



Standard Course Outline

FIN 660 Seminar in Financial Institutions and Ethics

I. General Information:

Units: 3 credits

Prerequisites: Graduate business standing.

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II. Catalog Description:

Topics include: (1) The Federal Reserve System and Monetary Policy, (2) Mortgage Markets, (3) Structures, Compositions, Regulations and Risk Assessments of various financial institutions, (4) Securitization and Loan Sales, (5) Credit Risk and Liquidity Risk and (6) Code of Ethics and Standards of Professional Conduct. Letter grade only (A-F).

III. Curriculum Justification:

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

General

- ♦ **Critical Thinking:** Students will be able to demonstrate conceptual learning, critical thinking, and problem-solving skills.
 1. Students will recognize that domestic and foreign financial markets are becoming more integrated and that financial intermediaries are evolving toward a single financial services industry.
 2. Students will understand the process of ethical decision making and analysis of ethical issues. Students will be introduced to forward-looking topics and reflect on social impact of decision making, i.e., the relation of companies' stock returns to their corporate governance and accounting practices and socially responsible behavior
 3. Students will be armed with essential skills to manage the risks financial institutions face in the dynamic environment, including introduction to forward-looking topics.
 4. Students will understand the need for different financial institutions, regulators and regulations, and how technology is impacting financial services and practices, especially in relation to banks.
- ♦ **Ethics:** Students will be able to demonstrate awareness and knowledge of ethical, social impact and responsibility, and citizenship issues in the local, regional, and world communities.
 1. Students will be able to describe the moral hazard and agency problem and their costs, and discuss different measures to minimize those problems.
 2. Students will demonstrate the application of the CFA Code of Ethics and Standards of Professional Conduct to situations involving issues of integrity.
 3. Students will distinguish between conduct that conforms to the code and standards and conduct that violates the code and standards, aware of social impact.
- ♦ **Interpersonal, Leadership & Team Skills:** Students will be able to demonstrate interpersonal and leadership skills for working in a dynamic and diverse world, both independently and in a



team environment.

1. Students will collaborate with their peers and nurture their aspirations, while working on case studies, before they submit their ultimate recommendations.
2. Student will generate team/group decision-making through managing interpersonal conflict, negotiating and integrating and their skills with others to produce financial management decisions and deliver oral presentations
3. Students will demonstrate that they understand the common errors in team/group decision making and will be able to correct them as a team

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.
 1. Students will demonstrate understanding of the role of Federal Reserve System as well as the impact of Monetary Policy within the environment where financial institutions are operating.
 2. Students will demonstrate that they understand the structures and purpose of regulations associated with different institutions, as well as the relation between concepts such as moral hazard, loan securitization, bank stress tests and forward-looking topics in fintech related to institutional value.
 3. Students will exhibit the knowledge of changes in interest rates, inflation, and foreign exchange rates impact a financial manager's decisions to hedge risk.
 4. Students will demonstrate that they understand the CFA Ethical Decision Making Framework
- ♦ **Quantitative & Technical Skills:** Students will possess quantitative and technological skills enabling them to analyze, interpret, and communicate business data effectively and to improve business performance.
 1. Students will possess quantitative and technological skills enabling them to identify and measure risks in financial institutions and to also effectively manage risk using derivatives to hedge especially interest rate risk.
 2. Students will explore ways of removing credit risk from the loan portfolio through assets sales and securitization.
 3. Students will demonstrate that they can make decisions based on quantitative analysis using the principles, concepts, and techniques through their performance on exams, assignments, and cases.
- ♦ **Domestic & Global Environment:** Students will be able to demonstrate knowledge of today's dynamic business environment (e.g., legal, regulatory, political, cultural, and economic), especially the links between our region and global business.
 1. 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) aware of potential social impact.

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 as part of Fed System, Central banks, and before national and international legislative authorities regarding monetary policy, causes of bank distress and regulatory consequences, (b) explain pros and cons of forward-looking topics in different fintech applications including cryptocurrency and block chain, (c) understand consequences of loan securitization and off-balance sheet activities, and (d) discuss best ethical decision making practices according to Certified Financial Analyst standards, (e) discuss regulatory decisions following malpractice in forward-looking topics such as high frequency trading or securities offerings, understanding social impact.

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, (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 topics in fintech, that help adapt to changes in monetary policy and comply with changing markets and regulation, (e) work with ethics cases, and (f) engage in ethics discussions and regulations related to high frequency trading, securities offerings, consumer and whistleblower protection, and climate financial markets and securities, among others, applying best practices according to Certified Financial Analyst standards,.

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). Assignments will require reflection on social impact of regulations and decision making by banks.

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, (e) understand loan securitization, credit default swaps, and off-balance sheet decisions, (f) work with cases

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. **Ethics for Certified Financial Analysts:** Identification and judgement criteria, CFA Code of Ethics and Standards of Professional Conduct, Cases.
8. **Moral Malleability**
9. **Compliance:** bank stress tests, Basel, CAMELS ratings, Dodd Frank, Sarbanes-Oxley
10. **Climate Finance:** introduction to terminology, security types and rating criteria, and regulation



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.

✓ Traditional ✓ Hybrid ✓ Local Online ✓ Distance Education

CLASSROOM ACTIVITIES

When reading the book in preparation for class it is essential that the students take an *active* approach. This means that the students implement the examples discussed in the book using spreadsheet models and work through them as they read. *The best-prepared student is often the one who comes to class with questions about how the concepts and methods can be applied.* Finally, the students should expect to return to the book after class or while reviewing, in order to refine and consolidate their knowledge.

A recommendation for a pedagogical tool to apply the concepts that have been taught in FIN 600 Seminar in Business Finance, FIN 610 Financial Analysis and Ethics and FIN 630 Seminar in Financial Forecasting. This learning tool provides the student with opportunities to apply and practice the skills and concepts that they have learned in the first part of the course. Another active learning approach is the use of HBR-level case discussion and written analysis. **At this level of instruction, MSF students must have some type of pedagogical tools for active learning that are beyond the undergraduate level of lecture and multiple choice examinations.**

EXTENT AND NATURE OF TECHNOLOGY USE

Instructors will recommend students to use Compustat, CRSP and Excel for data retrieval and data processing tool 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

Ethical Standards and Financial Analysis, Custom Book for CSULB MSF Program by Wiley Custom Select.

Financial Markets and Institutions by Anthony Saunders and Marcia Million Cornett, McGraw-Hill Irwin.

Harvard Business School cases, or other advanced level cases that focus on a business problem from multiple perspectives.

CFA materials.

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

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.

D. 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

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



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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](#)