

SYLLABUS

**BA 3540
FINANCIAL MARKETS AND FINANCIAL INSTITUTIONS
SPRING SEMESTER 2017**

**UNIVERSITY OF MISSOURI – ST. LOUIS
COLLEGE OF BUSINESS ADMINISTRATION**

Instructor: Joel Miller

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Classroom: 133 SSB

Office Location and Hours: Tower 1109; after class for at least one hour and by appointment

Course purpose: The organization that you work for as a professional as well as your personal financial success will be influenced by the interplay of financial markets and institutions. Accordingly, you should understand the following topics at the conclusion of the course:

- Characteristics and roles of the various financial markets including the Money Market and the Capital Markets,
- Characteristics and roles of financial institutions,
- Relationships between financial markets and financial institutions,
- Role, structure, and impact of regulators in financial markets and institutions,
- Selected history of financial markets, institutions, regulation, and innovation in the United States (with a view as to how the past can help you predict the future), and
- Trends in financial services, globalization of financial institutions and markets, and causes and legacy of the financial crisis and Great Recession of the past few years.

Textbook: Frederic S. Mishkin and Stanley G. Eakins, Financial Markets & Institutions (Pearson Prentice Hall, 2009), 7th edition. Note that the class will be taught using the seventh edition, not the newest edition. So I urge you to seek out the seventh edition to save yourself money. Textbook online purchase, renting, sharing, etc. may work for you. There is one caveat to this suggestion: Editions older than the seventh edition are out of date and do not address the financial crisis of 2008 and the ensuing Great Recession.

Exam policy: There will be two exams and a final exam each of which will be non-comprehensive. Exam date will be announced in class about two weeks prior to the exam. Exams will combine true/false, multiple choice, short answer, and essay questions. Essay questions will comprise a significant portion of each exam.

Exams will be based on the assigned reading in the textbook, lectures (which will include some material not found in the textbook), outside material to which I draw your attention, and discussions that we will have in class regarding “real world” events. In light of the recent upheaval in financial markets and institutions, the “real world” discussions will be an important aspect of both class and exams.

The textbook presents various econometric and mathematical concepts using indifference curves and equations, respectively. In class we may touch on such graphs and equations to increase your understanding. However, since the focus of the course is conceptual rather than quantitative, there will be minimal “number crunching” or graphical replication on exams.

Prior to each exam review material will be posted on Gateway. This material will be discussed at the class immediately prior to the exam. If you focus your exam preparation on review material you will achieve an A or B on each exam.

If you wish to appeal my scoring of an answer on a quiz, please submit a reasoned request via e-mail within one week of the exam being returned to you. I promise to objectively review your request and if you’re right, I’ll gladly revise my scoring.

Grading policy:

COMPONENT	PERCENT OF GRADE
First exam	30
Second exam	35
Final exam	35
Total	100

Course letter grades will be earned as follows: A (100 to 90.0), B (89.9 to 80.0), C (79.9 to 70.0), D (69.9 to 60.0), and F (less than 60.0). There will be no curve used to determine grades.

Minuses and pluses to course letter grades will be used in keeping with UMSL policy.

Your instructor: I am a retired banker and bank consultant who is occasionally retained as an expert witness. Functionally, my banking background includes commercial lending, treasury management, retail banking, operations/technology, and finance. My viewpoint in teaching this course is that of a banker; however, the viewpoints of the financial analyst, the economist, the stock broker, the investor (to name a few of many players) are equally valid and important to your understanding of financial markets and institutions. Therefore, I will attempt to expose you to a variety of viewpoints. But my default perspective will always be that of a banker.

Student/instructor communication: I will be available in the classroom immediately after each class for a few minutes and in my office at Tower 1109 for at least an hour after each class. If an appointment outside of my office hours is necessary, I'll work with you to arrange a meeting. I will check my UMSL e-mail daily and typically respond within 24 hours. I don't check (or even know) my UMSL phone number. And I can't imagine why you would need my cell phone number. In summary, I will attempt to make myself available to you because you're entitled to some of my time out of class.

MyGateway: We will use MyGateway for course announcements and articles of interest. For your benefit, please check MyGateway frequently. The textbook's PowerPoint slides will be placed on MyGateway in the Assignments & Docs section as a study aid for you. But if you use the textbook's PowerPoint slides for exam preparation, remember that exams will be based on both textbook, lectures, and real world material. Moreover, we skip many pages of the textbook.

Class attendance: Attendance is "required", but has no bearing on your course grade. I hope you find the course material interesting and valuable to you so that you attend class. But I realize that each of you has outside responsibilities and emergencies that may prevent your attendance. And some of you will chose not to attend class. Ultimately, your attendance is your choice. But I do believe a better grade in the course is more likely with higher attendance.

Class participation: Class participation is defined as your offering appropriate comments and questions pertinent to material being discussed. Participation is encouraged. In fact, I sincerely believe that class participation is an important part of your college education and an opportunity for you to expand your skills. Why do I believe this? Because in whatever career you pursue in the "real world" your long-term compensation and job responsibilities will be greater if you speak appropriately to your boss, your colleagues, and your customers. However, many of you do not feel comfortable speaking in groups. This discomfort is typical, but, fortunately, can be reduced with practice. So this class is a place where you can safely speak to gain confidence and experience in expressing yourself in public. I urge you to take this opportunity.

I may call on you by name to comment on questions raised by lecture or assignment. If you are not present or cannot speak when asked, there is no penalty for you. If I call on you and you don't know the answer you may simply say you don't know or make an educated guess. Either way, I won't embarrass you. Again, this class is a safe place for you to speak.

Tardiness: Sometimes you or I will be late due to traffic, weather, children, or some other legitimate reason. But I generally hate tardiness because it is disruptive of class. If you're tardy, for any reason, don't enter the class until I admit you. This will avoid disruption. Also, if you have a circumstance that will cause frequent tardiness, I suggest you see me in advance.

Academic honesty: Don't cheat. You are expected to know, understand, and adhere to UMSL's Code of Student Conduct in regard to academic honesty.

Student conduct: You are expected to be respectful to your fellow students and to me, and to fully comply with UMSL's Code of Student Conduct at all times.

Cell phones, beepers, and other communication devices are to be turned off during class unless you are using your device to access the internet to research some topic we are discussing. You are free to use a laptop or cell phone to take notes, but not to communicate or surf the web. How do I know the difference between you appropriately and inappropriately using your laptop or cell phone? We'll address this in class.

You may use an electronic dictionary during exams, see me for prior approval. I usually grant that request but I reserve the right to inspect your device at any time, including during an exam.

Handouts: Periodically I issue handouts or direct your attention to print or electronic articles. Such material is subject to exam.

Course outline: We will plod sequentially through the textbook with frequent digressions to address real world issues. Shown below and on the following page is the course outline that lists the chapters and the pages in each chapter that are assigned reading and, therefore, subject to exam. Note that some chapters will be skipped. Note also that assigned reading for each covered chapter does not include all pages of that chapter.

This outline is subject to modification as we progress through the course. This is because of the unknown nature of the real world material we will cover and the unpredictability of the pace of the course. But I'll give you advance notice if I do make changes to the course outline.

Chapter summaries are usually helpful for study purposes.

If you use an older textbook edition you cannot use the outline below because of changes in content and pagination. So ask a classmate with the newer edition or see me.

CHAPTER	ASSIGNED READING
1	Entire chapter
2	Entire chapter
3	Pages 36, 39, 40, 48 to middle of 51
4	Preview on page 64, 72 to 77, Figure 4.5, pages 82 to 85
5	Pages 89 to 90 (through the first paragraph in "Default Risk" section, Table 5.1, pages 96 (beginning with the "Term Structure of Interest Rates" section) to 97, Mini-case on page 108
6	Preview on page 116 through first paragraph on page 117, page 120 (beginning at "Evidence of the Efficient Market Hypothesis" section through end of chapter

7	Pages 134 to 137, 139 (beginning with “Asymmetric Information: Adverse Selection and Moral Hazard”) through 145 (ending with “Summary” section), 149 through Case beginning on 152, 154 (beginning with “Conflicts of Interest” section) through end of chapter
8	Pages 163 to 177
9	Pages 191 to 203
10	Skip chapter
11	Entire chapter
12	Pages 279 to 292
13	Pages 302 to 307, Table 13.3, page 318 to end of chapter
14	Page 323 to first paragraph of 325, 333 (beginning with “Mortgage-Lending Institutions”) to end of chapter
15	Pages 344 to 349 (ending with Example 15.1), 351 to end of section at the top of 352, 358 (beginning with “Recap: Factors That Change The Exchange Rate” section) to 360 (including Table 15.2)
15 Appen.	Skip
16	Skip
17	Entire chapter
18	Entire chapter
19	Page 454 chapter preview, 473, 475 (beginning at “Bank Consolidation and Nationwide Banking” section) to 483 (to “International Banking” section)
20	Entire chapter
21	Page 513 to Figure 21.2 on 518, 531 (beginning at “Pensions” section) to end of chapter
22	Page 543 chapter preview to 552