

Standard Course Outline

FIN 460 Management in Financial Institutions

I. General Information:

Units: 3 credits
Prerequisites: None.
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Date Prepared: March 2020

II. Catalog Description:

Students will be introduced to management of banks and other depository financial institutions. Banking trends and introductory topics, Asset and Liability Management, Capital adequacy and Management of investment portfolios will be the main focus of the course. Letter grade only (A- F).

III. Curriculum Justification:

The course addresses a number of [COB Undergraduate Program Learning Goals](#):

General

- ♦ **Critical Thinking:** Students will be able to demonstrate conceptual learning, critical thinking, and problem-solving skills.
 - Students will understand the need for different financial institutions, regulators and regulations, and how forward-looking technology applications are impacting financial services, especially in relation to banking practices. They will further be able to show critically that their knowledge of these variables can have a great impact on the management of an investment portfolio of a bank or a financial institution in particular and on the very managing of the bank or a financial institution in general.
- ♦ **Ethics:** Students will be able to demonstrate awareness of social impact, ethical, social responsibility, and citizenship issues and apply them in decision making in the local, regional, and global communities.
 - Students will be able to distinguish between ethical and unethical actions of a bank or a financial institution. They will further show their understanding that unethical behavior leads to a loss of value of a bank or any financial institution.
- ♦ **Team & Interpersonal Skills:** Students will be able to demonstrate interpersonal skills for working in a dynamic and diverse world, including in a team environment.
 - Students will work on a valuation-type excel project, produce decisions and deliver oral presentations while working through managing interpersonal conflict, negotiating and integrating their skills with team members. Students will also demonstrate that they understand the common issues in team/group decision making setting and should be able to resolve them within the team.
- ♦ **Communication Skills:** Students will be able to demonstrate effective oral and written communication skills in English.
 - Student will improve written communication skills given the significant amount of writing requirement in this course. Students will also develop the skills enabling them to conduct a combination of the oral and written group presentation.

Management Specific

- ♦ **Business Functions:** Students will be able to demonstrate understanding of all business functions, practices and related theories and be able to integrate this functional knowledge in order to address business problems.
 - Students will be able to demonstrate that they understand the role of regulatory institutions and concepts such as *Moral Hazard, Hedging, Bank stress tests, Loan securitization, and forward-looking Fintech applications* and their intersection with each other. In doing so, they will be able to further demonstrate their understanding of how such variables will have an impact on the management of a bank or a financial institution.
- ♦ **Quantitative & Technical Skills:** Students will possess quantitative and technological skills enabling them to analyze and interpret business data and to improve business performance.
 - Students will be able to demonstrate their understanding of financial statements of a bank, and they will further be able to carry out financial analysis using different financial ratios. They will further demonstrate their understanding of interest rates, risk and liquidity, options to measure especially exposure to interest rate and credit risk, hedging options using derivatives, and their impact on the management and smooth functioning of a bank or a financial institution.
- ♦ **Domestic & Global Environment:** Students will be able to demonstrate knowledge of social impact in today's domestic and global business environment (e.g., legal, regulatory, political, cultural, and economic).
 - Students will demonstrate that they can make investment decisions in today's domestic and global marketing environment (e.g. legal, regulatory, political, cultural and economic environmental factors).

IV. Course Objectives, Student Learning Outcomes, Evaluation Instruments, and Instructional Strategies for Skill Development

OBJECTIVE - Critical Thinking:

A. MEASURABLE STUDENT LEARNING OUTCOME(S):

After taking this course, students will (a) understand expert explanations for general audience regarding Fed System and Central banks, and before national and international legislative authorities regarding monetary policy, causes of bank distress and regulatory consequences, (b) show that an analysis of historical financial performance and long-term financial planning that includes hedging can improve business decisions and value, (c) explain pros and cons of forward-looking fintech applications including cryptocurrency and block chain, (d) understand social impact and other consequences of loan securitization and off-balance sheet activities.

B. EVALUATION INSTRUMENTS (ASSIGNMENTS):

Specific assignments will vary by instructor, but typical assignments include multiple choice and problem-oriented exams and quizzes, short answer and essay exams, and in-class problem-solving assignments.

C. INSTRUCTIONAL STRATEGIES FOR SKILL DEVELOPMENT:

Instructors will review the key knowledge before the assignments and provide feedback on the assignments.

OBJECTIVE - Business Functions:**A. MEASURABLE STUDENT LEARNING OUTCOME(S):**

After taking this course, students will learn to (a) identify factors that can enhance moral hazard and its social impact, (b) understand how different types of bank risk interplay, (c) explain how macroeconomic circumstances and central bank mandates affect regulatory decisions regarding risk management, capital requirement estimations and different types of bank stress tests, (d) be aware of advantages and disadvantages of different tools, including forward-looking fintech applications that help adapt to changes in monetary policy and comply with changing markets and regulation, and (e) understand derivatives concepts including riskless portfolio theory as they apply to hedging bank risk exposure

B. EVALUATION INSTRUMENTS (ASSIGNMENTS):

Specific assignments will vary by instructor, but typical assignments include excel valuation group case assignment and valuation project (e.g. a simple regression to calculate beta using excel).

C. INSTRUCTIONAL STRATEGIES FOR SKILL DEVELOPMENT:

Instructors will explain rubrics for writing expectations both before and after the valuation project, reviewing components of examples of well-written reports, incorporating feedback on reports with opportunities for revision.

OBJECTIVE - Quantitative and Technical Skills:**A. MEASURABLE STUDENT LEARNING OUTCOME(S):**

After taking this course, students will be able to (a) be familiar with models that measure exposure to especially credit and interest rate risk in banks, (b) apply hedging techniques to control exposure to credit and interest risk, (c) obtain a working knowledge of at least Compustat, CRSP and Excel, (d) refresh estimations of bond valuation and duration, and amortization tables, (e) understand loan securitization, credit default swaps, and off-balance sheet decisions.

B. EVALUATION INSTRUMENTS (ASSIGNMENTS):

Specific assignments will vary by instructor, but typical assignments include excel group case assignment and valuation project.

C. INSTRUCTIONAL STRATEGIES FOR SKILL DEVELOPMENT:

Instructors will explain rubrics for writing expectations both before and after the valuation project, reviewing components of examples of well-written reports, incorporating feedback on reports with opportunities for revision.

V. Outline of Subject Matter**SUGGESTED COURSE SCHEDULE / TOPICS TO BE COVERED**

1. **FinTech** applications including cryptocurrencies, block chain applications, public cloud, online lending
2. **Introduction to Financial Institutions:** Types, services, regulatory trends, goals and specialness of financial institutions. Why depository institutions are particularly important to regulators and Main Street.
3. **Regulation of Commercial Banks:** Regulatory trends, CAMELS ratings, Basel Accords, Bank Stress Tests in US and abroad, systematic risk.
4. **The Federal Reserve System, Monetary Policy and Interest Rates:** Structure of Federal



- Reserve System; dual mandate, importance of money and credit, monetary policy tools; international monetary policies and strategies, interaction between the Fed, OCC, FDIC, Treasury, IMF, World Bank, Bank for International Settlements. Comparison and contrast with Central Bank of England, Canada and Japan, as well as European Central Bank - case for independence, inflation target and priority.
5. **Commercial Banks' Financial Statements and Analysis:** Size, structure, trends, industry performance and ratio analysis in relation to regulations, return on equity framework, market niche and global issues Financial statement analysis using Return on Equity framework; Impact of market niche and bank size on financials statement analysis.
 6. **Types of Risk Incurred by Financial Institutions:** Identification of main types of risk, including systematic risk and the challenges to measure and hedge it with ramifications in modern portfolio theory diversification, valuation and risk premiums.
 7. **Managing Risks on the Balance Sheet:** Managing credit risk, liquidity risk and interest rate risk.
 8. **Managing Risks off the Balance Sheet:** Managing risk off the balance sheet with derivative securities, loan sales and securitization.
 9. **Compliance:** bank stress tests, Basel, CAMELS ratings, Dodd Frank, etc. Global considerations.
 10. Other financial institutions such as mutual funds, pension funds.

VI. Methods of Instruction

INSTRUCTION MODE

Check one or more modes of instruction that this course is authorized to use. Syllabi must also contain an explicit statement describing the mode of instructional delivery.

May refer to university policies on [Academic Technology and the Mode of Instruction](#) and [Course Syllabi and Standard Course Outlines](#) for descriptions of modes of instruction and for guidelines for non-traditional modes of instruction.

This class can be offered as an online, hybrid, or flipped class, with the approval of the department chair, subject to program requirements and college guidelines.

- ✓ Traditional ✓ Hybrid ✓ Local Online ✓ Distance Education

CLASSROOM ACTIVITIES

Method of instruction generally comprises of a combination of lecture, class discussion of current business articles, discussion of readings, and active student participation.

EXTENT AND NATURE OF TECHNOLOGY USE.

Instructors will recommend students to use Compustat, CRSP and Excel for data retrieval and data processing tool (such as a simple regression to calculate beta using excel) as part of instruction.

If the course is conducted entirely through Alternative Modes of Instruction, both synchronous and asynchronous learning will be incorporated. Students will access the course material and activities on BeachBoard and will be required to participate in synchronous class meetings via Zoom. All students must have access to a computer or other device with Internet functionality and a webcam to access BeachBoard and Zoom, participate in class activities, and complete assignments. Students must also have access to Internet with sufficient speed in order to be able to participate in synchronous meetings.

Students who experience unexpected technical issues for a class session or assignment will be provided with the opportunity to make up missed work. Students who experience technical issues during a synchronous meeting or with an assignment should notify the instructor via email as soon as possible.

To access this course on [BeachBoard](#) and [Zoom](#), students will need access to the Internet and a supported web browser (Safari, Google Chrome or Firefox). Log in to [BeachBoard](#) with your CSULB Campus ID and BeachID password. Once logged in, you will see the course listed in the My Courses widget; click on the title to access the course. To access Zoom, first [install the latest version](#) of the Zoom app on your device. Use the link provided and/or sign in using your CSULB Campus ID and BeachID password via Single Sign On to create or join a Zoom session. If students need technical assistance during the course or would like to report a technical issue with BeachBoard or Zoom, they should contact the [Technology Help Desk](#).

The university is expected to provide an in-person computer lab in the University Student Union during 2020-21 and the opportunity to borrow laptops and/or wi-fi hotspots, if needed. For laptops, call 562-985-5587, Mo-Fri, 8 am – 5 pm. Click here to access [A map of campus wi-fi coverage](#).

If you need technical assistance at any time during the course or need to report a problem with BeachBoard or Zoom, please contact the Technology Help Desk at helpdesk@csulb.edu or (562) 985-4959.

VII. Information about Textbooks/Readings

Recommended Textbook: *Financial Markets and Institutions* by Anthony Saunders and Marcia Million Cornett, 6th Edition, McGraw-Hill Irwin, 2015

VIII. Instructional Policies Requirements

Instructor's syllabi must contain explicit statements regarding their own policies with regard to plagiarism, withdrawal, absences, etc., which should be consistent with the university policies published in the CSULB Catalog. It is expected that every course will follow university policies on [Attendance](#), [Course Syllabi & Standard Course Outlines](#), and [Final Course Grades, Grading Procedures, and Final Assessments](#). If some or all sections of the course are to be taught, in part or entirely, by distance learning, the course must follow the provisions of university policy on [Academic Technology and the Mode of Instruction](#). Instructors should refer to the current [CSULB Catalog](#) and to the [Academic Senate](#) website for campus guidelines and policy statements as they develop their individual course policies.

Lecturing on theories & concepts of finance and applications to investments. Quantitative techniques and problem solving. Managing an investment portfolio, presentation & discussion (group project). Individual hedging strategy using derivative securities.

Instructors in planning the exams, and other grading procedures, should adhere to the relevant [University Policy on Grades, Grading Procedures, and Final Assessments](#).

The textbooks for this course should be chosen in accordance with the university policy on [Selection of Instructional Materials](#). There are many appropriate textbooks for this course; it is generally agreed that none of them is perfect. The following suggestion is based on the special nature of this core MBA course:

- ♦ Students will arrive at this course with extraordinary range of backgrounds; and therefore prior knowledge will be highly variable, however,
- ♦ Students will have a level of maturity that will enable them to look at a broader picture via more advanced cases, simulations, group projects and
- ♦ Examinations must be essay-type and/or problem solving questions and avoid the use of multiple-choice questions.

IX. Course Assessment and Grading

The exact set of course assignments will vary depending on the instructor. However, at least one Excel group case assignment and valuation project (e.g. a simple regression to calculate beta using excel) is required and will count for certain percentages of final grade.

Grading policies, procedures, and the percentage of the course grade associated with each assessment must be explicit on each instructor's syllabus and must be consistent with University policy on [Final Course Grades, Grading Procedures, and Final Assessments](#). Instructors must develop scoring guidelines for assessments, which must be made available to students. The final course grade will be based on a descriptive scale such as the following:

Percent	Grade	Grade Description
90-100%	A	Mastery of the relevant course standards.
80-89%	B	Above average proficiency of the relevant course standards.
70-79%	C	Satisfactory proficiency of the relevant course standards.
60-69%	D	Partial proficiency of the relevant course standards.
Below 60%	F	Little or no proficiency of the relevant course standards.

X. Disabilities

The SCO and syllabi should contain a statement regarding support services for students with disabilities. Under the Office of Civil Rights and the Americans with Disability Act, students may disclose **at any time** during the academic semester that they need a classroom accommodation based on a disability. Thus, it is strongly recommended that all SCOs and syllabi use the following language, as it meets both federal and state legal standards.

The Bob Murphy Access Center (BMAC)

The Bob Murphy Access Center (BMAC) provides certification for students with disabilities and helps arrange relevant accommodations: [Bob Murphy Access Center](#). Any student requesting academic accommodations based on a disability is strongly encouraged to register with Disabled Student Services (BMAC) each semester. A letter of verification for approved accommodations can be obtained from BMAC. Please be sure to provide your instructor with BMAC verification of accommodations as early in the semester as possible. The phone number for BMAC is (562) 985 5401. The email address is: bmac@csulb.edu.

XI. Assistive Technology

The SCO should contain a statement regarding the university policy on assistive technology.

In compliance with university policy on [Accessibility and Faculty Responsibility for the Selection of Instructional Materials](#), instructors are responsible for ensuring that their syllabi and instructional materials are accessible to all students.

XII. Sexual Assault, Rape, Dating/Domestic Violence, & Stalking

Title IX prohibits gender discrimination, including sexual harassment and sexual misconduct. If you have experienced sexual harassment, sexual assault, rape, dating/domestic violence, or stalking, the campus confidential Victim's Advocate is available to help. Jaqueline Urtez (e: advocate@csulb.edu, p: (562) 985-2668) can provide free and confidential support, accommodations, and referrals for victims without having to report the assault to campus authorities. While students are welcome to discuss assaults with faculty, both faculty and teaching assistants are mandatory reporters who are required to report all incidents of sexual harassment/misconduct to the Title IX office for follow-up and possible investigation. Students



who do wish to report the assault for possible investigation may contact the confidential victim's advocate, who can help them through the reporting process, or they can report the assault directly to the [Title IX Office](#) by completing an online reporting form or contacting the Office of Equity & Diversity at OED@csulb.edu.

XIII. Consistency of SCO Standards across Sections

All future syllabi will conform to the SCO. The course coordinator should review the SCO and offer advice and/or materials to faculty member new to teaching the course. The course coordinator may offer or require regular review of instructors' course materials as well as anonymous samples of student work.

XIV. [Additional Resources for Development of Syllabi](#)