

# Capital University of Economics and Business

## Overseas Chinese College

### Course Syllabus

<b><u>Year and Semester</u></b>	2020 Fall (August 31, 2020 - January 12, 2021)
<b><u>Course Name</u></b>	Finance
<b><u>Course Code</u></b>	BC301
<b><u>Course Type</u></b>	<input type="checkbox"/> General Education (Required) <input type="checkbox"/> General Education (Elective) <input type="checkbox"/> Professional Course (Required) <input checked="" type="checkbox"/> Professional Course (Elective) <input type="checkbox"/> Basic Disciplinary Course
<b><u>Course Credits</u></b>	3
<b><u>Course Hours</u></b>	51
<b><u>Prerequisites</u></b>	None
<b><u>Instructor</u></b>	Yuting Zhang (Echo Zhang)
<b><u>Contact Information</u></b>	Office: C204 Tele: (010)83951123 Email: zhangyuting@cueb.edu.cn
<b><u>Office Hour</u></b>	M: 15:30—17:30; T: 10:00—12:00; W: 9:00—10:00 ; TH: 10:00-11:00
<b><u>Learning Centre</u></b>	M: 18:00—20:00; F: 14:30—16:30
<b><u>Grade/Section</u></b>	2018BA1/Y01, 2018BA2/Y02, 2019ACCA1/Y03
<b><u>Course Time/Place</u></b>	M: 13:30—15:20/ 5#206      TH: 11:10-12:00/ 5#206 T: 13:30-15:20/5#208      F: 11:10-12:00/5#208 T: 8:00-9:50/ 5#111      F: 13:30-14:20/A101

#### **Textbook**

Frederic S. Mishkin. *The Economics of Money, Banking, and Financial Markets, 11th Edition*. China Renmin University Press, Beijing, ISBN 978-7-300-26690-9.

#### **Course Description**

This is a foundation course for students majoring in finance and economics.

This course is designed to give students an understanding of the dynamic and evolving financial system and how it relates to the aggregate economy. With a general introduction of a few basic economic concepts, an emphasis on US monetary policy and an exploration of how this applies to China's economy, this course will be delivered by developing a unifying framework to help students better understand trends in financial markets and variables such as interest rates, exchange rates, inflation and aggregate output.

#### **Student Learning Objectives**

At the end of this course you should:

- (1) Be familiar with the definition, functions, and evolution of money, financial instruments financial markets, and financial intermediaries
- (2) Understand the concepts of future value, present value and how they are applied to the pricing of financial instruments
- (3) Understand the concepts of risk, risk aversion, and their impact in the pricing of financial instruments.
- (4) Understand the functioning of bond markets and the determination of interest rates and bond prices
- (5) Understand the concepts of the term structure of interest rates and the yield curve, and how they can be used to make inferences about economic agents' expectations of the economy
- (6) Understand basic approaches for valuing the price of a stock, the theory of rational expectations, and the efficient market hypothesis.

### **Teaching Methods**

This course contains lectures, class discussions, homework, quizzes, presentation and exams.

### **Grade Criterion**

<b>Component</b>	<b>Weight</b>	<b>Description</b>
Final Exam	20%	A cumulative final examination will be given based on all of the contents of the class. The exam paper may be composed of multiple-choice questions, short answer questions, essay questions, problems, and preparation of financial statements. Students should rely primarily on homework assignments to give them a sense of what they may see for material on exams.
Mid-Term Test	20%	A cumulative midterm test will be given based on all of the contents that have been taught in class. The test paper may be mainly composed of multiple-choice questions and it should be completed within 15 minutes in class.
Homework	15%	Most of the assigned homework is taken from the Exercises in the textbook. Assignments will be collected at the clearly stated date. Late assignments will not be accepted. The graded assignments will be kept by the tutor for reference and won't be returned to students.
Quizzes	15%	There will be at least 2 quizzes during the semester. Quizzes may or may not be announced in advance. It may also be used as a way to check the attendance. Quizzes will test your knowledge of both concepts and the application of those concepts.
Presentation	10%	The students will be divided into several groups to prepare a presentation. Each student is required to be involved in the presentation. The topics can be selected from the textbook or lectures. Each group need to finish a PPT related to the topic which is given and hand in the related resources to the teacher before the presentation.
Participation	10%	Individuals will be asked to participate individually in a question and answer at least 5 times during the semester. The performances should be

		counted in their participation.
Attendance	10%	Refer to attendance policy listed below
<b>Total</b>	100%	

### **Detailed Grade Computation**

	<b>Before Midterm</b>	<b>After Midterm</b>
Attendance	5%	5%
Participation	5%	5%
Homework	5%	10%
Quizzes	5%	10%
Presentation		10%
Midterm test	20%	
Final exam		20%
<b>Total</b>	<b>40%</b>	<b>60%</b>

### **Grading Policy**

A+ 97-100	A 93-96	A- 90-92	B+ 87-89	B 83-86	B- 80-82
C+ 75-79	C 70-74	C- 67-69	D+ 63-66	D 62-60	F 0-59

### **Exam Schedule**

Midterm Test: Oct.26-30

Final Exam: Dec.23- Jan.1, 2021

### **Assessment of Student Performance**

#### ***☞ Self-Study and Reading ability Practice***

Instructor will give out the chapters or the reference books to read and use class hours to have discussion; students should be able to show a proactive attitude and ability for self-study and reading. Knowledge and oral English will be elements of homework or presentation score.

#### ***☞ Homework***

Students should finish their homework by themselves. Copying from others will be treated as cheating and the homework scores will be lowered. Students should hand in all assignments on time. Late assignments will be accepted at the discretion of the instructor (i.e., when the student was ill or had an excused absence). Late assignments without reasonable proof will be reduced in score by 50%.

#### ***☞ Attendance***

Because the course covers a great deal of material, attending every class session is very important for performing well.

- ◆ Being late for 15 minutes or more is considered an absence.
- ◆ Five hours or above of unexcused absences will result in the lower level of the final grade by one grade band (e.g. from C – to D +). Any excused absence must be discussed directly with the teacher.
- ◆ Absence which is more than 1/3 of the total teaching hours will cause an F (a failing grade) directly. but students are welcome to continue attending classes.
- ◆ An incomplete grade (I) will be considered in case of medical or family emergencies.

### ☞ Participation

- ♦ Students should participate in classes actively. Half of participation grade is determined by their presentation in class. They are encouraged to ask questions relevant to the subject and express their own opinions. Every student should respect the ideas, opinions, and questions of their classmates.
- ♦ Students should also use office hours to ask questions or talk with the instructor for good communication and effective learning.
- ♦ Frequent visiting the instructor and chatting in English during office hours is highly recommended.
- ♦ Any misbehavior and non-class related activities in class will result in the lower level of the participation grade, including ringing cell phones.
- ♦ All above behaviors will be solely evaluated by the instructor for scoring.

### ☞ Textbook

Students must bring the textbook to class.

Week	Date	Schedule
1	8.31/9.1	Course Overview <i>Introduction</i> Why study money, banking, and financial markets? (Ch 1)
	9.2/9.4	Defining aggregate output, income, the price level, the inflation rate (Appendix to Ch 1)
2	9.7/9.8	An overview of the financial system (Ch 2) Function of financial markets Structure of financial markets Debt & equity markets Primary & secondary markets Exchanges & OTC markets Money & capital markets Financial markets instruments Money market & capital market instruments Internationalization of financial markets
	9.9/9.11	Function of financial intermediaries Types of financial intermediaries Regulation of the financial system
3	9.14/9.15	What is money? (Ch 3) Meaning of money Function of money Evolution of the payments system Measuring money: M1, M2
	9.16/9.18	<i>Tutorial: Homework Review for Ch 1 - 3</i>
4	9.21/9.22	<i>Financial Markets</i> The meaning of interest rates (Ch 4) Present value of cash flows Four types of credit market instruments YTM, rate of return

	9.23/9.25	<b>Quiz</b>
5	9.28/9.29	The behavior of interest rates (Ch 5) Determinants of asset demand Supply and demand in the bond market
	9.30/10.2	Supply and demand in the money market
6	10.5/10.6	The risk and term structure of interest rates (Ch 6) Risk structure of interest rate Default risk, income tax, liquidity Term structure of interest rate Expectations theory Segmented markets theory Liquidity premium and preferred habitat theories
	10.7/10.9	Interpreting Yield Curves
7	10.12/10.13	The stock market, the theory of rational expectations, and the efficient market hypothesis (Ch 7) Computing the price of common stock How the market sets prices
	10.14/10.16	The theory of rational expectations Efficient market hypothesis
8	10.19/10/20	<i>Financial Institutions</i> An Economic Analysis of Financial Structure (Ch 8) Basic facts about financial structure worldwide Transaction costs Asymmetric information: adverse selection, moral hazard
	10.21/10.23	Lemons Problem How moral hazard affects (1) the choice between debt & equity (2) financial structure in debt markets
9	10.26/10.27	Review
	10.28/10.30	<b>Midterm test</b>
10	11.2/11.3	Banking and the Management of Financial Institutions (Ch 9) Bank balance sheets Basic banking General principles of bank management
	11.4/11.6	Managing credit risk Managing interest rate risk Off balance sheet activities
11	11.9/11.10	Economic Analysis of Financial Regulation (Ch 10) Government safety net
	11.11/11.13	Eight types of financial regulation
12	11.16/11.17	Banking Industry: Structure and Competition (Ch 11) Historical development of the banking system Growth of the shadow banking system
	11.18/11.20	Structure of the US commercial banking industry Separation of banking from other financial services

13	11.23/11.24	Financial Crises in Advanced Economies (Ch 12) What is a financial crisis? Dynamics of financial crises Global financial crisis of 2007 – 2009 Global intervention and recovery Stabilizing the global financial system
	11.25/11.27	<b>Quiz</b>
14	11.30/12.1	Financial Crises in Emerging Economies (Ch 13) Dynamics of financial crises in emerging market economies
	12.2/12.4	Preventing emerging market financial crises
15	12.7/12.8	Presentations
	12.9/12.11	Presentations
16	12.14/12.15	Presentations
	12.16/12.18	Presentations
17	12.21/12.22	Review
	12.23/12.25	Review

*Note: Some chapters or sections may be left for self-study, which are the students' duty to learn and understand, they may also be included in the quizzes or exams.*

### **Teacher's Office Hour**

- ♦ The instructor's office hour is shown in the front of the office door.
- ♦ Students are suggested to use the instructor's office hour and learning center to ask questions or talk with the instructor once at least per week for good communication and effective learning, which is recorded in the students' participation.
- ♦ The time can be scheduled by instructors or students, or both.

### **Cheating and Plagiarism**

Cheating is not tolerated. Any student caught cheating on a quiz; test or exam will be given a mark of zero (0) for the particular work. At the beginning of the semester the definition of plagiarism will be carefully explained, when any thoughts or writings of another person are used, they must be clearly identified (usually one uses quotation marks) and the source notes. **If any student is caught cheating on any homework assignment, the highest score the student can earn in that course is a "C".**

### **Important Dates**

Fall Semester, 2020	August 29, 2020— January 10, 2021
Aug. 29-30	Registration
Aug.31	Classes Begin
Sep.5-6	Registration (Seniors)
Sep.7	Classes Begin (Seniors)
Oct. 1	National Day & Mid-Autumn Festival
Oct. 26-30	Mid-term Test (tentative)

Dec.23- Jan.1, 2021	Final Exam Period (Sophomores and Juniors)
Dec.30- Jan.8, 2021	Final Exam Period (Seniors)
Jan.1, 2021	New Year's Day
Jan.4	Winter Vacation Begins (Sophomores and Juniors)
Jan.4-8	Final Exam Period (Seniors)
Jan.11	Winter Vacation Begins (Freshmen and Seniors)

*Note: This syllabus is tentative and may be changed or modified throughout the semester. All students will be notified and a new syllabus will be given.*

**Instructor:** \_\_\_\_\_

**Department Head:** \_\_\_\_\_

