Course Description
This course will begin by analysing the theory and practice of financial intermediation, broadly construed to include banks, savings institutions and investment/merchant banks. Topics will include the role of banking firms in a developed capital market, their impact on corporate financial decisions for non-banking firms, and the regulation of banks. The course will then narrow its focus to provide a comprehensive analysis of the role of financial intermediaries in the development of fixed-income markets and will also provide an introduction to the valuation of fixed income securities. We shall discuss the institutional structure of the fixed income markets and the role they play in: (1) portfolio management; and (2) risk management of financial intermediaries. Topics will include theoretical models and analytical techniques used for dealing with credit risk, interest rate risk and liquidity risk – for example: maturity matching, duration and immunization, loan sales, securitization, collateralized debt obligations (CDOs), and collateralized mortgage obligations (CMOs).

| Semester and Year | S1 2015 |
| Mode of Delivery  | On campus |
| Prerequisites     | FINM2001, FINM2003 and FINM2002 |
| Incompatible Courses | NA |
| Course Convener  | Phong Ngo |
| Office Location:  | Rm. 3.46 Building 26C |
| Phone:            | 6125 1079 |
| Email:            | Phong.Ngo@anu.edu.au |
| Consultation hours: | Monday 2-3pm and by appointment |
| Bio and research interests | My research interests are banking, political economy, corporate finance and applied microeconomics. |
| Tutor(s) (optional) | TBA |
| Student Administrators | Anna Pickering  
Anna.Pickering@anu.edu.au  
Level 4, Building 26C  
Monday-Friday 9am-5pm |
COURSE OVERVIEW

Course Learning Outcomes

Upon successful completion of the requirements for this course, students should have the knowledge and skills to:

1. Understand the role of banks in an economy and the global trends in banking
2. Understand how banks’ lending policies can influence corporate decision making
3. Identify and measure banking risks
4. Understand credit risk and credit risk management
5. Understand debt markets and their role in liquidity management
6. Understand interest rate risk and management
7. Understand banking regulation globally
8. Understand bank loan sales and securitization
9. Understand the causes and consequences of bank failure and the global financial crises
10. Work in teams and present results.

Research-Led Teaching

Text book material will be supplemented with the most recent information from research and news from: my own research, research from universities elsewhere, government departments, and international organisations i.e. World Bank, IMF etc., and news outlets.

Continuous Improvement

We use feedback from students, professional bodies and staff to make regular improvements to the course. In response to this feedback, design improvements from the previous version of the course include:

- Revised assessment tasks
- Revised assessment weightings

Student Feedback

All CBE courses are evaluated using Student Experience of Learning and Teaching (SELT) surveys, administered by Planning and Statistical Services at the ANU. These surveys are offered online, and students will be notified via email to their ANU address when surveys are available in each course. Feedback is used for course development so please take the time to respond thoughtfully. Course feedback is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching and to improve courses across the university. For more information on student surveys at ANU and reports on feedback provided on ANU courses, visit
http://unistats.anu.edu.au/surveys/selt/students/ and
http://unistats.anu.edu.au/surveys/selt/results/learning/
COURSE SCHEDULE

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<th>Assessment</th>
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<td>Roles and operations of banks</td>
<td></td>
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<tr>
<td>2</td>
<td>Roles and operations of banks&lt;br&gt;Bank financial statements</td>
<td></td>
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<tr>
<td>3</td>
<td>Banking Risks&lt;br&gt;Interest Rates and Interest Rate Risk</td>
<td>Presentation</td>
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<td>4</td>
<td>Market Risk</td>
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<td>5</td>
<td>Lending Policies&lt;br&gt;And Credit Risk</td>
<td>Test 1</td>
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<td>6</td>
<td>OBS Risks</td>
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<td>7</td>
<td>Debt Markets and Liquidity risk</td>
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<td>Regulation</td>
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<td>Loan Sales&lt;br&gt;Securitization</td>
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<td>Securitization</td>
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<td>12</td>
<td>Bank crises and failures: ethical and economic causes</td>
<td>Presentation</td>
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<tr>
<td>13</td>
<td>Bank crises and failures: consequences and the future of banking</td>
<td>Presentation</td>
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Examination period Presentation

COURSE ASSESSMENT

Assessment Summary

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Group presentation with report/slides</td>
<td>15%</td>
<td>One week in the semester</td>
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<tr>
<td>2. Test 1</td>
<td>15%</td>
<td>Tue 17 March</td>
</tr>
<tr>
<td>3. Test 2</td>
<td>15%</td>
<td>Tue 5 May</td>
</tr>
<tr>
<td>5. Final Exam</td>
<td>55%</td>
<td>TBA</td>
</tr>
</tbody>
</table>

Assessment Task 1: Tests 1 and 2

Details of task: Two CLOSED book tests under examination conditions. The duration of each exam is 60 minutes (including reading time). There will be no special examinations for the tests. Instead for students who would normally meet the requirements for a special exam (e.g. medical certificate), the weighting will be moved to the final exam. Students who do not sit the mid-semester exam and do not meet the necessary requirements for a special exam will receive a zero.
Assessment Task 2: Group presentation with report/slides

Details of task: presentations will be made in groups of 2-3 in size during tutorials. The task will be to read a recent news article (I will circulate the articles as part of the weekly tutorial questions) and present the information to the class as if you were presenting it to the board of directors of a bank or board of directors at a regulatory authority. You need explain: (1) how this news is relevant to the bank/regulatory authority; (2) what the implications are for the bank/regulatory authority; and (3) recommendations to the board about whether any action is necessary in response to this news, and if action is required, what type of action you recommend.

- Tutorial presentations will begin in week 3 and run till week 13 (inclusive).
- Each tutorial class will be split into 8 even groups – resulting in groups of approximately 2-3 students.
- No presentations in weeks 1, 2, 4, 5 and 10 due to public holidays, and other assessment being due.
- The presentation will last 15 minutes, with an additional 5 minutes for discussion and questions from the class.
- How the workload is shared is up to each group.
- Each member of the group will receive the same mark.
- Each group's presentation will be marked on (1) how well they analyse the new article and its relevance; (2) the quality of their delivery; and (3) their ability to engage the class is discussion.
- Each group must hand in (to their tutor) a concise “executive summary” styled report no longer than 1 page in length outlining their analyses and major recommendations.
- Each group must hand in (to their tutor) a copy of their presentation slides.

Assessment Task 3: Final Examination

There is a final exam to be scheduled during the exam period (exact date TBA). The exam will be 3 hours in length, with an additional 15 minutes of reading time. The exam will be OPEN book.

Assignment Submission
N/A

Online Submission: Assignments are submitted using the course Wattle site. Submitted assignments must include the cover sheet provided on Wattle. Please keep a copy of the assignment for your records.

Hard Copy Submission: The ANU is using Turnitin to enhance student citation and referencing techniques, and to assess assignment submissions as a component of the University's approach to managing Academic Integrity. For additional information regarding Turnitin please visit ANU Online.

Assignments must include a cover sheet. Please keep a copy of tasks completed for your records.

Extensions and Penalties
N/A
Returning Assignments
N/A

Resubmission of Assignments
N/A

Examinations
There is a final exam to be scheduled during the exam period (exact date TBA). The exam will be 3 hours in length, with an additional 15 minutes of reading time. The exam will be OPEN book.

Scaling
Your final mark for the course will be based on the raw marks allocated for each assignment or examination. However, your final mark may not be the same number as produced by that formula, as marks may be scaled. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed or equal the scaled mark of that student), and may be either up or down.

Referencing Requirements
N/A

READING LISTS


Note: please purchase a desk copy of the book. NO NOT purchase the e-book.

In addition:
• Additional reading provided on a week-to-week basis

COMMUNICATION

Announcements will be posted on Wattle. Student questions regarding course content should be directed to the discussion forum or in person during consultation.

Email
If necessary, the lecturers and tutors for this course will contact students on their official ANU student email address. Information about your enrolment and fees from the Registrar and Student Services’ office will also be sent to this email address.

Announcements
Students are expected to check the Wattle site for announcements about this course, e.g. changes to timetables or notifications of cancellations. Notifications of emergency cancellations of lectures or tutorials will be posted on the door of the relevant room.

Course URLs
More information about this course may be found on:
• Programs and Courses (http://programsandcourses.anu.edu.au/2015/Catalogue )

• the College of Business and Economics website (http://cbe.anu.edu/courses) and

• Wattle (https://wattle.anu.edu.au), the University's online learning environment. Log on to Wattle using your student number and your ISIS password.

TUTORIAL AND/OR SEMINAR REGISTRATION

Enrolment in tutorials will be completed online using the CBE Electronic Teaching Assistant (ETA). To enrol, follow these instructions:

1. Go to http://eta.fec.anu.edu.au

2. You will see the Student Login page. To log into the system, enter your University ID (your student number) and password (your ISIS password) in the appropriate fields and hit the Login button.

3. Read any news items or announcements.

4. Select "Sign Up!" from the left-hand navigation bar.

5. Select your courses from the list. To select multiple courses, hold down the control key. On PCs, this is the Ctrl key; on Macs, it is the ⌘ key. Hold this key down while selecting courses with the mouse. Once courses are selected, hit the SUBMIT button.

6. A confirmation of class enrolments will be displayed. In addition, an email confirmation of class enrolments will be sent to your student account.

7. For security purposes, please ensure that you click the LOGOUT link on the confirmation page, or close the browser window when you have finished your selections.

8. If you experience any difficulties, please contact the School Office (see page 1 for contact details).

9. Students will have until 5pm Wednesday 25 February to finalise their enrolment in tutorials. After this time, students will be unable to change their tutorial enrolment.

POLICIES

The University offers a number of support services for students. Information on these is available online from http://students.anu.edu.au/studentlife/

ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University’s academic standards, and implement them. You can find the University’s education policies and an explanatory glossary at: http://policies.anu.edu.au/

Students are expected to have read the Student Academic Integrity Policy before the commencement of their course.

Other key policies include:

• Student Assessment (Coursework)
• Student Surveys and Evaluations