



Course Title: Financial Institutions Management
(金融机构管理)

Course Code: FS 491

Credits: 3

Teaching hours: 48

Prerequisites:

Semester: Fall and Spring Semester

Lecturer's Information:

Name: Dong Xiang

Office Hour: To be advised

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Course Description:

This course provides an introduction to the management of financial institutions and intermediaries. The course focuses on the importance of ensuring good organizational functioning within institutions to manage the varied types of risk that they may be exposed to. Students are first introduced to the construct of the firm as a legal entity, and how financial institutions have specific requirements that relate to this. The course then examines the principles of the theory and practice of effective organizational structure and policies for successful risk management and how to manage the inter-relationships that are inherent between departments.

Aims and Objectives:

This course takes a risk management approach to the analysis of financial institutions management. It begins with a description of the recent development of the institutional structure of financial institutions and their current environment. It characterizes the developing Basel Accords and the current global initiatives to regulate the risk management of banks. It then characterizes the primary risks financial institutions confront. This is followed by development and use of the tools financial institutions use to manage these risks. The ultimate goal of the course is to put the student in a position to understand and evaluate the risks associated with managing a modern financial institution.

Learning Outcomes:

Students will be able to analyze, understand and evaluate what makes a financial institution different from a non-financial institution. The student will learn why these differences result in banks being more heavily regulated than other financial institutions and corporations. The student will learn the sources of the banking developments of the past 30 years in China and elsewhere and the resulting international bank regulatory initiatives, summarized by the Basel Accords.

The course teaches how the fundamental principles of Finance are applied to the problems of modern banks. Recently banks have come to place greater emphasis on risk management than had been the case in the past. This course first delineates the principal risks faced by financial institutions, detailing the methods used by financial institutions to characterize these risks analytically. It then delineates the principle tools and methods banks use to manage these risks.

This course is designed to develop skills that are of a practical nature and needed in the banking and financial services industry. On successful completion of this course, students will have acquired skills, knowledge and applications in the following areas:

1. the contemporary and evolving banking and regulatory environment;
2. interest rate and credit risk management;
3. off-balance sheet instruments;
4. the assessment of sovereign risk;
5. the awareness of market, technology and operational risks;
6. bank capital and loan portfolio management;
7. asset-liability management skills and the management of liquidity; and
8. securitization and derivative instruments used to manage risk

Teaching Methods:

The course readings include a primary text as well as occasional readings that will be posted from news and other sources from time to time. Problems useful for preparing for exams will be posted on the web. To achieve the course objectives, a presentation will deliver the primary course content. The presentation will develop the relative importance of the activities of global bankers characterized by the readings and broaden student understanding of banking risks. The course will also address development of the skills of bank risk management. The presentation will also be oriented towards solving problems that are related to concepts and issues that have been introduced earlier. The presentation will also provide students with the opportunity to ask any unresolved questions and develop a solid foundation for answering exam questions on the lecture and textbook material.

It is a requirement that students make a satisfactory attempt to punctually attend and engage in lectures and presentations.

Assessment:

Final Examination	60%
Class participation and performance, and homework assignments	30%
Attendance Check	10%
Total	100%

Team Work

One presentation

Examination content

. All components of assessment are compulsory, and must be completed in order to obtain a pass grade.

The final exam will cover the material presented in Weeks 1-12 and will be conducted during the University examination period. The exam will be a combination of multiple choice, shortanswer and essay-type questions.

Your Input:

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Course outline: Text Books and Indicative Reading List:

.The prescribed textbook is:

Financial Institutions Management, 2007, 2/e, Lange, Saunders, Anderson, Thomson and Cornett, ISBN: 9780074717493, McGraw-Hill.

Details of additional course materials, course-related educational products and websites, and other reference materials will be posted on the course website.

Calendar of Teaching Activities:

	Activities	Chapters	Things to remember
Week 1		1	Introduction to the financial services industry
Week 2		2	Interest rate risk – Part I
Week 3		3	Interest rate risk – Part II
Week 4		4	Credit risk – Part I
Week 5		5	Credit risk – Part II
Week 6		6	Sovereign risk and off-balance sheet activity
Week 7		7	Market, technology and operational risk
Week 8		8	Foreign exchange and liquidity risk
Week 9		9	Liability and liquidity management
Week 10		10	Capital adequacy
Week 11		11	Derivatives in banking
Week 12		12	Securitization

Week 13			
Week 14			
Week 15			
Week 16	Review		
Week 17	Final exam(time to be confirmed)		