatopoulos  
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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:**

Regular 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:**

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

## **GRADE DETERMINATION:**

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

Exam 1 (in class)	35%
Exam 2 (in class)	35%
Quizzes (online)	10%
Project	20%

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 9am PST of each week, a quiz will be available for you to take until 5pm PST.

The time allotted for each quiz will be 20 minutes. Quizzes will consist of multiple-choice problems based on in class lectures, assigned homework and readings in each week module.

There will be no makeup quizzes

## **COURSE PROJECT:**

You can work alone or with a group of up to three students total. The course project will be 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, you will write a comprehensive report to submit to me on June 6. More details will be given during in class 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.

## **IMPORTANT DATES:**

Exam 1 Review;	April 27
Exam 1;	May 2
Guest Speaker;	May 4
Exam 2 Review;	June 1
Exam 2;	June 6
Course Project Due;	June 6

## **COURSE OUTLINE**

- Introduction to Banking, Markets and FinTech
- Determination and Structure of Interest Rates
- Federal Reserve and Monetary Policy
- Money and Bond Markets
- Treasury Bonds
- Bond Valuation and Yields
- Mortgage Markets and Mortgage-Backed Securities
- Interest Rate Swaps
- Derivatives and Bank Risk Management
- Equity Options and Strategies

### **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)