



APPLIES TO ACADEMIC YEAR 2015/2016

## EXC 3670 Financial Markets and Institutions

### Programme

Bachelor of Business Administration (3. year), Exchange Program

### Responsible for the course

Dagfinn Rime

### Department

Department of Financial Economics

### Term

According to study plan

### ECTS Credits

7,5

### Language of instruction

English

### Introduction

The recent financial crisis and the growing importance of financial markets (e.g. measured in turnover) has brought into light the importance how financial markets actually work.

The objective of this course is to provide a introduction to the workings of modern financial markets. There are many different "players" using these markets. On the one hand, corporations, governments, and other institutions use the financial markets to raise funds (i.e. borrow money) for capital investments. On the other hand, these funds are provided by private and institutional investors (by buying securities issued by corporations, or depositing money with banks, etc.) Banks and other financial institutions (e.g. pension or mutual funds, etc.) act as intermediaries between investors and borrowers.

Furthermore, the covers all major asset classes (money markets, equities, FX and bonds) and different financial instruments, and how the different groups of market participants use different instruments.

### Learning outcome

#### Required Knowledge

The students will acquire a good understanding of how different financial markets work. More specifically the students will develop their understanding with respect to the following topics:

- Understand sources for demand and supply of capital to financial markets
- Know who is participating in financial markets, and understand how financial assets are traded.

#### Required Skills

During the acquisition of the above mentioned knowledge the students will acquire skills that prepare them work which would involve trading, portfolio management or trade quality evaluation or for graduate work in this area.

#### Reflection

The acquired theoretical and practical knowledge provided by the course should enable the student to operate in actual financial markets, e.g. in role as trader, asset manager or analyst.

### Prerequisites

EXC 2910 Mathematics, EXC 2904 Statistics, EXC, 2110 Basic Financial Management, or equivalent.

### Compulsory reading

#### Books:

Saunders, Anthony, Marcia Millon Cornett. 2015. Financial markets and institutions. 6th ed. McGraw-Hill/Irwin

#### Other:

Lecture notes, cases, additional exercises and examples will be available on the course-website on itslearning. List of papers will be necessary because the books are too non-technical.

### Recommended reading

#### Books:

Valdez, Stephen, and Philip Molyneux. 2013. An introduction to global financial markets. 7th ed. Palgrave MacMillan

### Course outline

1. Consumption and Investment
2. Banking, Loanable funds theory
3. Primary and secondary financial markets
4. Market structures and market participants
5. Money and bond markets
6. Stock exchanges
7. FX markets
8. Complex financial instruments
9. Financial crises
10. 10. Other issues and controversies in financial markets

### Computer-based tools

Spreadsheets (Excel) will be used for certain practical applications and examples. It is recommended that students become familiar with their use. It will be explained how to use the Bloomberg terminal to collect and analyse financial data.

### Learning process and workload

The course will include a combination of lectures and plenary tutorials where solutions to exercises will be explained and practical examples will be presented.

Specific Information regarding any aspect of student evaluation will be provided in class. It is the student's responsibility to obtain this information. Please note that whilst attendance is not compulsory, it is the students responsibility to obtain any information provided in class that is not included on the course homepage/Its learning or in the text book. Homepages and/or itslearning are not designed for the purpose of students who choose not to attend class.

The following is an indication of the time required:

Activity	Workload
Lectures	30
Bloomberg sessions	6
Plenary tutorials where exercises will be explained	6
Preparation for lectures and plenary tutorials	83
Preparation of class work	30
Preparation for the final exam	45
<b>Total recommended workload</b>	<b>200</b>

### Use of hours

Use of hours (instructor)

The lectures will be plenary sessions whereas for the Bloomberg sessions will be done in different sections of maximum 40 students each. The Bloomberg room has 10 workstations and there will be up to 4 students on each workstation. Therefore, depending on the number of students registered for the course there will be formed n computer sections. For example if 150 students are registered then there will be 4 sections of around 37 students each.

30 hours – Lectures

6×n hours – Bloomberg sessions

6 hours - in-class plenary tutorials

3 hours – Coordination of learning activities

39 + 6×n hours – Total

### Examination

This is a course with continuous assessment (several exam components) and one final exam code. Each exam component is graded by using points on a scale from 0-100. The components will be weighted together according to the information below in order to calculate the final letter grade for the examination code (course). Students

who fail to participate in one/some/all exam elements will get a lower grade or may fail the course.

The final grade in the course will be based on the following components and weightings:

- Home assignments, counts for 40% of the final grade. There are two home assignments to be completed during the semester, and each assignment counts each for 20% of the final grade.
- A 3-hour Individual written exam, counts for 60% of the final grade.

You will find detailed information about the point system and the cut off points with reference to the letter grades on the course site on itslearning. Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for term papers or other hand-ins, and/or where class participation can be one for several elements of the overall evaluation.

**Examination code(s)**

EXC 36701 Process evaluation, counts 100% towards the final grade in the course, EXC 3670 Financial Markets and Institutions, 7,5 ECTS.

**Examination support materials**

Interest tables and BI approved exam calculator. Examination support materials at written examinations are explained under examination information in the student portal @bi. Please note use of calculator and dictionary in the section on support materials ([https://at.bi.no/EN/Pages/Exa\\_Hjelpemidler-til-eksamen.aspx](https://at.bi.no/EN/Pages/Exa_Hjelpemidler-til-eksamen.aspx)).

**Re-sit examination**

Re-sit examination is offered at the next scheduled course.

At re-sit it will be required that the entire evaluation process is conducted again, and that students who do not achieve points in one or more exam components will get a lower grade or fail the course. Previously conducted examination components will not be part of the assessment for a new character.

**Additional information**