



COLORADO STATE UNIVERSITY — GLOBAL —

FIN507: BANK MANAGEMENT

Credit Hours: 3

Contact Hours: This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

Faculty Information: Faculty contact information and office hours can be found on the faculty profile page.

COURSE DESCRIPTION AND OUTCOMES

Course Description:

This course examines the changing environment of commercial banks and banking services. Topics include the unique management challenges associated with regulatory changes, product innovations, financial reporting, and risk management.

Course Overview:

This course presents an overview of the unique challenges associated with banks and banking services in a changing, competitive market. Specific focus is given to the unique risks associated with banks and how those risks may be effectively managed to generate adequate return.

Students will study the challenges faced by managers of commercial banks and how those challenges have altered over time, largely due to changing regulation. Emphasis is placed upon the study of financial statements of banks, financial analysis tools, risks associated with asset/liability gaps, tools available to reduce or eliminate gap risk, and specific regulatory requirements of banks, including reserve requirements and capital adequacy standards.

To gain maximum knowledge in this course, please read all required material, complete the recommended problems (found in Modules 2 through 6), and study the supplemental material found in each module's lecture notes. The lecture notes contain specific "Check Your Understanding" activities to enhance your learning of the concepts presented.

Course Learning Outcomes:

1. Describe the unique role and services of commercial banks and their close competitors.
2. Compare and contrast how the roles and services of commercial banks have changed over time.
3. Evaluate the impact of regulation on commercial banks in regard to how that regulation has been modified and managed over time.
4. Interpret financial statements of commercial banks.
5. Analyze the financial health of commercial banks.

6. Identify the risks commercial banks face and the tools used to manage those risks.

PARTICIPATION & ATTENDANCE

Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

COURSE MATERIALS

Required:

Koch, T., & MacDonald, S. (2015). *Bank Management* (8th ed.). Cengage Learning. ISBN-13: 9781133494683

NOTE: All non-textbook required readings and materials necessary to complete assignments, discussions, and/or supplemental or required exercises are provided within the course itself. Please read through each course module carefully.

COURSE SCHEDULE

Due Dates

The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- **Discussion Boards:** The original post must be completed by Thursday at 11:59 p.m. MT and peer responses posted by Sunday at 11:59 p.m. MT. Late posts may not be awarded points.
- **Critical Thinking:** Assignments are due Sunday at 11:59 p.m. MT.
- **Live Classroom:** Although participation is not required, Live Classroom sessions are held during Week 3 and Weeks 6. There are two total sessions.

WEEKLY READING AND ASSIGNMENT DETAILS

Module 1

Required Readings

- Chapter 1 in *Bank Management*
- Scheibach, M. (2018). Banking's new ecosystem. *Bank News, Kansas City*, 118(7), 22. Retrieved from https://search-proquest-com.csuglobal.idm.oclc.org/docview/2071525612?rfr_id=info%3Aaxri%2Fsid%3Aprimo
- Sissoko, C. (2017). The plight of modern markets: How universal banking undermines capital markets. *Economic Notes*, 46(1), 54-104. Retrieved from <http://web.a.ebscohost.com.csuglobal.idm.oclc.org/ehost/detail/detail?vid=0&sid=f25b8535-9321-48c>

1-896a-3a10f55aa9f7%40sessionmgr4009&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#AN=120533681&db=bth

Recommended Readings

- Nolte, D. (2018). Leverage the mobile device in a customer-centric approach to banking. *Bank News, Kansas City, 118*(6), 22-23. Retrieved from <https://search-proquest-com.csuglobal.idm.oclc.org/docview/2137095674/B7AF835304B142EDPQ/1?accountid=38569>

Discussion (25 points)

Portfolio Reminder (0 points)

There are two options available for your Portfolio Project. You will choose only one option to complete. Do not do both assignments. Read both Portfolio Project descriptions in the Module 8 folder. Review the Portfolio Project Rubric and then choose which option you will complete for your final Portfolio Project. You're required to submit your topic proposal in Week 4, a draft bibliography in Week 6, and the final Portfolio Project at the end of Week 8.

Module 2

Required Readings

- Chapter 2 in *Bank Management*
- Diamond, D., Kashyap, A., & Rajan, R. Banking and the evolving objectives of bank regulation. *Journal of Political Economy, 125*(6), 1812-1825. Retrieved from <http://web.a.ebscohost.com.csuglobal.idm.oclc.org/ehost/detail/detail?vid=0&sid=6639dc3a-2da2-40e5-9175-bb44b84dd691%40sessionmgr4010&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#AN=126631048&db=bth>
- Sablik, T. (2018). Tailoring bank regulations. *Econ Focus, 23*(3), 26. Retrieved from <https://search-proquest-com.csuglobal.idm.oclc.org/docview/2168821023/fulltextPDF/86FFC4ABDE834ECEPQ/1?accountid=38569>

Recommended Readings

- Anderon, D. (2016). Summing it up: A brief history of the economy, regulations and bank data. Retrieved from <https://www.frbatlanta.org/economy-matters/banking-and-finance/viewpoint/2016/12/06/history-of-bank-regulation>
- Brancaccio, D. & Mehta, J. (2018, September 5). The global economy a decade after the financial crisis. Retrieved from <https://www.marketplace.org/2018/09/04/economy/tthe-world-economy-decade-after-financial-crisis>
- Moosa, I. (2018). Good regulation versus bad regulation. *Journal of Banking Regulation, 19*(1), 55-63. Retrieved from <https://search-proquest-com.csuglobal.idm.oclc.org/docview/2011446552/B29706187E084CD8PQ/5?accountid=38569>

Discussion (25 points)

Critical Thinking (75 points)

Option #1: Bank Regulation Essays - Global Comparison

The credit crisis of 2007-2009 and the after effects were truly global. The federal government of the United States, as well as the federal governments of other countries, took actions to address the issues uncovered by the crisis. For this assignment, you will address those actions taken by the United States AND one other country (i.e. Germany, United Kingdom, etc.).

This assignment must meet the following requirements:

- It must be 4-5 pages in length, not including the title and reference pages.
- Support your answers with the readings from Module 2 and at least six scholarly journal articles (at least four of which are peer-reviewed). The CSU-Global Library is a great place to find these resources.
- Follow the CSU-Global Guide to Writing and APA. Each essay should include an introduction, a body with at least two fully developed paragraphs, and a conclusion.
- Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Refer to the Critical Thinking Assignment rubric in the **Module 2 Folder** for more information on the expectations for this assignment.

Option #2: Bank Regulation Essays

Although regulation is designed to ensure the safety and soundness of the financial system, not all regulations are effective at their intended purpose, or can fully eliminate the risks associated with banks. Write an essay in which you develop a case for or against the following regulations of financial institutions:

- Regulations on the failure process, defining when banks and other financial firms are allowed to fail and how their assets are to be regulated.
- Restrictions on the geographic expansion of banks and other financial firms, such as limits on branching and holding company acquisitions across state and international borders.
- Regulation of risk-taking activities in financial institutions that receive government-sponsored depository insurance.

The essay must meet the following requirements:

- It must be 4-5 pages in length, not including the title and reference pages.
- Support your answers with the readings from Module 2 and at least six scholarly journal articles (at least four of which are peer-reviewed). The CSU-Global Library is a great place to find these resources.
- Follow the CSU-Global Guide to Writing and APA. Each essay should include an introduction, a body with at least two fully developed paragraphs, and a conclusion.
- Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Refer to the Critical Thinking Assignment rubric in the Module 2 Folder for more information on the expectations for this assignment.

Module 3

Required Readings

- Chapter 3 in *Bank Management*

- Diamond, D., Kashyap, A., & Rajan, R. (2017). Banking and the evolving objectives of bank regulation. *Journal of Political Economy*, 125(6), 1812-1825. Retrieved from <http://search.ebscohost.com.csuglobal.idm.oclc.org/login.aspx?direct=true&db=bth&AN=126631048&site=ehost-live>

Recommended Readings

- Bary, A. (2018). U.S. Bancorp ready to play in the big leagues. *Baron's*, 98(16), 15-16. Retrieved from https://search-proquest-com.csuglobal.idm.oclc.org/docview/2025763645?rfr_id=info%3Axri%2Fsid%3Aprimo
- Shumway, R. (2018). The CAMELS rating: How to get over the hump. *The RMA Journal*, 100(6), 66. Retrieved from https://search-proquest-com.csuglobal.idm.oclc.org/docview/2042744437?rfr_id=info%3Axri%2Fsid%3Aprimo

Discussion (25 points)

Live Classroom (0 points)

Critical Thinking (75 points)

Option #1: Financial Analysis of U.S. Bancorp and PNC Bank

Go to sec.gov. and click on "Filings"; you will see a drop-down box. Click on "Company Filings Search." In the Fast Search box (right side), type in USB to get the SEC filings for U.S. Bancorp AND PNC Bank. Find the most recently filed 10K (interactive data), and then click on "financial statements." From here you can open the firm's Consolidated Balance Sheet and the Consolidated Statement of Income. Notice that you can access 2 to 3 years of data. Compute the following ratios (using exhibit 3.6 on page 92 of the text as a guide) for the most recent two years, showing your numerator and denominator, as well as the ratio result:

- Return on equity
- Return on assets
- Tax ratio
- Expense ratio
- Asset utilization ratio (total revenue/total assets)
- Equity multiplier (total assets/total stockholders' equity).

Complete the following:

- Create a table that shows the final results of all these ratios for the past two years for both U.S. Bancorp and PNC Bank.
- Write an essay analyzing the ratios, indicating strengths and weaknesses discovered when examining the ratios over time, as well as the ratios compared to a competitor.

Your essay should meet the following requirements:

- It must be at least 4 pages in length, not including the table, title page, and reference page.
- Follow the CSU-Global Guide to Writing and APA. Your essay should include an introduction, a body with at least two fully developed paragraphs, and a conclusion.

- Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Refer to the Critical Thinking Assignment rubric in the Module 3 Folder for more information on the expectations for this assignment.

Option #2: Financial Analysis Comparison (Big Banks vs. Community Banks)

Pages 71-74 of the text compares the Balance Sheet of PNC Bank (a large institution) and Community National Bank (a small community bank). Using that data, write an essay that answers the following questions:

- What similarities do you see between the balance sheets and income statements of smaller community banks versus major money center banks?
- What are the principal differences?

To continue the example, find the most recent financial reports of one community bank in your home town or local area, and compare them to the financial reports filed most recently by such industry leaders as J.P. Morgan Chase and Citigroup. You can find data for all FDIC-insured institutions at the FDIC website under Statistics on Depository Institutions (SDI), or you can search an institution's website.

Your essay must meet the following requirements:

- It must be 4-5 pages in length, not including the title and reference pages.
- Follow the CSU-Global Guide to Writing and APA. Your essay should include an introduction, a body with at least two fully developed paragraphs, and a conclusion.
- Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Refer to the Critical Thinking Assignment rubric in the **Module 3 Folder** for more information on the expectations for this assignment.

Module 4

Required Readings

- Chapter 6 and 7 in *Bank Management*
- Wallace, C. (2018). The banking industry. *SAGE business researcher*. Retrieved from <http://businessresearcher.sagepub.com.csuglobal.idm.oclc.org/sbr-1946-108598-2912703/20181210/the-banking-industry?type=hitlist&num=0>
- Zimmerman, D. (2017). Effectively managing net interest margin. *Bank News*, 117(9), 18-19. Retrieved from https://search-proquest-com.csuglobal.idm.oclc.org/docview/1935719897?rfr_id=info%3Axri%2Fsid%3Aprimo

Recommended Readings

- Cox, J. (2018). Fed hikes rate, lowers 2019 projection to 2 increases. Retrieved from <https://www.cnbc.com/2018/12/19/fed-hikes-rates-by-a-quarter-point-.html>

- King, T. & Yu, J. (2018). How have banks responded to changes in the yield curve? *Chicago Fed Letter*, (406). 1-6. Retrieved from <https://search-proquest-com.csuglobal.idm.oclc.org/docview/2154205155/B5E473872D1A40FBPQ/22?accountid=38569>
- Sparks, E. (2018). The interest rate icebergs looming for banks. *ABA Banking Journal*, 110(4), 35. Retrieved from <https://search-proquest-com.csuglobal.idm.oclc.org/docview/2159925455/fulltextPDF/27046E2C45794466PQ/1?accountid=38569>

Discussion (25 points)

Critical Thinking (100 points)

Option #1: Case: Find and Analyze Interest Rates

Rates for the most popular financial instruments can be found in the *Wall Street Journal*, on the Journal's website under Market and Data Rates. In this assignment, you will compare the rates from different time periods and discuss the opportunities and risks that exist for banks under both scenarios. For each of the following rates, provide: 1) A description of the rate and 2) The current rate and the historical rate as of 12/31/2009 (in table form). The rates to include are: 3-month T-bill, Federal Funds rate and 10-year Treasury Rate.

In addition, please discuss the opportunities and risks associated with each rate at each time period.

- The assignment must be 4-5 pages in length, not including the table, title page, and reference page.
- Support your answers with the readings from Module 4 and at least six scholarly journal articles (at least four of which are peer-reviewed). The CSU-Global Library is a great place to find these resources
- Follow the CSU-Global Guide to Writing and APA.
- Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Refer to the Critical Thinking Assignment rubric in the **Module 4 Folder** for more information on the expectations for this assignment.

Option #2: Case: Calculate GAP, expected NII, and NIM

Review the table in Question 3 on page 276 of your text and answer the associated questions. Be sure to show your calculations, as well as respond to the appropriate questions in paragraph form.

Your responses should meet the following requirements:

- They must be 4-5 pages in length, not including the table, title page, and reference page.
- Follow the CSU-Global Guide to Writing and APA.
- Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Refer to the Critical Thinking Assignment rubric in the **Module 4 Folder** for more information on the expectations for this assignment.

Portfolio Milestone (25 points)

This week, you will select your Portfolio Project topic from the choices in Module 8. You are required to submit three pages in which you discuss your topic of research, including anticipated references and resources.

For additional information, review the Portfolio Project description and the grading rubrics, which can be accessed from the Module 4, 6, and 8 folders. Upload your completed assignment to the Module 4 folder by the end of the week.

Your paper should be 3 pages in length, in addition to the title and references pages that are required. Use a minimum of three peer-reviewed sources to support your conclusions. The CSU-Global Library is a good place to find your required sources. Format your entire paper according to CSU-Global Guide to Writing and APA Requirements.

Module 5

Required Readings

- Chapters 8 and 9 in *Bank Management*
- Ghosh, A. (2017). How do derivative securities affect bank risk and profitability? Evidence from the US commercial banking industry. *The Journal of Risk Finance*, 18(2), 186-213. Retrieved from <https://search-proquest-com.csuglobal.idm.oclc.org/docview/1878769821/6D89D8A7AF594C2DPQ/1?accountid=38569>
- Harris, L. (2018). A short ALCO checklist. *Bank News*, 118(2), 18-19. Retrieved from https://search-proquest-com.csuglobal.idm.oclc.org/docview/2002005366?rfr_id=info%3Axri%2Fsid%3Aprimo

Recommended Readings

- Chaudron, R. (2018). Bank's interest rate risk and profitability in prolonged environment of low interest rates. *Journal of Banking and Finance*, 89, 94-104. Retrieved from <https://www-sciencedirect-com.csuglobal.idm.oclc.org/science/article/pii/S0378426618300141>

Discussion (25 points)

Critical Thinking (100 points)

Option #1: Computing and Interpreting the Duration of a Portfolio

Part 1: Compute the duration on a 7-year, 5% annual bond that currently sells for \$1,060.02. You should use a spreadsheet for this calculation. Show your equations in the spreadsheet for full points.

Part 2: Blue Sunday Bank has a portfolio of loans and securities, as well as deposits and money market borrowings, which are expected to produce the following cash inflows and outflows for the bank in the coming 5 years. Cash inflows are denoted with a "+"; cash outflows are denoted with a "-."

Expected Cash Flow (in millions)	Timing of Cash Flow
+ 1.9 million	1 year from today

- 1.4 million	1 year from today
+ 750,000	2 years from today
- 830,000	2 years from today
+ 350,000	3 years from today
- 400,000	3 years from today
+ 65,000	4 years from today
- 45,000	4 years from today
+ 10,000	5 years from today
- 40,000	5 years from today

Complete the following, and label your work carefully so that it is clear for your instructor:

- Assume the current discount rate that applies to these cash flows is 4.5%. In a spreadsheet, compute the duration of the total cash inflows and the duration of the total cash outflows; then compute the duration gap of this bank.
- In your own words, explain the danger of the bank's position. You may enter this answer in a cell within your spreadsheet.
- What kind of hedging should the bank use to reduce its risk? Be specific about the hedging transaction and discuss its expected effect. Again, enter this answer in a cell within your spreadsheet.
- Now, assume that the bank has total assets of \$30 billion and total liabilities of \$25 billion, and all asset and liability cash flows are proportional to the cash flows given in this problem. How much would the value of the bank change if interest rates rise from 4.5% to 5.0%? What about if interest rates change from 4.5% to 4.2%? Assume that the total assets and total liabilities have the same duration profile as the cash flows given in this problem. Show your calculations in the spreadsheet.
- Your paper addressing the questions must be 4-5 pages in length, not including your calculations, title page, and references page.
- Follow the CSU-Global Guide to Writing and APA.

Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Option #2: Financial Futures and Interest Rate Options

Write a paper answering the following two questions:

- By what amount will the market value of a Treasury bond futures contract change if interest rates rise from 5% to 5.25%? The underlying Treasury bond has a duration of 10.48 years, and the Treasury bond futures contract is currently being quoted at 113-06. (Remember that Treasury bonds are quoted in 32nds.)
- Morning View National Bank reports that its assets have a duration of 7 years, and its liabilities average 1.75 years in duration. To hedge this duration gap, management plans to employ Treasury bond futures, which are currently quoted at 112-170 and have a duration of 10.36 years. Morning View's latest financial report shows total assets of \$100 million and liabilities of \$88 million. Approximately how many futures contracts will the bank need to cover its overall exposure?

Assignment requirements:

- Your paper addressing the questions must be 4-5 pages in length, not including your calculations, title page, and references page.
- Follow the CSU-Global Guide to Writing and APA.
- Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Upload your responses to the **Module 6 folder**. You are required to submit your calculations showing how you arrived at the answers.

Module 6

Required Readings

- Chapters 10 and 11 in *Bank Management*
- Garritt, F. & Devlin, F. (2017). Liquidity and resolution planning. *The RMA Journal*, 99(8), 42-45. Retrieved from https://search-proquest-com.csuglobal.idm.oclc.org/docview/1898401976?rfr_id=info%3Axri%2Fsid%3Aprimo
- Patterson, B. (2018). Is there a liquidity storm on the horizon? *Bank Director*, 28(1), 50. Retrieved from <http://search.ebscohost.com.csuglobal.idm.oclc.org/login.aspx?direct=true&db=bth&AN=127959343&site=ehost-live>

Recommended Readings

- One Minute Economics. (2017). *Systemic risk (too big to fail) explained in one minute*. [Video File]. Retrieved from https://www.youtube.com/watch?v=O6rl_ImpGkM
- Tarullo, D. (2019). Financial regulation: Still unsettled a decade after the crash. *The Journal of Economic Perspective*, 33(1), 61-80. Retrieved from <https://search-proquest-com.csuglobal.idm.oclc.org/docview/2173745398/2E8C7BC00AF74099PQ/2?accountid=38569>
- Zardhoohi, A. (2018). Managerial risk-taking behavior: A too-big-to-fail story. *Journal of Business Ethics*, 149(1), 221-233. Retrieved from <https://search-proquest-com.csuglobal.idm.oclc.org/docview/2035578873/abstract/D0597C0892BD45CAPQ/1?accountid=38569>

Discussion (25 points)

Critical Thinking (100 points)

Option #1: Analyzing Liquidity Management

Liquidity Management refers to the planning of cash flows to meet short and long term liquidity needs, as well as meeting regulated reserve requirements. Specifically, under Basel III, banks are required to hold high-quality liquid assets (HQLA). In this assignment, you will discuss how liquidity became an issue for some banks during the Global Financial Crisis of 2007-2009 and how the regulations under Basel III are meant to address those issues. Your discussion should include a thorough description of HQLA, why not all bank assets are considered HQLAs, and the consequences the HQLA requirements have on a bank's profitability.

This assignment must meet the following requirements:

- It must be 4-5 pages in length, not including the title and reference pages.
- Support your answers with the readings from Module 6 and at least six scholarly journal articles (at least four of which are peer-reviewed). The CSU-Global Library is a great place to find these resources.
- Follow the CSU-Global Guide to Writing and APA.
- Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Upload your responses to the Module 6 folder. You are required to submit your calculations showing how you arrived at the answers.

Option #2: Case: The Effects of Risk

There are many different types of risk that a bank must address. In this assignment, describe credit risk, interest rate risk and liquidity risk. Discuss each type of risk individually, and then explain how a bank's credit risk and interest risk can affect its liquidity risk.

Assignment requirements:

- It must be 4-5 pages in length, not including the title and reference pages.
- Support your answers with the readings from Module 6 and at least six scholarly journal articles (at least four of which are peer-reviewed). The CSU-Global Library is a great place to find these resources.
- Follow the CSU-Global Guide to Writing and APA.
- Write clearly, using excellent grammar and style techniques. Be concise and logical. You are being graded, in part, on the quality of your writing. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Upload your responses to the **Module 6 folder**. You are required to submit your calculations showing how you arrived at the answers.

Portfolio Milestone (25 points)

This week, you should submit a draft of your Portfolio Project bibliography containing at least 10 to 12 references. Eight or more of those references must be from academic/scholarly journals from the

CSU-Global Library. Be sure to cite each reference properly, according to CSU-Global Guide to Writing and APA. Upload your completed work to the Module 6 folder for review by your instructor.

Module 7

Required Readings

- Chapter 12 in *Bank Management*
- Davis, M. (2018). Regulating banks by regulating capital. *Regulation*, 41(1), 38-42. Retrieved from: https://search-proquest-com.csuglobal.idm.oclc.org/docview/2030153617?rfr_id=info%3Axri%2Fsid%3Aprimo

Recommended Readings

- Basel Committee on Banking Supervision (2017). *Finalizing Basel III, in brief*. Bank for International Settlements. Retrieved from: https://www.bis.org/bcbs/publ/d424_inbrief.pdf
- Pfinsgraff, M. (2017). There's more to bank regulation than higher capital. *American Banker*, 182. Retrieved from: https://search-proquest-com.csuglobal.idm.oclc.org/docview/1898095122?rfr_id=info%3Axri%2Fsid%3Aprimo

Discussion (25 points)

Module 8

Required Readings

- Chapter 17 in *Bank Management*
- Bohme, R., Christin, N., Edelman, B., & Moore, T. (2015). Bitcoin: Economics, technology and governance. *The Journal of Economic Perspective*, 29(2), 213-238. Retrieved from https://search-proquest-com.csuglobal.idm.oclc.org/docview/1679431474?rfr_id=info%3Axri%2Fsid%3Aprimo

Recommended Readings

- Coy, P., Leising, M., & Kharif, O. (2018). The ancient history of bitcoin. *Bloomberg Businessweek* 4564. 35-36. Retrieved from https://search-proquest-com.csuglobal.idm.oclc.org/docview/1683078108?rfr_id=info%3Axri%2Fsid%3Aprimo
- Monetary policy strategy of major central banks. (2018, March 8). *Federal Reserve*. Retrieved from <https://www.federalreserve.gov/monetarypolicy/monetary-policy-strategies-of-major-central-banks.htm>

Discussion (25 points)

Portfolio Project (300 points)

Choose one of the following two Portfolio Project Options. Do not do both projects. Both options have deliverables in Weeks 4 and 6. Identify your portfolio project choice in the title of your submission.

Option #1: Regulation on Financial Institutions

Regulations have a major impact on how financial institutions are managed, how they deal with consumers, the types of products they offer, the structure of the industry, and the types of risks they take. The

interplay between financial institutions and their regulators is so intertwined that one cannot define an institution or understand what it does without understanding the regulations that constrain its behavior.

The objective of this assignment is for you to gain knowledge of why financial institutions are heavily regulated, and why politicians fear that their failures could badly damage local or national economies. This will help you apply and integrate all of the course objectives for FIN507. This assignment has two milestones, with the final project due in Module 8.

Your project must include the following elements:

- Discuss the reasons why banks are regulated.
- Describe the history of bank failures in the United States; the steps policymakers have taken to reduce the incidence of failure; and the lessons learned from previous bank failures.
- Provide details on how this plan is evaluated from success to failure. In other words, provide scenarios or key drivers to help determine the plan's success.
- Explain why bank regulators are so concerned about capital adequacy for the banking systems.
- Describe the responsibilities of the various bank regulatory agencies.
- Compare and contrast the history of US banking regulation with that of the European community.

Your paper must meet the following requirements:

- It must be 10-15 pages in length, not including the title and reference pages.
- Support your answers with the readings from Modules 1-8 and at least twelve scholarly journal articles (at least ten of which are peer-reviewed). The CSU-Global Library is a great place to find these resources.
- Be sure to follow the CSU-Global Guide to Writing and APA. Your paper should include an introduction, a body with at least two fully developed paragraphs, and a conclusion.
- Write clearly, using excellent grammar and style techniques. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Option 2: Bank Management and Profitability

Bank managers must maintain adequate liquidity and capital, and banks must manage the risks they face in order to protect their liquidity and capital positions. Failure to manage these risks effectively can lead to, at a minimum, greater regulatory scrutiny and limits on the bank's activities. At worst, a failure to maintain adequate capital and liquidity can lead to the bank being taken over by bank regulators, shareholders losing their investments, and bank managers being targets of legal action.

The objective of this assignment is for you to analyze and gain a solid understanding of the responsibilities of bank management, and the risks of not managing a bank properly. This will help you apply and integrate all of the course objectives for FIN507. This assignment has two milestones, with the final project due in Module 8.

Your project must include the following elements:

- Discuss the primary sources of income and expenses for banks.
- Discuss the recent trends concerning bank earnings and performance.
- Explain the profitability versus safety trade-off faced by banks.
- Discuss how banks manage their liquidity risk.
- Explain how liquidity risk can lead to a bank's failure.
- Describe the capital requirements faced by banks.

- Describe how banks measure interest rate risk.
- Explain how one can use options on financial futures to manage interest rate risk.

Your paper must meet the following requirements:

- It must be 10-15 pages in length, not including the title and reference pages.
- Support your answers with the readings from Modules 1-8 and at least twelve scholarly journal articles (at least ten of which are peer-reviewed). The CSU-Global Library is a great place to find these resources.
- Be sure to follow the CSU-Global Guide to Writing and APA. Your paper should include an introduction, a body with at least two fully developed paragraphs, and a conclusion.
- Write clearly, using excellent grammar and style techniques. If you need assistance with your writing style, start with Tools for Effective Writing at the CSU-Global Library, which is accessible from the Library's homepage.

Grading Scale	
A	95.0 – 100
A-	90.0 – 94.9
B+	86.7 – 89.9
B	83.3 – 86.6
B-	80.0 – 83.2
C+	75.0 – 79.9
C	70.0 – 74.9
D	60.0 – 69.9
F	59.9 or below

COURSE POLICIES

Course Grading

20% Discussion Participation
 45% Critical Thinking Assignments
 35% Final Portfolio Project
 0% Live Classroom

IN-CLASSROOM POLICIES

For information on late work and incomplete grade policies, please refer to our **In-Classroom Student Policies and Guidelines** or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

Academic Integrity

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /repurposing your own work (see CSU-Global Guide to Writing & APA for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and internet resources.

Citing Sources with APA Style

All students are expected to follow the CSU-Global Guide to Writing & APA when citing in APA (based on the most recent APA style manual) for all assignments. A link to this guide should also be provided within most assignment descriptions in your course.

Disability Services Statement

CSU-Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email ada@CSUGlobal.edu for additional information to coordinate reasonable accommodations for students with documented disabilities.

Netiquette

Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults, or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom.

If you have concerns about something that has been said, please let your instructor know.